FORM S-1/A

General form of registration statement for all companies including face-amount certificate companies [amend]

Filing Date: **1995-07-28**
SEC Accession No. 0000950109-95-002819

FILER

UNITED STATIONERS SUPPLY CO
CIK:**945633**| IRS No.: **362431718** | State of Incorp.:**DE** | Fiscal Year End: **0830**
Type: **S-1/A** | Act: **33** | File No.: **033-59811** | Film No.: **95556994**
SIC: **5110** Paper & paper products

Mailing Address
2200 E GOLF ROAD
2200 E GOLF ROAD
DES PLAINES IL 600161267

Business Address
2200 E GOLF RD
DES PLAINES IL 60016-1267
7086995000

UNITED STATIONERS INC
CIK:**355999**| IRS No.: **363141189** | State of Incorp.:**DE** | Fiscal Year End: **0830**
Type: **S-1/A** | Act: **33** | File No.: **033-59811-01** | Film No.: **95556995**
SIC: **5110** Paper & paper products

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2200 E GOLF ROAD
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Business Address
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DES PLAINES IL 60016-1267
7086995000

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 28, 1995.

REGISTRATION STATEMENT NO. 33-59811

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- ---

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

UNITED STATIONERS SUPPLY CO.		UNITED STATIONERS INC.	
(EXACT NAME OF CO-REGISTRANT AS SPECIFIED IN ITS CHARTER)		(EXACT NAME OF CO-REGISTRANT AS SPECIFIED IN ITS CHARTER)	
ILLINOIS	36-2431718	DELAWARE	36-3141189
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)	(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)
5112			
(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)			

2200 EAST GOLF ROAD
DES PLAINES, ILLINOIS 60016-1267
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

THOMAS W. STURGESS
CHAIRMAN OF THE BOARD
750 N. ST. PAUL STREET, SUITE 1200
DALLAS, TEXAS 75201
(214) 720-1313
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:
LAWRENCE D. STUART, JR.
WEIL, GOTSHAL & MANGES
100 CRESCENT COURT, SUITE 1300
DALLAS, TEXAS 75201-6950
(214) 746-7700

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [_]

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE
<S>	<C>	<C>	<C>	<C>
12 3/4% Senior Subordinated Notes Due 2005.....	$150,000,000	100%	$150,000,000	$51,724.14(3)
Senior Subordinated Guarantee (2)..	--	--	--	--

</TABLE>

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f).

(2) The 12 3/4% Senior Subordinated Notes Due 2005 are guaranteed by United Stationers Inc. on a senior subordinated basis. No additional consideration will be paid in respect of the Guarantee.

(3) Previously paid in connection with initial filing of Registration Statement on June 2, 1995.

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

UNITED STATIONERS SUPPLY CO.

UNITED STATIONERS INC.

CROSS REFERENCE SHEET

PURSUANT TO ITEM 501(B) OF REGULATION S-K SHOWING THE LOCATION IN THE PROSPECTUS OF THE INFORMATION REQUIRED BY PART I OF FORM S-1

<TABLE>
<CAPTION>

FORM S-1 ITEM NUMBER AND HEADING	LOCATION IN PROSPECTUS
<S>	<C>
1.Forepart of the Registration Statement and Outside Front Cover Page of Prospectus.....	Cover Page of Registration Statement; Outside Front Cover Page of Prospectus
2.Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front and Outside Back Cover Pages of Prospectus
3.Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges.	Prospectus Summary; Risk Factors; The Company; Selected Consolidated Financial Data
4.Use of Proceeds.....	Use of Proceeds
5.Determination of Offering Price.....	Not Applicable
6.Dilution.....	Not Applicable
7.Selling Security Holders.....	Not Applicable
8.Plan of Distribution.....	Front Cover Page of Prospectus; The Exchange Offer; Plan of Distribution
9.Description of Securities to be Registered.....	Description of the New Notes
10.Interests of Named Experts and	

	Counsel.....	Not Applicable
11.	Information with Respect to Co-Registrants	Cover Page of Registration Statement; Prospectus Summary; Risk Factors; The Company; The Acquisition; Capitalization; Selected Consolidated Financial Data; Pro Forma Combined Financial Information; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Management; Certain Transactions; Financing the Acquisition; Description of Capital Stock; Ownership of Voting Securities; Legal Matters
12.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Not Applicable

</TABLE>

++
+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
+THE SOLICITATION OF ANY OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +
++

PROSPECTUS

SUBJECT TO COMPLETION, DATED JULY 28, 1995

OFFER FOR ALL OUTSTANDING
12 3/4% SENIOR SUBORDINATED NOTES DUE 2005
IN EXCHANGE FOR
12 3/4% SENIOR SUBORDINATED NOTES DUE 2005
OF
UNITED STATIONERS SUPPLY CO.

[LOGO OF UNITED STATIONERS APPEARS HERE]

United Stationers Supply Co. (the "Company"), an Illinois corporation which is the direct operating subsidiary of United Stationers Inc. ("United"), hereby offers, upon the terms and subject to the conditions set forth in this Prospectus and the accompanying Letter of Transmittal (which together constitute the "Exchange Offer"), to exchange $1,000 principal amount of its 12 3/4% Senior Subordinated Notes due 2005 (the "New Notes") for each $1,000 principal amount of its 12 3/4% Senior Subordinated Notes due 2005 (the "Old Notes"), of which an aggregate principal amount of $150,000,000 is outstanding. The form and terms of the New Notes are identical to the form and terms of the Old Notes except that (i) interest on the New Notes shall accrue from the last date on which interest was paid on the Old Notes, (ii) certain provisions relating to an increase in the stated rate of interest on the Old Notes shall be eliminated and (iii) the New Notes have been registered under the Securities Act of 1933, as amended (the "Securities Act"), and will not bear any legends restricting the transfer thereof. The New Notes will evidence the same debt as the Old Notes and will be issued pursuant to, and entitled to the benefits of, the Indenture governing the Old Notes. The New Notes will be fully and unconditionally guaranteed on a senior subordinated basis (the "Guarantees") by United and any future domestic Restricted Subsidiary of the Company. The Exchange Offer is being made in order to satisfy certain contractual obligations of the Company. See "The Exchange Offer" and "Description of the New Notes." The Old Notes and the New Notes are sometimes referred to collectively herein as the "Notes."

Interest on the Notes will be payable semiannually on May 1 and November 1 of each year, commencing November 1, 1995. The Notes will be redeemable at the option of the Company, in whole or in part, at any time on or after May 1, 2000 at the redemption prices set forth herein, together with accrued and unpaid interest, if any, to the date of redemption. In addition, on or prior to May 1, 1998, the Company may redeem up to $50.0 million principal amount of the Notes with the proceeds of one or more Public Equity Offerings at 112.75% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date of redemption; provided that Notes having an aggregate principal amount of at least $100.0 million remain outstanding immediately after any such redemption. Upon the occurrence of a Change of Control, each holder of the Notes may require the Company to repurchase all or a portion of such holder's Notes at 101% of the principal amount thereof, together with

accrued and unpaid interest, if any, to the date of repurchase. If a Change of Control occurs, there can be no assurance that the agreements controlling the Company's then-existing Senior Indebtedness would permit the Company to make payments pursuant to a Change of Control Offer without the prior repayment of such Senior Indebtedness or that the Company would have available funds sufficient to purchase all Notes that might be delivered by the holders thereof. Such limitations may have the effect of delaying or deterring a third-party takeover of the Company. See "Description of New Notes -- Certain Covenants" and "--Purchase of Notes Upon a Change of Control."

The Notes and the Guarantees will be subordinated to all Senior Indebtedness of the Company and Senior Guarantor Indebtedness of each Guarantor, respectively. After giving pro forma balance sheet effect to the repurchase of certain preferred stock to be effected with the proceeds of the Old Notes as if such transaction had occurred on March 31, 1995, there would have been approximately $435.7 million of Senior Indebtedness and Senior Guarantor Indebtedness of United outstanding on such date, substantially all of which represents Indebtedness or guarantees of Indebtedness under the New Credit Facilities which is secured by substantially all of the assets of the Company; in addition, after taking into account approximately $68.1 million of outstanding letters of credit, there would have been approximately $32.8 million available to be drawn by the Company as secured Senior Indebtedness under the revolving credit portion of the New Credit Facilities, which amount would have been secured Senior Guarantor Indebtedness of United, and there would have been approximately $264.1 million of Indebtedness of the Company that would have been pari passu to the New Notes. See "Risk Factors--Limited Practical Value of Guarantees by United."

The Company will accept for exchange any and all Old Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on , 1995, unless extended (as so extended, the "Expiration Date"). Tenders of Old Notes may be withdrawn at any time prior to the Expiration Date. The Exchange Offer is subject to certain customary conditions. See "The Exchange Offer."

Based on no-action letters issued by the staff of the Securities and Exchange Commission (the "Commission") to third parties, the Company believes the New Notes issued pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by any holder thereof (other than any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of such holder's business and such holder has no arrangement or understanding with any person to participate in the distribution of such New Notes. Because the Company has not obtained a no-action letter with respect to the Exchange Offer, there can be no assurance that the staff of the Commission would make a similar determination with respect to the resale of the New Notes. See "The Exchange Offer--Purpose and Effect." Each broker-dealer that receives New Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the Expiration Date, it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

Prior to the Exchange Offer, there has been no public market for the Old Notes. If a market for the New Notes should develop, the New Notes could trade at a discount from their principal amount. The Company currently does not intend to list the New Notes on any securities exchange or to seek approval for quotation through any automated quotation system and no active public market for the New Notes is currently anticipated. The Company will pay all the expenses incident to the Exchange Offer.

The Exchange Offer is not conditioned upon any minimum principal amount of Old Notes being tendered for exchange pursuant to the Exchange Offer.

SEE "RISK FACTORS" FOR A DISCUSSION OF CERTAIN FACTORS WHICH HOLDERS OF OLD NOTES SHOULD CONSIDER IN CONNECTION WITH THE EXCHANGE OFFER.

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

THE DATE OF THIS PROSPECTUS IS , 1995.

AVAILABLE INFORMATION

United is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy and information statements and other information with the Commission. Such reports, proxy and information statements and other information filed by United with the Commission may be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Seven World Trade Center, 13th Floor, New York, New York 10007 and at Northwestern Atrium Center, 500 West Madison Street, 14th Floor, Chicago, Illinois 60661-2551. Copies of such material can also be obtained from the principal office of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates.

Regardless of whether United or the Company is subject to Section 13(a) or 15(d) of the Exchange Act, United and the Company will, to the extent permitted under the Exchange Act, file with the Commission the annual reports, quarterly reports and other documents which United or the Company would have been required to file with the Commission pursuant to such Section 13(a) or 15(d) if United and the Company were so subject, such documents to be filed with the Commission on or prior to the respective dates (the "Required Filing Dates") by which United and the Company would have been required so to file such documents if United and the Company were so subject. United and the Company will also in any event (x) within 15 days of each Required Filing Date transmit by mail to all holders of the Notes and file with the trustee under the Indenture copies of the annual reports, quarterly reports and other documents which United and the Company would have been required to file with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act if United and the Company were so subject and (y) if filing such documents by United and the Company with the Commission is not permitted under the Exchange Act, promptly upon written request, supply copies of such documents to any prospective holder of the Notes. In addition, for so long as any of the Old Notes remain outstanding, United has agreed to make available to any prospective purchaser of the Old Notes or beneficial owner of the Old Notes in connection with any sale thereof the information required by paragraph (d)(iv) of Rule 144A under the Securities Act of 1933, as amended (the "Securities Act").

The Company and United have filed with the Commission a Registration Statement on Form S-1 (together with all amendments thereto, the "Registration Statement") under the Securities Act with respect to the New Notes offered hereby. This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits thereto, which may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such materials can also be obtained at prescribed rates from the Public Reference Section of the Commission, Washington, D.C. 20549. Statements contained in this Prospectus as to the contents of any agreement or other document referred to are not necessarily complete and, in each instance, reference is made to the copy of such agreement or document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

UNTIL , 1995 (90 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE NEW NOTES, WHETHER OR NOT PARTICIPATING IN THE EXCHANGE OFFER, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN addition TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS.

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements, and the related notes thereto, included elsewhere in this Prospectus. As used in this Prospectus, unless the context otherwise requires, (i) references to "ASI" herein include Associated Stationers, Inc. and the predecessor thereof as constituted prior to the merger thereof with and into the Company (the

"Subsidiary Merger"), with the Company as the surviving corporation, (ii) references to "Associated" herein include Associated Holdings, Inc. and ASI and the respective predecessors thereof as constituted prior to the merger of Associated with and into United (the "Merger" and, together with the Subsidiary Merger, the "Mergers"), with United as the surviving corporation, (iii) references to the "Company" herein include the Company, as the surviving corporation in the Subsidiary Merger, and its consolidated subsidiaries as constituted after consummation of the Subsidiary Merger or, prior to the consummation of the Subsidiary Merger of ASI with and into the Company, the Company and its consolidated subsidiaries as constituted prior to the Subsidiary Merger, and (iv) references to "United" herein are to United, as the surviving corporation in the Merger, and its consolidated subsidiaries (including the Company) as constituted after consummation of the Merger or, prior to consummation of the Merger of Associated with and into the United, United and its consolidated subsidiaries (including the Company) as constituted prior to the Merger. The Company is currently engaged in implementing its consolidation plan to integrate the two separate office products wholesale businesses conducted by the Company and ASI prior to the Acquisition (as hereinafter defined). See "Risk Factors -- Risks Inherent In Implementation of Consolidation Plan" and "Business -- Consolidation Plan and Benefits of the Acquisition." Operating data presented herein for 1994 on a pro forma basis includes calendar year 1994 data for Associated and data for the twelve months ended November 30, 1994 for United. Operating data presented herein for the three months ended March 31, 1995 on a pro forma basis includes three months ended March 31, 1995 data for Associated and three months ended February 28, 1995 data for United.

THE COMPANY

OVERVIEW

The Company is the largest office products wholesaler in the United States. As a result of the merger of the Company with ASI on March 30, 1995, the Company's net sales on a pro forma basis for 1994 were approximately $2.0 billion and for the three months ended March 31, 1995 were approximately $0.6 billion. Through its extensive office products catalogs, the Company markets a full line of over 25,000 (post-consolidation) branded and private brand office and other related business products ("office products"), including traditional office supplies; office furniture and desk accessories; office machines, equipment and supplies; computer hardware, peripherals and supplies; and facilities management supplies, including sanitation products and janitorial items. These products are offered through a network of 39 (post-consolidation) strategically located distribution centers to over 14,000 resellers, consisting principally of commercial dealers and contract stationers, retail dealers, superstores, mail order companies and mass merchandisers.

Although the office products distribution industry has seen many changes over the past decade, including the growth of national superstores and a consolidation among wholesalers, dealers and contract stationers, large national wholesalers have continued to perform a significant role in the distribution of office products. For manufacturers, the wholesaler provides wide market coverage, assumes credit risk, carries inventory and processes smaller orders than manufacturers can economically service. In addition, wholesalers provide resellers with prompt service and delivery, a source for filling small quantity orders and the opportunity to obtain credit, minimize investment in inventory and access marketing resources and technical support.

COMPETITIVE STRENGTHS

The Company believes that it has a strong competitive position attributable to a number of factors, including the following:

- Largest Office Products Wholesaler. As the largest office products wholesaler in the United States, the Company has substantial purchasing power and can realize significant economies of scale.

- High Level of Customer Service. The Company provides its customers with a broad product selection, a high degree of product availability, expeditious distribution and comprehensive customer assistance.

- Diverse Customer Base. With over 14,000 resellers as customers, the Company has one of the broadest customer bases in the industry.

- State-of-the-Art Distribution Capabilities. The Company's network of 39 (post-consolidation) distribution centers located throughout the United States employs state-of-the-art technology to efficiently distribute products to customers.

- Growth of Private Brand Products. The Company offers a growing line of over 1,300 private brand products under the Universal(TM) brand name, which the Company believes is the broadest private brand product offering in the industry.

- Experienced Management Team. The Company's senior management team comprises individuals who combine many years of experience in the office products distribution industry, including experience in acquiring and integrating companies in the office products industry. See "Business -- Competitive Strengths".

BUSINESS STRATEGY

The Company's business strategy is to seek to improve its competitive position and grow its revenues and profitability through (i) the continuation of a high level of customer service, (ii) expanding the breadth of both its product line and its customer base and (iii) continuing an emphasis on cost effective operations. There can be no assurance that the Company will be able to effect its business strategy in a timely manner, if at all. See "Business -- Business Strategy".

CONSOLIDATION PLAN AND BENEFITS OF THE ACQUISITION

Consistent with its business strategy, since the consummation of the Acquisition on March 30, 1995, the Company has been engaged in implementing its consolidation plan to integrate its business with the business of ASI. Through the integration of distribution facilities and product lines in a manner designed to enable the Company to offer its customers better service and selection, the Company expects to improve its competitive position. In addition, the Company plans to achieve cost savings and other benefits from the elimination of redundant or overlapping functions and facilities and by minimizing overlapping products. Elements of the consolidation plan include (i) consolidating the product offerings of ASI and the Company by minimizing overlapping products while at the same time adding more niche products, (ii) qualifying for improved terms with vendors as a result of placing higher volume purchases among fewer suppliers, (iii) consolidating distribution centers by eliminating eight redundant facilities and achieving more efficient operations in the four market areas that will continue to have two facilities, (iv) reducing corporate overhead, (v) eliminating redundant sales representatives and (vi) increasing sales of private brand products and off-shore sourcing of these and other products. Management anticipates that the implementation of its consolidation plan should result in significant cost savings and synergies which will enhance the Company's financial and operational performance.

Management estimates that, upon phase-in of its consolidation plan over a 12-month period following the Acquisition, the Company expects to realize approximately $26.0 million per year in savings as a result of a successful implementation of its consolidation plan, although the Acquisition is also likely to result in a reduction in the rate of revenue growth for some period following the Acquisition as a result of the loss of some customers to competition. See "Risk Factors -- Risk Inherent In Implementation of Consolidation Plan," "Pro Forma Combined Financial Information" and "Business -- Consolidation Plan and Benefits of the Acquisition."

THE ACQUISITION

On March 30, 1995, pursuant to an Agreement and Plan of Merger dated as of February 13, 1995 (the "Merger Agreement"), and in accordance with the terms of Associated's related Offer to Purchase dated February 21, 1995 (the "Offer to Purchase"), Associated purchased (together with the Mergers, the "Acquisition") 92.5% of the outstanding shares of common stock, $0.10 par value (the "Shares"), of United for $15.50 per Share, or approximately $266.6 million in the aggregate, pursuant to a tender offer (the "Offer") that expired on March 22, 1995. Immediately thereafter, the Mergers were consummated, with Associated and ASI merging with and into United and the Company, respectively, and United and the Company continuing as the respective surviving corporations. As a result of share conversions in the Merger, immediately after the Merger, the

former holders of Associated Common Stock (as hereinafter defined) and warrants or options to purchase Associated Common Stock owned Shares and warrants or options to purchase Shares constituting in the aggregate approximately 80% of the Shares on a fully diluted basis, while pre-Merger holders of Shares (other than Associated-Owned Shares and Treasury Shares (each as hereinafter defined)) owned in the aggregate approximately 20% of the Shares on a fully diluted basis. See "The Acquisition."

To finance the Offer, refinance existing debt of ASI, United and the Company, redeem United stock options and pay related fees and expenses, Associated, ASI, United and the Company entered into (i) the New Credit Facilities (as hereinafter defined) with a group of banks and financial institutions led by The Chase Manhattan Bank (National Association) ("Chase Bank") providing for term loan borrowings of $200.0 million and revolving loan borrowings of up to $300.0 million and (ii) a senior subordinated bridge loan facility with The Roebling Fund, whose investors comprise a group of banks and financial institutions, including Chase Bank, in the aggregate principal amount of $130.0 million (the "Subordinated Bridge Facility"). In addition, simultaneously with the consummation of the Offer, Associated obtained $12.0 million from the sale of additional shares of Associated Common Stock primarily to certain existing holders of Associated Common Stock, which proceeds were used to finance the purchase of a portion of Shares pursuant to the Offer. The Company used a portion of the net proceeds of the Old Notes to refinance the Subordinated Bridge Facility. See "Financing the Acquisition."

The following table sets forth the approximate aggregate sources and uses of funds necessary to consummate the Acquisition:

<TABLE>
<CAPTION>

SOURCES:	(DOLLARS IN THOUSANDS)
<S>	<C>
New Credit Facilities (1)	$416,537
Subordinated Bridge Facility (2)	130,000
Equity Investment	12,000
Total Sources	$558,537
USES:	
Purchase Shares in Offer	$266,629
Refinance Existing Company Debt	180,752
Refinance Existing ASI Debt	78,856
Estimated Fees and Expenses (3)	29,300
Other (4)	3,000
Total Uses	$558,537

</TABLE>

- --------

(1) Borrowings under the New Credit Facilities at the time the Acquisition was consummated consisted of term loan borrowings of $200.0 million and revolving loan borrowings of approximately $206.8 million. Also included is approximately $9.7 million of additional revolving loan borrowings drawn to pay fees and expenses after consummation of the Acquisition.

(2) Refinanced with a portion of the net proceeds of the Old Notes.

(3) Excludes approximately $2.6 million borrowed by the Company and $3.2 million borrowed by ASI prior to closing of the Offer to pay fees and expenses in connection with consummation of the Acquisition. These amounts are included under "Refinance Existing Company Debt" and "Refinance Existing ASI Debt," respectively, above. Estimated Fees and Expenses include the discount received by Chase Securities, Inc. ("Chase Securities" or the "Initial Purchaser") on the Old Notes.

(4) This amount was used to repurchase United stock options. This amount excludes approximately $3.2 million borrowed by the Company prior to closing of the Offer to discharge compensation and other liabilities in connection with consummation of the Acquisition. This latter amount is included under "Refinance Existing Company Debt" above.

THE EXCHANGE OFFER

The Exchange Offer applies to $150,000,000 aggregate principal amount of the Old Notes. The form and terms of the New Notes are the same as the form and terms of the Old Notes except that the New Notes have been registered under the Securities Act and, therefore, will not bear legends restricting the transfer thereof. The New Notes will evidence the same debt as the Old Notes and will be entitled to the benefits of the Indenture pursuant to which the Old Notes were issued. See "Description of the New Notes."

The Exchange Offer.....	$1,000 principal amount of New Notes in exchange for each $1,000 principal amount of Old Notes. As of the date hereof, $150,000,000 aggregate principal amount of the Old Notes are outstanding. The terms of the New Notes and the Old Notes are substantially identical. Based on an interpretation by the staff of the Commission set forth in no-action letters issued to unrelated third parties, the Company believes that New Notes issued pursuant to the Exchange Offer in exchange for Old Notes may be offered for resale, resold and otherwise transferred by any person receiving such New Notes, whether or not such person is the holder (other than any such holder or such other person which is an "affiliate" of the Company within the meaning of Rule 405 promulgated under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that (i) such New Notes are acquired in the ordinary course of business of such holder or such other person, (ii) neither the holder nor such other person is engaging in or intends to engage in a distribution of such New Notes and (iii) neither such holder nor such other person has an arrangement or understanding with any person to participate in the distribution of such New Notes. See "The Exchange Offer -- Purpose and Effect." Following the consummation of the Exchange Offer (except as set forth in the second paragraph under "Exchange Offer--Purpose and Effect"), holders of Old Notes not tendered will not have any further registration rights and the Old Notes will continue to be subject to certain restrictions on transfer. Accordingly, the liquidity of the market for a holder's Old Notes could be adversely affected upon consummation of the Exchange Offer if such holder does not participate in the Exchange Offer. See "Exchange Offer--Purpose and Effect."
Registration Agreement.....	The Old Notes were sold by the Company on May 3, 1995 in a private placement. In connection therewith, the Company entered into a Registration Rights Agreement with the Initial Purchaser (the "Registration Agreement") providing for the Exchange Offer. See "The Exchange Offer -- Purpose and Effect."

Expiration Date.....	The Exchange Offer will expire at 5:00 p.m., New York City time, on , 1995, or such later date and time to which it is extended.
Withdrawal.....	The tender of Old Notes pursuant to the Exchange Offer may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. Any Old Notes not accepted for exchange for any reason will be returned without expense to the tendering holder thereof as promptly as practicable after the expiration or termination

	of the Exchange Offer.
Conditions to the Exchange Offer.....	The Exchange Offer is subject to certain customary conditions, certain of which may be waived by the Company. See "The Exchange Offer -- Conditions."
Procedures for Tendering Old Notes.....	Each holder of Old Notes wishing to accept the Exchange Offer must complete, sign and date the Letter of Transmittal, or a facsimile thereof, in accordance with the instructions contained herein and therein, and mail or otherwise deliver such Letter of Transmittal, or such facsimile, together with the Old Notes and any other required documentation, to the Exchange Agent at the address set forth herein. By executing the Letter of Transmittal, each holder will represent to the Company that, among other things, (i) the New Notes acquired pursuant to the Exchange Offer are being obtained in the ordinary course of business of the person receiving such New Notes, whether or not such person is the holder, (ii) neither the holder nor any such other person is engaging in or intends to engage in a distribution of such New Notes, (iii) neither the holder nor any such other person has an arrangement or understanding with any person to participate in the distribution of such New Notes and (iv) neither the holder nor any such other person is an "affiliate," as defined under Rule 405 promulgated under the Securities Act, of the Company. Pursuant to the Registration Agreement, the Company is required to file a registration statement for a continuous offering pursuant to Rule 415 under the Securities Act in respect of the Old Notes of any holder that indicates in the Letter of Transmittal that it cannot make such representations to the Company and that it wishes to have its Old Notes registered under the Securities Act. See "The Exchange Offer-- Procedures for Tendering."
Acceptance of Old Notes and Delivery of New Notes.....	The Company will accept for exchange any and all Old Notes which are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date. The New Notes issued pursuant to the Exchange Offer will be delivered promptly following the Expiration Date. See "The Exchange Offer -- Terms of the Exchange Offer."

Exchange Agent.....	The Bank of New York is serving as Exchange Agent in connection with the Exchange Offer.
Federal Income Tax Consequences.....	The exchange pursuant to the Exchange Offer should not be a taxable event for federal income tax purposes. See "Certain Federal Income Tax Considerations."

USE OF PROCEEDS

There will be no cash proceeds to the Company from the exchange pursuant to the Exchange Offer. The proceeds received by the Company from the offer of the Old Notes were used (i) to repay the loan (the "Bridge Loan") under the Subordinated Bridge Facility (plus accrued interest thereon) and (ii) to pay down the Term Loan Facilities (as hereinafter defined). If the necessary consents are obtained, the Company intends to pay a dividend to United in an amount sufficient to repurchase all of the outstanding shares of Series B Preferred Stock (as hereinafter defined), together with accrued and unpaid dividends thereon, with a portion of the proceeds from the Old Notes. See "Financing the Acquisition."

TERMS OF THE NEW NOTES

Maturity Date.....	May 1, 2005.
Interest Payment Dates.....	May 1 and November 1 of each year, commencing November 1, 1995.
Optional Redemption.....	The Notes will be redeemable at the option of the Company at any time on or after May 1, 2000, in whole or in part, at redemption prices set forth herein plus accrued and unpaid interest, if any, to the date of redemption. In addition, on or prior to May 1, 1998, the Company may redeem up to $50.0 million aggregate principal amount of the Notes with the proceeds of one or more Public Equity Offerings (as hereinafter defined) at 112.75% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of redemption; provided that Notes having an aggregate principal amount of $100.0 million remain outstanding immediately after any such redemption. See "Description of the New Notes -- Optional Redemption."
Change of Control.....	Upon the occurrence of a Change of Control (as defined), each holder of the Notes may require the Company to repurchase all or a portion of such holder's Notes at 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase. See "Description of the New Notes -- Certain Covenants." If a Change of Control occurs, there can be no assurance that the agreements controlling the Company's then-existing Senior Indebtedness would permit the Company to make payments pursuant to a Change of Control Offer without the prior repayment of such Senior Indebtedness or that the Company would have available funds sufficient to purchase all Notes that might be delivered by the

holders thereof. Such limitations may have the effect of delaying or deterring a third-party takeover of the Company.

Subordination.....	The Notes and the Guarantees will be subordinated to all Senior Indebtedness of the Company and Senior Guarantor Indebtedness of each Guarantor, respectively, which will include, without limitation, all indebtedness incurred under the New Credit Facilities. After giving pro forma balance sheet effect to the repurchase of Series B Preferred Stock, together with accrued and unpaid dividends thereon, that may be effected with a portion of the proceeds from the Old Notes as if such transaction had occurred on March 31, 1995, there would have been approximately $435.7 million of Senior Indebtedness and Senior Guarantor Indebtedness of United outstanding on such date, substantially all of which is secured by substantially all of the assets of the Company; in addition, after taking into account approximately $68.1 million of outstanding letters of credit, there would have been approximately $32.8 million available to be drawn by the Company as secured Senior Indebtedness under the revolving credit portion of the New Credit Facilities, which amount would have been secured Senior Guarantor Indebtedness of United, and approximately $264.1 million of Indebtedness

	of the Company that would have been pari passu to the New Notes. See "Risk Factors -- High Leverage," "-- Subordination" and "--Limited Practical Value of Guarantees by United" and "Capitalization."
Guarantees.....	The Notes will be fully and unconditionally guaranteed on a senior subordinated basis as to payment of principal, premium, if any, and interest by United and by any future domestic Restricted Subsidiary (as hereinafter defined) of the Company. The Company has no present intention to acquire any domestic Restricted Subsidiary. United conducts no independent operations. Its only asset is the capital stock of the Company. See "Risk Factors--Limited Practical Value of Guarantees by United."
Certain Covenants.....	The indenture governing the Notes (the "Indenture") contains certain covenants, including limitations on the incurrence of indebtedness, the making of restricted payments, transactions with affiliates, the existence of liens, disposition of proceeds of asset sales, the making of guarantees by restricted subsidiaries, transfers and issuances of stock of subsidiaries, the imposition of certain payment restrictions on restricted subsidiaries and certain mergers and sales of assets. See "Description of the New Notes -- Certain Covenants."
Exchange Offer;Registration Rights.....	Pursuant to the Registration Agreement, United and the Company have agreed to use their best efforts to (i) file with

	the Securities and Exchange Commission (the "Commission") on or prior to June 2, 1995, and cause to become effective on or prior to August 31, 1995, a registration statement (the "Exchange Offer Registration Statement") with respect to a registered offer under the Securities Act to exchange the New Notes for the Old Notes in accordance with the terms of the Exchange Offer and (ii) cause such Exchange Offer to be consummated on or prior to September 30, 1995. In the event that either (i) the Exchange Offer Registration Statement is not declared effective on or prior to August 31, 1995, (ii) the Exchange Offer is not consummated on or prior to September 30, 1995 or (iii) changes in law or the applicable interpretation of the Commission staff do not permit the Company to effect the Exchange Offer and a shelf registration statement pursuant to the Securities Act (a "Shelf Registration Statement") with respect to the Old Notes is not declared effective under the Securities Act on or prior to the later of (x) August 31, 1995 and (y) the 45th calendar day after the publication of the change in law or interpretation, the interest rate borne by the Old Notes shall be increased by one-half of one percent per annum following the relevant date described in clause (i), (ii) or (iii), as applicable. The aggregate amount of such increase from the original interest rate pursuant to these provisions will in no event exceed one-half of one percent per annum. See "The Exchange Offer -- Adjustment to Old Notes." Such increase will cease to be effective on the date of effectiveness of the Exchange Offer Registration Statement, consummation of the

Exchange Offer or the effectiveness of a Shelf Registration Statement, as the case may be. See "The Exchange Offer."

RISK FACTORS

Investment in the Notes involves a high degree of risk. For a discussion of certain considerations relevant to an investment in the Notes, see "Risk Factors."

SUMMARY FINANCIAL DATA

Set forth below and on the following pages is summary pro forma information for United and summary historical financial information for United and Associated. United, which has no operations independent of those of the Company, unconditionally guarantees the Notes on a senior subordinated basis. Associated had no operations independent of those of ASI.

UNITED -- PRO FORMA

The unaudited pro forma combined financial data set forth below should be read in conjunction with the unaudited Pro Forma Combined Financial Statements included elsewhere herein, which are based on the historical financial statements of Associated and United after giving effect to: (i) the purchase accounting and other merger related adjustments relating to the Acquisition and (ii) the refinancing of certain debt and repurchase of the Series B Preferred Stock assumed to be effected with the proceeds of the offering of Old Notes, as described in the notes thereto. The unaudited pro forma combined financial data is intended for informational purposes only and is not necessarily indicative of the future financial position or future results of operations of United after the Acquisition, or of the financial position or results of operations of United that would have actually occurred had the Acquisition occurred on the date or been in effect for the period presented. The unaudited pro forma combined financial data should be read in conjunction with, and is qualified in its entirety by, the historical consolidated financial statements of United and Associated, including the related notes thereto, included elsewhere herein.

<TABLE>
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	YEAR ENDED DECEMBER 31, 1994	THREE MONTHS ENDED MARCH 31, 1995
	(DOLLARS IN THOUSANDS)	(DOLLARS IN THOUSANDS)
<S>	<C>	<C>
INCOME STATEMENT DATA (1)(2):		
Net sales	$1,982,070	$568,912
Cost of sales (3)	1,535,609	443,777
Gross profit	446,461	125,135
Warehouse, distribution, selling, general and administrative expenses (3)	370,517	98,391
Income from operations	75,944	26,744
Interest expense, net (4)	(48,825)	(14,298)
Other income, net	86	20
Income before income taxes	27,205	12,466
Income taxes	10,467	4,894
Net income	$ 16,738	$ 7,572
OPERATING AND OTHER DATA (1):		
EBITDA (5)	$ 109,571	$ 35,076
EBITDA margin (6)	5.5%	6.2%
Depreciation and amortization	$ 33,541	$ 8,312
Capital expenditures, net	10,509	3,244
Ratio of EBITDA to interest expense	2.2x	2.5x
BALANCE SHEET DATA (AT PERIOD END) (1):		
Working capital		$347,285
Total assets		975,949

Total debt and capital leases (7).....	585,720
Redeemable preferred stock.....	17,037
Redeemable warrants.....	11,879
Stockholders' equity (excluding redeemable preferred stock and redeemable warrants).....	45,459

</TABLE>

See footnotes on following page.

(1) The unaudited pro forma income statement and operating and other data is presented giving effect to (i) the Acquisition as if it had been consummated on January 1, 1994 and (ii) the refinancing of certain debt and the repurchase of Series B Preferred Stock (including accrued and unpaid dividends thereon) assumed to be effected with the proceeds of the Old Notes as if such refinancing and repurchase had been consummated one month thereafter. The unaudited pro forma balance sheet data is presented giving effect to the Acquisition and the refinancing of certain debt and the repurchase of Series B Preferred Stock (including accrued and unpaid dividends thereon) assumed to be effected with the proceeds of the Old Notes as if all such transactions had been consummated on March 31, 1995. Although United was the surviving corporation in the Merger, the transaction was treated as a reverse acquisition for accounting purposes with Associated as the acquiring corporation. Accordingly, the pro forma income statement for the year ended December 31, 1994 combines Associated for its fiscal year ended December 31, 1994 with United for its twelve month period ended November 30, 1994 (the date of its fiscal quarter ending nearest to December 31, 1994), the pro forma income statement for the three months ended March 31, 1995 combines Associated for the three months ended March 31, 1995 with United for the three months ended February 28, 1995 and the pro forma balance sheet data as of March 31, 1995 for United include the preliminary purchase price allocation, which may be revised at a later date, and other Merger related adjustments. United's historical statement of income previously reported on a fiscal year ended August 31, 1994 has been adjusted to reflect the twelve month period ended November 30, 1994.

(2) The pro forma income statement data excludes (i) the extraordinary non-recurring write-off of approximately $2.4 million ($1.4 million net of tax benefit of $1.0 million) of financing costs and original issue discount relating to the retirement of debt, (ii) a non-recurring charge for restructuring of approximately $9.8 million ($5.9 million net of tax benefit of $3.9 million), for costs expected to be incurred in connection with integration and transition (e.g., severance and the cost of closing certain facilities operated by Associated prior to the Merger) and (iii) compensation expense relating to employee stock options of approximately $1.5 million ($0.9 million net of tax benefit of $0.6 million). Approximately $14.6 million of additional integration and transition costs (e.g., severance and the cost of closing facilities operated by United prior to the Merger) will be recorded as additional costs of the Merger, in accordance with the purchase method of accounting. The above-referenced restructuring reserve and the purchase accounting reserve relating to the integration and transition expenses total $24.4 million and are reflected as a reserve in the Pro Forma Combined Balance Sheet. See "Pro Forma Combined Financial Information."

(3) Includes estimated cost savings of $26.0 million for the year ended December 31, 1994 and $6.5 million for the three months ended March 31, 1995 that United expects to realize from the actions that management has committed to undertake pursuant to its consolidation plan that has been approved by the Board of Directors of the Company, as if the consolidation plan had been implemented in full as of January 1, 1994. United plans to implement its consolidation plan over a 12-month period following the Acquisition. See "Risk Factors -- Implementation of Consolidation Plan" and "Business -- Consolidation Plan and Benefits of the Acquisition."

(4) Pro forma interest expense is based on historical interest rates in effect during the year ended December 31, 1994 and the three months ended March 31, 1995 in calculating the basis for variable rates. Average 30-day LIBOR in effect for the year ended December 31, 1994 ranged from 3.15% to 6.09% and for the three months ended March 31, 1994 was 6.125%. The average prime rate during January 1994 was 6.0% and for the three months ended March 31, 1995 ranged from 8.50% to 9.0%. At March 31, 1995, 30-day LIBOR was 6.125%

and the prime rate was 9.0%. If the March 31, 1995 interest rates were used as base interest rates instead of the historical rates, pro forma interest expense for United would amount to $56.1 million instead of $48.8 million for the year ended December 31, 1994. Each 1/8 of 1% change in the base interest rate for variable rate debt has a $521 thousand effect on annual pro forma interest expense for United. In April 1995, the Company entered into three-year interest rate protection arrangements totaling $200,000,000 pursuant to which the Company (i) is protected to the extent that the 3-month LIBOR interest rate exceeds 8.0% and (ii) is liable to the extent that such interest rate drops below 6.0%.

(5) EBITDA is defined as earnings before interest, taxes, depreciation and amortization and is presented because it is commonly used by certain investors and analysts to analyze and compare companies on the basis of operating performance and to determine a company's ability to service and incur debt.

EBITDA should not be considered in isolation from or as a substitute for net income, cash flows from operating activities or other consolidated income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity.

(6) EBITDA margin represents EBITDA as a percentage of net sales.

(7) Total debt and capital leases includes current maturities.

UNITED -- HISTORICAL

The summary financial information of United set forth below for each of the fiscal years in the five-year period ended August 31, 1994 and the seven months ended March 30, 1995 has been derived from the financial statements of United, which have been audited by Arthur Andersen LLP, independent public accountants for the years ended August 31, 1991 through 1994, and by Ernst & Young LLP, independent public accountants, for the seven months ended March 30, 1995. Audited financial statements for the fiscal years ended August 31, 1990 and 1991 are not included in this filing. The summary financial information at and for the seven-month period ended March 31, 1994 is unaudited and in the opinion of management reflects all adjustments considered necessary for a fair presentation of such data. The results of operations for any interim period are not necessarily indicative of results of operations for the fiscal year and should be read in conjunction with, and is qualified in its entirety by, "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Historical Results of Operations of United" and "-- Historical Liquidity and Capital Resources of United" and the financial statements of United included elsewhere in this Prospectus.

<TABLE>
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	YEAR ENDED AUGUST 31,					SEVEN MONTHS ENDED	
	1990	1991	1992	1993	1994	MARCH 31, 1994	MARCH 30, 1995
	(DOLLARS IN THOUSANDS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:							
Net sales	$993,178	$951,109	$1,094,275	$1,470,115	$1,473,024	$871,585	$980,575
Gross profit on sales	224,230	218,708	245,687	344,519	322,901	195,865	206,718
Operating expenses	195,863	195,694	219,285	298,405	286,607	170,420	201,801
Income from operations	28,367	23,014	26,402	46,114	36,294	25,445	4,917
Interest expense, net	7,350	6,082	6,503	9,550	10,461	5,837	7,500
Income before income taxes	21,361	16,918	20,263	36,919	26,058	19,725	(2,542)
Income taxes	8,523	7,008	8,899	15,559	10,309	8,185	4,692
Net income	12,838	9,910	11,364	21,360	15,749	11,540	(7,234)
OPERATING AND OTHER DATA:							
EBITDA (1)	$ 43,851	$ 41,912	$ 46,645	$ 67,712	$ 57,755	$ 37,665	$17,553
EBITDA margin (2)	4.4%	4.4%	4.3%	4.6%	3.9%	4.3%	1.8%
Depreciation and amortization	$ 15,140	$ 18,912	$ 19,879	$ 21,243	$ 21,236	$ 12,103	$12,595
Net capital expenditures	15,067	15,765	8,291	29,958	10,499	4,287	7,764
BALANCE SHEET DATA (AT							

PERIOD END):								
Working capital.....	$134,420	$135,347	$ 214,611	$ 216,074	$ 239,827	$297,099	$257,600	
Total assets.....	401,661	409,958	601,465	634,786	618,550	608,728	711,839	
Total debt and capital leases(3).....	73,683	73,123	150,728	150,251	155,803	227,626	233,406	
Stockholders' investment.....	177,777	181,584	223,387	237,697	246,010	243,636	233,125	

</TABLE>

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(1) EBITDA is defined as earnings before interest, taxes, depreciation and amortization and is presented because it is commonly used by certain investors and analysts to analyze and compare companies on the basis of operating performance and to determine a company's ability to service and incur debt. EBITDA should not be considered in isolation from or as a substitute for net income, cash flows from operating activities or other consolidated income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity.

(2) EBITDA margin represents EBITDA as a percentage of net sales.

(3) Total debt and capital leases includes current maturities but excludes original issue discount.

ASSOCIATED -- HISTORICAL

The summary financial information of Associated set forth below with respect to the period from January 31, 1992 (when certain of the assets and certain liabilities of ASI were acquired (the "Boise Transaction") from the Wholesale Division of Boise Cascade Office Products Corporation ("BCOP")) through December 31, 1992 and the years ended December 31, 1993 and 1994 has been derived from and should be read in conjunction with, and is qualified in its entirety by, "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Historical Results of Operations of Associated" and "-- Historical Liquidity and Capital Resources of Associated" and the financial statements of Associated included elsewhere in this Prospectus, which have been audited by Arthur Andersen LLP, independent public accountants. The data at and for the years ended December 31, 1990 and 1991 and the one month ended January 31, 1992 are derived from the unaudited financial statements of BCOP for such periods. Associated has accounted for the Boise Transaction using the purchase method of accounting. There are material operational and accounting differences between BCOP and Associated resulting from the Boise Transaction. Accordingly, the historical financial data of BCOP may not be comparable in all material respects with data of Associated. The data at and for the three months ended March 31, 1994 and 1995 are unaudited and in the opinion of management reflect all adjustments considered necessary for a fair presentation of such data. On March 30, 1995, Associated merged with United. Although United was the surviving corporation in the Merger, the transaction was treated as a reverse acquisition for accounting purposes, with Associated as the acquiring corporation. Therefore, the income statement and operating and other data for the three months ended March 31, 1994 and 1995 reflect the financial information of Associated only. The balance sheet data at March 31, 1995 reflect the consolidated balances of Associated and United including the preliminary purchase price allocation, which may be revised at a later date, and other Merger-related adjustments. The balance sheet data at March 31, 1994 reflect Associated only.

<TABLE>
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	PREDECESSOR(1)(2)			ASSOCIATED				
	YEAR ENDED DECEMBER 31,		JANUARY 1 TO JANUARY 31,	JANUARY 31 TO DECEMBER 31,	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1990(3)	1991(4)	1992(5)	1992	1993	1994	1994	1995
	(DOLLARS IN THOUSANDS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:								
Net sales.....	$443,547	$411,343	$39,016	$365,944	$462,531	$477,445	$123,850	$137,272
Gross profit.....	112,324	103,253	9,142	89,398	112,280	120,169	29,688	33,704
Operating								

expenses (6).....	90,773	88,374	7,723	79,889	102,274	103,020	26,752	38,708
Income (loss) from operations.....	21,551	14,879	1,419	9,509	10,006	17,149	2,936	(5,004)
Interest expense.....	--	--	--	4,782	6,263	6,753	1,732	2,203
Income (loss) before income taxes and extraordinary item.....	--	--	--	4,727	3,743	10,396	1,204	(7,207)
Income taxes (benefit)..	--	--	--	1,777	781	3,993	462	(2,973)
Income (loss) before extraordinary item.....	--	--	--	2,950	2,962	6,403	742	(4,234)
Extraordinary item.....	--	--	--	--	--	--	--	(1,449)
Net income (loss).....	--	--	--	2,950	2,962	6,403	742	(5,683)
OPERATING AND OTHER DATA:								
EBITDA (7).....	$ 24,511	$ 18,028	$ 1,661	$ 14,875	$ 16,481	$ 23,505	$ 4,525	$ 6,228
EBITDA margin (8).....	5.5%	4.4%	4.3%	4.1%	3.6%	4.9%	3.7%	4.5%
Depreciation and amortization.....	$ 2,960	$ 3,149	$ 242	$ 5,366	$ 6,475	$ 6,356	$ 1,589	$ 1,473
Capital expenditures, net.....	8,129	273	(36)	4,289	3,273	554	242	182

<TABLE>
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	PREDECESSOR(1)		ASSOCIATED				
	AT DECEMBER 31,					AT MARCH 31,	
	1990(3)	1991(4)	1992	1993	1994	1994	1995
	(DOLLARS IN THOUSANDS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:							
Working capital.....	$ 60,726	$ 54,373	$ 46,396	$ 57,302	$ 56,454	$ 56,795	$340,626
Total assets.....	151,432	140,756	179,069	190,979	192,479	172,250	975,949
Total debt and capital leases (9).....	--	--	78,297	86,350	64,623	74,650	572,857
Redeemable preferred stock.....	--	--	18,949	20,996	23,189	21,530	23,761
Redeemable warrants.....	--	--	1,435	1,435	1,650	1,435	11,879
Total stockholders' or predecessor division equity.....	102,871	93,642	10,466	11,422	24,775	20,843	45,459

</TABLE>

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(1) The capital structure and accounting basis of the assets and liabilities of the predecessor of ASI, BCOP, differ from those of Associated and ASI. Accordingly, certain of the financial information for periods before January 31, 1992 is not comparable to that for periods after January 31, 1992 and therefore is not presented in this table.

(2) The Predecessor operated as a segment of BCOP. BCOP did not allocate income tax or interest expense to the Predecessor. Accordingly, actual operating results for the Predecessor reflect only income from operations before interest expense and income taxes.

(3) Derived from the unaudited financial statements of BCOP at and for the year ended December 31, 1990.

(4) Derived from the unaudited financial statements of BCOP at and for the year ended December 31, 1991.

(5) Derived from the unaudited financial statements of BCOP for the one month ended January 31, 1992.

(6) Includes restructuring charge of $9.8 million for the three months ended March 31, 1995.

(7) EBITDA is defined as earnings before interest, taxes, depreciation and amortization and restructuring charge and extraordinary item, and is presented because it is commonly used by certain investors and analysts to analyze and compare companies on the basis of operating performance and to determine a company's ability to service and incur debt. EBITDA should not be considered in isolation from or as a substitute for net income, cash flows from operating activities or other consolidated income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity.

(8) EBITDA margin represents EBITDA as a percentage of net sales.

(9) Total debt and capital leases is defined as long-term debt including current maturities but excluding original issue discount, plus deferred obligations due to the holder of the Associated Class B redeemable preferred stock.

RISK FACTORS

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

CONSEQUENCES OF FAILURE TO EXCHANGE

Holders of Old Notes who do not exchange their Old Notes for New Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Old Notes as set forth in the legend thereon and in the Offering Memorandum dated April 26, 1995, because the Old Notes were issued pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the Old Notes may not be offered or sold unless registered under the Securities Act and applicable state securities laws, or pursuant to an exemption therefrom, or in a transaction not subject to the Securities Act and applicable state securities laws. The Company does not intend to register the Old Notes under the Securities Act and, after consummation of the Exchange Offer, will not be obligated to do so except under limited circumstances. See "The Exchange Offer--Purpose and Effect." Based on an interpretation by the staff of the Commission set forth in no-action letters issued to third parties, the Company believes that the New Notes issued pursuant to the Exchange Offer in exchange for Old Notes may be offered for resale, resold or otherwise transferred by holders thereof (other than any such holder which is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of such holders' business, such holders have no arrangement with any person to participate in the distribution of such New Notes and neither such holders nor any such other person is engaging in or intends to engage in a distribution of such New Notes. Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. See "Plan of Distribution." To the extent that Old Notes are tendered and accepted in the Exchange Offer, the trading market for untendered and tendered but unaccepted Old Notes could be adversely affected. See "The Exchange Offer."

HIGH LEVERAGE

As a result of the Acquisition and the refinancing of certain debt and, assuming necessary consents are obtained, the repurchase of the Series B Preferred Stock (including accrued and unpaid dividends thereon) which the Company expects to effect with the proceeds of the Old Notes, the Company has significant debt and debt service obligations. Assuming the Acquisition and such refinancing and repurchase had occurred on March 31, 1995, and after giving effect to the debt, redeemable preferred stock and redeemable warrants of United "pushed down" to the accounts of the Company, (i) the Company would have had $585.7 million of long-term indebtedness (including current maturities), $17.0 million of redeemable preferred stock, $11.9 million of redeemable warrants, and $45.5 million of common stock and other stockholders' equity; (ii) the Company would have had a long-term indebtedness to redeemable preferred stock, redeemable warrants and total stockholders' equity ratio of 7.9 to 1; and (iii) the Company would have had a long-term indebtedness, redeemable preferred stock and redeemable warrants to total stockholders' equity ratio of 13.5 to 1. See "Pro Forma Combined Financial Information." By contrast, after giving effect to "push-down" accounting, the Company's historical long-term indebtedness, redeemable preferred stock and redeemable warrants to stockholders' equity ratio as of March 31, 1995 was 13.4 to 1 and its historical long-term indebtedness to redeemable preferred stock plus redeemable warrants plus stockholders' equity ratio as of March 31, 1995 was 7.1 to 1.

The degree to which the Company is leveraged could have important consequences to holders of the Notes, including the following: (i) the Company's ability to obtain additional financing in the future for working capital, capital expenditures, potential acquisition opportunities, general corporate purposes or other purposes may be impaired; (ii) a substantial portion of the Company's cash flow from operations must be dedicated to the payment of principal and interest on its indebtedness; (iii) the Company may be more vulnerable to economic downturns, may be limited in its ability to withstand competitive pressures and may have reduced flexibility in responding to changing business and economic conditions; and (iv) fluctuations in market interest rates will affect the cost of the Company's borrowings to the extent not covered by interest rate hedge agreements because interest under the New Credit Facilities will be payable at variable rates. The Company's ability to service its indebtedness will be dependent on its future performance, which will be affected by prevailing economic conditions and financial, business and other factors, certain of which are beyond the Company's control.

The Company believes that, based upon current levels of operations, it should be able to meet its debt service obligations, including principal and interest payments on the Notes, when due. However, if the Company cannot generate sufficient cash flow from operations to meet its debt service obligations, defaults may occur thereunder and the Company might be required to refinance its indebtedness. There is no assurance that refinancings could be effected on satisfactory terms or would be permitted by the terms of the New Credit Agreement.

SUBORDINATION

The indebtedness evidenced by the Notes and the Guarantees (including principal, premium, if any, and interest) will be subordinated in right of payment to present and future Senior Indebtedness of the Company and Senior Guarantor Indebtedness of each Guarantor. In the event of the dissolution or liquidation of United or the Company, or in the case of certain events of default with respect to the Notes or such Senior Indebtedness or Senior Guarantor Indebtedness, certain creditors of the Company holding Senior Indebtedness or of any Guarantor holding Senior Guarantor Indebtedness will be entitled to be paid in full before any payment is made to holders of the Notes or the Guarantees. Senior Indebtedness and Senior Guarantor Indebtedness would currently include, among other things, the debt incurred under the New Credit Facilities and, in the case of Senior Indebtedness, the Company's current and future obligations under capitalized leases. After giving pro forma effect to the Acquisition and the refinancing of certain debt and repurchase of Series B Preferred Stock, together with accrued and unpaid dividends thereon, assumed to be effected with the proceeds of the Old Notes as if all such transactions had occurred on March 31, 1995, there would have been approximately $435.7 million of Senior Indebtedness and Senior Guarantor Indebtedness of United outstanding on such date, substantially all of which represents Indebtedness or guarantees of Indebtedness under the New Credit Facilities which would have been secured by substantially all of the assets of the Company; in addition, after taking into account approximately $68.1 million of outstanding letters of credit, there would have been approximately $32.8 million available to be drawn by the Company as secured Senior Indebtedness under the revolving credit portion of the New Credit Facilities, which amounts would have been secured Senior Guarantor Indebtedness of United; and, on a pro forma basis on such date, Indebtedness pari passu to the Notes would have been $264.1 million,and there would not have been any Indebtedness subordinated to the Notes. See "Pro Forma Combined Financial Information." The Indenture does not prohibit or limit the designation of Indebtedness otherwise permitted to be incurred as Senior Indebtedness or Senior Guarantor Indebtedness. See "Description of the New Notes -- Subordination."

LIMITED PRACTICAL VALUE OF GUARANTEES BY UNITED

United unconditionally guarantees, on a senior subordinated basis, all payments of principal, premium, if any, and interest on the Notes. However, since at present United's only significant asset is the capital stock of the Company (and such asset is pledged to the lenders under the New Credit Facilities), if the Company should be unable to meet its payment obligations with respect to the Notes, it is unlikely that United would be able to do so.

RESTRICTIVE COVENANTS

The Indenture and the credit agreement (as amended, the "New Credit

Agreement") for the New Credit Facilities contain numerous restrictive covenants that will limit the discretion of management with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of the Company to incur additional indebtedness, to create liens or other encumbrances, to make certain payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. The New Credit Agreement also contains a number of financial covenants that require the Company to meet certain financial ratios and tests. See "Financing the Acquisition." A failure to comply with the obligations in the New Credit Agreement or the Indenture could result in an event of default under the New Credit Agreement, or an Event of Default (as hereinafter defined) under the Indenture, which, if not cured or waived, could permit acceleration of the indebtedness thereunder and acceleration of indebtedness under other instruments that may contain cross-acceleration or cross-default provisions. Other indebtedness of the Company and its subsidiaries that may be incurred in the future may contain financial or other covenants more restrictive than those applicable under the New Credit Agreement. The New Credit Agreement restricts the prepayment, purchase, redemption, defeasance or other payment of any of the principal of the Notes so long as any loans remain outstanding under the New Credit Agreement.

RISKS INHERENT IN IMPLEMENTATION OF CONSOLIDATION PLAN

The Company's future operations and earnings will be largely dependent upon the Company's ability to integrate the businesses separately conducted by ASI and the Company prior to the Merger. The Company must, among other things, eliminate approximately 10,000 overlapping items from its catalogs to be distributed in the fourth calendar quarter of 1995, close redundant distribution centers effectively, while at the same time maximizing retention of the related business, and eliminate certain corporate and sales positions and otherwise reduce combined administrative costs and expenses. There can be no assurance that the Company will successfully integrate the former separate businesses of ASI and the Company, and a failure to do so would have a material adverse effect on the Company's results of operations and financial condition. Additionally, although the Company does not currently have any acquisition plans, the need to focus management's attention on integration of the former businesses and implementation of the Company's consolidation plan may limit the Company's ability to successfully pursue acquisitions or other opportunities related to its business for the foreseeable future.

As discussed under "Business -- Consolidation Plan and Benefits of the Acquisition" and as presented under "Pro Forma Combined Financial Information," management estimates that the Company expects to realize significant cost savings as a result of a successful implementation of its consolidation plan. The achievement of these savings is significantly dependent on the successful implementation of such plan. There can be no assurances, however, that such savings will be achieved or sustained. In addition, the Company believes that the Acquisition is likely to result in a reduction in the rate of revenue growth for some period following the Acquisition as a result of the loss of customers to competition.

COMPETITION

The Company operates in a highly competitive environment. The Company competes to obtain reseller purchases both with office products manufacturers and with other national, regional and specialty wholesalers of office products, office furniture, computers and related items. A trend toward consolidation has occurred in recent years throughout the office products industry. Although as the result of such consolidations at the national full-line wholesale level only one competitor (S.P. Richards) remains, consolidation of commercial dealers and contract stationers has also resulted in an increased ability of those resellers to buy goods directly from manufacturers. In addition, over the last decade,

office products superstores (which largely buy directly from manufacturers) have entered virtually every major metropolitan market and commercial dealers, contract stationers and retail dealers have formed buying groups to purchase directly from manufacturers on a collective basis. Increased competition in the office products industry has also led to heightened price awareness among consumers, making purchasers of commodity type office products extremely price sensitive and requiring the Company to increase its efforts to convince resellers of the continuing advantages of its competitive strengths (as compared to those of manufacturers and other wholesalers), such as marketing and catalog programs, speed of delivery, and the ability to offer resellers a

broad line of business products from multiple manufacturers with lower minimum order quantities on a "one-stop shop" basis. See "Business --Competition."

CHANGING END USER DEMANDS

The Company's sales and profitability are largely dependent on its ability to continually enhance its product offerings to meet changing end user demands. End users' traditional demands for office products have changed over the last several years as a result of (i) increased recycling efforts, (ii) efforts by various businesses to establish "paperless" work environments, (iii) the widespread use of computers and other technological advances, resulting in the elimination or reduction in use of traditional office supplies and (iv) a trend toward non-traditional offices, such as home-offices. The Company's ability to continually monitor and react to such trends and changes in end user demands will be necessary to avoid adverse effects on its sales and profitability.

SERVICE INTERRUPTIONS

Substantially all of the Company's shipping, warehouse and maintenance employees at certain of the Company's facilities in Chicago, Detroit, Philadelphia, Baltimore, Los Angeles, Minneapolis and New York City are covered by various collective bargaining agreements, which expire at various times during the next three years. Although the Company considers its relationships with its employees to be satisfactory, a prolonged labor dispute could have a material adverse effect on the Company's business as well as the Company's results of operations and financial condition. In addition, the Company's ability to readily deliver its products could be impaired by work stoppages by its employees. Although the Company has maintained service levels during past work stoppages by distributing to its customers from unaffected distribution centers, profitability has been reduced during such periods as a result of higher distribution costs. The Company's ability to receive and distribute products is largely dependent on the availability of trucks utilized by both manufacturers and the Company, and therefore the occurrence of a national trucking strike could also impair the Company's operations. The Company's service levels would also be affected in the event of an interruption in operation of its computers or telecommunications network on a company-wide scale for an extended period of time, although the Company has developed contingency plans to limit its exposure. The Company has not experienced any work stoppages for the financial periods presented herein that had a material effect on the Company's operations and financial condition.

DEPENDENCE ON KEY PERSONNEL

The Company's continued success largely will depend on the efforts and abilities of its executive officers and certain other key employees, particularly Mr. Thomas W. Sturgess, the Company's Chairman of the Board, President and Chief Executive Officer, Mr. Michael D. Rowsey and Mr. Steven R. Schwarz, each an Executive Vice President of the Company, and Mr. Daniel H. Bushell, the Company's Chief Financial Officer, the loss of any of whom could have a material adverse effect on the Company. Although all but Mr. Sturgess have entered into employment agreements with the Company as described under "Management," the Company is currently integrating two formerly separate management teams and any officer could choose to resign at any time. On May 31, 1995, Jeffrey K.

Hewson resigned as President and Chief Executive Officer of United and the Company, and Thomas W. Sturgess, Chairman of the Board of United and the Company, assumed such responsibilities. The Company currently does not have any "key man" life insurance for its key personnel.

CONTROL BY WINGATE PARTNERS

As of the date of this Prospectus, approximately 75% of the outstanding Shares were controlled by the Voting Trust (as hereinafter defined), the five trustees of which hold all voting power to vote such Shares and may act by majority vote of the trustees. Three of the five trustees serve as indirect general partners of Wingate Partners, L.P. ("Wingate Partners") or Wingate Partners II, L.P. ("Wingate II"), each of which is a Delaware limited partnership and a private investment firm located in Dallas, Texas. In addition, the trustees are obligated to nominate and vote for a board of directors of United of which directors designated by Wingate Partners comprise a majority. Four of the current nine directors of United are indirect general partners of Wingate Partners or Wingate II. The Company is a wholly owned

subsidiary of United. Consequently, Wingate Partners and Wingate II and their indirect general partners will control United and, through control of United, the Company and, thus, will have the power to elect a majority of the directors thereof and to approve any action requiring stockholder approval. See "Management --Directors and Executive Officers," "Certain Transactions" and "Ownership of Voting Securities."

FRAUDULENT CONVEYANCE CONSIDERATIONS

Substantially all of the net proceeds of the offering of the Old Notes were used to refinance the Bridge Loan under the Subordinated Bridge Facility, repay approximately $6.5 million outstanding under the Term Loan Facilities and, upon receipt of necessary consents, are expected to be used to pay a dividend to United to repurchase the outstanding shares of Series B Preferred Stock, together with accrued and unpaid dividends thereon. In addition, pursuant to the Merger, United assumed all of the obligations of Associated; pursuant to the Subsidiary Merger, the Company assumed all obligations of ASI; and, pursuant to the Indenture, each future domestic Restricted Subsidiary of the Company will guarantee the Notes. Accordingly, the obligations of the Company under the Notes and the obligations of United and any future Restricted Subsidiary under the Guarantees may be subject to review under relevant federal and state fraudulent conveyance statutes ("fraudulent conveyance statutes") in a bankruptcy, reorganization or rehabilitation case or similar proceeding or a lawsuit by or on behalf of unpaid creditors of the Company, United or any future Restricted Subsidiary. If a court were to find under relevant fraudulent conveyance statutes that, at the time of issuance, incurrence or assumption by any debtor of obligations under the Notes, Guarantees, the Bridge Loan or the term or revolving loans ("Senior Loans") under the New Credit Facilities, (a) such debtor incurred such obligation with the intent of hindering, delaying or defrauding current or future creditors or (b)(i) such debtor received less than reasonably equivalent value or fair consideration for incurring such obligation and (ii)(A) was insolvent or was rendered insolvent by reason of such incurrence, (B) was engaged, or about to engage, in a business or transaction for which its assets constituted unreasonably small capital, or (C) intended to incur, or believed that it would incur, obligations beyond its ability to pay as such obligations matured (as all of the foregoing terms are defined in or interpreted under such fraudulent conveyance statutes), such court could subordinate such obligations to presently existing and future indebtedness of such debtor, as the case may be, and take other action detrimental to the holders of the Notes, including, under certain circumstances, invalidating the Notes or the Guarantees.

The measure of insolvency for purposes of the foregoing will vary depending upon the law of the jurisdiction which is being applied. Generally, however, a company would be considered insolvent for purposes of the foregoing if, at the time it incurs any given obligation, the sum of the company's debts (including unliquidated or contingent debt) is greater than all the company's property at a fair valuation, or if the present fair saleable value of the company's assets is less than the amount that will be required to pay its probable liability on its existing debts (including unliquidated or contingent debt) as they become absolute and matured.

On the basis of the historical financial information of United and Associated and other factors, management believes that (i) each obligation of each debtor was and is being incurred for proper purposes and in good faith and (ii) (A) after giving effect to the Acquisition, the Mergers, the Bridge Loan, the Senior Loans and related transactions, each such prior or current debtor received or is receiving reasonably equivalent value and fair consideration for incurring such obligation and (B) each such prior or current debtor was, is and will be solvent under the foregoing standards, had, has and will have sufficient capital for carrying on their businesses, was, is and will be able to pay their debts as they mature, and had, has and will have sufficient assets to satisfy any probable money judgment against it in any pending action. There can be no assurance, however, as to whether a court would concur in such view.

LIQUIDITY OF THE NOTES

The New Notes are being offered to the holders of the Old Notes. Although the Initial Purchaser currently makes a market in the Old Notes and has informed the Company that it currently intends to make a market in the New Notes, it is not obligated to do so, and any such market making may be discontinued at any time without notice. Accordingly, there can be no assurance as to the development or liquidity of any market for the New Notes. The Company does not

intend to apply for listing of the Notes on any securities exchange or for quotation through the Nasdaq National Market System.

THE EXCHANGE OFFER

PURPOSE AND EFFECT

The Old Notes were sold by the Company on May 3, 1995 in a private placement. In connection therewith, the Company entered into the Registration Agreement, which requires that the Company file the Exchange Offer Registration Statement under the Securities Act with respect to the New Notes and, upon the effectiveness of such Exchange Offer Registration Statement, offer to the holders of the Old Notes the opportunity to exchange their Old Notes for a like principal amount of New Notes, which will be issued without a restrictive legend and, with the exceptions provided below, may be reoffered and resold by the holder without registration under the Securities Act. The Registration Agreement further provides that the Exchange Offer Registration Statement must be declared effective on or prior to August 31, 1995. Upon the completion of the Exchange Offer (unless any holder is unable to make the requisite representations in order to participate in the Exchange Offer), the Company's obligations with respect to the registration of the Old Notes and the New Notes will terminate. A copy of the Registration Agreement has been filed as an exhibit to the Exchange Offer Registration Statement of which this Prospectus is a part. As a result of the filing and the effectiveness of the Exchange Offer Registration Statement, certain prospective increases in the interest rate on the Old Notes provided for in the Registration Agreement and the Indenture will not occur. Following the consummation of the Exchange Offer (except as set forth in the paragraph immediately below), Holders of Old Notes not tendered will not have any further registration rights and the Old Notes will continue to be subject to certain restrictions on transfer. Accordingly, the liquidity of the market for the Old Notes could be adversely affected upon consummation of the Exchange Offer.

In order to participate in the Exchange Offer, a holder must represent to the Company, among other things, that (i) the New Notes acquired pursuant to the Exchange Offer are being obtained in the ordinary course of business of the person receiving such New Notes, whether or not such person is the holder, (ii) neither the holder nor any such other person is engaging in or intends to engage in a distribution of such New Notes, (iii) neither the holder nor any such other person has an arrangement or understanding with any person to participate in the distribution of such New Notes, and (iv) neither the holder nor any such other person is an "affiliate," as defined under Rule 405 promulgated under the Securities Act, of the Company. In the event that any holder of Old Notes cannot make the requisite representations to the Company in order to participate in the Exchange Offer, such holder can elect, by so indicating on the Letter of Transmittal and providing certain additional necessary information, to have such holder's Old Notes registered in a "shelf" registration statement on an appropriate form pursuant to Rule 415 under the Securities Act. In the event that the Company is obligated to file a "shelf" registration statement, it will be required to keep such "shelf" registration statement effective for a period of 180 days. Other than as set forth in this paragraph, no holder will have the right to participate in the "shelf" registration statement nor otherwise to require that the Company register such holder's Notes under the Securities Act. See "-- Procedures for Tendering."

Based on an interpretation by the staff of the Commission set forth in no-action letters issued to third parties, the Company believes that, with the exceptions set forth below, New Notes issued pursuant to the Exchange Offer in exchange for Old Notes may be offered for resale, resold and otherwise transferred by any person receiving such New Notes, whether or not such person is the holder (other than any such holder or such other person which is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of business of such holder or such other person and neither such holder nor such other person has an arrangement or understanding with any person to participate in the distribution of such New Notes. Any holder who tenders in the Exchange Offer for the purpose of participating in a distribution of the New Notes cannot rely on such interpretation by the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in

connection with a secondary resale transaction. Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. See "Plan of Distribution."

CONSEQUENCES OF FAILURE TO EXCHANGE

Following the consummation of the Exchange Offer (except as set forth in the second paragraph under " -- Purpose and Effect" above), holders of Old Notes not tendered will not have any further registration rights and the Old Notes will continue to be subject to certain restrictions on transfer. Accordingly, the liquidity of the market for a holder's Old Notes could be adversely affected upon consummation of the Exchange Offer if such holder does not participate in the Exchange Offer.

TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in this Prospectus and in the Letter of Transmittal, the Company will accept any and all Old Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date. The Company will issue $1,000 principal amount of New Notes in exchange for each $1,000 principal amount of outstanding Old Notes accepted in the Exchange Offer. Holders may tender some or all of their Old Notes pursuant to the Exchange Offer. However, Old Notes may be tendered only in integral multiples of $1,000 in principal amount.

The form and terms of the New Notes are the same as the form and terms of the Old Notes except that the New Notes have been registered under the Securities Act and hence will not bear legends restricting the transfer thereof. The New Notes will evidence the same debt as the Old Notes and will be issued pursuant to, and entitled to the benefits of, the Indenture pursuant to which the Old Notes were issued.

As of May 3, 1995, $150,000,000 aggregate principal amount of the Old Notes was outstanding and there were five registered holders. This Prospectus, together with the Letter of Transmittal, is being sent to such registered Holders and to others believed to have beneficial interests in the Old Notes. Holders of Old Notes do not have any appraisal or dissenters' rights under the Business Corporation Act of the State of Illinois or the Indenture in connection with the Exchange Offer. The Company intends to conduct the Exchange Offer in accordance with the applicable requirements of the Securities Act and the rules and regulations of the Commission promulgated thereunder.

The Company shall be deemed to have accepted validly tendered Old Notes when, as, and if the Company has given oral or written notice thereof to the Exchange Agent. The Exchange Agent will act as agent for the tendering holders for the purpose of receiving the New Notes from the Company. If any tendered Old Notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth herein or otherwise, certificates for any such unaccepted Old Notes will be returned, without expense, to the tendering holder thereof as promptly as practicable after the Expiration Date.

Holders who tender Old Notes in the Exchange Offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the Letter of Transmittal, transfer taxes with respect to the exchange of Old Notes pursuant to the Exchange Offer. The Company will pay all charges and expenses, other than certain applicable taxes, in connection with the Exchange Offer. See

" --- Fees and Expenses" below.

EXPIRATION DATE; EXTENSIONS; AMENDMENTS

The term "Expiration Date" shall mean 5:00 p.m., New York City time, on , 1995, unless the Company, in its sole discretion, extends the Exchange Offer, in which case the term "Expiration Date"

shall mean the latest date and time to which the Exchange Offer is extended. In order to extend the Exchange Offer, the Company will notify the Exchange Agent

and each registered holder of any extension by oral or written notice prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. The Company reserves the right, in its sole discretion, (i) to delay accepting any Old Notes, to extend the Exchange Offer or, if any of the conditions set forth below under "-- Conditions" shall not have been satisfied, to terminate the Exchange Offer, by giving oral or written notice of such delay, extension or termination to the Exchange Agent, or (ii) to amend the terms of the Exchange Offer in any manner.

PROCEDURES FOR TENDERING

Only a holder of Old Notes may tender such Old Notes in the Exchange Offer. To tender in the Exchange Offer, a holder must complete, sign, and date the Letter of Transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the Letter of Transmittal, and mail or otherwise deliver such Letter of Transmittal or such facsimile to the Exchange Agent prior to the Expiration Date. In addition, either (i) certificates for such Old Notes must be received by the Exchange Agent along with the Letter of Transmittal, or (ii) a timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of such Old Notes, if such procedure is available, into the Exchange Agent's account at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedure for book-entry transfer described below, must be received by the Exchange Agent prior to the Expiration Date, or (iii) the Holder must comply with the guaranteed delivery procedures described below. To be tendered effectively, the Letter of Transmittal and other required documents must be received by the Exchange Agent at the address set forth below under "-- Exchange Agent" prior to the Expiration Date.

The tender by a holder which is not withdrawn prior to the Expiration Date will constitute an agreement between such holder and the Company in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

THE METHOD OF DELIVERY OF OLD NOTES AND THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND RISK OF THE HOLDER. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT HOLDERS USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. NO LETTER OF TRANSMITTAL OR OLD NOTES SHOULD BE SENT TO THE COMPANY. HOLDERS MAY REQUEST THEIR RESPECTIVE BROKERS, DEALERS, COMMERCIAL BANKS, TRUST COMPANIES, OR NOMINEES TO EFFECT THE ABOVE TRANSACTIONS FOR SUCH HOLDERS.

Any beneficial owner whose Old Notes are registered in the name of a broker, dealer, commercial bank, trust company, or other nominee and who wishes to tender should contact the registered holder promptly and instruct such registered holder to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender on such owner's own behalf, such owner must, prior to completing and executing the Letter of Transmittal and delivering such owner's Old Notes, either make appropriate arrangements to register ownership of the Old Notes in such beneficial owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed by an Eligible Institution (as defined below) unless Old Notes tendered pursuant thereto are tendered (i) by a registered holder who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution. In the event that signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, such guarantee must be by a member firm of a

registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act (an "Eligible Institution").

If the Letter of Transmittal is signed by a person other than the registered holder of any Old Notes listed therein, such Old Notes must be endorsed or accompanied by a properly completed bond power, signed by such registered holder as such registered holder's name appears on such Old Notes.

If the Letter of Transmittal or any Old Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and unless waived by the Company, evidence satisfactory to the Company of their authority to so act must be submitted with the Letter of Transmittal.

All questions as to the validity, form, eligibility (including time of receipt), acceptance, and withdrawal of tendered Old Notes will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Old Notes not properly tendered or any Old Notes the Company's acceptance of which would, in the opinion of counsel for the Company, be unlawful. The Company also reserves the right to waive any defects, irregularities, or conditions of tender as to particular Old Notes. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Notes must be cured within such time as the Company shall determine. Although the Company intends to notify holders of defects or irregularities with respect to tenders of Old Notes, neither the Company, the Exchange Agent, nor any other person shall incur any liability for failure to give such notification. Tenders of Old Notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Old Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering holders, unless otherwise provided in the Letter of Transmittal, as soon as practicable following the Expiration Date.

In addition, the Company reserves the right in its sole discretion to purchase or make offers for any Old Notes that remain outstanding subsequent to the Expiration Date or, as set forth below under

" -- Conditions," to terminate the Exchange Offer and, to the extent permitted by applicable law, purchase Old Notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the Exchange Offer.

By tendering, each holder will represent to the Company that, among other things, (i) the New Notes acquired pursuant to the Exchange Offer are being obtained in the ordinary course of business of the person receiving such New Notes, whether or not such person is the holder, (ii) neither the holder nor any such other person is engaged in or intends to engage in a distribution of such New Notes, (iii) neither the holder nor any such other person has an arrangement or understanding with any person to participate in the distribution of such New Notes, and (iv) neither the holder nor any such other person is an "affiliate," as defined under Rule 405 of the Securities Act, of the Company.

In the event that any holder of Old Notes cannot make the requisite representations to the Company in order to participate in the Exchange Offer, such holder can elect, by so indicating on the Letter of Transmittal and providing certain additional necessary information, to have such holder's Old Notes registered in a "shelf" registration statement on an appropriate form pursuant to Rule 415 under the Securities Act. Such election must be made by the Expiration Date in order for such holder to participate in the "shelf" registration.

In all cases, issuance of New Notes for Old Notes that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of certificates for such Old Notes or a timely Book-Entry Confirmation of such Old Notes into the Exchange Agent's account at the Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal and all other required documents. If any tendered Old Notes are not accepted for any reason set forth in the terms and conditions of the Exchange Offer or if Old Notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged Old Notes will be returned without expense to the tendering Holder thereof (or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures described below, such non-exchanged Old Notes will be credited to an account maintained with such Book-Entry Transfer Facility) as promptly as practicable

after the expiration or termination of the Exchange Offer.

BOOK-ENTRY TRANSFER

The Exchange Agent will make a request to establish an account with respect to the Old Notes at the Book-Entry Transfer Facility for purposes of the Exchange Offer within two business days after the date of this Prospectus, and any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of Old Notes by causing the Book-Entry Transfer to transfer such Old Notes into the Exchange Agent's account at the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of Old Notes may be effected through book-entry transfer at the Book-Entry Transfer Facility, the Letter of Transmittal or facsimile thereof, with any required signature guarantees and any other required documents, must, in any case, be transmitted to and received by the Exchange Agent at the address set forth below under "-- Exchange Agent" on or prior to the Expiration Date or the guaranteed delivery procedures described below must be complied with.

GUARANTEED DELIVERY PROCEDURES

If a registered holder of the Old Notes desires to tender such Old Notes and the Old Notes are not immediately available, or time will not permit such holder's Old Notes or other required documents to reach the Exchange Agent before the Expiration Date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if (i) the tender is made through an Eligible Institution, (ii) prior to the Expiration Date, the Exchange Agent received from such Eligible Institution a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by telegram, telex, facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Old Notes and the amount of Old Notes tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and any other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent, and (iii) the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and all other documents required by the Letter of Transmittal, are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

WITHDRAWAL RIGHTS

Tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

For a withdrawal of a tender of Old Notes to be effective, a written, telegraphic, telex, or facsimile transmission notice of withdrawal must be received by the Exchange Agent at its address set forth

under " -- Exchange Agent" prior to 5:00 p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having deposited the Old Notes to be withdrawn (the "Depositor"), (ii) identify the Old Notes to be withdrawn (including the certificate number or numbers and principal amount of such Old Notes), (iii) be signed by the holder in the same manner as the original signature on the Letter of Transmittal by which such Old Notes were tendered (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the Trustee register the transfer of such Old Notes into the name of the person withdrawing the tender, and (iv) specify the name in which any such Old Notes are to be registered, if different from that of the Depositor. All questions as to the validity, form, and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Old Notes so withdrawn will be deemed not to have been validity tendered for exchange for purposes of the Exchange Offer. Any Old Notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder as soon as practicable after withdrawal, rejection of tender, or termination of the Exchange Offer. Properly withdrawn Old Notes may be retendered by following one of the procedures described under "--Procedures for

Tendering" above at any time on or prior to the Expiration Date.

CONDITIONS

Notwithstanding any other provision of the Exchange Offer, the Company shall not be required to accept Old Notes for exchange, or to issue New Notes in exchange for Old Notes, and may terminate or amend the Exchange Offer as provided herein, if at any time before the acceptance of such Old Notes for exchange any of the following events shall occur:

(a) there shall be threatened, instituted or pending any action or proceeding before, or any injunction, order or decree shall have been issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission, (i) seeking to restrain or prohibit the making or consummation of the Exchange Offer or any other transactions contemplated by the Exchange Offer, or assessing or seeking any damages as a result thereof, or (ii) resulting in a material delay in the ability of the Company to accept for exchange or exchange some or all of the Old Notes pursuant to the Exchange Offer, or any statute, rule, regulation, order, interpretation or injunction shall be sought, proposed, introduced, enacted, promulgated or deemed applicable to the Exchange Offer or any of the transactions contemplated by the Exchange Offer by any government or governmental authority, domestic or foreign, or any action shall have been taken, proposed or threatened, by any government or governmental authority or agency or court, domestic or foreign, that in the sole judgment of the Company, might directly or indirectly result in any of the consequences referred to in clauses (i), (ii) above or, in the sole judgment of the Company, might otherwise make it inadvisable to proceed with the Exchange Offer; or

(b) there shall have occurred (i) any general suspension of or general limitation on prices for, or trading in, securities on any national securities exchange or the over-the-counter market, (ii) any limitation by any governmental agency or authority which adversely affects the ability of the Company to complete the transactions contemplated by the Exchange Offer, (iii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority which adversely affects the extension of credit or (iv) a commencement of a war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or, in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer, a material acceleration or worsening thereof;

which, in the reasonable judgment of the Company in any case, and regardless of the circumstances (including any action by the Company) giving rise to any such condition, makes it inadvisable to proceed with the Exchange Offer and/or with such acceptance for exchange or with such exchange.

If the Company determines, in its reasonable discretion, that any of the conditions are not satisfied, the Company may (i) refuse to accept any Old Notes and return all tendered Old Notes to the tendering holders, (ii) extend the Exchange Offer and retain all Old Notes tendered prior to the Expiration Date, subject, however, to the rights of holders to withdraw such Old Notes (see "Withdrawal of Tenders") or (iii) waive such unsatisfied conditions with respect to the Exchange Offer and accept all validly tendered Old Notes which have not been withdrawn. If such waiver constitutes a material change to the Exchange Offer, the Company will promptly disclose such waiver by means of a prospectus supplement that will be distributed to the registered holders, and the Company will extend the Exchange Offer for a period of five to 10 business days, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the Exchange Offer would otherwise expire during such five to 10 business day period.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company regardless of the circumstances giving rise to any such condition or may be waived by the Company in whole or in part at any time and from time to time in its reasonable discretion. The failure by the Company at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

ADJUSTMENT TO OLD NOTES

Pursuant to the Registration Agreement, United and the Company have agreed to use their best efforts to (i) cause to become effective on or prior to August 31, 1995, the Exchange Offer Registration Statement with respect to a registered offer under the Securities Act to exchange the New Notes for the Old Notes in accordance with the terms of the Exchange Offer and (ii) cause such Exchange Offer to be consummated on or prior to September 30, 1995.

In the event that either (i) the Exchange Offer Registration Statement is not declared effective on or prior to August 31, 1995, (ii) the Exchange Offer is not consummated on or prior to September 30, 1995 or (iii) changes in law or the applicable interpretation of the Commission staff do not permit the Company to effect the Exchange Offer and a Shelf Registration Statement with respect to the Old Notes is not declared effective under the Securities Act on or prior to the later of (x) August 31, 1995 and (y) the 45th calendar day after the publication of the change in law or interpretation, the interest rate borne by the Old Notes shall be increased by one-half of one percent per annum following the relevant date described in clause (i), (ii) or (iii), as applicable. The aggregate amount of such increase from the original interest rate pursuant to these provisions will in no event exceed one-half of one percent per annum. Such increase will cease to be effective on the date of effectiveness of the Exchange Offer Registration Statement, consummation of the Exchange Offer or the effectiveness of a Shelf Registration Statement, as the case may be.

ASSISTANCE

All executed Letters of Transmittal should be directed to the Exchange Agent. Questions and requests for assistance and requests for additional copies of this Prospectus, the Letter of Transmittal and other related documents should be directed to the Exchange Agent as provided below.

EXCHANGE AGENT

The Bank of New York has been appointed as Exchange Agent for the Exchange Offer. Questions, requests for assistance and requests for additional copies of this Prospectus or of the Letter of Transmittal should be directed to the Exchange Agent addressed as follows:

THE BANK OF NEW YORK

By Registered or Certified Mail:	Facsimile Transmission Number:	By Hand/Overnight Delivery:
	(212) 571-3080	
101 Barclay Street - 7E New York, New York Attn: Reorganization Section	(For Eligible Institutions Only) Confirm by Telphone: (212) 815-2742	101 Barclay Street Corporate Trust Services Window Ground Level New York, New York 10286 Attn: Reorganization Section
	For Information Call:	
	(212) 815-6333	

FEES AND EXPENSES

The Company will not make any payments to brokers, dealers, or others soliciting acceptances of the Exchange Offer. The principal solicitation is being made by mail, however, additional solicitations may be made in person or by telephone by officers and employees of the Company.

The estimated cash expenses to be incurred in connection with the Exchange Offer will be paid by the Company and are estimated in the aggregate to be $

which includes fees and expenses of the Trustee, accounting, legal, printing, and related fees and expenses.

TRANSFER TAXES

Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection therewith, except that holders who instruct the Company to register New Notes in the name of, or request that Old Notes not tendered or not accepted in the Exchange Offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax thereon.

THE COMPANY

The Company is the largest office products wholesaler in the United States. As a result of the Merger of the Company with ASI on March 30, 1995, the Company's net sales on a pro forma basis for 1994 were approximately $2.0 billion and for the three months ended March 31, 1995 were approximately $0.6 billion. Through its extensive office products catalogs, the Company markets a full line of over 25,000 (post-consolidation) branded and private brand office products, including traditional office supplies; office furniture and desk accessories; office machines, equipment and supplies; computer hardware, peripherals and supplies; and facilities management supplies, including sanitation products and janitorial items. These products are offered through a network of 39 (post-consolidation) strategically located distribution centers to over 14,000 resellers, consisting principally of commercial dealers and contract stationers, retail dealers, superstores, mail order companies and mass merchandisers.

Although the office products distribution industry has seen many changes over the past decade, including the growth of national superstores and a consolidation among wholesalers, dealers and contract stationers, large national wholesalers have continued to perform a significant role in the distribution of office products. For manufacturers, the wholesaler provides wide market coverage, assumes credit risk, carries inventory and processes smaller orders than manufacturers can economically service. In addition, wholesalers provide resellers with prompt service and delivery, a source for filing small quantity orders and the opportunity to obtain credit, minimize investment in inventory and access marketing resources and technical support.

The Company is currently engaged in implementing its consolidation plan to integrate the two separate office products wholesale businesses conducted by the Company and ASI prior to the Acquisition. See "Business -- Consolidation Plan and Benefits of the Acquisition" and "Risk Factors --Risks Inherent in Implementation of Consolidation Plan." The Company is a wholly owned subsidiary of United, which has no operations independent of those of the Company.

United is a holding company with no independent operations. United's only significant asset is the stock of the Company.

The Company was incorporated in Illinois in 1922, and United was incorporated in Delaware in 1981. The principal executive offices of the Company and United are each located at 2200 East Golf Road, Des Plaines, Illinois 66016-1267, telephone number (708) 699-5000.

USE OF PROCEEDS

There will be no cash proceeds to the Company or United from the exchange pursuant to the Exchange Offer. The net proceeds to the Company from the sale of the Old Notes were $144.5 million (after approximately $5.5 million in estimated fees and expenses related to the offering). Such net proceeds were used (i) to repay the Bridge Loan, scheduled to mature on March 29, 1996, in the principal amount of $130.0 million, plus accrued interest thereon (at an annual rate of 13%) of approximately $1.6 million, (ii) to repay approximately $4.1 million of the outstanding amounts under the Tranche A Facility (as hereinafter defined), scheduled to mature on March 31, 2000, plus accrued interest thereon (at an annual rate of 8.9%) of approximately $0.02 million, (iii) to repay approximately $2.4 million of the outstanding Tranche B Facility (as hereinafter defined), scheduled to mature on February 28, 2002, plus accrued interest thereon (at an annual rate of 9.4%) of approximately $0.01 million and (iv) for general corporate purposes. In the event the necessary consents are obtained, the Company is permitted under its lending arrangements and intends to pay a dividend to United in an amount sufficient

to repurchase the Series B Preferred Stock of United, together with accrued and unpaid dividends thereon with a portion of the proceeds from the sale of the Old Notes. The lenders under the Bridge Loan were The Roebling Fund, a statutory business trust, and Chase Bank, each of which is an affiliate of the Initial Purchaser. The lenders under the Term Loan Facility and the Revolving Credit Facility also include Chase Bank. For further information regarding the Bridge Loan and the New Credit Facilities, see "Financing the Acquisition."

THE ACQUISITION

On March 30, 1995, pursuant to the Merger Agreement and in accordance with the terms of the Offer to Purchase, Associated purchased 92.5% of the outstanding Shares at a purchase price of $15.50 per share, or approximately $266.6 million in the aggregate, pursuant to the Offer that expired on March 22, 1995. On March 30, 1995, at the time (the "Effective Time") the Mergers were consummated, Associated and ASI merged with and into United and the Company, respectively, and United and the Company continued as the respective surviving corporations. For a discussion of the financing of the Acquisition, see "Financing the Acquisition" and "Ownership of Voting Securities."

At the Effective Time of the Merger, (i) each Share (other than those Shares owned by Associated or its affiliates (the "Associated-Owned Shares"), Shares held by United or its subsidiaries (the "Treasury Shares") (which were canceled) and Shares as to which statutory appraisal rights were validly exercised and perfected in respect of the Merger and not withdrawn (the "Dissenting Shares")) remained outstanding and unaffected by the Merger, (ii) each share of Class A Common Stock, $0.01 par value, and Class B Common Stock, $0.01 par value (collectively, the "Associated Common Stock"), of Associated outstanding immediately prior to the Merger was converted into 3.446286 Shares and each warrant or option to acquire shares of Associated Common Stock outstanding immediately prior to the Merger was converted into the right to purchase 3.446286 Shares for each share of Associated Common Stock into which such warrant or option was exercisable immediately prior to the Merger, (iii) each outstanding share of Class A Preferred Stock, $0.01 par value, of Associated was converted into one share of Series A Preferred Stock, $0.01 par value (the "Series A Preferred Stock"), of United, (iv) each outstanding share of Class B Preferred Stock, $0.01 par value, of Associated was converted into one share of Series B Preferred Stock, $0.01 par value (the "Series B Preferred Stock"), of United, and (v) each outstanding share of Class C Preferred Stock, $0.01 par value, of Associated was converted into one share of Series C Preferred Stock, $0.01 par value (the "Series C Preferred Stock"), of United. In addition, prior to consummation of the Merger, the Company made adjustments to all stock options held by executive officers and directors of United such that such options were redeemed at the Effective Time, with the holders thereof being entitled to receive cash in settlement thereof. As used herein, the term "Shares" includes shares of Nonvoting Common Stock, $0.01 par value, of United, which are immediately convertible into Shares for no additional consideration.

Immediately following the Merger, the number of outstanding Shares was 5,998,117 (or 6,973,720 on a fully-diluted basis), of which (i) the former holders of Associated Common Stock and warrants or options to purchase Associated Common Stock in the aggregate owned 4,603,373 Shares constituting approximately 76.8% of the outstanding Shares and outstanding warrants or options for 975,603 Shares (collectively 80.0% on a fully-diluted basis) and (ii) pre-Merger holders of Shares (other than Associated-Owned Shares and Treasury Shares) in the aggregate owned 1,394,744 Shares constituting approximately 23.2% of the outstanding Shares (or 20.0% on a fully-diluted basis).

Upon consummation of the Merger, seven of the nine directors of United serving prior thereto were replaced by nominees designated by Associated. Such directors designated by Associated comprise the persons who were the directors of Associated prior to the Acquisition. See "Management."

Prior to the Acquisition, Associated, through its wholly owned subsidiary, ASI, was engaged in the wholesale distribution of a broad line of office products. Associated and ASI were formed in January 1992 and August 1991, respectively, by Wingate Partners.

CAPITALIZATION

The following table sets forth the historical debt and capitalization of United as of March 31, 1995 and as adjusted as of March 31, 1995 to give pro forma effect to the issuance and subsequent exchange of Old Notes and the application of the net proceeds therefrom to repay in full the Bridge Loan incurred in connection with the Acquisition, assuming necessary consents are obtained, to repurchase all of the outstanding shares of Series B Preferred Stock, together with accrued and unpaid dividends thereon, and to reduce outstanding amounts borrowed under the Term Loan Facilities. See "Use of Proceeds." United, which has no operations independent of those of the Company, unconditionally guarantees the Notes on a senior subordinated basis. The table should be read in conjunction with "Pro Forma Combined Financial Information."

<TABLE>
<CAPTION>

	HISTORICAL AT MARCH 31, 1995	PRO FORMA AT MARCH 31, 1995
	(DOLLARS IN THOUANDS) (UNAUDITED)	
<S>	<C>	<C>
Current maturities of long-term debt.....	$ 17,138	$ 16,618
Long-term debt, excluding current maturities:		
Revolving Credit Facility.....	$ 199,708	$ 199,071
Term Loan Facilities.....	184,000	178,020
Bridge Loan.....	130,000	--
Senior Subordinated Notes.....	--	150,000
Other Long-Term Debt.....	42,011	42,011
Total long-term debt.....	555,719	569,102
Redeemable preferred stock:		
Series A.....	6,950	6,950
Series B.....	6,724	--
Series C.....	10,087	10,087
Total redeemable preferred stock.....	23,761	17,037
Redeemable warrants.....	11,879	11,879
Total stockholders' equity.....	45,459	45,459
Total capitalization (including current maturities of long-term debt).....	$ 653,956	$ 660,095

</TABLE>

PRO FORMA COMBINED FINANCIAL INFORMATION

The accompanying unaudited Pro Forma Combined Financial Statements are based on the historical financial statements of Associated and United after giving effect to (i) the purchase accounting and other merger related adjustments relating to the Acquisition and (ii) the issuance and sale of the Old Notes and the application of the net proceeds therefrom to repay in full the Bridge Loan incurred in connection with the Acquisition and, assuming necessary consents are obtained, to repurchase all of the outstanding shares of Series B Preferred Stock, together with accrued and unpaid dividends thereon, and to reduce outstanding amounts borrowed under the Term Loan Facilities to the extent of the remaining net proceeds, all as described in Notes to Pro Forma Combined Financial Information. The Pro Forma Balance Sheet is presented giving effect to the issuance and sale of the Old Notes and the refinancing of certain debt and repurchase of the Series B Preferred Stock, together with accrued and unpaid dividends thereon, to be effected with the proceeds thereof as if all such transactions had been consummated on December 31, 1994. The Pro Forma Combined Income Statement for the year ended December 31, 1994 is presented giving effect to (i) the Acquisition as if it had been consummated on January 1, 1994 and (ii) the refinancing of certain debt and repurchase of the Series B Preferred Stock, together with accrued and unpaid dividends thereon, to be effected with the proceeds from the Old Notes as if such refinancing and repurchase had been consummated one month after consummation of the Acquisition.

Although United was the surviving corporation in the Merger, the transaction

was treated as a reverse acquisition for accounting purposes with Associated as the acquiring corporation. Accordingly, the Pro Forma Balance Sheet as of March 31, 1995 for United reflects the consolidated balances of Associated and United, including the preliminary purchase price allocation, which may be revised at a later date, and other Merger-related adjustments, the Pro Forma Combined Income Statement for the year ended December 31, 1994 combines Associated for its fiscal year ended December 31, 1994 with United for its twelve month period ended November 30, 1994 and the Pro Forma Combined Income Statement for the three months ended March 31, 1995 combines Associated for the three months ended March 31, 1995 with United for the three months ended February 28, 1995. United's historical statement of income previously reported on a fiscal year ended August 31, 1994 has been adjusted to reflect the twelve month period ended November 30, 1994.

The unaudited Pro Forma Combined Financial Statements are intended for informational purposes only and are not necessarily indicative of the future financial position or future results of operations of United after the Acquisition, or of the financial position or results of operations of United that would have actually occurred had the Acquisition occurred on the date or been in effect for the period presented.

Pro forma interest expense included in the Pro Forma Combined Income Statement is based on historical interest rates in effect during the year ended December 31, 1994 and the three months ended March 31, 1995 in calculating the basis for variable rates. Average 30-day LIBOR in effect for the year ended December 31, 1994 ranged from 3.15% to 6.09% and for the three months ended March 31, 1995 was 6.125%. The average prime rate during the three months ended March 31, 1994 was 6.02%. In comparison, at March 31, 1995, the prime rate was 9.0%. If the March 31, 1995 interest rates were used as base interest rates instead of the historical rates, pro forma interest expense for United would amount to $56.1 million instead of $48.8 million for the year ended December 31, 1994. Each 1/8 of 1% change in the base interest rate for variable rate debt has a $521 thousand effect on annual pro forma interest expense for United. In April 1995, the Company entered into three-year interest rate protection arrangements totaling $200,000,000 pursuant to which the Company (i) is protected to the extent that the 3-month LIBOR interest rate exceeds 8.0% and (ii) is liable to the extent that such interest rate drops below 6.0%.

The Pro Forma Combined Income Statement excludes (i) the extraordinary non-recurring write-off of approximately $2.4 million ($1.4 million net of tax benefit of $1.0 million) of financing costs and original issue discount relating to debt retired, (ii) a non-recurring charge for restructuring of approximately $9.8 million ($5.9 million net of tax benefit of $3.9 million) for costs expected to be incurred in connection with integration and transition (e.g., severance and the cost of closing certain facilities operated by Associated prior to the Merger) and (iii) compensation expense relating to employee stock options of approximately $1.5 million ($0.9 million net of tax benefit of $0.6 million). Pro forma net income available to common stockholders and net income per common and common equivalent share exclude the charge to retained earnings to adjust Redeemable Warrants to the put value, due to the non-recurring nature of this charge.

The unaudited Pro Forma Combined Financial Statements and the accompanying notes should be read in conjunction with, and are qualified in their entirety by, the historical consolidated financial statements of United and Associated, including the related notes thereto, included elsewhere herein.

UNITED STATIONERS INC.

PRO FORMA BALANCE SHEET

MARCH 31, 1995
(UNAUDITED)
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	UNITED STATIONERS INC. AT MARCH 31, 1995	PRO FORMA ADJUSTMENTS	PRO FORMA
<S>	<C>	<C>	<C>
ASSETS			

Current assets:			
Cash and cash equivalents	$ 21,611	$ --	$ 21,611
Accounts receivable	201,056	--	201,056
Inventories	396,085	--	396,085
Other current assets	25,135	--	25,135
Total current assets	643,887	--	643,887
Property, plant and equipment	222,330	--	222,330
Goodwill	71,628	--	71,628
Other assets	38,104	--	38,104
TOTAL ASSETS	$975,949	$ --	$975,949
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$183,994	$ --	$183,994
Accrued and other current liabilities	102,129	(6,139)(a)	95,990
Short-term debt and current maturities of long-term debt	17,138	(520)(b)	16,618
Total current liabilities	303,261	(6,659)	296,602
Deferred income taxes	31,469	--	31,469
Other liabilities	4,401	--	4,401
Total long-term debt	555,719	13,383 (b)	569,102
Total redeemable preferred stock	23,761	(6,724)(c)	17,037
Redeemable warrants	11,879	--	11,879
Stockholders' equity	45,459	--	45,459
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$975,949	$ --	$975,949

</TABLE>

See accompanying notes to Pro Forma Combined Financial Information.

ASSOCIATED HOLDINGS, INC. AND UNITED STATIONERS INC.

PRO FORMA COMBINED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 1994
(UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
<CAPTION>

	ASSOCIATED HOLDINGS, INC. FOR THE YEAR ENDED DECEMBER 31, 1994	UNITED STATIONERS INC. FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 1994	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>
Net sales	$ 477,445	$1,504,625	$ --	$1,982,070
Cost of sales	357,276	1,181,541	(3,208)(d)	1,535,609
Gross profit	120,169	323,084	3,208	446,461
Warehouse, distribution, selling, general and administrative expenses	103,020	284,484	(16,987)(e)	370,517
Income from operations	17,149	38,600	20,195	75,944
Interest expense, net	(6,753)	(11,155)	(30,917)(f)	(48,825)
Other income, net	--	86	--	86
Income before income taxes	10,396	27,531	(10,722)	27,205
Income taxes	3,993	10,763	(4,289)(g)	10,467
Net income	6,403	16,768	(6,433)	16,738
Preferred Stock dividends issued and				

accrued.....	2,193	--	(566)(h)	1,627
Net income available to common stockholders....	$ 4,210	$ 16,768	$(5,867)	$ 15,111
Net income per common and common equivalent share:				
Primary.....	$ 3.51	$ 0.90		$ 2.21
Fully diluted.....	$ 3.49	$ 0.90		$ 2.21
Weighted average common and common equivalent shares:				
Primary.....	1,199,000	18,589,209		6,844,597
Fully diluted.....	1,205,000	18,589,209		6,844,597
OPERATING AND OTHER DATA:				
EBITDA*.....	$ 23,505	$ 60,100	$25,966	$ 109,571
EBITDA margin**.....	4.9%	4.0%	--	5.5%
Depreciation and amortization.....	$ 6,356	$ 21,414	$ 5,771	$ 33,541
Capital expenditures, net.....	554	9,955	--	10,509
Ratio of EBITDA to interest expense.....	3.5x	5.3x	--	2.2x
Ratio of earnings to fixed charges***.....	2.4x	3.0x	--	1.5x

</TABLE>

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* EBITDA is defined as earnings before interest, taxes, depreciation and amortization and is presented because it is commonly used by certain investors and analysts to analyze and compare companies on the basis of operating performance and to determine a company's ability to service and incur debt. EBITDA should not be considered in isolation from or as a substitute for net income, cash flows from operating activities or other consolidated income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity.

** EBITDA margin represents EBITDA as a percentage of net sales.

*** For purposes of calculating the ratio of earnings to fixed charges, earnings represent income before income taxes plus fixed charges. Fixed charges consist of interest expense, net of interest income, including amortization of discount and financing costs and one-third of the operating rental expense which Management believes is representative of the interest component of rent expense.

See accompanying notes to Pro Forma Combined Financial Information.

ASSOCIATED HOLDINGS, INC. AND UNITED STATIONERS INC.

PRO FORMA COMBINED INCOME STATEMENT

FOR THE THREE MONTHS ENDED MARCH 31, 1995
(UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
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	ASSOCIATED HOLDINGS, INC. FOR THE THREE MONTHS ENDED MARCH 31, 1995	UNITED STATIONERS INC. FOR THE THREE MONTHS ENDED FEBRUARY 28, 1995	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>
Net sales.....	$ 137,272	$ 431,640	$ --	$ 568,912
Cost of sales.....	103,568	341,011	(802)(d)	443,777
Gross profit.....	33,704	90,629	802	125,135

Warehouse, distribution, selling, general and administrative expenses	28,949	75,191	(5,749)(i)	98,391
Restructuring charge	9,759	--	(9,759)(j)	--
Income (loss) from operations	(5,004)	15,438	16,310	26,744
Interest expense, net	(2,203)	(3,191)	(8,904)(k)	(14,298)
Other income, net	--	20	--	20
Income (loss) before income taxes and extraordinary item	(7,207)	12,267	7,406	12,466
Income taxes (benefit)	(2,973)	4,905	2,962 (g)	4,894
Income (loss) before extraordinary item	(4,234)	7,362	4,444	7,572
Extraordinary item	(1,449)	--	1,449 (l)	--
Net income (loss)	(5,683)	7,362	$ 5,893	7,572
Preferred Stock dividends issued and accrued	573	--	(142)(h)	431
Net income (loss) available to common stockholders	$ (6,256)	$ 7,362	$ 6,035	$ 7,141
Net income (loss) per common and common equivalent share (primary and fully diluted):				
Income (loss) before extraordinary item	$ (0.80)	$ 0.40		$ 1.04
Extraordinary item	(0.24)	--		--
Net income (loss) per common and common equivalent share	$ (1.04)	$ 0.40		$ 1.04
Weighted average common and common equivalent shares:				
Primary	5,998,077	18,595,600		6,894,076
Fully diluted	5,998,077	18,595,600		6,898,757
OPERATING AND OTHER DATA:				
EBITDA*	$ 6,228	$ 20,855	$17,752	$ 35,076
EBITDA margin**	4.5%	4.8%	--	6.2%
Depreciation and amortization	$ 1,473	$ 5,397	$ 1,442	$ 8,312
Capital expenditures, net	182	3,062	--	$ 3,244
Ratio of EBITDA to interest expense	2.8x	6.5x	--	2.5x
Ratio of earnings to fixed charges***	2.0x	4.2x	--	1.8x

</TABLE>

- --------

* EBITDA is defined as earnings before interest, taxes, depreciation and amortization and restructuring charge and extraordinary item and is presented because it is commonly used by certain investors and analysts to analyze and compare companies on the basis of operating performance and to determine a company's ability to service and incur debt. EBITDA should not be considered in isolation from or as a substitute for net income, cash flows from operating activities or other consolidated income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity.

** EBITDA margin represents EBITDA as a percentage of net sales.

*** For purposes of calculating the ratio of earnings to fixed charges, earnings represent income before income taxes and extraordinary item plus restructuring and fixed charges. Fixed charges consist of interest expense, net of interest income, including amortization of discount and financing

costs and one-third of the operating rental expense which Management believes is representative of the interest component of rent expense.

See accompanying notes to Pro Forma Combined Financial Information.

ASSOCIATED HOLDINGS, INC. AND UNITED STATIONERS INC.

NOTES TO PRO FORMA COMBINED FINANCIAL INFORMATION
(UNAUDITED)

The Pro Forma Combined Financial Statements have been prepared giving effect to the following:

(1) Associated acquired 92.5% of United's outstanding Shares for $15.50 per Share, or an aggregate of approximately $266.6 million.

(2) Outstanding options to purchase United's Shares were retired for $15.50 per share less the exercise price, or an aggregate of approximately $3.0 million.

(3) Certain pre-Merger stockholders of Associated purchased 340,158 new shares of Associated Common Stock for $12.0 million prior to the Merger.

(4) As a result of the Acquisition, stockholders of United whose Shares were not acquired in the Offer hold a 20.0% ownership interest in United after the Merger on a fully diluted basis. Chase Manhattan Investment Holdings, Inc. ("CMIHI") received a 2.0% ownership interest in United on a fully diluted basis and received an additional 2.0% ownership interest shortly after the issuance of the Old Notes. The remaining 76.0% of Shares of United on a fully diluted basis were allocated pro rata to pre-Merger holders of Associated Common Stock and warrants or options exercisable for Associated Common Stock. Shares of Associated Common Stock were converted into Shares of United in the Merger.

(5) The total purchase price for United, including the ownership interest held by the pre-Merger stockholders of United, based on the per share price of $15.50, plus transaction costs of $6.2 million was approximately $294.5 million. The purchase price has been preliminarily allocated to the net assets of United based on estimated fair values at the date of acquisition with the excess of cost over fair value allocated to goodwill. The purchase price allocation to property, plant and equipment is amortized over the estimated useful lives ranging from 3 to 40 years. Goodwill is amortized over 40 years.

The total purchase price of United by Associated and its allocation to assets and liabilities acquired on a preliminary basis is as follows:

<TABLE>

<S>	<C>
Purchase price:	
Price of United Shares purchased by Associated	$ 266,629
Fair value of United Shares not acquired in Offer	21,618
Transaction costs	6,225
Total purchase price	$ 294,472
Allocation of purchase price on a preliminary basis:	
Current assets	$ 509,610
Property, plant and equipment	178,005
Goodwill	71,076
Other assets	9,253
Liabilities assumed	(473,472)
Total purchase price	$ 294,472

</TABLE>

(6) The accrual by United on a pre-Merger basis of severance payments to be made to United's management personnel under existing employment contracts is assumed to have totaled $17.9 million. The non-recurring charge to net income recorded by United on a pre-Merger basis (i.e., in the period immediately preceding the period covered by the Pro Forma

Combined Income Statement) for severance payments under employment contracts, insurance benefits under employment contracts, legal, accounting and other professional services fees, the retirement of outstanding options to purchase Shares of United, and fees for letters of credit related to severance payments and other costs is assumed to have totaled $17.1 million, net of the tax benefit.

(7) For purposes of determining the put value of Lender Warrants ("Redeemable Warrants") and the value of employee stock options ("Options"), the quoted market price of Shares of United at the date of the Acquisition is assumed to have been $15.50 per share.

(8) The net proceeds from the offering of Old Notes are assumed to have been used to refinance the Subordinated Bridge Facility in full and to reduce outstanding amounts under the Term Loan Facilities. On the assumption that necessary consents are obtained, the remaining net proceeds are assumed to have been used to repurchase all outstanding shares of Series B Preferred Stock, including accrued and unpaid dividends thereon.

(9) Pro forma interest expense has been calculated based upon pro forma debt levels and the applicable interest rates. The Subordinated Bridge Facility, which carries a variable interest rate based on the prime rate, is assumed to be outstanding for one month after the consummation of the Merger. Pro forma interest expense on the Subordinated Bridge Facility was calculated using an average prime rate of 6.0%. One month after the closing date, the Subordinated Bridge Facility is assumed to have been refinanced with a portion of the proceeds from the Old Notes carrying an assumed fixed interest rate of 12.75%. For the Term Loan Facilities and the Revolving Credit Facility, pro forma interest expense was calculated on a monthly basis using as a base interest rate the average historical 30-day LIBOR in effect for the month. Average monthly LIBOR in effect for the year ended December 31, 1994 ranged from 3.15% to 6.09% and for the three months ended March 31, 1995 was 6.125%. Using 30-day LIBOR and the prime rate each as of March 31, 1995 (6.125% and 9.0%, respectively) as the base interest rates would increase pro forma interest expense by $7.3 million for the year ended December 31, 1994. Each 1/8 of 1% change in the base interest rate for variable rate debt has a $521 thousand effect on annual pro forma interest expense.

(10) Estimated cost savings of $26 million that the Company expects to realize from the actions that Management has committed to undertake pursuant to its consolidation plan that has been approved by the Board of Directors of the Company have been reflected in the Pro Forma Combined Income Statement as if the Company's consolidation plan had been implemented in full as of January 1, 1994. The Company plans to implement its consolidation plan over a 12-month period following the Acquisition. See footnotes (d), (e) and (i) below. See "Business -- Consolidation Plan and Benefits of the Acquisition" and "Risk Factors -- Consolidation Plan."

(11) Income taxes have been provided for all adjustments at an assumed rate of 40.0%.

(12) In computing per share information, dividends on preferred stock are assumed to have been paid in preferred shares at the rate of 13.0% per annum for Series A Preferred Stock and 10.0% per annum for Series B and Series C Preferred Stock. Series B Preferred Stock is assumed to have been outstanding for only one month. The preferred stock dividends reduce the net income available to common stockholders by $1.6 million for the year ended December 31, 1994 and $0.4 million for the three months ended March 31, 1995.

Pro forma adjustments have been made to the Pro Forma Balance Sheet to reflect the following (in thousands):

(a) Reflects payment of accrued interest on debt retired and financing costs related to the offering of the Old Notes.

Accrued interest	$1,639
Offering costs	4,500
	$6,139

(b) Reflects retirement of historical debt and issuance of new debt in connection with the Old Notes offering and exchange of the New Notes for Old Notes.

Current maturities of long-term debt retired with a portion of the proceeds from the Old Notes offering	$ (520)
Debt retired with proceeds from the Old Notes offering	$(136,617)
Issuance and subsequent exchange of Old Notes	150,000
Adjustments to long-term debt	$ 13,383

(c) Reflects repurchase of Series B Preferred Stock and accrued and unpaid dividends thereon (assuming necessary consents are obtained).

Pro forma adjustments have been made to the Pro Forma Combined Income Statement to reflect the following (in thousands):

(d) Reflects estimated cost savings due to an increase in credits received from vendors as a result of increased purchase volumes with such vendors.

(e) Reflects (i) estimated cost savings as a result of actions that United expects to undertake pursuant to a plan that has been approved by the Board of Directors of the Company and (ii) incremental depreciation and amortization. United's plan to achieve the cost savings includes eliminating eight redundant distribution centers, reducing corporate overhead and eliminating redundant sales representatives. The Company is committed to effect this plan within one year of the acquisition. See "Risk Factors -- Risks Inherent in Implementation of Consolidation Plan."

Decrease in selling expenses due to reductions in combined sales force	$ (3,840)
Decrease in warehouse and distribution expenses due to closing of duplicate facilities	(8,873)
Decrease in general and administrative expenses due to elimination of duplicate corporate overhead	(10,045)
Aggregate decrease in expenses	(22,758)
Incremental amortization of goodwill	662
Incremental depreciation of plant, property and equipment	5,109
	$(16,987)

(f) Adjusts interest expense for the following:

<TABLE>

<S>	<C>
Incremental interest expense on debt	$(28,737)
Amortization of financing costs and original issue discount relating to retired debt	1,277
Amortization of financing costs	(2,593)
Accretion of interest on liability recorded relating to severance payments to be made to United's management personnel under existing employment contracts	(864)
	$(30,917)

</TABLE>

(g) Reflects income tax effect of the pro forma adjustments.

(h) Reflects adjustment of preferred stock dividends to reflect repurchase of Series B Preferred Stock.

(i) Reflects (i) estimated cost savings as a result of actions that United expects to undertake pursuant to a plan that has been approved by the Board of Directors of the Company and (ii) incremental depreciation and amortization. United's plan to achieve the cost savings includes eliminating eight redundant distribution centers, reducing corporate overhead and eliminating redundant sales representatives and eliminating the effect of compensation expense relating to employee stock options. The Company is committed to effect this plan within one year of the acquisition. See "Risk Factors -- Risks Inherent In Implementation of Consolidation Plan."

<TABLE>

<S>	<C>
Decrease in selling expenses due to reductions in combined sales force	$ (960)
Decrease in warehouse and distribution expenses due to closing of duplicate facilities	(2,218)
Decrease in general and administrative expenses due to elimination of duplicate corporate overhead	(2,511)
Aggregate decrease in expenses	(5,689)
Incremental amortization of goodwill	165
Incremental depreciation of plant, property and equipment	1,277
Compensation expense related to employee stock options	(1,502)
	$(5,749)

</TABLE>

(j) Eliminates effect of a non-recurring charge for restructuring costs expected to be incurred in connection with integration and transition (e.g., severance and the cost of closing certain facilities operated by Associated prior to the Merger).

(k) Adjusts interest expense for the following:

<TABLE>

<S>	<C>
Incremental interest expense on debt	$(8,359)
Amortization of financing costs and original issue discount relating to retired debt	319
Amortization of financing costs	(648)
Accretion of interest on liability recorded relating to severance payments to be made to United's management personnel under existing employment contracts	(216)
	$(8,904)

</TABLE>

(l) Eliminates effect of the non-recurring write-off of financing costs and original issue discount relating to debt which was retired.

SELECTED CONSOLIDATED FINANCIAL DATA

Set forth below and on the next page is selected historical financial information for United and Associated. United, which has no operations independent of the Company, unconditionally guarantees the Notes on a senior subordinated basis. Associated had no operations independent of those of ASI.

UNITED -- HISTORICAL

The selected consolidated financial information of United set forth below for each of the fiscal years in the five-year period ended August 31, 1994 and the seven months ended March 30, 1995 has been derived from the financial statements of United, which have been audited by Arthur Andersen LLP, independent public accountants for the years ended August 31, 1991 through 1994, and by Ernst & Young LLP, independent public accountants, for the seven months ended March 30, 1995. Audited financial statements for the fiscal years ended August 31, 1990 and 1991 are not included in this filing. The summary financial information at and for the seven-month period ended March 31, 1994 is unaudited and in the opinion of management reflects all adjustments considered necessary for a fair presentation of such data. The results of operations for any interim period are not necessarily indicative of results of operations for the fiscal year and should be read in conjunction with, and is qualified in its entirety by, "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Historical Results of Operations of United" and "-- Historical Liquidity and Capital Resources of United" and the financial statements of United included elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	YEAR ENDED AUGUST 31,					SEVEN MONTHS ENDED	
	1990	1991	1992	1993	1994	MARCH 31, 1994	MARCH 30, 1995
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:							
Net sales	$993,178	$951,109	$1,094,275	$1,470,115	$1,473,024	$871,585	$980,575
Cost of sales	768,948	732,401	848,588	1,125,596	1,150,123	675,720	773,857
Gross profit on sales	224,230	218,708	245,687	344,519	322,901	195,865	206,718
Operating expenses	195,863	195,694	219,285	298,405	286,607	170,420	174,021
Merger Related Costs	--	--	--	--	--	--	27,780
Income from operations	28,367	23,014	26,402	46,114	36,294	25,445	4,917
Interest expense, net	7,350	6,082	6,503	9,550	10,461	5,837	7,500
Other income (expense), net	344	(14)	364	355	225	117	41
Income before income taxes	21,361	16,918	20,263	36,919	26,058	19,725	(2,542)
Income taxes	8,523	7,008	8,899	15,559	10,309	8,185	4,692
Net income	$ 12,838	$ 9,910	$ 11,364	$ 21,360	$ 15,749	$ 11,540	$ (7,234)
Net income per common share	$ 0.83	$ 0.64	$ 0.71	$ 1.15	$ 0.85	$ 0.62	$ (0.39)
Cash dividends declared per share	0.40	0.40	0.40	0.40	0.40	0.30	0.30
OPERATING AND OTHER DATA:							
EBITDA (1)	$ 43,851	$ 41,912	$ 46,645	$ 67,712	$ 57,755	$ 37,665	$ 17,553
EBITDA margin (2)	4.4%	4.4%	4.3%	4.6%	3.9%	4.3%	1.8%
Depreciation and amortization	$ 15,140	$ 18,912	$ 19,879	$ 21,243	$ 21,236	$ 12,103	$ 12,595
Net capital expenditures	15,067	15,765	8,291	29,958	10,499	4,287	7,764
Ratio of earnings to fixed charges (3)	3.5x	3.3x	3.4x	4.0x	3.0x	3.8x	0.7x
BALANCE SHEET DATA (AT PERIOD END):							
Working capital	$134,420	$135,347	$ 214,611	$ 216,074	$ 239,827	$297,099	$257,600
Total assets	401,661	409,958	601,465	634,786	618,550	608,728	711,839
Total debt and capital leases(4)	73,683	73,123	150,728	150,251	155,803	227,626	233,406
Stockholders' investment	177,777	181,584	223,387	237,697	246,010	243,636	233,125

</TABLE>
- --------
(1) EBITDA is defined as earnings before interest, taxes, depreciation and amortization and is presented because it is commonly used by certain investors and analysts to analyze and compare companies on the basis of operating performance and to determine a company's ability to service and incur debt. EBITDA should not be considered in isolation from or as a substitute for net income, cash flows from operating activities or other consolidated income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity.
(2) EBITDA margin represents EBITDA as a percentage of net sales.

(3) For purposes of calculating the ratio of earnings to fixed charges, earnings represent income before income taxes plus fixed charges. Fixed charges consist of interest expense, net, including amortization of discount and financing costs and one-third of the operating rental expense which management believes is representative of the interest component of rent expense.
(4) Total Debt and Capital Leases is defined as long-term debt including current maturities but excluding original issue discount.

ASSOCIATED -- HISTORICAL

The selected consolidated financial information of Associated set forth below with respect to the period from January 31, 1992 (when certain of the assets and certain liabilities of ASI were acquired from the Wholesale Division of BCOP) through December 31, 1992 and the years ended December 31, 1993 and 1994 has been derived from and should be read in conjunction with, and is qualified in its entirety by, "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Historical Results of Operations of Associated" and "-- Historical Liquidity and Capital Resources of Associated" and the financial statements of Associated included elsewhere in this Prospectus, which have been audited by Arthur Andersen LLP, independent public accountants. The data at and for the years ended December 31, 1990 and 1991 and the one month ended January 31, 1992 are derived from the unaudited financial statements of BCOP for such periods. Associated has accounted for the Boise Transaction using the purchase method of accounting. There are material operational and accounting differences between BCOP and Associated resulting from the Boise Transaction. Accordingly, the historical financial data of BCOP may not be comparable in all material respects with data of Associated. The data at and for the three months ended March 31, 1994 and 1995 are unaudited and in the opinion of management reflect all adjustments considered necessary for a fair presentation of such data. On March 30, 1995, Associated was merged with United. Although United was the surviving corporation in the Merger, the transaction was treated as a reverse acquisition for accounting purposes, with Associated as the acquiring corporation. Therefore, the income statement and operating and other data for the three months ended March 31, 1994 and 1995 reflect the financial information of Associated only. The balance sheet data at March 31, 1995 reflect the consolidated balances of Associated and United. The balance sheet data at March 31, 1994 reflect Associated only.

<TABLE>
<CAPTION>

	PREDECESSOR(1)(2)			ASSOCIATED				
	YEAR ENDED DECEMBER 31,		JANUARY 1 TO JANUARY 31,	JANUARY 31 TO DECEMBER 31,	YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,	
	1990(3)	1991(4)	1992(5)	1992	1993	1994	1994	1995
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)			(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:								
Net sales	$443,547	$411,343	$39,016	$365,944	$462,531	$477,445	$123,850	$137,272
Cost of goods sold	331,223	308,090	29,874	276,546	350,251	357,276	94,162	103,568
Gross profit	112,324	103,253	9,142	89,398	112,280	120,169	29,688	33,704
Operating expenses(6)	90,773	88,374	7,723	79,889	102,274	103,020	26,752	38,708
Income (loss) from								

operations.....	$ 21,551	$ 14,879	$ 1,419	9,509	10,006	17,149	2,936	(5,004)
Interest expense.....	--	--	--	4,782	6,263	6,753	1,732	2,203
Income (loss) before income taxes and extraordinary item....	--	--	--	4,727	3,743	10,396	1,204	(7,207)
Income taxes (benefit)..	--	--	--	1,777	781	3,993	462	(2,973)
Income (loss) before extraordinary item.....	--	--	--	2,950	2,962	6,403	742	(4,234)
Extraordinary item.....	--	--	--	--	--	--	--	(1,449)
Net income (loss).....	--	--	--	$ 2,950	$ 2,962	$ 6,403	$ 742	$ (5,683)
Fully diluted earnings per common share.....	--	--	--	$ 1.32	$ 0.78	$ 3.51	$ 0.05	$ (1.04)
Cash dividends declared per share.....	--	--	--	--	--	--	--	--
OPERATING AND OTHER DATA:								
EBITDA (7).....	$ 24,511	$ 18,028	$ 1,661	$ 14,875	$ 16,481	$ 23,505	$ 4,525	$ 6,228
EBITDA margin (8).....	5.5%	4.4%	4.3%	4.1%	3.6%	4.9%	3.7%	4.5%
Depreciation and amortization.....	$ 2,960	$ 3,149	$ 242	$5,366	$6,475	$6,356	$ 1,589	$ 1,473
Capital expenditures, net.....	8,129	273	(36)	4,289	3,273	554	242	182
Ratio of earnings to fixed charges (9).....	--	--	--	1.89x	1.52x	2.35x	1.61x	2.0x

	PREDECESSOR(1)		ASSOCIATED				
	AT DECEMBER 31,					AT MARCH 31,	
	1990(3)	1991(4)	1992	1993	1994	1994	1995
	(DOLLARS IN THOUSANDS)						
BALANCE SHEET DATA:							
Working capital.....	$ 60,726	$ 54,373	$ 46,396	$ 57,302	$ 56,454	$ 56,795	$340,626
Total assets.....	151,432	140,756	179,069	190,979	192,479	172,250	975,949
Total debt and capital leases (10).....	--	--	78,297	86,350	64,623	74,650	572,857
Redeemable preferred stock.....	--	--	18,949	20,996	23,189	21,530	23,761
Redeemable warrants.....	--	--	1,435	1,435	1,650	1,435	11,879
Total stockholders' or predecessor division equity.....	102,871	93,642	10,466	11,422	24,775	20,843	45,459

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(1) The capital structure and accounting basis of the assets and liabilities of the predecessor of ASI, BCOP, differ from those of Associated and ASI. Accordingly, certain of the financial information for periods before January 31, 1992 is not comparable to that for periods after January 31, 1992 and therefore is not presented in this table.

(2) The Predecessor operated as a segment of BCOP. BCOP did not allocate income tax or interest expense to the Predecessor. Accordingly, actual operating results for the Predecessor reflect only income from operations before interest expense and income taxes.

(3) Derived from the unaudited financial statements of BCOP at and for the year ended December 31, 1990.

(4) Derived from the unaudited financial statements of BCOP at and for the year ended December 31, 1991.

(5) Derived from the unaudited financial statements of BCOP for the one month ended January 31, 1992.

(6) Includes restructuring charge of $9.8 million for the three months ended March 31, 1995.

(7) EBITDA is defined as earnings before interest, taxes, depreciation and amortization and restructuring charge and extraordinary item, and is presented because it is commonly used by certain investors and analysts to

analyze and compare companies on the basis of operating performance and to determine a company's ability to service and incur debt. EBITDA should not be considered in isolation from or as a substitute for net income, cash flows from operating activities or other consolidated income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity.

(8) EBITDA margin represents EBITDA as a percentage of net sales.

(9) For purposes of calculating the ratio of earnings to fixed charges, earnings represent income before income taxes and extraordinary item plus restructuring and fixed charges. Fixed charges consist of interest expense, net, including amortization of discount and financing costs and one-third of the operating rental expense which management believes is representative of the interest component of rent expense.

(10) Total debt and capital leases is defined as long-term debt including current maturities but excluding original issue discount, plus deferred obligations due to the holder of the Associated Class B redeemable preferred stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except as otherwise indicated, the following discussion and analysis of the results of operations and financial condition of United and Associated covers periods before completion of the Acquisition. Accordingly, the discussion and analysis of such periods do not reflect the significant impact that the Acquisition and the financing thereof will have on United after the Merger. See "Pro Forma Combined Financial Information" and "Business -- Consolidation Plan and Benefits of the Acquisition." United, which has no operations independent of those of the Company, fully and unconditionally guarantees the Notes on a senior subordinated basis. Associated had no operations independent of those of ASI.

HISTORICAL RESULTS OF OPERATIONS OF UNITED

General

The Company was incorporated in 1922 under the name Utility Supply Co. and has operated under its present name since 1960. As part of the Company's business strategy, United acquired Stationers Distributing Company, Inc. ("SDC") in June 1992 in order to increase its share of the office products wholesale market. On March 30, 1995, Associated and United consummated the Acquisition.

United's results of operations, expressed as the percentage which each line item represents of total net sales, for each of its fiscal years 1992, 1993 and 1994 and the seven-month periods ended March 31, 1994 and March 30, 1995, are set forth below:

<TABLE>
<CAPTION>

	YEAR ENDED AUGUST 31,			FOR THE SEVEN MONTHS ENDED	
	1992	1993	1994	MARCH 31, 1994	MARCH 30, 1995
<S>	<C>	<C>	<C>	<C>	<C>
NET SALES	100.0%	100.0%	100.0%	100.0%	100.0%
COST OF SALES	77.5	76.6	78.1	77.5	78.9
Gross Profit on Sales	22.5	23.4	21.9	22.5	21.1
OPERATING EXPENSES:					
Warehousing, Marketing and Administrative Expenses	19.5	20.3	19.4	19.6	17.7
Restructuring Charge	0.6	--	--	--	--
Merger-Related Costs	--	--	--	--	2.9
Income from Operations	2.4	3.1	2.5	2.9	0.5
OTHER INCOME (EXPENSES)					
Interest Expense	(0.6)	(0.6)	(0.7)	(0.8)	(0.8)
Interest Income	--	--	--	--	--
Other, Net	--	--	--	--	--

Income (Loss) Before Income taxes....	1.8	2.5	1.8	2.3	(0.3)
INCOME TAXES.....	0.8	1.0	0.7	0.9	0.4
Net Income (Loss).....	1.0%	1.5%	1.1%	1.4%	(0.7)%

</TABLE>

Comparison of the Seven Months Ended March 30, 1995 and March 31, 1994

Net Sales. Net sales were $980.6 million for the seven months ended March 30, 1995, a 12.5% increase from net sales of $871.6 million in the comparable period in 1994. The primary reason for the increase is growth in unit volume.

Gross Profit on Sales. Gross profit as a percent of net sales was 21.1% for the seven months ended March 30, 1995, compared with 22.5% in the comparable period in 1994. This lower margin rate is primarily the result of a shift in the sale of products to items that have lower gross margins and is consistent with the margin rate achieved in the latter half of United's fiscal year ended August 31, 1994.

Operating Expenses. Operating expenses as a percent of net sales increased to 20.6% in the seven month period ended March 30, 1995 from 19.6% in the comparable period in 1994. The increase is primarily attributable to $27.8 million ($18.5 million net of tax benefit of $9.3 million) of merger-related

costs consisting of severance payments under employment contracts; insurance benefits under employment contracts; legal, accounting and other professional services fees; the retirement of stock options; and fees for letters of credit related to employment contracts and other costs. Operating expenses as a percent of net sales prior to the merger-related costs were 17.7% for the seven month period ended March 30, 1995. This decline from the comparable period in 1994 is a result of savings in employee-related payroll and freight expenses.

Income From Operations. Income from operations as a percent of net sales was 0.5% in the seven month period ended March 30, 1995, compared with 2.9% in the comparable period in 1994. The decrease was attributable to the merger-related costs discussed under "Operating Expenses" above. Income from operations as a percent of net sales was 3.3% in the seven month period ended March 30, 1995, excluding the merger-related costs.

Interest Expense. Interest expense was $7.6 million for the seven month period ended March 30, 1995, compared with $6.1 million for the same period in 1994. The increase was due to higher interest expense from increased debt to meet working capital and other capital expenditure needs and higher interest rates on borrowings.

Income Before Income Taxes. Income (loss) before income taxes as a percent of net sales was a loss of 0.3% in the seven month period ended March 30, 1995, compared to income of 2.3% in the comparable period of 1994. The decrease in income before income taxes was attributable to the factors stated above.

Income Taxes. The effective tax rate for the seven month period ended March 30, 1995 was (184.6%), compared with 41.5% for the seven month period ended March 31, 1994. The increase is primarily due to non-deductible merger related costs and the non-deductible amortization of goodwill.

Net Income. Net income (loss) was a loss of $7.2 million for the seven month period ended March 30, 1995, compared with income of $11.5 million for the same period in 1994. Net income (loss) per share was a loss of $0.39 in the seven month period ended March 30, 1995, compared with income of $0.62 for the same period in 1994, due to the factors set forth above.

Comparison of the Fiscal Years Ended August 31, 1994 and 1993

Net Sales. Net sales increased to $1,473.0 million in fiscal 1994 from $1,470.1 million in fiscal 1993, a 0.2% increase reflecting a slight increase in unit volume. Sales in the early part of fiscal 1994 were affected by a temporary drop in in-stock service levels and the discontinuing of nearly 12,000 items as a final step in the consolidation process of the June 1992 acquisition of SDC. Sales were also negatively impacted by the SDC acquisition-related operational disruptions in the west and southwest regions. Sales grew in the fourth quarter by 3.4%, reversing the decline experienced in the prior

two quarters.

Gross Profit on Sales. Gross profit on sales decreased to $322.9 million in fiscal 1994 from $344.5 million in fiscal 1993, a 6.3% decrease, due principally to a decrease in gross margin. Gross margin decreased to 21.9% in fiscal 1994 from 23.4% in fiscal 1993. The decline primarily reflects higher levels of rebates and volume allowances earned by United's customers as a result of ongoing consolidations. Gross margins over the last half of fiscal 1994 were relatively stable reflecting the slowing pace of dealer consolidations. In addition, gross margin was affected by a LIFO charge (an increase to "cost of sales") of $2.2 million in fiscal 1994 versus LIFO income (a decrease to "cost of sales") of $4.7 million in fiscal 1993, and a shift in the sale of products to items that have lower gross margins.

Operating Expenses. Operating expenses decreased to $286.6 million in fiscal 1994 from $298.4 million in fiscal 1993, a 4.0% decrease. Operating expenses as a percentage of net sales decreased to 19.4% in fiscal 1994 from 20.3% in fiscal 1993. The decrease is the result of streamlining United's work processes and reducing payroll and freight expense.

Income From Operations. Income from operations decreased to $36.3 million in fiscal 1994 from $46.1 million in fiscal 1993, a 21.3% decrease, and as a percentage of net sales was 2.5% in fiscal 1994, compared with 3.1% in fiscal 1993, for the reasons stated above.

Interest Expense. Interest expense increased to $10.7 million in fiscal 1994 from $9.8 million in fiscal 1993, an 8.9% increase, primarily due to additional debt incurred to support working capital and other capital expenditures.

Income Before Income Taxes. Income before income taxes decreased to $26.1 million in fiscal 1994 from $36.9 million in fiscal 1993, a 29.4% decrease, for the reasons stated above.

Certain interim expense and inventory estimates are recognized throughout the fiscal year relating to shrinkage, inflation and product mix. The results of the year-end close and physical inventory reflected a favorable adjustment with respect to such estimates, resulting in approximately $0.5 million of additional net income, which is reflected in the fourth quarter of fiscal 1994.

Income Taxes. Income taxes decreased to $10.3 million in fiscal 1994 from $15.6 million in fiscal 1993, a $5.3 million decrease. The effective tax rates for 1994 and 1993 were 39.6% and 42.1%, respectively. The decrease is primarily due to the liquidation of a foreign subsidiary and a decrease in the effective state income tax rate, offset by an increase in the non-deductible losses in United's foreign operation and the non-deductible amortization of goodwill.

Net Income. Net income decreased to $15.7 million in 1994 from $21.4 million in 1993, a decrease of $5.7 million, or 26.3%. Net income as a percentage of net sales decreased to 1.1% in 1994 from 1.5% in 1993 for the reasons stated above.

Comparison of the Fiscal Years Ended August 31, 1993 and 1992

Net Sales. Net sales increased to $1,470.1 million in fiscal 1993 from $1,094.3 million in fiscal 1992, a 34.3% increase. This increase was due to an increase in sales volume substantially attributable to the June 1992 acquisition of SDC.

Gross Profit on Sales. Gross profit on sales increased to $344.5 million in fiscal 1993 from $245.7 million in fiscal 1992, a 40.2% increase, due to an increase in sales and gross margin. Gross margin increased to 23.4% in fiscal 1993 from 22.5% in fiscal 1992, caused by LIFO income (a decrease to "cost of sales") of $4.7 million in fiscal 1993 versus a LIFO charge (an increase to "cost of sales") of $2.7 million in fiscal 1992 and a favorable product mix.

Operating Expenses. Operating expenses increased to $298.4 million in fiscal 1993 from $219.3 million in fiscal 1992, a 36.1% increase. Operating expenses as a percentage of net sales increased to 20.3% in fiscal 1993 from 20.1% in fiscal 1992. This increase was the result of higher expense levels associated with offering a free-freight marketing program to customers and costs related to temporarily managing the separate product offerings of United and SDC. In addition, United incurred delays in its SDC acquisition-related facilities consolidations, which resulted in additional expenses. Operating expenses for 1992 include a $5.9 million pre-tax restructuring charge related to severance

payments and the closing of certain United facilities associated with the acquisition of SDC.

Income From Operations. Income from operations increased to $46.1 million in fiscal 1993 from $26.4 million in fiscal 1992, a 74.7% increase, and as a percentage of net sales was 3.1% in fiscal 1993, compared with 2.4% in fiscal 1992, for the reasons stated above.

Interest Expense. Interest expense increased to $9.8 million in fiscal 1993 from $7.0 in fiscal 1992, a 41.1% increase, primarily due to the full-year impact of the additional debt incurred in connection with the acquisition of SDC and the debt required to meet working capital and other capital expenditure needs.

Income Before Income Taxes. Income before income taxes increased to $36.9 million in fiscal 1993 from $20.3 million in fiscal 1992, an 82.2% increase, for the reasons stated above.

Certain interim expense and inventory estimates are recognized throughout the fiscal year relating to shrinkage, inflation and product mix. The results of the year-end close and physical inventory

reflected a favorable adjustment with respect to such estimates, resulting in approximately $2.6 million of additional net income, which is reflected in the fourth quarter of fiscal 1993.

Income Taxes. Income taxes increased to $15.6 million in fiscal 1993 from $8.9 million in fiscal 1992, a $6.7 million increase. The effective tax rates for the fiscal years ending August 31, 1993 and August 31, 1992 were 42.1% and 43.9%, respectively. The decrease is primarily due to a decline in the non-deductible losses in United's foreign operation and a decrease in the effective state tax rate, offset by an increase in the federal tax rate.

Net Income. Net income increased to $21.4 million in 1993 from $11.4 million in 1992, an increase of $10.0 million, or 88.0%. Net income as a percentage of net sales increased to 1.5% in 1993 from 1.0% in 1992 for the reasons stated above.

HISTORICAL RESULTS OF OPERATIONS OF ASSOCIATED

General

Associated was formed by an investor group led by Wingate Partners in 1992 to effect the Boise Transaction, in which Associated purchased the wholesale office products operations of BCOP for approximately $87.1 million. The Boise Transaction was consummated through a combination of bank debt and equity financing.

As part of Associated's strategy to increase sales, management has worked to expand Associated's geographical presence in order to increase market share. In 1992, Associated acquired Lynn-Edwards Corp. ("Lynn Edwards"), a regional west coast office products wholesaler, for approximately $2.4 million, plus assumed liabilities of approximately $7.2 million (the "Lynn-Edwards Acquisition"). The Lynn-Edwards Acquisition added two distribution facilities. Associated also opened two new distribution facilities in 1992 and 1993 in the Chicago and Baltimore metropolitan markets, respectively. On March 30, 1995, Associated and United consummated the Acquisition.

Associated's results of operations, expressed as the percentage which each line item represents of total net sales, for each of the periods ended December 31, 1992, 1993 and 1994 and the three months ended March 31, 1994 and 1995, are set forth below:

<TABLE>
<CAPTION>

	11 MONTHS FROM INCEPTION THROUGH DECEMBER 31, 1992	YEAR ENDED DECEMBER 31, 1993	1994	THREE MONTHS ENDED MARCH 31, 1994	1995
<S>	<C>	<C>	<C>	<C>	<C>
NET SALES.....	100.0%	100.0%	100.0%	100.0%	100.0%

COST OF GOODS SOLD.....	75.6	75.7	74.8	76.0	75.5
Gross profit.....	24.4	24.3	25.2	24.0	24.5
OPERATING EXPENSES:					
Warehouse and distribution expenses.....	16.5	17.0	16.3	16.7	15.3
Selling, general and administrative expenses.....	5.3	5.1	5.3	4.9	5.8
Restructuring charge.....	--	--	--	--	7.1
Income (loss) from operations....	2.6	2.2	3.6	2.4	(3.7)
INTEREST EXPENSE.....	1.3	1.4	1.4	1.4	1.6
Income (loss) before income taxes and extraordinary item.....	1.3	0.8	2.2	1.0	(5.3)
INCOME TAXES (BENEFIT).....	0.5	0.2	0.9	0.4	(2.2)
Extraordinary item.....	--	--	--	--	(1.0)
Net income (loss).....	0.8%	0.6%	1.3%	0.6%	(4.1)%

</TABLE>

Comparison of the Three Months Ended March 31, 1995 and 1994

Net Sales. Net sales were $137.3 million for the first quarter of 1995, a 10.8% increase over net sales of $123.9 million in the comparable period in 1994. The sales growth reflects increased unit volume.

Gross Profit. Gross profit as a percent of net sales increased to 24.6% in the first quarter of 1995 from 24.0% in the first quarter of 1994. The increase reflects higher levels of vendor volume allowances and increased forward-buying efforts in anticipation of future price increases. The increase was partially offset by a higher level of volume allowances earned by Associated's customers.

Operating Expenses. Operating expenses as a percent of net sales increased to 28.2% in the first quarter of 1995 from 21.6% in the first quarter of 1994. The actual results for the quarter ended March 31, 1995 include a restructuring charge of $9.8 million ($5.9 million net of tax benefit of $3.9 million). The restructuring charge includes severance costs totaling $3.0 million. The restructuring plan specifies that certain distribution, sales, and corporate positions, approximately 330 in total, will be eliminated substantially within a one-year period. As of March 31, 1995, no employees had been terminated and no benefits had been paid or charged against the reserve. The restructuring charge also includes distribution center closing costs totaling $4.7 million and stockkeeping unit reduction costs totaling $2.1 million. The restructuring plan specifies the closing of eight redundant distribution centers and the elimination of overlapping inventory items from the Company's catalogs substantially within a one-year period. Distribution center closing costs include (i) the net occupancy costs of leased facilities after they are vacated until expiration of leases and (ii) the losses on the sale of owned facilities and the facilities' furniture, fixtures, and equipment. Stockkeeping unit reduction costs include losses on the sale of inventory items which have been discontinued solely as a result of the Acquisition and Merger. As of March 31, 1995, no amounts had been charged against the reserve.

The decrease in operating expenses as a percent of net sales before the restructuring charge is primarily due to improved productivity and higher sales volume, partially offset by Merger related compensation expense relating to an increase in the value of employee stock options of approximately $1.5 million ($0.9 million net of tax benefit of $0.6 million). Operating expenses in the first quarter of 1995 as a percent of net sales before the restructuring charge and the compensation expense relating to the redemption of stock options were 20.0%.

Income (Loss) from Operations. Income (loss) from operations as a percent of net sales was a negative 3.6% in the first quarter of 1995 (a positive 3.5% before the restructuring charge) compared with a positive 2.4% in the first quarter of 1994.

Interest Expense. Interest expense increased to $2.2 million in the first quarter of 1995 from $1.7 million in 1994. The increase is primarily due to higher interest rates.

Income (Loss) Before Income Taxes. Income (loss) before income taxes as a

percent of net sales was a negative 5.3% in the first quarter of 1995 compared to a positive 1.0% in the first quarter of 1994. Net income (loss) before extraordinary items and preferred stock dividends was a negative $4.2 million (net income of $1.5 million before the restructuring charge) in the first quarter of 1995 compared to a positive $0.7 million in the first quarter of 1994. An extraordinary item, the loss on early retirement of debt related to the Merger of $2.4 million ($1.4 million after tax benefit), was recognized in the first quarter of 1995. The net income (loss) attributable to common stock after the extraordinary item was a negative $6.3 million (net loss of $0.5 million before the restructuring charge) in the first quarter of 1995 compared to a positive $0.2 million in the first quarter of 1994.

Comparison of the Years Ended December 31, 1994 and 1993

Net Sales. Net sales increased to $477.4 million in 1994 from $462.5 million in 1993, a 3.2% increase, primarily as a result of inclusion in 1994 of the full year of sales from Associated's new Baltimore distribution facility and increased unit sales volume to existing Associated customers as, in management's estimation, Associated's customers channeled more of their purchasing through Associated with the goal of reducing their internal inventory levels.

Gross Profit. Gross profit increased to $120.2 million in 1994 from $112.3 million in 1993, a 7.0% increase, primarily due to increased unit volume as well as Associated's lower net cost of goods, as a percentage of sales, resulting from increased allowances granted to Associated by its suppliers. Management of Associated believes improvement in vendor allowances was due to competition among Associated's vendors that resulted in increased purchasing leverage. The increase in gross profit also resulted in part from Associated's increased forward-buying efforts, as management better identified and utilized product pricing opportunities available in the marketplace. Gross profit increases were partially offset by increased allowances extended by Associated to its customers in response to increased competition.

Warehouse and Distribution Expenses. Warehouse and distribution expenses decreased to $77.9 million in 1994 from $78.5 million in 1993, a 0.8% decrease, due to management's increased emphasis on improved productivity through manpower planning programs including (i) staggered work hours, (ii) personnel redeployment and (iii) operational analysis. An additional contributor to this decrease was the reduction in delivery costs, as a percentage of net sales, through the continued evaluation and refinement of delivery routes.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to $25.2 million in 1994 from $23.8 million in 1993, a 5.8% increase, mostly attributable to lump-sum incentive awards earned in 1994 by employees and management based on Associated's increased level of profitability.

Income From Operations. Income from operations increased to $17.1 million in 1994 from $10.0 million in 1993, a 71.4% increase, and as a percentage of net sales was 3.6% in 1994, compared with 2.2% in 1993, for the reasons stated above.

Interest Expense. Interest expense increased to $6.8 million in 1994 from $6.3 million in 1993, a 7.8% increase, as a result of an increase in the weighted average interest rate on the Old Associated Revolver (as hereinafter defined) in effect during the year from 7.75% in 1993 to 8.90% in 1994, which was offset in part by a reduction in average revolving debt balances to $39.6 million in 1994 from $46.9 million in 1993.

Income Before Income Taxes. Income before income taxes increased to $10.4 million in 1994 from $3.7 million in 1993, a 177.7% increase, for the reasons stated above.

Income Taxes. Income taxes increased to $4.0 million in 1994 from $0.8 million in 1993, a $3.2 million increase. The effective tax rates for 1994 and 1993 were 38.4% and 20.9%, respectively. The increase in rate was due primarily to the effect of the change in the amount of tax valuation allowances.

Net Income. Net income increased to $6.4 million in 1994 from $3.0 million in 1993, an increase of $3.4 million, or 116.2%. Net income as a percentage of net sales increased to 1.3% in 1994 from 0.6% in 1993 for the reasons stated above.

Comparison of Year Ended December 31, 1993

and the Eleven Month Period From Inception Through December 31, 1992

Net Sales. Net sales increased to $462.5 million in 1993 from $365.9 million for the eleven month period ended December 31, 1992. This increase was due to the inclusion of a full year of Associated operations in 1993, an increase in sales volume attributable to the October 1992 acquisition of Lynn-Edwards and an increase in unit sales volume to both existing and new Associated customers.

Gross Profit. Gross profit increased to $112.3 million in 1993 from $89.4 million for the eleven month period ended December 31, 1992, but remained relatively stable as a percentage of net sales at 24.3% in 1993 compared to 24.4% for the eleven month period ending December 31, 1992. The

integration of Lynn-Edwards was accomplished without significant deterioration in gross margin as management focused on cost containment and inventory assimilation.

Warehouse and Distribution Expenses. Warehouse and distribution expenses increased to $78.5 million in 1993 from $60.6 million for the eleven month period ended December 31, 1992, primarily due to the inclusion of a full year of expenses of Associated's operations in 1993 and the Lynn-Edwards Acquisition. Additional expenses were incurred as management and general staffing were increased during the assimilation of Lynn-Edwards's operations.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased to $23.8 million in 1993 from $19.3 million for the eleven month period ended December 31, 1992, primarily due to the inclusion of a full year of Associated's operations and the Lynn-Edwards Acquisition, increased staffing requirements related to the Lynn-Edwards Acquisition and a non-recurring customer sales promotion held in 1993.

Income from Operations. Income from operations increased to $10.0 million in 1993 from $9.5 million for the eleven month period ended December 31, 1992, and as a percentage of net sales was 2.2% in 1993, compared with 2.6% for the eleven month period ending December 31, 1992 for the reasons stated above.

Interest Expense. Interest expense increased to $6.3 million in 1993 from $4.8 million for the eleven month period ended December 31, 1992, primarily due to the full-year impact of additional debt incurred in connection with the Lynn-Edwards Acquisition and indebtedness incurred to meet working capital and capital expenditure needs. This expense was offset, in part, by lower weighted average interest rates on the Old Associated Revolver (as hereinafter defined) in effect during the year, which declined from 8.0% for the eleven month period ended December 31, 1992 to 7.75% in 1993.

Income Before Income Taxes. Income before income taxes decreased to $3.7 million in 1993 from $4.7 million for the eleven month period ended December 31, 1992 for the reasons stated above.

Income Taxes. The effective tax rates for the years ended December 31, 1993 and for the eleven month period ended December 31, 1992 were 20.9% and 37.6%, respectively. The decrease was primarily due to lower required provisions in 1993.

Net income. Net income remained level at $3.0 million for 1993 and the eleven month period ended December 31, 1992 and as a percentage of net sales decreased to 0.6% in 1993 from 0.8% for the eleven month period ended December 31, 1992 for the reasons stated above.

HISTORICAL LIQUIDITY AND CAPITAL RESOURCES OF UNITED

United is a holding company and, as a result, United's primary source of funds is cash generated from operating activities of its operating subsidiary, the Company, and bank borrowings by the Company. United's statement of cash flows for the periods indicated is summarized below.

<TABLE>
<CAPTION>

	YEAR ENDED AUGUST 31,			SEVEN MONTHS ENDED	
	1992	1993	1994	MARCH 31, 1994	MARCH 30, 1995

			(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>	<C>	<C>
Net Cash Provided by (Used in) Operating Activities.....	$(2,538)	$36,002	$ 8,108	$(55,757)	$(47,553)
Net Cash Used in Investing Activities.....	(45,629)	(29,958)	(10,499)	(4,287)	(7,764)
Net Cash Provided by (Used in) Financing Activities.....	48,542	(10,097)	1,422	62,514	62,912

</TABLE>

Operating Activities. The decrease in net cash used in operating activities from $55.8 million in the seven months ended March 31, 1994 to $47.6 million in the seven months ended March 30, 1995 is primarily due to increases in accounts payable and accrued liabilities partially offset by an increase to inventory.

Investing Activities. The increase in net cash used in investing activities from $4.3 million in the seven months ended March 31, 1994 to $7.8 million in the seven months ended March 30, 1995 is primarily due to the acquisition of property, plant, and equipment.

Financing Activities. The increase in net cash provided by financing activities from $62.5 million in the seven months ended March 31, 1994 to $62.9 million in the seven months ended March 30, 1995 is primarily due to increases in short-term debt partially offset by an increase in payments on long-term obligations.

The decrease in net cash provided by operations from $36.0 million in fiscal 1993 to $8.1 million in fiscal 1994 was primarily attributable to a decrease in accounts payable and accrued liabilities as well as lower net income in 1994, partially offset by a decrease in accounts receivable and inventory. The substantial increase in net cash provided by operations from a use of cash of $2.5 million in fiscal 1992 to $36.0 million of cash being provided in fiscal 1993 was primarily the result of an increase in accrued liabilities, net income, accounts payable, deferred taxes and inventory, partially offset by an increase in accounts receivable.

Net cash used in investing activities declined from $30.0 million in fiscal 1993 to $10.5 million in fiscal 1994, as a result of a commensurate decline in capital expenditures. The $30.0 million of capital expenditures in fiscal 1993 includes the purchase of $16.0 million of computer and related hardware. Net cash used in investing activities in fiscal 1992 included $37.3 million of cash as part of the purchase price of SDC. Net capital expenditures in fiscal 1994, 1993, and 1992 were $10.5 million, $30.0 million and $8.2 million, respectively.

Net cash of $1.4 million was provided by financing activities in fiscal 1994 as compared to a net use of cash in financing activities in fiscal 1993 of $10.1 million. Net cash provided by financing activities in fiscal 1992 primarily reflects additional debt to finance the acquisition of SDC.

The Company's credit agreement ("Old Company Credit Agreement") in effect prior to consummation of the Offer consisted of a $130.0 million reducing revolving credit facility ("Old Company Revolver") and a $30.0 million term loan (the "Old Company Term Loan") (collectively, the "Old Company Credit Facilities"). The Old Company Revolver provided for revolving credit loans up to the amount of the commitment, which reduced upon quarterly decreases to $83.6 million at maturity. The borrowing capacity under the Old Company Revolver at March 30, 1995 was $119.3 million versus the total borrowed at March 31, 1994 of $123.0 million. Interest was payable at varying rates in the Old Company Credit Agreement. The Old Company Revolver was to mature on August 31, 1997. The Old Company Term Loan was payable on September 30, 1995. As of March 30, 1995, borrowings outstanding under the Old Company Term Loan were $30.0 million. In addition, prior to the consummation of the Offer the Company borrowed $6.0 million pursuant to a $30.0 million revolving line of credit ("Overline Facility"). Debt maturities (other than amounts borrowed under the Old Company Credit Facilities) were as follows: $6.3 million in fiscal 1995, $7.4 million in fiscal 1996, $8.2 million in fiscal 1997 and $8.8 million in fiscal 1998. The Old Company Credit Facilities and the Overline Facility were refinanced as part of the Acquisition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Post-Merger Liquidity and Capital Resources."

HISTORICAL LIQUIDITY AND CAPITAL RESOURCES OF ASSOCIATED

Associated was a holding company and, as a result, Associated's primary source of funds was cash generated from operating activities of its operating subsidiary, ASI, and bank borrowings by ASI. The Old Associated Credit Agreement (as hereinafter defined) included restrictions on the ability of ASI to

transfer cash to Associated which could be used by Associated to pay cash dividends on its redeemable preferred stock. Associated's statement of cash flows for the periods indicated is summarized below.

<TABLE>
<CAPTION>

	11 MONTH PERIOD FROM INCEPTION THROUGH DECEMBER 31, 1992	YEAR ENDED 1993	YEAR ENDED 1994	THREE MONTHS ENDED MARCH 31, 1994	THREE MONTHS ENDED MARCH 31, 1995
		(DOLLARS IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>	<C>
Net Cash Provided by (Used in) Operating Activities.	$ 19,759	$(18,192)	$ 13,636	$ 3,183	$ 2,087
Net Cash Used in Investing Activities.....	(96,796)	(3,276)	(554)	(242)	(257,441)
Net Cash Provided by (Used in) Financing Activities.	85,290	14,203	(12,224)	(2,651)	274,861

</TABLE>

Operating Activities. The decline in net cash provided by operating activities from $3.2 million in the first three months of 1994 to $2.1 million in the first three months of 1995 is primarily due to an increase in accounts payable partially offset by a decrease in inventory.

Investing Activities. The net cash used in investing activities for the three months ended March 31, 1995 reflects the acquisition of United on March 30, 1995.

Financing Activities. The net cash provided by financing activities for the three months ended March 31, 1995 reflects the issuance of debt to finance the acquisition of United.

Net cash provided by operating activities for 1994 increased to $13.6 million from a use of cash of $18.2 million in 1993. This increase in 1994 was principally due to an increase in accounts payable, a lesser increase in inventory levels and an increase in net income. Associated used $18.2 million of cash in operations in 1993 as compared to operating activities being a source of cash of $19.8 million in 1992. The decrease primarily was attributed to (i) a reduction in accounts payable in 1993 and (ii) an increase in inventory in 1993 due to a full year of Associated's operations, additional inventory to support the Lynn-Edwards Acquisition and an overall increase in sales volume. During the eleven months ended December 31, 1992, Associated deferred payment on purchases from or services rendered in the amount of $9.0 million pursuant to a transition services agreement. During 1994, Associated settled the obligation by issuing 58,653 shares of Associated Common Stock.

Net cash used in investing activities in 1994 was $0.6 million, reflecting capital expenditures necessary to maintain existing assets. Net cash used in investing activities in 1993 was $3.3 million stemming mostly from capital expenditures in connection with the opening of the new Baltimore facility and those expenditures related to the assimilation of the Lynn-Edwards Acquisition. Net cash used in investing activities in 1992 was $96.8 million which primarily consisted of $82.1 million of cash used for the acquisition of certain BCOP assets. In addition, $2.7 million was incurred to effect the Lynn-Edwards Acquisition. In 1993, the selling stockholders of Lynn-Edwards returned $0.3 million of the $2.7 million to Associated pursuant to a subsequent agreement between the parties as to the purchase price of Lynn-Edwards. Capital expenditures in 1992 were $4.3 million. A total of $7.7 million of acquisition costs were incurred in 1992 in connection with the Lynn-Edwards Acquisition and the Boise Transaction.

Net cash used in financing activities in 1994 was $12.2 million which was attributable to the pay down of debt under the Old Associated Credit Facilities (as hereinafter defined). Net cash provided by financing activities in 1993 was $14.2 million due to $11.5 million of borrowings under the Old Associated Credit Facilities and an equipment loan and cash overdrafts of $6.1 million due to timing of payroll, partially offset by scheduled principal payments of $3.4 million. Net cash provided by financing activities in 1992 was $85.3 million which reflects the initial capitalization of Associated in connection with its formation and additional debt incurred to finance the Lynn-Edwards Acquisition. Borrowings under the Old Associated Credit Facilities in 1992 were partially offset by scheduled amortization payments of $8.1 million.

Associated's credit agreement ("Old Associated Credit Agreement") in effect prior to consummation of the Offer consisted of a $65.0 million revolving credit facility ("Old Associated Revolver"), a $20.0 million term loan, Tranche A, and a $10.0 million term loan, Tranche B (together, the "Old Associated Term Loans") (collectively, the "Old Associated Credit Facilities"). The Old Associated Revolver provided for revolving credit loans up to the amount of the commitment, based on eligible receivables and inventory, as defined in the Old Associated Credit Agreement. The borrowing capacity under the Old Associated Revolver at December 31, 1994 was $62.5 million versus the total borrowed at December 31, 1994 of $39.9 million. Interest was payable at a rate per annum of 1.75% plus the higher of either the prime rate or 0.5% plus the federal funds rate, as defined in the Old Associated Credit Agreement. The Old Associated Revolver was to mature on January 31, 1997. Prepayments were required when cash flow, as defined in the Old Associated Credit Agreement, exceeded specified levels. Term Loan Tranches A and B were payable in 57 and 24 monthly installments commencing on April 30, 1992 and January 31, 1997, respectively. As of December 31, 1994, total borrowings under the Old Associated Term Loans, excluding original issue discount, were $21.0 million. Debt maturities, excluding the original issue discount, were as follows: $5.9 million in 1995, $7.0 million in 1996, $46.3 million in 1997 and $5.5 million in 1998. The Old Associated Credit Facilities were refinanced as part of the Acquisition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Post-Merger Liquidity and Capital Resources."

POST-MERGER LIQUIDITY AND CAPITAL RESOURCES

In connection with consummation of the Acquisition, Associated received an equity investment of $12.0 million primarily from existing stockholders and borrowed an aggregate of $416.5 million under the New Credit Facilities and $130.0 million under the Subordinated Bridge Facility, all as described under "Financing the Acquisition." The proceeds of these investments and borrowings were used to (i) finance the purchase of Shares pursuant to the Offer, (ii) refinance certain existing indebtedness of Associated (including all amounts outstanding under the existing Old Associated Credit Facilities) and certain indebtedness of United and the Company (including all amounts outstanding under the existing Old Company Credit Facilities), (iii) redeem United stock options and (iv) pay fees and expenses relating to the Acquisition.

The New Credit Facilities consist of a Tranche A Facility providing for a $125.0 million term loan requiring repayment in 20 quarterly installments, a Tranche B Facility providing for a $75.0 million term loan requiring repayment in 28 quarterly installments and a Revolving Credit Facility in the aggregate amount of $300.0 million. The New Credit Agreement contains restrictions on, among other things, dividends by the Company to United. For a more detailed description of the payment and other terms of the New Credit Facilities, see "Financing the Acquisition -- Loan Facilities -- New Credit Facilities." Including amounts borrowed to consummate the Acquisition, total scheduled mandatory principal payments due on long-term debt from 1995 through 2000 are expected to be $156.3 million.

Quarterly dividends currently accrue on United's three outstanding series of the Merger Preferred Stock (as hereinafter defined) at the respective rates of 10.0% (for Series A) and 9.0% (for Series B and C) per annum (or, when dividends are not paid in cash, 13.0% (for Series A) and 10.0% (for Series B and C)), and may be paid in the form of additional shares of the respective series of Merger Preferred Stock (except, in the case of the Series C Preferred Stock, for dividends payable after January 31, 1999). Based upon the Company's anticipated operating results and the requirements under the New Credit Agreement and the Indenture, management expects to pay dividends on the Merger Preferred Stock when such dividends become due and payable in kind (rather than in cash) for the foreseeable future. If the necessary consents are obtained, the Company expects to pay a dividend to United in an amount sufficient to

repurchase all the outstanding shares of Series B Preferred Stock, together with accrued and unpaid dividends thereon, with a portion of the proceeds from the Old Notes.

The New Credit Facilities permit capital expenditures for the Company of up to $12.0 million for the post-merger portion of its fiscal year ending December 31, 1995. Capital expenditures will be financed from internally generated funds and the New Credit Facilities.

Management anticipates making changes in the operations of the Company and ASI as conducted prior to the Acquisition as described under "Business -- Consolidation Plan and Benefits of the Acquisition." Based on internally generated funds and the expected results of these changes, management believes that United's cash on hand, anticipated funds generated from operations and available borrowings under the New Credit Facilities will be sufficient to meet the short term and long term operating and capital needs of United after the Acquisition as well as to service its debt in accordance with its terms. There is, however, no assurance this will be accomplished.

INFLATION AND CHANGING PRICES

Inflation during the last three years has not been a significant factor to operations. United's business is not generally governed by contracts that establish prices substantially in advance of the receipt of goods or services. As suppliers increase their prices for merchandise to United, United generally seeks to increase its prices to its customers.

SEASONALITY

Although the Company's sales are generally relatively level throughout the year, the Company's sales vary to the extent of seasonal differences in the buying patterns of end users who purchase office products. In particular, the Company's sales are generally higher than average during the months of January through March when many offices begin operating under new annual budgets.

The Company experiences significant seasonality in terms of its capital needs, with highest requirements in December and January reflecting a build up in inventory prior to the peak sales period. In 1994, on a pro forma basis as if the Acquisition occurred on January 1, 1994, outstanding balances on the revolving credit facilities of the Company ranged between $236 million in January to $138 million in September. The Company believes that its current availability under the Revolving Credit Facility is sufficient to satisfy such seasonal capital needs for the foreseeable future.

BUSINESS

OVERVIEW

The Company is the largest office products wholesaler in the United States. As a result of the Merger of the Company with ASI on March 30, 1995, the Company's net sales on a pro forma basis for 1994 were approximately $2.0 billion for the year ended December 31, 1994 and $0.6 billion for the three months ended March 31, 1995. Through its extensive office products catalogs, the Company markets a full line of over 25,000 (post-consolidation) branded and private brand products, including traditional office supplies; office furniture and desk accessories; office machines, equipment and supplies; computer hardware, peripherals and supplies; and facilities management supplies, including sanitation products and janitorial items. These products are offered through a network of 39 (post-consolidation) strategically located distribution centers to over 14,000 resellers, consisting principally of commercial dealers and contract stationers, retail dealers, superstores, mail order companies and mass merchandisers.

Although the office products distribution industry has seen many changes over the past decade, including the growth of national superstores and a consolidation among wholesalers, dealers and contract stationers, large national wholesalers have continued to perform a significant role in the distribution of office products. For manufacturers, the wholesaler provides wide market coverage, assumes credit risk, carries inventory and processes smaller orders than manufacturers can economically service. In addition, wholesalers provide resellers with prompt service and delivery, a source for

filling small quantity orders and the opportunity to obtain credit, minimize investment in inventory and access marketing resources and technical support.

The Company is currently engaged in implementing its consolidation plan to integrate the two separate office products wholesale businesses conducted by the Company and ASI prior to the Acquisition. See "Business -- Consolidation Plan and Benefits of the Acquisition" and "Risk Factors -- Implementation of Consolidation Plan." The Company was originally incorporated under the name Utility Supply Co. in 1922 and has operated under its present name since 1960.

COMPETITIVE STRENGTHS

The Company believes that it has a strong competitive position attributable to a number of factors, including the following:

Largest Office Products Wholesaler. As the largest office products wholesaler in the United States, the Company has substantial purchasing power and can realize significant economies of scale. The Company obtains products from over 500 manufacturers, for many of whom the Company believes it is a significant customer. The Company's size also enables it to seek cost-effective sourcing of product in the United States and, in many cases, worldwide. In addition, the Company's size allows it to maintain a broad and deep product selection, permitting resellers to hold less inventory while still providing end users with a high level of service.

High Level of Customer Service. The Company provides its customers with a broad product selection, a high degree of product availability, expeditious distribution and comprehensive customer assistance. The Company seeks to base its business decisions on an "If I were the customer. . ." approach. With over 25,000 products being offered, the Company believes that it has the broadest selection of office products available in the industry, enabling resellers in most cases to do "one-stop shopping" for all of their office products needs. The Company's broad product selection, inventory procurement and management procedures and state-of-the-art distribution facilities enable it to achieve an order fill rate in excess of 90%. The Company's management information systems have been designed, in part, to enable Management to monitor five key measures of customer satisfaction: fill rate, order accuracy, inventory accuracy, on-time delivery and accessibility to customers. The Company

makes substantially all of its orders nationwide available by next day delivery to assist resellers in successfully meeting end users' demands. The Company publishes a wide array of product catalogs ranging from its full-line catalogs to custom specialty catalogs to meet end user needs for information on specific product offerings. Most of these product catalogs are custom imprinted with particular resellers' names, which enables the reseller to distribute the catalogs directly to its customers and garner repeat orders. In addition, the Company provides its customers with a variety of support services such as its "wrap and pack" program which offers resellers the option to receive orders packaged in accordance with the specifications of particular end users. This service allows resellers to lower their inventory investment and minimize double handling costs while allowing them to continue to offer a wide product range. The Company also offers a furniture set-up program in which the Company delivers furniture directly to consumers on the reseller's behalf, thereby enabling the reseller to offer a wide range of furniture on a cost-effective basis.

The Company also provides its resellers a variety of electronic order entry systems, pricing software programs and business management and marketing training programs. For instance, the Company maintains electronic data interchange ("EDI") systems that link the Company to selected resellers, and multifaceted interactive order systems that link the Company to selected resellers and such resellers to their ultimate end users. The Company's sophisticated electronic management systems enable dealers to manage critical business functions including order entry, purchasing, pricing, accounts receivable, accounts payable and inventory control. The Company's matrix pricing software program permits resellers to identify the optimum pricing mix between high and low margin items, thereby enabling resellers to enhance their operating margins. The Company's specialized business management programs enhance particular resellers' ability to increase profits by providing a higher level of service to the end user while the Company's marketing training programs are designed to instruct resellers on how to market to the end user based upon a total cost of procurement approach rather than focusing on specific product prices. The Company continually reviews additional services that might be helpful to its customers.

Diverse Customer Base. With over 14,000 resellers as customers, the Company has one of the broadest customer bases in the industry. The Company's customers include full-line office products resellers, such as commercial dealers and contract stationers, retail dealers, office products superstores, mail order companies and mass merchandisers, as well as specialized resellers, such as office furniture, janitorial and computer dealers. No single reseller accounted for more than 3.2% of the Company's net sales in 1994 on a pro forma basis. The Company plans to continue to expand its customer base by (i) maintaining and building its business with commercial dealers and contract stationers who, through consolidation, continue to increase in size, (ii) developing additional programs for marketing and buying groups that represent groups of dealers, (iii) expanding relationships with the major office products superstore chains and (iv) continuing to focus on niche markets, including specialty dealers (e.g., furniture, janitorial and computer dealers) and particular end users (e.g., healthcare, legal, financial and advertising specialty businesses).

State-of-the-Art Distribution Capabilities. The Company's network of 39 (post-consolidation) distribution centers located throughout the United States employs state-of-the-art technology to efficiently distribute products to customers. For example, as described above, the Company has developed EDI capabilities that link the Company to the majority of its resellers and multifaceted interactive order systems that link the Company to selected resellers and such resellers to the ultimate end user. In 1994 on a pro forma basis, approximately 85% of all of the Company's orders were received electronically. The Company also uses a proprietary computer-based system to enhance fill rates by automatically searching alternative distribution centers for products and routing those products for shipment. In addition, the Company's advanced communication system with many of its resellers is intended to enhance the Company's ability to efficiently manage and distribute its inventory.

Growth of Private Brand Products. The Company offers a growing line of over 1,300 private brand products under the Universal brand name, which the Company believes is the broadest private brand

product offering in the industry. Universal brand products represented approximately 9% of the Company's net sales in 1994 on a pro forma basis. Prior to the Merger, the Universal private brand line was offered only by the Company but will now also be marketed to ASI's customers. The Company believes its private brand products offer significant benefits both to the reseller, by providing an alternative to branded products that offers similar quality at a moderate price, and to the manufacturer, by enabling the manufacturer to increase sales without diluting its brand name pricing structure. The Company sees significant opportunity to expand its private brand product line in the future. To further develop the Universal brand, the Company recently opened a trading company in Hong Kong to facilitate the global purchasing of products.

Experienced Management Team. The Company's senior management team comprises individuals who combine many years of experience in the office products distribution industry. Management also has had significant experience in acquiring and integrating companies in the office products industry through the SDC Acquisition by United and the Lynn-Edwards Acquisition by Associated, each in 1992.

BUSINESS STRATEGY

The Company's business strategy is to seek to improve its competitive position and grow its revenues and profitability through (i) the continuation of a high level of customer service, (ii) expanding the breadth of both its product line and its customer base, and (iii) a continuing emphasis on cost effective operations.

High Level of Customer Service. Customer service has been an important factor in the Company's business strategy in the increasingly competitive office products industry. The Company intends to continue its efforts to differentiate itself from competitors by providing its customers with a broad product selection, a high degree of product availability, expeditious distribution and a variety of customer services. The Company plans to accomplish these goals by continuing to (i) offer one of the broadest product selections available in the industry, (ii) achieve high fill rates to assure availability of product to its resellers, (iii) offer next day delivery on substantially all of its orders and (iv) assist its resellers by offering electronic order entry systems, pricing software programs and business management and marketing training programs, as

well as continually reviewing additional support services which might be helpful to resellers. In addition, because resellers sell directly to end users, the Company has also focused on the needs of the end user by designing informative, user-friendly catalogs and marketing programs to assist the reseller's sales efforts.

Expanding Product Line and Customer Base. The Company's product line expansion plans include growing its ancillary product lines, such as office furniture, computer hardware, peripherals and supplies and facilities management supplies, which the Company believes allow it to gain incremental sales from its existing resellers and thereby strengthen its position with resellers as a "one-stop shop." In addition, ancillary products allow the Company to enter additional distribution channels and, by adding new types of resellers beyond full-line office products dealers alone, to expand its customer base. The Company also plans to continue to expand its customer base by developing additional programs for marketing and buying groups, expanding relationships with superstore chains and maintaining and building its business with commercial dealers and contract stationers. The Company also expects to expand its private brand product offerings within these new product lines and to begin marketing private brand items to ASI's customers. In addition, the Company plans to evaluate opportunities for growth in market share in connection with the trend toward direct delivery of products to end users through arrangements with various resellers seeking to minimize inventory investment. The Company believes that there is opportunity to capture a portion of the sizeable percentage of total shipments by office products manufacturers currently sold directly to resellers or end users without wholesaler involvement.

Cost Effective Operations. The Company intends to continue to actively seek cost reductions at both the corporate and operating levels in order to continue to operate in a cost effective manner.

Examples of such cost reductions include (i) reduced merchandise costs through suppliers' incentives, (ii) continued efforts to increase inventory turnover without lowering service levels, (iii) reduced payroll and benefits costs through improved labor allocation, (iv) reduced freight costs through ongoing refinements to delivery systems, (v) increased sourcing of certain products off-shore, (vi) continued development of computer systems and (vii) streamlining of work practices and procedures.

CONSOLIDATION PLAN AND BENEFITS OF THE ACQUISITION

Consistent with its business strategy, since the consummation of the Acquisition on March 30, 1995 the Company has been engaged in implementing its consolidation plan to integrate its business with the business of ASI. Through the integration of distribution facilities and product lines in a manner designed to enable the Company to offer its customers increased service and product availability, the Company expects to improve its competitive position. In addition, the Company plans to achieve cost savings and other benefits from the elimination of redundant or overlapping functions and facilities and by minimizing overlapping products.

In implementing its consolidation plan, another critical objective will be to maintain and enhance customer relationships, service and marketing programs of the combined businesses. Management believes that the Company's experience integrating the SDC Acquisition in 1992, together with ASI's experience integrating the Lynn-Edwards Acquisition in 1992, will enhance the Company's ability to implement its strategy while maintaining competitive levels of customer service.

Management anticipates that the implementation of its consolidation strategy should result in significant cost savings and synergies which will enhance the Company's financial and operational performance. Management estimates that, upon phase-in of its consolidation plan over a 12-month period following the Acquisition, the Company expects to realize approximately $26.0 million per year in savings as a result of a successful implementation of its consolidation plan, although the Acquisition is likely to result in a reduction in the rate of revenue growth for some period following the Acquisition as a result of the loss of some customers to competition. See "Risk Factors -- Implementation of Consolidation Plan" and "Pro Forma Combined Financial Information."

Consolidate Number of Product Offerings and Increase Volume. Management plans to consolidate the Company's product offerings by eliminating approximately 10,000 overlapping items from the catalogs that management expects will be

distributed in the fourth calendar quarter of 1995, while at the same time adding more niche products, including more specialty items. In addition, following the Acquisition, the Company is expected to have substantially greater sales volume than either ASI or the Company separately prior to the Acquisition. Management believes that the Company will benefit by being able to (i) qualify for improved terms with vendors as a result of placing higher volume purchases among fewer suppliers, (ii) offer a more diverse product line, thereby enhancing end user purchasing options and (iii) achieve higher fill rates as a result of greater inventory and warehousing capacity.

Consolidate Distribution Centers. Management has identified eight redundant distribution centers between ASI and the Company prior to the Merger and plans to close such redundant facilities within 12 months of the Merger. Management currently estimates that the first facility will be closed in October of 1995. Management believes that the Company will benefit by achieving cost reductions arising from the elimination of such facilities. After the elimination of such redundant distribution centers, the aggregate number of distribution centers will be 39, which is greater than the number of distribution centers operated by either company separately. Management believes that such increased number of the Company's distribution centers and, in some markets, the proximity of distribution centers to each other, ultimately will improve service levels and make additional inventory available through the Company's automated inventory management system and, as a result, improve the delivery services of the Company. In addition, the Company intends to achieve cost savings from more efficient operation post-Merger of two distributions centers in each of the Chicago, Sacramento, Nashville and

Minneapolis/St. Paul market areas, where the size of existing facilities requires, or demand is sufficient to support, multiple facilities.

Reduce Corporate Overhead. Management has identified a number of corporate positions which it believes can be eliminated in the Company and plans to eliminate such positions and to close Associated's corporate headquarters. Additionally, management plans to eliminate redundant sales positions where customer coverage overlaps. Management believes that the Company will benefit by realizing savings (phased in over a 12-month period) from reduced payroll, benefits and other related expenses derived from (i) the elimination of such positions, (ii) the closing of Associated's corporate headquarters and (iii) the consolidation of legal, audit and tax consulting functions of Associated and United prior to the Merger. Management has specifically identified 330 employees to be terminated, each of their job classifications or functions, and their location. Sales representatives and headquarter employees have been given termination notices. Distribution center employees will specifically be notified prior to the closing of their respective distribution centers. In addition, the Company has begun modifying and consolidating its computer systems.

Expand Private Brand Products and Off-Shore Sourcing. Because of the cost advantages and popularity of United's Universal private brand products, management plans to market both the Universal line and off-shore sourced products to ASI's customers as well as use the combined volume of the Company after the Merger to enhance the Company's ability, when appropriate, to introduce new private brand products and, as appropriate, to source certain additional products off-shore. Management believes that the Company will benefit from such strategy by increasing sales of private brand and off-shore products, which should provide higher profit margins to both resellers and the Company.

THE OFFICE PRODUCTS DISTRIBUTION INDUSTRY

The Company operates in a large, fragmented and rapidly consolidating industry. The office products distribution industry consists of several different channels by which office products are distributed from the manufacturer to the end user. These channels include both routes in which resellers buy through wholesalers and routes in which resellers purchase directly from manufacturers. Due to consolidation, the distinct boundaries that once clearly defined distribution channels have become blurred. The industry today consists principally of wholesalers, commercial dealers and contract stationers, retail dealers, office products superstores, mail order companies and mass merchandisers.

Wholesalers. Wholesalers purchase products directly from manufacturers and sell them directly to resellers who, in turn, sell the products to end users. The wholesale segment of the office products distribution industry consists of

national, specialty and regional wholesalers. The two national wholesalers (i.e., the Company and S.P. Richards) compete with a full product offering and extensive marketing and distribution services for their reseller customers. Specialty wholesalers focus on limited product lines such as computer supplies, legal supplies, medical filing systems, office furniture or janitorial products. Regional wholesalers generally offer a full range of office products and marketing services on a smaller scale and within a much more limited geographic area than national wholesalers.

For manufacturers, the wholesaler provides wide market coverage, assumes credit risk, carries inventory and processes smaller orders than manufacturers can economically service. Wholesalers also provide resellers with prompt service and delivery, a source for placing small quantity orders and the opportunity to obtain credit, minimize investment in inventory and access marketing resources and technical support. In order for resellers, such as superstores, to perform these functions themselves, a source of significant capital is generally required for both investment in systems and additional distribution facilities, as well as for the working capital requirements needed to establish appropriate inventory levels.

Office products wholesalers compete not only with other wholesalers but also with office products manufacturers. See "Business -- Competition" and "Risk Factors -- Competition." A sizeable percentage of total shipments by office products manufacturers are currently sold directly to resellers or end users without wholesaler involvement.

Commercial Dealers and Contract Stationers. The most significant reseller channel for office product distribution continues to be commercial dealers and contract stationers who serve medium- and large-sized business customers through the use of catalogs and sales forces. These resellers typically stock products in distribution centers and deliver them to customers on a next-day basis against orders received electronically, by telephone or fax, or taken by a salesperson on the customer's premises. Major commercial dealers and contract stationers purchase in large quantities directly from manufacturers, rely upon wholesalers for inventory backup and product breadth and offer significant volume-related discounts and a high level of service to their customers.

Retail Dealers. Retail office products dealers typically serve small- and medium-sized businesses, home offices and individuals. For many years, retail dealers consisted principally of a large number of independent dealers, operating one or a few relatively small stores in a single local area. During the last decade, however, the office products retail market has undergone significant change, including the elimination or consolidation of many retail dealers, as a result of the emergence and rapid growth of discount office supply retailers, which are known as superstores. To compete with the lower prices generally offered by superstores, many independent retail dealers have joined marketing or buying groups to negotiate on a collective basis directly with manufacturers and wholesalers.

Office Products Superstores. Superstores employ a warehouse format, are typically open for business seven days a week, stock a large number and broad range of items in inventory (typically in the range of 5,000 products), purchase in volume and typically take delivery at their stores for the most part direct from manufacturers and offer many of their products at discounts from manufacturers' list prices. Virtually every major metropolitan area in the United States is now served by at least one, and most by several, office products superstores, and the three largest superstore companies (Office Depot, OfficeMax and Staples) operate and advertise nationally with stores in many metropolitan areas. Superstores also purchase from wholesalers for "fill-in" needs and to fill customer orders from special wholesaler catalogs made available to end users in certain superstores when the superstore does not carry an item. This allows the superstores to expand the range of products offered without increasing their on hand inventory levels.

Mail Order Companies. Mail order marketers of office products typically serve small and medium-sized business customers and home offices. While their procurement and order fulfillment functions are similar to contract stationers, they rely exclusively on catalogs and other database marketing programs, rather than direct sales forces, to sell their product offerings. Their operations are based upon large, proprietary customer data bases and sophisticated circulation strategies drawn from consumer marketing programs. Mail order companies purchase both from wholesalers and manufacturers.

Mass Merchandisers. The mass market retailers (e.g., Sears, Wal-Mart

Stores/Sam's Club, Price/Costco, Kmart and Target) have recently taken a growing interest in office products. Office supplies is one of many categories of products more typically available in these stores.

PRODUCTS

The Company markets a broad array of products, which include traditional office supplies; office furniture and desk accessories; office machines, equipment and supplies; computer hardware, peripherals and supplies; and facilities management supplies. The Company's core business continues to be traditional office supplies, which includes both brand-name products and the Company's private brand products marketed under the Universal name. As part of the Company's business strategy to

acquire incremental sales and increase market share through ancillary product offerings, the Company began to focus on niche markets in fiscal year 1991 and has expanded steadily upon this concept since then. A furniture division was established to offer national delivery and product "set-up" capabilities to office products dealers as well as to attract new furniture dealers. The Company's sale of this division's items such as leather chairs, wooden and steel desks and computer furniture has enabled it to become the nation's largest office furniture wholesaler, with the Company currently offering nearly 3,000 furniture items from 80 different manufacturers. The Company's "Pro-Image" program enables resellers with no previous expertise to provide high-end furniture and office design services to end users. Another one of the Company's niche markets is business presentation products. The Company also sells computers, printers, modems, monitors and supplies with major brand names through its MicroUnited Division. Additionally, the Company offers its "Signature Image" program, which provides traditional office products resellers with access into the advertising products market (such as imprinted and logo items). The Company's newest product line encompasses the facilities management supplies market, which includes janitorial and sanitation supplies, specialty mailroom and warehouse items, kitchen and cafeteria items, first aid products and ergonomic products designed to enhance worker productivity, comfort and safety.

CUSTOMERS

The Company principally sells to resellers of office products, consisting primarily of commercial dealers and contract stationers, retail dealers, superstores, mail order companies and mass merchandisers. In addition, the Company sells to office furniture dealers, computer resellers and janitorial and sanitation supply distributors. In 1994 on a pro forma basis, no single reseller accounted for more than 3.2% of the Company's consolidated net sales.

Commercial dealers and contract stationers are the most significant reseller channel for office product distribution and typically serve large businesses, institutions and government agencies. Through consolidation, these dealers are getting larger and becoming even more important to the Company. Commercial dealers and contract stationers remain one of the Company's fastest growing customers classes.

The number of retail dealers has been declining for some time as the result of individual retail dealers' inability to successfully compete with the growing number of superstores and, more recently, as a result of dealerships being acquired and brought under an umbrella of common ownership. However, many retail office products dealers continue to thrive, adapting to the highly competitive environment with the help of resources the Company offers. Many retail dealers, commercial dealers and contract stationers have joined forces in marketing or buying groups in order to increase purchasing leverage. The Company believes it is the leading wholesale source for many of these groups, providing not only merchandise but also special programs that enable these dealers to take advantage of their combined strengths.

While the Company maintains and builds its business with commercial dealers and contract stationers and retail dealers, it has also initiated relationships with most major office products superstore chains. The Company sells superstores commodity items as "fill-ins" when they are out of stock. In addition, the Company has installed order stations in many superstores that display the Company's catalogs thereby allowing end users to order products from the Company through the superstore that the superstore does not carry in stock.

Through its furniture division, the Company offers middle-grade office

furniture to both office products and office furniture dealers. The Company also provides computer-related products to most categories of computer resellers through its MicroUnited division and sells janitorial products to sanitation supply distributors. The Company provides marketing materials and professional expertise to meet the various needs of these specialized resellers.

MARKETING AND CUSTOMER SUPPORT

The Company concentrates its marketing efforts on providing value-added services to resellers. The Company distributes products that are generally available at similar prices from multiple sources, and most of its customers purchase their products from more than one source. As a result, the Company seeks to differentiate itself from its competitors through broad product offerings, a high degree of product availability, a variety of customer services and expeditious distribution capabilities.

In addition to emphasizing its broad product line, extensive inventory, computer integration and national distribution capabilities, the Company's marketing programs have relied upon two additional major components. First, the Company produces an extensive array of catalogs for commercial dealers, contract stationers and retail dealers that are usually custom imprinted with each resellers' name and sold to these resellers who, in turn, distribute the catalogs to their customers. Second, the Company provides its resellers with a variety of dealer support and marketing services, including business management systems, promotional programs and price services. These services are designed to aid the reseller in differentiating itself from its competitors by addressing the steps in the consumer's procurement process.

Currently, substantially all of the Company's products are sold through its comprehensive office product catalogs and flyers. These materials include full line catalogs, promotional pieces and specialty catalogs for the legal, financial, healthcare, office furniture, facilities management and advertising specialty markets. Catalogs also are provided for a variety of end user markets, including: annual General Line Catalogs listing 25,000 items; an annual office furniture catalog featuring furniture and accessories; an Office Impressions catalog featuring the Company's private-brand furniture; a quarterly Concept 90 catalog offering approximately 1,000 high-volume commodity products; Office Saver and Flexi Flyer promotional pieces targeted at deep discount markets; annual Universal and Universal Plus catalogs promoting the Company's private-brand merchandise; an annual Computer Products Catalog offering hardware, peripherals and supplies; an annual Computer Concepts catalog; Specialty Market catalogs targeting healthcare, legal, financial and advertising specialty businesses; an annual Facilities Management Supply catalog featuring janitorial and sanitation supplies and ergonomic products; a business presentation products catalog; and Access, a new promotional flyer offering related office products distributed to end users on behalf of resellers. Because commercial dealers, contract stationers and retail dealers typically distribute only one wholesaler's catalogs in order to streamline order entry, the Company attempts to maximize the distribution of its catalogs by offering advertising credits to resellers, based on the volume of products purchased, which can be used to offset the cost of catalogs.

To assist its resellers with pricing, the Company offers a matrix pricing software program. Traditionally, resellers have priced products on a discount from list price basis. With the advent of the superstore, pricing has shifted towards a net pricing approach, whereby the superstore sells certain products at significant discounts, assuming that it can recapture the discounts through the sale of other higher margin products. The Company's matrix pricing program provides the reseller with a tool to assist it in identifying the optimum pricing mix between high and low margin items and, as a result, enables the reseller to enhance its operating margins.

The Company provides sales representatives and managers of selected resellers the opportunity to participate in marketing training programs sponsored by it. Similar to its matrix pricing software, the Company's training programs are designed to instruct the resellers in how to market to the end user based upon a total cost of procurement approach, and thereby to minimize the focus on specific product prices. Since the inception of the Company's program, over 3,000 individuals have attended such training programs.

The Company offers to its resellers a variety of electronic order entry systems and business management and marketing programs which enhance the reseller's ability to manage its business

profitably. For instance, the Company maintains EDI systems that link the Company to selected resellers, and multifaceted interactive order systems that link the Company to selected resellers and such resellers to the ultimate end user. The Company's most sophisticated electronic management system enables dealers to manage critical business functions including order entry, purchasing, pricing, accounts receivable, accounts payable and inventory control. In July 1993, the Company entered into a joint venture with a software developer, investing approximately $0.9 million as of February 28, 1995 for its 45% equity interest in a new corporation called United Business Computers, Inc. to enhance, market and support PC-based dealer operating systems compatible with the Company's system. The Company estimates that in 1994 on a pro forma basis, approximately 85% of its orders were received electronically.

In addition to the Company's Pro-Image and Signature Image business management and marketing programs described above, the Company also offers resellers its "Desk Top Marketing" software program, which enables the reseller to identify potential customers in a given market based upon parameters selected by the reseller. The Company also offers, on an exclusive basis, the Customer Self-Service program, which allows the reseller to provide end users with on-line access to such reseller's computer for ordering, product inquiries and promotion information.

DISTRIBUTION

Management has determined that, as a result of the Merger, eight of the Company's 47 current regional distribution centers are redundant and, accordingly, plans to close such redundant facilities within 12 months of the Merger. As a result, the Company will have a network of 39 (post-consolidation) regional distribution centers located in 35 metropolitan areas in 24 states, most of which will carry the Company's full line of inventory. In addition, the Company intends to achieve cost savings from the more efficient operation post-Merger of two distribution centers in each of four market areas, where size of existing facilities requires, or demand is sufficient to support, multiple facilities. For a discussion of the benefits arising from the elimination of such facilities, see "Business -- Consolidation Plan and Benefits of the Acquisition."

The Company supplements its regional distribution centers with local distribution points throughout the United States that serve as reshipment points for orders filled at the regional distribution centers. The Company utilizes over 500 trucks owned, leased or contracted for by the Company to enable direct delivery from the regional distribution centers and local distribution points to resellers.

The Company's distribution capabilities are augmented by its proprietary, computer-based system. If a reseller places an order for an item that is out of stock at the Company location which usually serves the particular reseller, the Company's system will automatically search for the item at two alternative distribution centers. If the item is available at an alternative location, the system will automatically forward the order to that alternate location, which will then coordinate shipping with the primary facility and provide a single on-time delivery to the reseller. The system effectively provides the Company with added inventory support, which enables it to provide higher service levels to the reseller, to reduce back orders and to minimize time spent searching for merchandise substitutes, all of which contribute to the Company's high fill rate and efficient levels of inventory balances. See "Risk Factors -- Service Interruptions."

Another service offered by the Company to selected resellers is its "wrap and pack" program, which allows resellers the option to receive orders in accordance with the specifications of particular end users. For example, when a reseller receives orders from a number of separate end users, the Company groups and wraps the items separately by end user so that the reseller need only deliver the package. The "wrap and pack" program is attractive to resellers because it eliminates the need to break down case shipments and to repackage the orders before delivering them to the end user.

MERCHANDISING AND PURCHASING

The Company utilizes over 500 suppliers of its products. As a centralized

corporate function, the Company's merchandising department interviews and selects suppliers and products for inclusion in the catalogs. Selection is based upon end user acceptance and demand for the product and the manufacturer's total service, price and product quality offering. In 1994 on a pro forma basis, no supplier accounted for more than 9.4% of the Company's aggregate purchases. The Company believes it is a significant customer for many vendors.

The Company, like many other wholesalers, has a centrally controlled, computerized forward buying program under which the Company, from time to time, purchases items of inventory in advance of its specific needs when favorable purchasing opportunities present themselves.

COMPETITION

The Company competes with office products manufacturers and with other national, regional and specialty wholesalers of office products, office furniture, computers and related items. Most wholesale distributors of office products conduct operations regionally and locally, sometimes with limited product lines such as writing instruments or computer products. Other wholesalers, including the Company, carry a full line of business products. Manufacturers typically sell their products through a variety of distribution channels, including business products wholesalers and resellers.

Competition between the Company and manufacturers is based primarily upon net pricing, minimum order quantity and product availability. Although manufacturers may provide lower prices to resellers than the Company does, the Company's marketing and catalog programs, combined with speed of delivery and its ability to offer resellers a broad line of business products from multiple manufacturers on a "one-stop shop" basis and with lower minimum order quantities, are important factors in enabling the Company to compete effectively. Competition between the Company and other wholesalers is based primarily on net pricing to resellers, breadth of product lines, availability of products, speed of delivery to resellers, fill rates and the quality of its marketing and other services. The Company believes it is competitive in each of these areas.

A trend toward consolidation has occurred in recent years throughout the office products industry. Although at the national wholesale level only one competitor (S.P. Richards) remains, consolidation of commercial dealers and contract stationers has also resulted in an increased ability of those resellers to buy goods directly from manufacturers. In addition, over the last decade, office products superstores (which largely buy directly from manufacturers but offer fewer items than the Company) have entered virtually every major metropolitan market and dealers and contract stationers have formed buying groups to purchase directly from manufacturers on a collective basis. Increased competition in the office products industry has also led to heightened price awareness among consumers, making commodity type office products extremely price sensitive and requiring the Company to increase its efforts to convince resellers of the continuing advantages of its competitive strengths (as compared to those of manufacturers and other wholesalers), such as marketing and catalog programs, speed of delivery, and the ability to offer resellers a broad line of business products from multiple manufacturers with lower minimum order quantities on a "one-stop shop" basis. See "Risk Factors -- Competition."

EMPLOYEES

At March 1, 1995, the Company and ASI employed approximately 5,015 persons in the aggregate. Management has determined that as a result of the Merger, certain warehouse, corporate and sales positions within the Company will be eliminated. For a discussion of management's plans with respect to the elimination of such positions and the resulting expected benefits to the Company, see "Business

- -- Consolidation Plan and Benefits of the Acquisition -- Consolidate Distribution Centers," "-- Reduce Corporate Overhead" and "-- Reduce Sales Representatives."

The Company considers its relationships with its employees to be satisfactory. Substantially all of the shipping, warehouse and maintenance employees at certain of the Chicago, Detroit, Philadelphia, Baltimore, Los Angeles, Minneapolis and New York City facilities are covered by various collective bargaining agreements. The agreements expire at various times during

the next three years. See "Risk Factors -- Service Interruptions."

LEGAL PROCEEDINGS

The Company is involved in legal proceedings arising in the ordinary course of its business. The Company is not involved in any legal proceeding that it believes will result, individually or in the aggregate, in a material adverse effect upon its financial condition or results of operations.

PROPERTIES

The Company considers its properties to be suitable and adequate for their intended uses. These properties consist of the following:

Executive Offices. The Company's office facility in Des Plaines, Illinois has approximately 135,800 square feet of office and storage space. In September 1993, approximately 47,000 square feet of office space located in Mount Prospect, Illinois was leased by the Company. This lease expires in four years, with an option to renew for two five-year terms.

The Company currently leases 20,568 square feet of office space in Itasca, Illinois which previously served as Associated's corporate headquarters and 7,095 square feet of office space in Pittsburgh, Pennsylvania as a sales office. As a result of the closing of Associated's corporate headquarters, the Company plans to terminate the lease in Itasca, Illinois.

Local Distribution Points. The Company also operates 28 local distribution points. Two are leased by the Company; the other local distribution points are operated through cross-docking arrangements with third party distribution companies.

Canadian Office. The Company currently leases a sales office in Woodbridge, Ontario (7,000 sq. ft.). This lease expires August 31, 1995 with an option to renew for one additional year.

Hong Kong Trading Office. United Stationers Hong Kong Limited leases 1,500 square feet for a trading office in Hong Kong with the lease expiring on October 14, 1995.

Distribution Centers. The Company presently operates 47 distribution centers in 24 states, with eight scheduled for closing in the near future as part of the Company's consolidation plan. The following table sets forth information regarding the principal leased and owned properties.

<TABLE>
<CAPTION>

STATE	CITY	METROPOLITAN AREA SERVED	APPROXIMATE SQUARE FEET OWNED	APPROXIMATE SQUARE FEET LEASED	DATE OF LEASE EXPIRATION(2)
<S>	<C>	<C>	<C>	<C>	<C>
Arizona	Tempe	Phoenix	--	110,000	3/31/01
California	City of Industry(1)	Los Angeles	--	99,999	4/30/96
California	City of Industry	Los Angeles	344,487	125,000	5/31/98
California	Sacramento	Sacramento	--	150,207	5/30/03(3)
California	Sacramento	Sacramento	--	263,000	7/31/08
Colorado	Denver	Denver	104,244	--	--
Colorado	Denver(1)	Denver	--	132,618	8/31/95
Florida	Hialeah(1)	Miami	--	94,080	12/31/99
Florida	Jacksonville	Jacksonville	95,500	--	--
Florida	Tampa	Tampa	128,000	--	--
Florida	Ft. Lauderdale	Miami	--	151,500	7/31/03
Georgia	Smyrna(1)	Atlanta	129,396	--	--
Georgia	Norcross	Atlanta	287,700	--	--
Illinois	Carol Stream	Chicago	--	139,444	6/30/97
Illinois	Forest Park	Chicago	222,280	106,000	11/30/95
Illinois	Greenville	St. Louis	210,000	--	--
Indiana	Indianapolis	Indianapolis	128,000	--	--
Louisiana	Harahan	New Orleans	--	104,385	3/31/10
Maryland	Elkridge(1)	Baltimore/Wash., D.C.	--	84,000	7/15/04
Maryland	Harmans	Baltimore/Wash., D.C.	323,980	170,000	2/29/96
Massachusetts	Woburn	Boston	372,000	--	--

Michigan.....	Livonia	Detroit	229,700	33,500	8/31/96
Minnesota.....	Brooklyn Park	Minneapolis/St. Paul	127,480	--	--
Minnesota.....	Eagan	Minneapolis/St. Paul	210,468	--	--
Missouri.....	Kansas City	Kansas City	--	77,244	5/31/00
New Jersey.....	Edison	New York	257,578	133,177	6/30/98
New Jersey.....	Pennsauken	Philadelphia	231,000	25,316	3/31/96
New York.....	Coxsackie	Albany	256,600	--	--
North Carolina.....	Charlotte	Charlotte	104,000	--	--
North Carolina.....	Charlotte(1)	Charlotte	--	81,726	7/31/97
Ohio.....	Cincinnati	Cincinnati	108,778	--	--
Ohio.....	Columbus	Columbus	--	126,665	8/31/99
Ohio.....	Cincinnati(1)	Cincinnati	--	81,400	12/31/95
Ohio.....	Twinsburg	Cleveland	206,136	--	--
Ohio.....	Valley View(1)	Cleveland	233,508	--	--
Oklahoma.....	Tulsa	Tulsa	75,100	22,500	12/31/97
Oregon.....	Portland	Portland	--	65,850	2/28/97
Tennessee.....	Memphis	Memphis	--	78,280	3/31/10
Tennessee.....	Nashville	Nashville	--	66,000	4/30/98
Tennessee.....	Nashville	Nashville	--	59,250	9/30/95
Texas.....	Dallas	Dallas	223,230	159,873	9/30/99
Texas.....	Houston	Houston	--	143,859	6/30/96
Texas.....	Lubbock	Lubbock	--	58,725	4/27/98
Texas.....	San Antonio	San Antonio	--	63,098	3/31/10
Utah.....	Salt Lake City	Salt Lake City	--	89,324	9/30/99
Washington.....	Tukwila	Seattle	--	144,031	3/31/97
Wisconsin.....	Milwaukee	Milwaukee	67,300	--	--

</TABLE>

- ---

(1) The Company plans to close the indicated eight facilities within 12 months of the Merger. See "Business -- Consolidation Plan and Benefits of the Acquisition."

(2) Except as specifically indicated, with respect to facilities subject to more than one lease, references are to the earliest possible expiration date.

(3) A portion of the lease covering 30,947 square feet of such property expires on March 31, 1996.

The Company also owns 54,500 square feet of warehouse space in Jacksonville, Florida, which it subleases to a third party.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

In connection with the consummation of the Acquisition, seven of the nine directors of United and all but one of the five directors of the Company serving prior thereto were replaced by nominees designated by Associated. The directors of United designated by Associated comprise the persons who were the directors of Associated prior to the Acquisition. In addition, certain persons serving as executive officers of the Company or Associated prior to the Merger will no longer be serving in such capacity.

Set forth below is certain information with respect to those individuals who are currently serving as members of the Boards of Directors and as executive officers of United and the Company.

<TABLE>
<CAPTION>

NAME	AGE	POSITION
<C>	<C>	<S>
Thomas W. Sturgess	44	Director, Chairman of the Board, President and Chief Executive Officer of United and the Company
Michael D. Rowsey	42	Director and Executive Vice President of United and the Company
Steven R. Schwarz	41	Director of the Company; Executive Vice President of United and the Company
Daniel H. Bushell	43	Director of the Company; Executive Vice President, Chief Financial Officer and Secretary of United and the Company
Gary G. Miller	45	Director of United; Assistant Secretary of United and the Company
James T. Callier, Jr.	60	Director of United
Daniel J. Good	54	Director of United

Frederick B. Hegi, Jr.	51	Director of United
Jeffrey K. Hewson	51	Director of United and the Company
James A. Johnson	41	Director of United; Assistant Secretary of United and the Company
Joel D. Spungin	56	Director of United

</TABLE>

Set forth below is a description of the backgrounds of the directors and executive officers of United and the Company. There is no family relationship between any directors or executive officers of United or the Company.

THOMAS W. STURGESS became President and Chief Executive Officer of United and the Company on May 31, 1995 and Chairman of the Board of Directors of United and the Company upon consummation of the Offer. Prior to the Merger, Mr. Sturgess served as Chairman of the Board and Chief Executive Officer of Associated since January 1992 and had been Chairman of the Board and Chief Executive Officer of ASI since December 1994. Mr. Sturgess has served since 1987 as a general partner of various entities affiliated with Wingate Partners ("Wingate entities"), including the indirect general partner of each of Wingate Partners and Wingate II. Mr. Sturgess currently serves as Chairman of the Board of Redman Industries, Inc., a manufactured housing producer ("Redman"), as well as RBPI Holding Corporation, a manufacturer and distributor of aluminum and vinyl windows ("RBPI"). He is a director of Loomis Armored Inc., a provider of armored car and related services ("Loomis"), AmeriStat Mobile Medical Services, Inc., a provider of ambulance services ("AmeriStat"), and Century Products Company, a manufacturer and distributor of baby seats and other juvenile products ("Century Products").

MICHAEL D. ROWSEY was elected to the Board of Directors of United and the Company upon consummation of the Offer and became Executive Vice President of United and the Company upon consummation of the Merger. Prior to the Merger, Mr. Rowsey had been a director of Associated since 1992 and President and Chief Operating Officer of Associated since January 1992. From 1979 to

January 1992, Mr. Rowsey served in various capacities with BCOP, most recently as the North Regional Manager.

STEVEN R. SCHWARZ was elected to the Board of Directors of the Company upon consummation of the Offer and became Executive Vice President of United and the Company upon consummation of the Merger. Prior thereto, he was Senior Vice President, Marketing of United since June 1992 and had previously been Senior Vice President, General Manager, MicroUnited since 1990 and Vice President, General Manager, MicroUnited since September 1989. He had held a staff position in the same capacity since February 1987.

DANIEL H. BUSHELL became Executive Vice President and Secretary of the Company and United on June 27, 1995, and was elected to the Board of Directors of the Company upon consummation of the Offer and became Chief Financial Officer of United and the Company upon consummation of the Merger. Mr. Bushell served as Vice President of the Company and Assistant Secretary of the Company and United from consummation of the Merger until June 27, 1995. Prior thereto, Mr. Bushell had been Chief Administrative and Chief Financial Officer of Associated and ASI since January 1992. From 1978 to January 1992, Mr. Bushell served in various capacities with ACE Hardware Corporation, most recently as Vice President of Finance.

GARY G. MILLER was elected to the Board of Directors of United upon consummation of the Offer and became Assistant Secretary of United and the Company on June 27, 1995. Mr. Miller served as Vice President and Secretary of the Company and United from consummation of the Merger until June 27, 1995. Prior thereto, Mr. Miller had been a director of Associated since 1992 and Vice President and Secretary of Associated since January 1992. Mr. Miller also currently serves as President of Cumberland Capital Corporation ("Cumberland"), a private investment firm which is located in Fort Worth, Texas and is a stockholder of United. In addition, from 1977 to December 1993, Mr. Miller served as Executive Vice President, Chief Financial Officer and a director of AFG Industries, Inc., and its parent company, Clarity Holdings Corp. He is Chairman of the Board of CFData Corp., a nationwide provider of check collection and check verification services and is Vice President, Finance and Administration of Fore Star Golf, Inc., which was formed in 1993 to own and operate golf facilities.

JAMES T. CALLIER, JR. was elected to the Board of Directors of United upon consummation of the Offer. Prior to the Merger, he had been a director of

Associated since 1992. Mr. Callier is an indirect general partner of Wingate Partners, and has served as President of Callier Consulting, Inc., an investment management firm, since 1985. Mr. Callier currently serves as Chairman of the Board of Century Products, as a director of Redman, RBPI and Loomis and as an advisory director of Wingate II.

DANIEL J. GOOD was elected to the Board of Directors of United upon consummation of the Offer. Prior to the Merger, he had been a director of Associated since 1992. Mr. Good is Chairman of Good Capital Co., Inc. ("Good Capital"), a private investment firm and investment advisory firm founded in 1989 and located in Lake Forest, Illinois, which is a stockholder of United. Mr. Good is also Vice Chairman of Golden Cat Corporation, a producer and distributor of cat care products and a producer of industrial absorbent materials. Mr. Good serves on the Board of Directors of Supercuts, Inc. Prior to founding Good Capital, Mr. Good was managing director of the Merchant Banking Group of Shearson Lehman Hutton, Inc.

FREDERICK B. HEGI, JR. was elected to the Board of Directors of United upon consummation of the Offer. Prior to the Merger, he had been a director of Associated since 1992. Mr. Hegi is a general partner of various Wingate entities, including the indirect general partner of each of Wingate Partners and Wingate II. Since May 1982, Mr. Hegi has served as President of Valley View Capital Corporation, a private investment firm. Mr. Hegi also currently serves as Chairman of the Board of Loomis Holding Corporation, the parent corporation of Loomis, Tahoka First Bancorp, Inc., a bank holding company, and Cedar Creek Bancshares, Inc., a bank holding company, and as a director of RBPI, Century Products, Lone Star Technologies, Inc., a diversified company engaged in the manufacturing of steel pipe and in commercial banking services, Cattle Resources, Inc., a manufacturer of animal feeds and operator of commercial cattle feedlots and various funds managed by InterWest Partners.

JEFFREY K. HEWSON served as President and Chief Executive Officer of United and the Company from consummation of the Merger until May 31, 1995. Prior thereto, he was President and Chief Operating Officer of United and the Company since April 1991. He had been Executive Vice President of United and the Company since March 1990. Prior to that, he had been President of ACCO International's U.S. Division since 1989 and President of its Canadian Division since 1987. ACCO International is a manufacturer of traditional office products and a subsidiary of American Brands, Inc., which is a global consumer products holding company.

JAMES A. JOHNSON was elected to the Board of Directors of United upon consummation of the Merger. Prior to the Merger, he had been a director of Associated since 1992. Mr. Johnson is a general partner of various Wingate entities, including the indirect general partner of each of Wingate Partners and Wingate II. From 1980 until he joined Wingate Partners in 1990, Mr. Johnson served as a Principal of Booz-Allen & Hamilton, an international management consulting firm. Mr. Johnson currently serves as a director of Century Products and AmeriStat.

JOEL D. SPUNGIN has served as a member of the Board of Directors of United since 1972 and prior to the consummation of the Offer was a member of the Board of Directors of the Company, and Chairman of the Board of Directors of United and the Company and prior to the Merger was Chief Executive Officer of United and the Company since August 1988. From October 1989 until April 1991, he was also President of United and the Company. Prior to that, since March 1987, Mr. Spungin was Vice Chairman of the Board and Chief Executive Officer of United and the Company. Previously, since August 1981, Mr. Spungin was President and Chief Operating Officer of United and the Company. He also serves as a director of AAR Corp.

Approximately 75% of the Shares expected to be outstanding on the date of this Prospectus are held in a voting trust (the "Voting Trust") pursuant to a Voting Trust Agreement dated as of January 31, 1992 (the "Voting Trust Agreement"). The trustees of the Voting Trust are Thomas W. Sturgess, Frederick B. Hegi, Jr., James A. Johnson, Daniel J. Good and Gary G. Miller. The trustees of the Voting Trust hold all voting power to vote the Shares held in the Voting Trust and may act by a majority vote of the trustees. The trustees agree to vote all Shares in trust to elect a board of directors of United with (i) a least one representative designated by Good Capital, (ii) at least one representative designated by ASI Partners, L.P., the general partner of which is Cumberland, (iii) at least one representative designated by certain key executives (consisting of Messrs. Rowsey, Eberspacher, Schleppe and L. Miller) of United and (iv) such number of directors designated by Wingate Partners as

will represent a majority of the total number of directors. The Voting Trust terminates on January 31, 2002 or upon the consummation of an underwritten public offering of the Shares which meets certain criteria specified in the Voting Trust Agreement. The Voting Trust Agreement does not apply to the election of directors of the Company, although by virtue of the power to elect the directors of United the trustees of the Voting Trust will indirectly have the power to elect the directors of the Company. Officers of United and the Company are elected by their respective Boards of Directors and hold office until their respective successors are duly elected and qualified.

United's Restated Certificate of Incorporation (as hereinafter defined) provides that the Board of Directors of United shall be divided into three classes, each class as nearly equal in number as possible, and each term consistent of three years. The Directors currently in each class are as follows: Class I (having terms expiring in 1996) -- Messrs. Good, Johnson and Hewson; Class II (having terms expiring in 1997) -- Messrs. Sturgess, Hegi and Rowsey; and Class III (having terms expiring in 1998) -- Messrs. G. Miller, Callier and Spungin.

Certain directors of United who are not officers or employees of United or the Company currently receive an annual retainer fee of $18,000, plus a fee of $1,000 for each board meeting attended and a fee of $600 for each committee meeting attended. An additional fee of $250 per committee meeting is

currently paid to the chairman of each committee. When United's business requires an overnight stay for a board or committee meeting, an additional $600 is currently paid. Certain of such fees may be deferred under the Directors' Deferred Compensation Plan. United also has a retirement program for its outside directors who have served at least one year as a director. Under the program, directors are entitled to receive, upon their retirement from the board after the age of 65, 50.0% of their last annual retainer per year of service for those directors with less than seven years of service and 100.0% of their last annual retainer per year of service as a director for those with seven or more years of service. In addition, all directors are reimbursed for travel expenses incurred in attending meetings. United also maintains a term life insurance policy in the amount of $100,000 for the benefit of each director. United is in the process of evaluating the extent to which the fees and other benefits currently received by directors of United and the Company will be retained, modified or terminated for directors of United and the Company after the Merger.

EXECUTIVE COMPENSATION FOR UNITED

Compensation for executive officers of United and the Company is currently governed by plans and other arrangements established by United for the benefit of the employees of both United and the Company. United is in the process of evaluating the extent to which the benefit plans and arrangements and other matters relating to executive compensation described below that were in effect for officers and employees of United and the Company prior to the Merger will be retained, modified or terminated for officers and employees of United and the Company after the Merger.

Compensation Table. The following table sets forth the compensation paid during United's last three fiscal years to the Chief Executive Officer and each of the four most highly compensated officers of United in all capacities in which they served at the end of United's fiscal year ended August 31, 1994.

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION			
					AWARDS			
NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY (1)	BONUS	OTHER ANNUAL COMPEN-SATION (2)	RESTRICTED STOCK AWARDS (4)	OPTIONS (NUMBER OF SHARES)	INCENTIVE PLAN PAYOUTS (5)	ALL OTHER COMPEN-SATION (2)(6)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Joel D. Spungin	1994	$431,667	$ --	$ (3)	$ --	45,000	$41,198	$11,416
Chairman and Chief	1993	420,500	201,344	(3)	--	--	37,683	13,243

Executive Officer	1992	401,975	262,006	--	--	30,000	12,088	--
Jeffrey K. Hewson	1994	309,167	--	(3)	--	38,000	23,169	5,076
President and Chief	1993	286,250	119,074	(3)	--	--	14,283	6,382
Operating Officer	1992	268,750	158,125	--	85,000	50,000	--	--
Ronald W. Weissman	1994	216,500	19,530	(3)	--	--	12,902	5,199
Executive Vice President	1993	213,750	74,810	(3)	--	--	14,833	7,378
	1992	207,500	107,625	--	--	7,500	4,489	--
Allen B. Kravis	1994	188,469	--	(3)	--	21,000	11,451	4,559
Sr. Vice Pres., Chief	1993	175,250	65,260	(3)	--	--	9,834	6,494
Financial Officer	1992	158,583	81,488	--	21,250	25,000	2,105	--
Steven R. Schwarz	1994	181,890	15,818	(3)	--	21,000	9,677	822
Sr. Vice President	1993	169,875	57,279	(3)	--	--	8,226	2,861
	1992	152,250	66,500	--	34,375	15,000	918	--

</TABLE>

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(1) Includes compensation amounts earned during the fiscal year but deferred pursuant to Section 401(k) of the Internal Revenue Code under United's Profit Sharing PluSavings Plan.

(2) Disclosure of "Other Annual Compensation" and "All Other Compensation" is not required for the fiscal year ended August 31, 1992.

(3) No amounts of "Other Annual Compensation" were paid to any named executive officer, except for perquisites and other personal benefits which for each executive officer did not exceed the lesser of $50,000 or 10.0% of such individual's salary and bonus for the indicated fiscal year.

(4) Restricted stock awards are valued at the market price on date of grant. Grants are made under the 1981 Stock Incentive Award Plan, and include tax withholding rights which permit the officer to elect to have shares withheld to satisfy federal, state and local tax withholding requirements when the shares become unrestricted, generally three years after the grant date. Dividends are paid on restricted shares at the same rate paid to all shareholders. On August 31, 1994, Mr. Schwarz held 2,500 shares of restricted stock valued at year-end market value for Shares of $9.50 per share, or a total value of $23,750.

(5) Includes payments from Executive Bonus Plan (as hereinafter defined) of awards earned in prior years payable in three annual installments as shown below. Awards are partly (30.0%) in cash and partly (70.0%) in Share Units (as hereinafter defined) which are converted to and paid out in common stock. Cash payments include earnings on the cash amounts based on United's return on equity or the treasury bill rate. Stock payments are valued at the stock price as of the date of the award of Share Units:

<TABLE>
<CAPTION>

	SPUNGIN	HEWSON	WEISSMAN	KRAVIS	SCHWARZ
<S>	<C>	<C>	<C>	<C>	<C>
1994:					
Cash	$15,789	$8,885	$4,975	$4,402	$3,730
Stock	25,409	14,284	7,927	7,049	5,947
1993:					
Cash	13,224	4,478	5,173	3,328	2,687
Stock	24,460	9,805	9,659	6,506	5,539
1992:					
Cash	5,059	--	1,878	880	386
Stock	7,029	--	2,611	1,225	532

</TABLE>

(6) Includes premiums paid during 1994 for Split Dollar Life, Group Life and Accidental Death insurance policies (Mr. Spungin $11,416, Mr. Hewson $5,076, Mr. Weissman, $5,199, Mr. Kravis $4,559 and Mr. Schwarz $822). United made no contributions to its Profit Sharing PluSavings Plan for the indicated officers during 1994.

Option Grants. Options were granted during United's fiscal year ended August 31, 1994 to all of the executives named in United's Summary Compensation Table on October 22, 1993 and August 24, 1994, all of which were redeemed upon consummation of the Merger. The following table contains information concerning such grants:

OPTION GRANTS DURING LAST FISCAL YEAR

<TABLE>
<CAPTION>

	INDIVIDUAL GRANTS					
NAME	OPTIONS GRANTED (NUMBER OF SHARES) (1)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR (4)	EXERCISE OR BASE PRICE (PER SHARE)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM (5) 5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Joel D. Spungin	25,000(2)	6.2%	$16.25	10/21/99	$138,164	$313,447
	20,000(3)	5.0%	10.00	08/23/98	43,101	92,820
Jeffrey K. Hewson	20,000(2)	5.0%	16.25	10/21/99	110,531	250,757
	18,000(3)	4.5%	10.00	08/23/98	38,791	83,538
Ronald W. Weissman	-0-	--	--	--	--	--
Allen B. Kravis	12,000(2)	3.0%	16.25	10/21/99	66,319	150,454
	9,000(3)	2.2%	10.00	08/23/98	19,396	41,769
Steven R. Schwarz	12,000(2)	3.0%	16.25	10/21/99	66,319	150,454
	9,000(3)	2.2%	10.00	08/23/98	19,396	41,769

</TABLE>

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(1) Options were granted under the 1981 Stock Incentive Award Plan at market price on the date of grant.

(2) Options granted October 22, 1993 became exercisable in four equal annual increments commencing October 21, 1994.

(3) Options granted August 24, 1994 became exercisable in three equal annual increments commencing August 23, 1995.

(4) Based on 401,050 options granted to employees during the fiscal year.

(5) The amounts under the columns labeled "5%" and "10%" are included pursuant to certain rules of the Commission, and are not intended to forecast future appreciation, if any, in the price of the Shares. The actual value of the options will vary in accordance with the market price of the Shares; any such variance will affect all stockholders commensurately.

The following table contains information concerning option exercises during United's fiscal year ended August 31, 1994 by each of the named executive officers and the fiscal year end values:

AGGREGATED OPTION EXERCISES AND FISCAL YEAR-END OPTION VALUES

<TABLE>
<CAPTION>

			NUMBER OF UNEXERCISED OPTIONS AT FISCAL YEAR-END		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END (1)	
NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Joel D. Spungin	--	$ --	88,310	67,800	$6,192	$4,128
Jeffrey K. Hewson	--	--	47,000	71,000	8,310	5,540
Ronald W. Weissman	--	--	71,610	12,500	5,160	3,440
Allen B. Kravis	--	--	44,750	38,000	3,840	2,560
Steven R. Schwarz	--	--	26,450	35,000	3,870	2,580

</TABLE>

- ---

(1) The values given are based on the closing price of the Shares on August 31, 1994 which was $9.50, less the exercise price, before payment of applicable income taxes.

Bonus Plans. A Management Incentive Plan ("MIP") provides annual incentive compensation opportunities to officers and other upper management level participants based on United's performance, region or division performance, and personal performance. Under the MIP, annual targets are set by the Board of Directors and bonuses are awarded under a formula based on percentage attainment of the targets. The incentive awards for the Chief Executive Officer

("CEO"), Chief Operating

Officer ("COO") and Chief Financial Officer ("CFO") are based solely on the earnings performance of United. If United fails to produce minimum targeted results, no incentives are paid to the CEO, COO or CFO. For fiscal year 1994, United failed to meet the targets set by the Compensation Committee; therefore, no bonuses were earned by the executive officers based on United's performance although certain officers (other than the CEO, COO and CFO) did earn bonuses based on personal performance targets.

United's Executive Bonus Plan ("EBP") applied to the Company's officers prior to the Merger. While the EBP provided annual incentive opportunity, it also focuses on long-term results. Annual targets were established by the Compensation Committee measured by return on equity ("ROE") or the treasury bill rate. Bonus awards were made annually, if earned, based on the percentage achievement of targets set, with 50% of the awards deferred and paid over a three-year period. Of the deferred amounts, approximately 30% is in cash to be paid in three annual installments. The deferred cash portion was to increase based on the subsequent ROE performance. The other 70% of the deferred award was converted to "Share Units" having a value equal to the market price of one share of Common Stock. Thus the value of the Share Units rises and falls in response to market fluctuations. The Share Units are converted into Shares upon distribution in three annual increments. For fiscal year 1994, no bonuses were earned under the EBP because United failed to meet the ROE target set by the Compensation Committee.

Based on amendments to the MIP and the EBP completed shortly before the execution of the Merger Agreement, amounts accrued under the EBP in respect of Messrs. Spungin, Hewson, Weissman, Kravis and Schwarz (collectively, the "Protected Employees") were paid out based on United's performance through the date of the consummation of the Offer for the portion of the plan year through the last day of the month in which the Merger occurred and amounts accrued through March 30, 1995 under the MIP in respect of the Protected Employees have not been paid as of June 2, 1995 (such amounts are guaranteed under the Bonus Trust Agreement (as hereinafter defined)). In addition, amounts shall be paid out for the balance of the plan year under the MIP at 100% of the financial targets under that plan. The Bonus Trust Agreement (as hereinafter defined) secures the amount reasonably estimated by United to be owed to the Protected Employees of United with respect to the EBP and MIP with respect to the current fiscal year. The amount of the bonus under the MIP for the post-Merger remainder of the current fiscal year was established at 100% of the bonus opportunity for each of the Protected Employees. The amount of the bonus to which each Protected Employee was entitled for the pre-Merger portion of the current fiscal year was established, in accordance with the terms of the MIP, at 150% of the bonus opportunity under such plan. These bonus payments are expected to be made by the trustee under the Bonus Trust Agreement on or before October 1995. Following the payment of all bonuses, the trust created by the Bonus Trust Agreement shall terminate.

United adopted a severance plan for the officers of the Company shortly before the execution of the Merger Agreement which provides a severance payment of one year's base salary if an officer is terminated without cause or leaves after remaining for the full transition period requested by United.

Prior to the consummation of the Offer, United, as settlor, entered into an irrevocable trust agreement (the "Benefits Trust Agreement") with American National Bank and Trust Company of Chicago, as trustee (the "Benefits Trustee"). The Benefits Trust Agreement secures the payment of all amounts owed to certain employees under their amended employment contracts, certain obligations of United to provide post-employment medical benefits, certain severance benefits to former employees, and related costs. Under the terms of the Benefits Trust Agreement and the Merger Agreement, United has caused an irrevocable letter of credit in the initial amount of $24.0 million to be furnished to the Benefits Trustee by Chase Bank. Each compensation or benefit payment by the Benefits Trustee reduces the amount of the letter of credit. To the extent that United makes payments of compensation and benefits covered by the Benefits Trust Agreement or otherwise satisfies its obligation to these current and former employees (or, in some cases, their eligible dependents or surviving beneficiaries) and obtains a waiver from such persons, the letter of credit will be reduced as provided in such waiver.

Prior to the consummation of the Offer, United, as settlor, entered into an irrevocable trust agreement (the "Bonus Trust Agreement") with the Benefits Trustee. The Bonus Trust Agreement secures the amount reasonably estimated by United to be owed to certain employees for amounts accrued and to be accrued under the MIP. Under the terms of the Bonus Trust Agreement, United has caused an irrevocable letter of credit in the amount of approximately $3.4 million (the "Bonus LOC") to be furnished by Chase Bank to the Benefits Trustee. The Benefits Trustee will draw on the Bonus LOC (without the necessity of a default by United) on October 16, 1995 to make distributions to trust beneficiaries for amounts accrued through the date of the Merger under United's MIP, unless such amounts have been previously paid. After this one-time distribution, the trust will be closed.

Spungin Employment Contract. Prior to the execution and delivery of the Merger Agreement, Joel D. Spungin had an employment and consulting agreement under which Mr. Spungin was to be employed at a salary of not less than $425,000, plus participation in all bonus, stock options and other benefit plans generally available to executive officers of United.

United has amended the employment agreement with Mr. Spungin, effective as of the consummation of the Offer. On March 20, 1995, Mr. Spungin resigned his offices with United and was relieved of all duties thereto, except that he remains an employee of United, and shall, subject to nomination and election, serve as a member of the Board of Directors of United. His term of employment will continue until August 31, 1995, unless terminated by either Mr. Spungin or United. Mr. Spungin will continue to be paid his current employee benefits and salary until August 31, 1995. On September 1, 1995, Mr. Spungin shall become an executive consultant to United for a period of 11 years in accordance with the terms of his amended employment agreement. Mr. Spungin will act as a consultant to Thomas W. Sturgess, chairman of the board of directors of United and the Company, through August 31, 1996, and will continue to serve on the board of directors of United, for which he will receive no additional fees. United shall pay the sum of $2,276,209 to Mr. Spungin on September 1, 1995, and for the period of September 1, 1995 through August 31, 1996, United shall pay Mr. Spungin $530,000 in equal or nearly equal monthly installments. Beginning on September 1, 1996 and continuing until the end of the consulting term, United shall make a monthly payment of approximately $34,269.63 to Mr. Spungin amounting to a total of $6,918,565.

Mr. Spungin and his spouse will receive coverage under United's present medical plan for their lives, subject to a $1,000,000 lifetime maximum payment limit in the aggregate for each of them. United is not permitted to terminate such coverage without also terminating United's medical plan. If Mr. Spungin or his spouse lose their medical coverage on account of a termination of United's medical plan or United's failure to provide such medical coverage, (i) United will pay premiums not to exceed, in the aggregate, $242,701 (such amount shall not be applied against the $1,000,000 per person lifetime maximum) for individual insurance coverage until Mr. Spungin and his spouse become eligible for Medicare, (ii) United will pay premiums for Medicare supplemental policies for the remainder of their lives (such amount shall not be applied against the $1,000,000 per person lifetime maximum) and (iii) at any time Mr. Spungin and his spouse are not reimbursed for medical expenses under such individual insurance policies, United will pay or reimburse such medical expenses incurred by Mr. Spungin and his spouse up to a $1,000,000 lifetime maximum payment for each of them. If United fails to obtain an individual insurance policy within 30 days after termination of United's medical plan, it shall then pay Mr. Spungin the sum of $242,701 in addition to expenses which may be paid under his $1,000,000 million lifetime maximum benefit referred to in clause (iii) above. United's obligation to provide such medical payments may be satisfied by payments made under the Benefits Trust Agreement.

A failure by Mr. Spungin to render services to United or his disability shall not cause a forfeiture of his entitlement to any amount or benefit under his employment agreement. Upon Mr. Spungin's death, his spouse shall receive the remainder of the salary and consulting payments due.

If United breaches any of its obligations to Mr. Spungin, he may resign and remain entitled to the amounts under his employment agreement. Further, if United fails to make any payment to which Mr.

Spungin is entitled when due, all the unpaid consulting payments and fringe benefits shall become payable immediately. Substantially all of United's obligations are secured by the Benefits Trust Agreement.

Hewson Employment Contract. Mr. Hewson resigned as President and Chief Executive Officer of United and the Company on May 31, 1995. Effective as of the consummation of the Offer, United amended the employment agreement with Mr. Hewson to, among other matters, reduce his term of employment to not more than one year, eliminate his consulting term and provide for additional bonuses. In recognition of Mr. Hewson's efforts prior to the consummation of the Offer and his expected responsibilities following the consummation of the Offer, United agreed to make a single payment of $875,000 to Mr. Hewson on September 26, 1995 (180 days after the consummation of the Offer). On the expiration of Mr. Hewson's term of employment, he became entitled to receive an aggregate amount equal to $1,575,000, which, except in limited circumstances, will commence with an initial payment of $650,370 and the remainder payable monthly in equal installments of $26,418.

Mr. Hewson and his spouse (and their eligible dependent children) became entitled, upon the termination of Mr. Hewson's employment, to post-employment medical coverage under United's medical plan until he reaches age 65 and his spouse will also continue to be covered until she reaches age 65, subject to a $1,000,000 maximum benefit payment limit, in the aggregate. United is not permitted to terminate such coverage without also terminating United's medical plan. If such plan is terminated, Mr. Hewson will be entitled to receive until age 65 (but for not more than 18 months) (i) monthly payments equal to the conversion premium under such plan and (ii) reimbursements for medical expenses not covered by any insurance policy up to an aggregate of $300,000 for Mr. Hewson and his eligible dependents, subject to an aggregate limit of $700,000 for all officers referred to as "contract officers" under the medical plan.

Other Executive Employment Contracts. Prior to the execution and delivery of the Merger Agreement, employment and consulting agreements were also entered into with Ronald W. Weissman, Allen B. Kravis, Steven R. Schwarz, Robert H. Cornell, Otis H. Halleen, Jerold A. Hecktman and Ted S. Rzeszuto. The agreements generally provide for annual compensation of not less than the officer's salary at the time the employment agreement was made, plus participation in all bonus, stock option and other benefit plans generally available to executive officers of United. The existing employment agreements with Messrs. Schwarz, Cornell, Halleen, Hecktman and Rzeszuto were amended or restated, effective as of the consummation of the Offer to, among other matters, reduce the term for which United is obligated to employ these officers and to encourage these officers not to voluntarily resign during the transitional period following the consummation of the Offer. Existing letters describing Ergin Uskup's terms of employment have been substituted by a new employment agreement which is intended to encourage Mr. Uskup not to voluntarily resign for the one-year period following the consummation of the Offer.

Each amendment provides that the term of employment shall be limited to one year following the consummation of the Offer unless, within 30 days after the consummation of the Offer, United notifies the officer of an earlier date of termination. Further, each amendment eliminates the four-year consulting term previously included in the employment agreements. Upon completion of the term of employment, each officer (other than Mr. Uskup) shall be entitled to a bonus equal to two times his highest annual compensation (including salary, retirement benefit accruals and incentive compensation) paid or accrued during the preceding five years, except the officer shall not be entitled to such bonus if he voluntarily resigns without good reason (as defined in the employment agreement, as amended) or is terminated by United for breach of a fiduciary duty to United. Upon completion of his term of employment, Mr. Uskup shall be entitled to receive a bonus equal to his annual salary. The stay bonuses

are secured as an obligation of the trust under the Benefits Trust Agreement. Jeffrey K. Hewson, Steven R. Schwarz, Robert H. Cornell, Otis H. Halleen, Ted S. Rzeszuto, Jerold A. Hecktman and Ergin Uskup are entitled to receive stay bonuses of $1,575,000, $678,227, $602,985, $589,210, $511,297, $492,050 and $175,000, respectively. The aggregate amount of stay bonuses under all amendments to the employment agreements is $5,520,066.

As to certain current and former officers, amendments preclude United from eliminating their eligibility for retiree medical coverage under United's medical plan so long as United maintains such plan. In the event such medical plan is terminated, United shall provide each officer with a monthly amount equivalent to the current monthly premium under United's group medical plan to

convert to an individual medical policy for a period not to exceed 18 months. This transition medical coverage also applies to Melvin L. Hecktman, James A. Pribel and certain former employees currently entitled to retiree medical coverage. In addition, for not more than 18 months, the covered officers and their eligible dependents would be entitled to reimbursement of medical expenses which are not covered by such individual medical policy or other medical insurance, up to an aggregate of $300,000 for each such officer and his dependents, subject to an aggregate limit of $700,000 for all of the covered officers and their dependents.

The amendments also update the employment agreements to reflect the salary and employee benefits to which the officers are currently entitled. The amendments also set forth a procedure for an officer to exercise his right to resign for good reason (as defined in the employment agreement, as amended) or for United to terminate his employment for a breach of his fiduciary duty.

Profit Sharing PluSavings Plan. United has a qualified Profit Sharing PluSavings Plan (the "Profit Sharing Plan") in which all salaried employees and certain hourly paid employees of United and its subsidiaries are eligible to participate following completion of six consecutive months of employment. The Profit Sharing Plan provides for annual contributions by United in an amount determined by the Board of Directors of United. The Profit Sharing Plan consists of a "Basic Contribution," "Excess Contribution" and "Matching Contributions." The Basic Contribution is allocated based on the ratio of each participant's earnings to the earnings of all participants for the year. Allocations under the Excess Contribution are based upon participants' earnings in excess of 85% of the Social Security Taxable Wage Base. The portion vested under the Basic Contribution described above will be immediately fully vested in the participant's account. The portion described under the Excess Contribution vests 10% each year for the first four years and 20% per year thereafter, until fully vested after seven years. Upon retirement, death or disability, a participant or his beneficiary is entitled to the entire amount of his account. A participant whose employment terminates for any reason other than retirement, death or disability is entitled to only the vested portion of his account. The plan also permits employees to have contributions made as 401(k) salary deferrals on their behalf and to make after-tax voluntary contributions.

United did not make any contribution to the Profit Sharing Plan for the year ended August 31, 1994 (except for the Matching Contributions described below).

The Profit Sharing Plan provides that United may match employee contributions made as 401(k) salary deferrals. United is contributing $.25 for each $1.00 of pre-tax employee contributions, on contributions up to 4% of eligible wages. For the fiscal year ended August 31, 1994, United paid $494,347 in matching contributions.

Pension Plans. United maintains a noncontributory pension plan covering officers of United and the Company (the "Pension Plan"). Employees are eligible to participate following the conclusion of twelve consecutive months of employment and the attainment of age 21. The Pension Plan provides for annual retirement benefits at age 65 equal to one percent of an employee's career-average annual

compensation (as reported to the Internal Revenue Service) multiplied by the number of years of credited service up to a maximum of 40 years; however, an employee's annual compensation for each year of service prior to September 1989, is deemed to be the compensation earned by such employee during the twelve month period ending on August 31, 1989. An employee's pension rights fully vest after five years of service. These benefits are in addition to normal Social Security retirement benefits. Alternative benefit options of early retirement, joint and survivor annuity, and disability are also available. All such options are of actuarially equivalent value to the basic pension. The normal retirement age under this plan is 65.

The following table sets forth the estimated annual benefits upon retirement at age 65 under the Pension Plan to the five executive officers individually named in United's Summary Compensation Table (calculated on the basis of estimated years of service at retirement age and levels of compensation paid in calendar year 1994, assuming 5.5% compounded annual increases):

<TABLE>
<CAPTION>

ESTIMATED

NAME OF PARTICIPANT	ANNUAL PENSION AT RETIREMENT
<S>	<C>
Joel D. Spungin	$150,493
Jeffrey K. Hewson	37,607
Ronald W. Weissman	65,071
Allen B. Kravis	43,813
Steven R. Schwarz	85,042

</TABLE>

As of August 31, 1994, the credited years of service under the Pension Plan for the five individuals named were as follows: Mr. Spungin, 36 years; Mr. Hewson, 4 years; Mr. Weissman, 26 years; Mr. Kravis, 19 years and Mr. Schwarz, 17 years.

United's contributions to the Pension Plan are not allocated to the accounts of the individual participants.

In connection with the Merger, the Pension Plan was amended to provide that the actuarial factors employed by the plan may not be adjusted in a manner that would reduce lump sum benefits payable under the Pension Plan.

United also maintains a number of retirement benefit plans for its employees who are covered under collective bargaining agreements.

Supplemental Benefits Plan. The Board of Directors of United has adopted a nonqualified unfunded program ("Supplemental Benefits Plan") to provide for the payment to individuals of benefits which would otherwise be payable under United's Pension Plan and Profit Sharing Plan but which may not be paid under such plans due to limits imposed by Sections 401(a)(17) and 415 of the Internal Revenue Code. In addition, the plan also provides that a participant in the plan who has reached 40 years of service and age 65, but continues as an employee (for example, under a consulting agreement) would be able to elect to receive, upon retirement, the lump sum amount to which he or she would have been entitled had retirement begun at age 65. As of September 1, 1994, Messrs. Spungin, Hewson, Weissman, Kravis and Schwarz would be entitled to receive potential annual pension payments, pursuant to the Supplemental Benefits Plan, of approximately $93,089, $109,434, $4,303, $17,625 and $79,031 respectively, commencing at normal retirement age.

Amendments to Medical Plan. United amended its medical plan shortly before the execution of the Merger Agreement. United's medical plan was amended to generally provide that: (i) the plan cannot be changed or terminated with respect to certain designated officers or early retirees; and (ii) certain designated officers (upon termination of employment) and early retirees and their spouses can continue

to participate in the medical plan until age 65 under the same general terms and conditions applicable to active employees, subject to an aggregate maximum benefit limit of $250,000 for each early retiree and $1,000,000 for certain designated officers. The medical plan was also amended to provide that, in the event of its termination, United will provide certain funds to designated individuals for a specified period of time for the purpose of (i) obtaining health insurance; and (ii) reimbursing such individuals for medical expenses in the event of their uninsurability or catastrophic illness.

Compensation Committee Interlock and Insider Participation. Compensation decisions for executive officers of United and the Company for the fiscal year ending August 31, 1994 were made by the compensation committee of the Board of Directors of United consisting of E. David Coolidge III (Chairman), Jack J. Crocker, David R. Smith, Jack Twyman and, upon the retirement of Jack J. Crocker in January 1994, Douglas K. Chapman. None of such persons was during such fiscal year, or was formerly, an officer or employee of United or the Company. Mr. Coolidge is the Managing Partner of William Blair & Company, which from time to time has rendered investment banking and related services to United, for which United has paid customary fees. After the Merger, the Company does not expect to have a compensation committee or other committee of the Board of Directors of United or the Company performing similar functions. Decisions concerning compensation of executive officers are expected to be made by the Board of Directors of the Company which will include Thomas W. Sturgess, Daniel H. Bushell and Michael D. Rowsey, each of whom is an executive officer of United and the Company.

EXECUTIVE COMPENSATION FOR ASSOCIATED

Cash Compensation. The following table sets forth all cash compensation paid by ASI, as well as certain other compensation paid as accrued, during Associated's last three fiscal years to the Chief Executive Officer and each of the four most highly compensated officers of Associated in all capacities in which they served at the end of Associated's fiscal year ended December 31, 1994.

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

NAME AND PRINCIPAL POSITION	FISCAL YEAR	ANNUAL COMPENSATION SALARY	BONUS	OTHER ANNUAL COMPENSATION	ALL OTHER COMPENSATION(1)
<S>	<C>	<C>	<C>	<C>	<C>
Thomas W. Sturgess(2)...	1994	$ 0	$ 0	$ 0	$ 0
Chairman of the Board and	1993	0	0	0	0
Chief Executive Officer	1992	0	0	0	0
Edward R. Simon, Jr.(3).	1994	171,358	0	--(4)	1,750
Former Chairman of the Board	1993	291,684	0	100,744(5)	4,290
and Chief Executive Officer of ASI	1992	0	0	0	0
Michael D. Rowsey.....	1994	211,752	85,000	--(4)	3,220
President and Chief	1993	209,748	0	--(4)	4,447
Operating Officer	1992	186,758	15,000	51,310(5)	2,537
Daniel J. Schleppe.....	1994	184,848	36,969	--(4)	2,812
Vice President	1993	183,318	0	0	3,883
	1992	163,834	7,500	0	2,221
Daniel H. Bushell.....	1994	181,728	80,000	--(4)	2,764
Chief Administrative Officer and	1993	179,730	0	0	3,803
Chief Financial Officer	1992	155,848	15,000	--(4)	2,156
Robert W. Eberspacher...	1994	169,074	42,585	21,997(6)	2,572
Vice President	1993	163,668	0	0	3,460
	1992	145,608	9,000	55,038(5)	1,967

</TABLE>

(1) Reflects (a) term life insurance premiums paid by Associated on behalf of such individuals and (b) amounts contributed on behalf of such individuals to the Associated Profit Sharing and Savings Plan.
(2) Mr. Sturgess was elected Chairman of the Board and Chief Executive Officer of Associated effective January 1992. Although Mr. Sturgess did not receive a salary for his services to Associated, he serves as a general partner of various Wingate entities including the indirect general partner of Wingate Partners. Wingate Partners earned annual management fees from Associated of $350,000, $210,000 and $320,833 with respect to fiscal years 1994, 1993 and 1992, respectively, for providing management services to Associated pursuant to an Investment Banking Fee and Management Agreement described below under "Certain Transactions -- Management Agreements." None of the compensation received by Mr. Sturgess from Wingate Partners is specifically allocated based upon services provided by him to Associated.
(3) Mr. Simon resigned as Chairman of the Board and Chief Executive Officer of ASI effective December 18, 1994.
(4) Amounts do not exceed the lesser of $50,000 or 10.0% of the individual's salary and bonus for the indicated fiscal year.
(5) Amounts represent relocation expenses paid by Associated on behalf of such executives.
(6) Includes $1,997 and $20,000 paid by Associated as reimbursement for spousal travel expenses and club membership dues, respectively, on behalf of Mr. Eberspacher.

Employment Agreements. Prior to the consummation of the Merger, Associated entered into employment agreements with the following former executive officers of Associated pursuant to which such executives have agreed to serve in the capacities and for the salaries listed below. Such employment agreements are now obligations of United.

<TABLE>
<CAPTION>

EMPLOYEE	POSITION	SALARY
<C>	<S>	<C>
Michael D. Rowsey.....	President and Chief Operating Officer of Associated and ASI	$200,000
Daniel J. Schleppe.....	Executive Vice President of Associated and ASI	175,000
Daniel H. Bushell.....	Chief Administrative and Chief Financial Officer of Associated and ASI	170,000
Robert W. Eberspacher...	Vice President, Northern Operations of ASI	155,000
Duane J. Ratay.....	Vice President, Corporate Operations of ASI	125,112
Lawrence E. Miller.....	Vice President of Marketing of ASI	125,000

</TABLE>

Such salaries are subject to increase at the discretion of the Board of Directors of United. In addition, the agreements provide for payment of an annual bonus to such executives, based on the performance of United and such executive's performance, in such amount, if any, as determined in good faith by the Board of Directors of United. The agreements were initially scheduled to terminate on January 31, 1995, but by their terms have been extended on a year to year basis until terminated in writing by either party at least sixty (60) days prior to the end of such term. If, prior to expiration, such employee's employment is terminated by United other than for cause, such executive will be entitled to a continuation of base salary and benefits for one year after termination.

Stock Option Plan. Associated adopted the Associated Holdings, Inc. 1992 Management Stock Option Plan (the "Management Stock Option Plan") pursuant to which incentive and non-qualified stock options could be issued to certain of its officers, key employees and directors. A total of 86,735 shares of Associated Common Stock was reserved for issuance under the Management Stock Option Plan. In connection with the Merger, United assumed all of the obligations of Associated under the Management Stock Option Plan, with an aggregate of 202,962 Shares being authorized for issuance under the plan.

The Management Stock Option Plan, as amended, is administered by the Board of Directors of United, although the plan provides that the Board of Directors of United may designate an option committee to administer the plan. Options outstanding under the Management Stock Option Plan as of the Merger Date became exercisable for a number of Shares equal to the number of such Shares that would have been received in respect of such option if it had been exercised immediately prior to the Effective Time. See "The Acquisition."

Under the Management Stock Option Plan, certain executive officers, key employees and directors are eligible to receive incentive and non-qualified options to purchase shares of Associated Common Stock. Subject to restrictions contained in the Management Stock Option Plan, stock options are exercisable at such time and on such terms as the Board of Directors of Associated determined. The exercise price of any option granted pursuant to the Management Stock Option Plan is not permitted to be less than the fair market value per Share on the date of grant, as determined by the board of directors of United. Subject to certain additional limitations, no option by its terms was permitted to be exercisable after the expiration of ten years from the date of grant, or such other period (in the case of non-qualified options) or such shorter period (in the case of incentive options) as the Board of Directors of United in its sole discretion may determine. Stock options are not transferable, except by legal will and by the laws of descent and distribution.

An optionee under the Management Stock Option Plan must pay the full option price upon exercise of an option (i) in cash, (ii) with the consent of the Board of Directors of United, by delivering Shares already owned by such optionee (including Shares to be received upon exercise of the option) and having a fair market value at least equal to the exercise price or (iii) in any combination of the foregoing. United may require the optionee to satisfy federal tax withholding obligations with respect to the exercise of options by (i) additional withholding from the employee's salary, (ii) requiring the optionee to pay in cash or (iii) reducing the number of Shares to be issued (except in the case of incentive options).

As of the date of this Prospectus, options to purchase an aggregate of 105,047 Shares subject to the terms and conditions of the Management Stock Option Plan are outstanding. In addition, in accordance with the terms of Executive Stock Purchase Agreements ("Executive Purchase Agreements") pursuant to which Messrs. Rowsey, Schleppe, Eberspacher and L. Miller purchased shares of Associated Common Stock and Associated Class A Preferred Stock and which United assumed in the Merger, United is obligated to issue options exercisable for an aggregate of 72,248 Shares to such executives by January 31, 1996 so long as such executives continue to be employed by the Company at the time of issuance. Accordingly, United has reserved an additional 72,248 Shares for issuance upon exercise of options to be granted in accordance with the Executive Purchase Agreements. The outstanding options have an exercise price of $2.90 per Share and vest in four equal annual installments beginning on the first anniversary of the date of grant. Of the options granted under the Management Stock Option Plan, options representing an aggregate of 77,306 Shares have been granted to the named executive officers of Associated, as follows:

<TABLE>
<CAPTION>

NAME	EMPLOYEE STOCK OPTIONS (NUMBER OF SHARES)
<S>	<C>
Michael D. Rowsey	22,254
Daniel J. Schleppe	18,928
Daniel H. Bushell	18,928(1)
Robert W. Eberspacher	17,196

</TABLE>

(1) Does not include the additional option approved by the Board of Directors of Associated described below.

The above options were granted effective January 31, 1992. The number of Shares subject to such options are subject to reduction to the extent Wingate Partners and its affiliates do not achieve certain internal rates of return on their investment in United and, unless certain internal rates of return to Wingate Partners and its affiliates are met, such options automatically terminate (and any Shares previously acquired on exercise of such options are deemed canceled). Such options terminate in any event on January 31, 1999.

Prior to the consummation of the Offer, the Board of Directors of Associated approved (i) the grant of an additional option exercisable for an aggregate of 18,928 Shares at an exercise price of $2.90 per Share to Mr. Bushell and (ii) the establishment of a bonus pool consisting of an aggregate of up to $150,000 which was awarded to Messrs. Rowsey and Bushell in connection with the consummation of the Offer.

Compensation Committee Interlocks and Insider Participation. During Associated's fiscal year ended December 31, 1994, Associated had no Compensation Committee or other committee of the Board of Directors performing similar functions. Decisions concerning compensation of executive officers were made during such fiscal year by the Board of Directors of Associated, which included Thomas W. Sturgess and Michael D. Rowsey, each of whom was an executive officer of Associated.

CERTAIN TRANSACTIONS

CERTAIN AGREEMENTS REGARDING THE SHARES

In connection with the Boise Transaction in 1991, Messrs. Rowsey, Schleppe, Eberspacher and L. Miller purchased shares of Associated Common Stock pursuant to the Executive Purchase Agreements, which agreements, as now in effect after the Merger, (i) require, under certain circumstances, that United issue options exercisable for an aggregate of 72,248 Shares by January 31, 1996 to such executives (see "Management -- Executive Compensation for Associated -- 1992 Stock

Option Plan"), (ii) allow each executive to cause United to repurchase (subject to cash availability and lending restrictions) such executive's Shares in the event of such executive's death, retirement or disability at the fair market value thereof at the time of repurchase and (iii) enable United to repurchase an executive's Shares upon such executive's death, retirement, disability or termination of employment at the net book value thereof at the date of such termination.

Associated, Wingate Partners, Cumberland, ASI Partners, L.P., Good Capital, Boise Cascade Corporation ("Boise Cascade") and certain other holders of Associated Common Stock (including Messrs. Rowsey, Schleppe, Eberspacher and L. Miller) entered into the Associated Holdings, Inc. Stockholders Agreement, dated as of January 31, 1992 (the "Stockholders Agreement"), which was terminated as of the date of the Merger. The Stockholders Agreement provided for, among other things, certain restrictions on transfer of Shares held by the parties to the agreement and preemptive rights with respect to certain issuances by United of Shares. Pursuant to the Stockholders Agreement, parties thereto purchased Associated Common Stock offered in connection with the Offer. See "Financing the Acquisition -- Equity Investment."

Also in connection with the Boise Transaction, Associated, on January 31, 1992, entered into a registration rights agreement (the "Stockholders Registration Rights Agreement") with Wingate Partners, Cumberland, ASI Partners, L.P., Good Capital, Boise and certain other holders of Associated Common Stock (including Messrs. Rowsey, Schleppe, Eberspacher and L. Miller) pursuant to which it granted to such stockholders certain rights with respect to registration under the Securities Act of shares of Associated Common Stock held by them. United assumed the obligation of Associated under the Stockholder Registration Rights Agreement by operation of law in connection with the Merger and such agreement has been amended accordingly. Under the amended agreement, a holder of 20.0% of the Shares subject to the agreement can, in certain circumstances, require United to effect up to three registrations of all or part of such holder's Shares. United is not required to honor any request to register Shares if the request is received either prior to March 30, 1996 or less than 300 days following the effective date of any previous registration statement filed in connection with any such request. Upon receipt of a written request to register a holder's Shares, United must send notice to the other holders subject to the agreement and permit them to also request to have their respective Shares registered under the Securities Act. Registrations effected at the request of the holders will be at the expense of United (excluding underwriting discounts and commissions).

Prior to the Merger, substantially all shares of Associated Common Stock were held in the Voting Trust pursuant to the Voting Trust Agreement. As of the Effective Time, the Voting Trust Agreement was amended to govern Shares held by the parties thereto in substantially the same manner as such agreement previously governed shares of Associated Common Stock. The trustees of the Voting Trust are Thomas W. Sturgess, Frederick B. Hegi, Jr., James A. Johnson, Daniel J. Good and Gary G. Miller. The trustees of the Voting Trust hold all voting power to vote the Shares held in the Voting Trust and may act by a majority vote of the trustees. The trustees agree to vote all of the Shares held in trust to elect a board of directors of United with (i) a least one representative designated by Good Capital, (ii) at least one representative designated by ASI Partners, L.P., the sole general partner of which is Cumberland (iii) at least one representative designated by certain former key executives (consisting of Messrs. Rowsey, Eberspacher, Schleppe and L. Miller) of Associated and (iv) such number of directors that will represent a majority of the total number of directors designated by Wingate Partners. Except with respect to Boise Cascade, the Voting Trust terminates on January 31, 2005 or upon the consummation of an underwritten public offering of the Shares which meets certain criteria specified in the Voting Trust Agreement. Boise Cascade's rights and obligations under the Voting Trust Agreement will terminate on March 30, 1997. The Voting Trust Agreement does not apply to the election of directors of the Company. Officers of United and the Company are elected by their respective boards of directors and hold office until their respective successors are duly elected and qualified.

BOISE WARRANTS

In connection with the Boise Transaction, Associated entered into a warrant agreement with Boise Cascade pursuant to which it issued to Boise Cascade warrants (the "Boise Warrants") entitling the holder thereof to acquire an aggregate of 23,129 shares of Associated Common Stock for an exercise price of

$1.00 per share. Associated amended the Boise Warrants prior to the Merger Date to apply to the Shares in the same manner as they formerly applied to Associated Common Stock. Accordingly, the holder thereof is presently entitled to acquire an aggregate of 77,104 Shares for an exercise price of $0.29 per Share. The following is a summary of the material terms of the Boise Warrants:

The Boise Warrants contain customary antidilution provisions and are exercisable through January 31, 2002. In addition, United is entitled to repurchase the Boise Warrants at any time after the repurchase or redemption of all outstanding shares of Series B Preferred Stock at an aggregate purchase price which would provide Boise Cascade with a yield from issue of at least 15% on its investment in the Series B Preferred Stock (including the related preferred stock of Associated prior to the Merger), giving effect to dividends received by Boise Cascade.

The Boise Warrants provide the holders with certain "tag along rights" which entitle such holders to participate, on a pro rata basis, in certain sales of Shares by Wingate Partners, Cumberland, Good Capital or any other controlling stockholder of United. Pursuant to the Boise Warrants, Wingate Partners has been granted certain "go along rights" which are triggered (subject to certain exceptions) in the event (i) Wingate Partners sells 100% of its equity interest in United in a private offering, (ii) all or substantially all of the assets of United are sold and the proceeds of such sale are distributed to the stockholders of United or (iii) United participates in a merger or consolidation. In the event Wingate Partners exercises its "go along rights" in connection with the occurrence of one of the events described above, each holder of Boise Warrants would become obligated to sell all Boise Warrants and Shares held by such holders in the applicable transaction and to vote all Shares in favor of such transaction.

The holders of the Boise Warrants are entitled, pursuant to the terms of the Boise Warrants, to preemptive rights with respect to certain issuances of Shares by United. The Boise Warrants also contain certain covenants and agreements with respect to, among other things, (i) transactions with affiliates (other than certain specified transactions with Wingate Partners, Cumberland and Good Capital), (ii) certain mergers, reorganizations, recapitalization and other events with respect to the Shares, (iii) the repurchase or redemption of Shares, (iv) changes of the fiscal year of United, (v) the taking of actions that would cause United or any subsidiary of United to own less than 80% of any subsidiary of United, (vi) delivery of financial statements of United, (vii) board observation rights for meetings of the Boards of Directors of United and its subsidiaries and (viii) indemnification. Associated obtained the consent of Boise Cascade to the consummation of the Offer, the Merger and the transactions contemplated thereby. In connection with the issuance of the Boise Warrants, Associated entered into the Stockholder Registration Rights Agreement with the holders of the Boise Warrants among others.

LENDER WARRANTS

In connection with the Boise Transaction, Associated entered into a warrant agreement with CMIHI (the "Lender Warrant Agreement") pursuant to which it issued to CMIHI and certain of Associated's senior lenders warrants (the "Lender Warrants") entitling the holders thereof to acquire an aggregate of 150,340 shares of Associated Common Stock (or, at such holder's option, nonvoting common stock of Associated) for an exercise price of $0.01 per share. The Lender Warrants were issued in two tranches representing an aggregate of 34,694 shares of Associated Common Stock (the "Tranche A Warrants") and 115,646 shares of Associated Common Stock (the "Tranche B Warrants"), respectively.

In connection with the purchase by Associated of Lynn-Edwards in 1992, the Tranche B Warrant holders received additional Tranche B Warrants exercisable for an additional 39,878 shares of Associated Common Stock. In addition, an antidilution adjustment mechanism in the Lender Warrant Agreement caused the holders of the Tranche A and Tranche B Warrants to be entitled to purchase an additional 2,017 and 9,040 shares of Associated Common Stock, respectively, on a pro rata basis as an adjustment relating to the issuance of shares of Associated Common Stock to Boise.

The Tranche A and Tranche B Warrants were assumed by United upon consummation of the Merger and now allow the holders thereof to acquire an aggregate of 122,316 and 549,644 Shares (or, at such holder's option, shares of Nonvoting Common Stock), respectively, at an exercise price of $0.0029 per share;

provided, however, that the exercise price shall never be less than par value of the Shares or Nonvoting Common Stock, as applicable. Prior to the Merger, Wingate Partners, Wingate II, Wingate Affiliates, L.P., Wingate Affiliates II, L.P. and Daniel J. Good purchased from one of Associated's former senior lenders Tranche A and Tranche B Warrants exercisable for an aggregate of 238,795 Shares for an aggregate of approximately $1.7 million.

The following is a summary of the material terms of the Lender Warrants:

The Lender Warrants contain customary antidilution provisions and are exercisable through January 31, 2001. In addition, United is entitled to repurchase the Lender Warrants at any time after January 31, 1999 at the greater of the then fair market value of the Shares (less the applicable exercise price for the Lender Warrants) or the Equity Value (which is defined generally as (i) five times United's and its consolidated subsidiaries' earnings before interest, taxes and depreciation and amortization minus (ii) non-convertible debt of United and its consolidated subsidiaries minus (iii) preferred stock of United plus (iv) cash and cash equivalents). In the event United repurchases Lender Warrants or Shares pursuant to the call option granted under the Lender Warrants and, within twelve months after the date of such repurchase, United, any subsidiary of United, or Wingate Partners, Cumberland or Good Capital or their subsidiaries, or affiliates (but excluding any limited partners of Wingate Partners as such) or associates has entered into any contract relating to a merger of United or sale of all or substantially all of the assets of United or any subsidiary of United (a "Look Back Event"), then United is required to make a payment to each holder whose Lender Warrants or Shares were repurchased in an amount generally equal to (i) the excess of the fair market value of the consideration received by United, the subsidiaries and the stockholders of United (on a per share basis) in connection with the Look Back Event over (ii) the sum of (a) the amount paid to such holder pursuant to the exercise by United of its call option plus (b) imputed interest on such amount through the date of repurchase at the base rate under United's existing senior credit agreement.

The Lender Warrants also contain certain put rights which require United to repurchase such Lender Warrants upon the earlier of January 31, 1997 or the occurrence of certain extraordinary corporate events. The purchase price payable by United or the Company upon the exercise of the put rights is the greater of the then fair market value of the Shares (less the applicable exercise price of the Lender Warrants) or the Equity Value. Because Associated refinanced all of its existing indebtedness in connection with the Acquisition (including its indebtedness under old Associated Term Loans), the Lender Warrants were amended to provide that no put rights may be exercised thereunder until February 10, 1996.

The Lender Warrants provide the holders with certain "tag along rights" which entitle such holders to participate, on a pro rata basis, in certain sales of Shares by Wingate Partners, Cumberland, Boise Cascade, Good Capital or any of their subsidiaries, affiliates (but excluding any limited partners of Wingate as such) or associates. Pursuant to the Lender Warrants, Wingate Partners has been granted certain "go along rights" which are triggered (subject to certain exceptions) in the event (i) Wingate Partners sells 100% of its equity interest in United in a private offering, (ii) all or substantially all of the assets of United are sold and the proceeds of such sale are distributed to the stockholders of United or (iii) United participates in a merger or consolidation. In the event Wingate Partners exercises its "go along rights" in connection with the occurrence of one of the events described above, each holder of

Lender Warrants would become obligated to sell all Lender Warrants and Shares held by such holders in the applicable transaction and to vote all Shares in favor of such transaction.

The Lender Warrants contain a mechanism whereby after the Lender Warrants (or a portion thereof) have been sold pursuant to the put rights, tag along rights, or go along rights under the Lender Warrants (provided that such events have occurred prior to January 31, 1999), each holder of Tranche B Warrants is required to refund to United a portion of the aggregate amount earned by such holder on its Tranche B Warrant investment (the "Refunded Amount"). The Refunded Amount is only required to be paid in the event the amount earned by all holders of the Tranche B Warrants exceeds $6,500,000 and such holders received an internal rate of return on their investment represented by the Tranche B portion of the Old Associated Term Loans of at least 25%. The Refunded Amount ranges from 10.0% of amounts earned on the Tranche B Warrants

to 40% of such amounts, depending upon the amount by which the aggregate amount earned by all holders of the Tranche B Warrants exceeds $6,500,000 and the internal rate of return received by such holders on their investment represented by the Tranche B portion of the Old Associated Term Loans exceeds 25%.

Pursuant to the terms of the Lender Warrants, if, at any time, United does not have securities registered under Section 12(b) or 12(g) of the Exchange Act and is not required to file reports under Section 15(d) of the Exchange Act, the holders of the Lender Warrants will be entitled to preemptive rights with respect to certain issuances of Shares by United and to board observation rights for meetings of the boards of directors of United and its subsidiaries. The Lender Warrants also contain certain covenants and agreements with respect to, among other things, (i) transactions with affiliates (other than the payment of a limited amount of management fees to Wingate Partners, Cumberland and Good Capital), (ii) certain mergers, reorganizations, recapitalization and other events with respect to the Shares, (iii) the redemption of Shares, (iv) changes of the fiscal year of United, (v) the taking of actions that would cause United or any subsidiary of United to own less than 80% of any subsidiary of United, except that United and each subsidiary of United may own a percentage of the stock of any such subsidiary not lower than the percentage owned at the effective time of the Merger, (vi) delivery of financial statements of United, and (vii) indemnification.

In connection with the issuance of the Lender Warrants, Associated, on January 31, 1992, entered into a registration rights agreement (the "Lender Registration Rights Agreement") with the holders of the Lender Warrants pursuant to which it granted to such holders certain rights with respect to registration under the Securities Act of shares of Associated Common Stock issuable to them upon exercise of the Lender Warrants. United assumed the obligations of Associated under the Lender Registration Rights Agreement by operation of law in connection with the Merger and such agreement has been amended accordingly. Pursuant to the amended agreement, United agreed to use its best efforts to effect a "shelf" registration of all Shares issuable or issued upon exercise of the Lender Warrants and subject to the agreement as promptly as practicable following the sixtieth day after the Merger. In addition, the holders of a majority of the Shares issuable or issued upon exercise of the Lender Warrants and subject to the agreement will be able to require United, after consummation of a public offering of Shares meeting certain specified criteria, and after satisfaction of certain other conditions, to effect up to five registrations of all or part of the Shares held by them. United is not required to honor any request to register Shares if the request is received less than 300 days following the effective date of any previous registration statement filed in connection with any such request. Upon receipt of a written request to register a holder's Shares, United must send notice to the other holders subject to the agreement and permit them to also request to have their respective Shares registered under the Securities Act. Registrations effected at the request of the holders will be at the expense of United (excluding underwriting discounts and commissions).

MANAGEMENT AGREEMENTS

Pursuant to an Investment Banking Fee and Management Agreement dated as of January 31, 1992 among Associated, ASI and Wingate Partners, Wingate Partners provided certain financial advisory

services to Associated and ASI in connection with the Boise Transaction, in exchange for a one-time fee of $500,000 (which was paid in January 1992 upon the consummation of the Boise Transaction). United assumed the obligation of Associated under such agreement by operation of law in connection with the Merger and such agreement has been amended accordingly. Pursuant to the amended agreement Wingate Partners has agreed to provide certain oversight and monitoring services to United and the Company and their subsidiaries, in exchange for an annual fee of up to $725,000, payment (but not accrual) of which is subject to restrictions under the New Credit Agreement related to certain United performance criteria. At the Effective Time, United paid aggregate fees to Wingate Partners of $2.3 million for services rendered in connection with the Acquisition. Pursuant to the $350,000 annual fee limit previously in effect under such agreement, Wingate Partners earned an aggregate of $350,000, $210,000 and $320,833 with respect to each of Associated's fiscal years ended 1994, 1993 and 1992, respectively, for such oversight and monitoring services. Under the amended agreement, United is obligated to reimburse Wingate Partners for its out-of-pocket expenses and indemnify Wingate Partners and its affiliates from loss in connection with these services. The

agreement expires on January 31, 2002, provided that the agreement continues in effect on a year to year basis thereafter unless terminated in writing by one of the parties at least 180 days before the expiration of the primary term or any subsequent yearly term.

Pursuant to an Investment Banking Fee and Management Agreement dated as of January 31, 1992 among Associated, ASI and Cumberland, Cumberland provided certain financial advisory services to Associated and ASI in connection with the Boise Transaction, in exchange for a one-time fee of $500,000 (which was paid in January 1992 upon consummation of the Boise Transaction). United assumed the obligation of Associated under such agreement by operation of law in connection with the Merger and such agreement has been amended accordingly. Pursuant to the amended agreement, Cumberland has agreed to provide certain oversight and monitoring services to United and the Company and their subsidiaries, in exchange for (i) an annual fee of up to $137,500, payment (but not accrual) of which is subject to restrictions under the New Credit Agreement related to certain United performance criteria and (ii) previously issued shares of Associated Common Stock that converted in the Merger into 77,063 Shares. Subject to certain exceptions, the issuance of such Shares is subject to rescission if the agreement is terminated before January 31, 2002. At the Effective Time, United paid aggregate fees to Cumberland of $100,000 for services rendered in connection with the Acquisition. Pursuant to the $75,000 annual fee limit previously in effect under such agreement, Cumberland earned $75,000, $45,000 and $68,750 with respect to each of Associated's fiscal years ended 1994, 1993 and 1992, respectively, for such oversight and monitoring services. United is also obligated to reimburse Cumberland for its out-of-pocket expenses and indemnify Cumberland and its affiliates from loss in connection with these services. The agreement expires on January 31, 2002, provided that the agreement continues in effect on a year to year basis thereafter unless terminated in writing by one of the parties at least 180 days before the expiration of the primary term or any subsequent yearly term.

Pursuant to an Investment Banking Fee and Management Agreement dated as of January 31, 1992 among Associated, ASI and Good Capital, Good Capital provided financial advisory services to Associated and ASI in connection with the Boise Transaction in exchange for 31,480 shares of Associated Common Stock and 185 shares of Associated class A preferred stock. United assumed the obligations of Associated under such agreement by operation of law in connection with the Merger and such agreement has been amended accordingly. Pursuant to the amended agreement, Good Capital has agreed to provide certain oversight and monitoring services to United and the Company and their subsidiaries, in exchange for (i) an annual fee of up to $137,500, payment (but not accrual) of which is subject to restrictions under the New Credit Agreement related to certain United performance criteria and (ii) previously issued shares of Associated Common Stock that converted in the Merger into 77,063 Shares. Subject to certain exceptions, the issuance of such Shares are subject to rescission if the agreement is terminated before January 31, 2002. At the Effective Time, United paid aggregate fees to Good Capital of $100,000 for services rendered in connection with the Acquisition. Pursuant to the

$75,000 annual fee limit previously in effect under such agreement, Good Capital earned an aggregate of $75,000, $45,000 and $68,750 in each of Associated's fiscal years ended 1994, 1993 and 1992, respectively, of which Associated has paid Good Capital $45,000, $45,000 and $68,750, respectively, for such oversight and monitoring services. United is also obligated to reimburse Good Capital for its out-of-pocket expenses and indemnify Good Capital and its affiliates from loss in connection with these services. The agreement expires on January 31, 2002, provided that the agreement continues in effect thereafter on a year to year basis unless terminated in writing by one of the parties at least 180 days before the expiration of the primary term or any subsequent yearly term.

CERTAIN INTERESTS OF CHASE BANK

Chase Bank has certain interests in the Acquisition and in the Company in addition to its affiliate, Chase Securities which served as the Initial Purchaser of the Old Notes and received a discount in the amount of $4.5 million.

Upon consummation of the sale of the Old Notes, CMIHI, an affiliate of Chase Bank, beneficially owned 9.85% of the Shares outstanding as a result of its ownership of (i) certain Lender Warrants received in connection with the Boise Transaction that entitle CMIHI to purchase 237,748 Shares for $0.01 per Share, (ii) 240,023 shares of Nonvoting Common Stock purchased or received in

connection with the Acquisition and (iii) 139,474 shares of Nonvoting Common Stock issued to CMIHI upon consummation of the sale of the Old Notes. See "Certain Transactions -- Lender Warrants" and "Financing the Acquisition -- Loan Facilities -- New Credit Facilities."

Chase Securities served as financial advisor to Associated in connection with the Acquisition. Chase Bank is the agent and a lender under the New Credit Facilities. In addition, in connection with the Offer, Chase Securities served as dealer manager and Chase Bank served as depositary for tendered Shares. A substantial portion of the net proceeds of the Old Notes were used to repay the Bridge Loan and a portion of the remainder was used to prepay loans under the Term Loan Facilities. See "Use of Proceeds." The lenders under the Bridge Loan were Chase Bank, an affiliate of the Initial Purchaser, and The Roebling Fund, a statutory business trust, of which Chase Bank serves as manager and is a substantial beneficial owner. In all such capacities, Chase Bank and its affiliates received or will receive an aggregate of approximately $23.3 million in fees (although certain of such fees were shared with other members of the lending groups) and had certain of their expenses reimbursed.

MISCELLANEOUS

Melvin L. Hecktman, who resigned as vice chairman of United effective September 1, 1993, had a consulting agreement with United by which Mr. Hecktman, until February 28, 1995, received annual compensation of $275,000, plus participation in all bonus and other benefit plans generally available to executive officers of United. The amount of his consulting compensation was subject to reduction by the amount of compensation he may receive from new employment. Under the terms of the consulting agreement, Mr. Hecktman was to render such advisory and consulting services as requested by United. Mr. Hecktman was restricted from disclosing proprietary materials and confidential information. In addition, Mr. Hecktman was restricted from being employed by or consulting with any competing firm during the consulting period.

Mr. Coolidge, a director of the Company until consummation of the Merger, is the Managing Partner of William Blair & Company, which from time to time has rendered investment banking and related services to United, for which United has paid customary fees (including a fee of approximately $2.0 million in connection with investment banking services and a fairness opinion rendered in connection with the Acquisition).

FINANCING THE ACQUISITION

GENERAL

The total amount of funds required by Associated to consummate the Acquisition, redeem United stock options, refinance certain existing indebtedness of the Company, United and ASI and pay related fees and expenses was approximately $558.5 million. In connection with the Acquisition, aggregate proceeds of approximately $416.5 million under the New Credit Facilities, together with the $130.0 million in proceeds of the Bridge Loan under the Subordinated Bridge Facility, were used to (i) to finance the purchase of Shares pursuant to the Offer, (ii) refinance certain existing indebtedness of ASI, United and the Company, (iv) redeem United stock options and (v) pay certain of the fees, expenses and financing costs relating to the Acquisition. In addition, simultaneously with the consummation of the Offer, Associated obtained $12.0 million from the sale of additional shares of Associated Common Stock primarily to certain existing holders of Associated Common Stock or warrants to purchase the same that was used to finance the purchase of Shares pursuant to the Offer. See "Financing the Acquisition -- Equity Investment." The aggregate proceeds under the New Credit Facilities consist of $125.0 million under the Tranche A Facility (as hereinafter defined), $75.0 million under the Tranche B Facility (as hereinafter defined) and approximately $216.5 million under the Revolving Credit Facility.

The following table sets forth the approximate amounts and sources and uses of funds that were necessary to consummate the Offer and the Merger:

<TABLE>
<CAPTION>

	(DOLLARS IN THOUSANDS)
<S>	<C>
Sources:	

New Credit Facilities(1)	$416,537
Subordinated Bridge Facility (2)	130,000
Equity Investment	12,000
Total Sources	$558,537
Uses:	
Purchase Shares	$266,629
Refinance Existing Company Debt	180,752
Refinance Existing ASI Debt	78,856
Estimated Fees and Expenses (3)	29,300
Other (4)	3,000
Total Uses	$558,537

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(1) Includes borrowings of approximately $206.8 million at the time of consummation of the Acquisition and an additional approximately $9.7 million of additional revolving loan borrowings used to pay fees and expenses after the Acquisition.

(2) Refinanced with a portion of the net proceeds of the Old Notes.
(3) Excludes approximately $2.6 million borrowed by the Company and $3.2 million borrowed by ASI prior to closing of the Offer to pay fees and expenses in connection with consummation of the Acquisition. These amounts are included under "Refinance Existing Company Debt" and "Refinance Existing ASI Debt," respectively, above. Estimated Fees and Expenses include the Initial Purchaser's discount.
(4) This amount was used to redeem United stock options. This amount excludes approximately $3.2 million borrowed by the Company prior to closing of the Offer to discharge compensation and other liabilities in connection with consummation of the Acquisition. This latter amount is included under "Refinance Existing Company Debt" above.

LOAN FACILITIES

New Credit Facilities. Immediately prior to acceptance for payment of Shares in the Offer, Associated and ASI entered into the New Credit Agreement with Chase Bank, as agent, and a group of

banks and financial institutions (including Chase Bank, the "Senior Lenders"), providing for (a) a tranche A term loan facility (the "Tranche A Facility") in an aggregate principal amount of $125,000,000, (b) a tranche B term loan facility in an aggregate principal amount of $75,000,000 (the "Tranche B Facility" and, together with the Tranche A Facility, the "Term Loan Facilities") and (c) a revolving credit facility (the "Revolving Credit Facility" and, together with the Term Loan Facilities, the "New Credit Facilities") in an aggregate principal amount of up to $300,000,000, including a $90,000,000 sublimit available for issuance of letters of credit. Upon consummation of the Mergers, the obligations of Associated and ASI in respect of the New Credit Agreement were assumed by United and the Company, respectively.

The following is a summary of the principal terms of the New Credit Agreement, which summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the New Credit Agreement, a copy of which is available upon request to the Company. See "Available Information."

The loans outstanding under the Term Loan Facilities and the Revolving Credit Facility bear interest, at the Company's option, equal to (i) the Base Rate (as hereinafter defined) plus 2.25% (if the Tranche B Facility) or 1.75% (if either the Tranche A Facility or the Revolving Credit Facility) or (ii) LIBOR (as defined), based on one, two, three or six month periods, provided that until the date 90 days after the Merger Date, each interest period shall be one month and shall be coterminous with other outstanding LIBOR loans, plus 3.25% (if the Tranche B Facility) or 2.75% (if the Tranche A Facility or the Revolving Credit Facility), with the applicable margins for all but the Tranche B Facility being subject to reductions based on a debt to cash flow ratio test.

Amounts outstanding under the Tranche A Facility are required to be repaid in 20 consecutive quarterly installments, the first four of which (each in the

aggregate principal amount of $3,750,000) will be due on the last day of each of the first four calendar quarters commencing with the quarter ending June 30, 1995. Subsequent quarterly payments under the Tranche A Facility are each in the aggregate principal amount of $6,250,000 for each of the eight consecutive calendar quarters commencing with the quarter ending June 30, 1996 and $7,500,000 for each of the eight consecutive calendar quarters commencing with the quarter ending June 30, 1998. Amounts outstanding under the Tranche B Facility will be repaid in 28 consecutive quarterly installments, the first twenty of which (in the aggregate principal amount of $250,000 each) will be due on the last day of each of the first twenty calendar quarters commencing with the quarter ending June 30, 1995. The remaining eight installments in the aggregate principal amount of $8,750,000 each will be due on the last day of each calendar quarter commencing with the quarter ending June 30, 2000. The final installments under the Tranche A Facility and the Tranche B Facility will be payable on March 31, 2000 and March 31, 2002, respectively. The Revolving Credit Facility will mature on March 31, 2000. A portion of the proceeds from the Old Notes was used to prepay approximately $4.1 million (plus interest accrued thereon) of amounts outstanding under the Tranche A Facility and approximately $2.4 million (plus interest accrued thereon) of amounts outstanding under the Tranche B Facility.

The Revolving Credit Facility is subject to (i) a borrowing base equal to 80% of Eligible Receivables (as defined in the New Credit Agreement) plus 50% of Eligible Inventory (as defined in the New Credit Agreement) (provided that no more than 60% or, during certain periods 65%, of the Borrowing Base may be attributable to Eligible Inventory) plus the aggregate amount of cover for Letter of Credit Liabilities (as defined) and (ii) the requirement that, for each fiscal year commencing January 1, 1996, the Company must repay revolving loans so that for a consecutive period of 30 days in each fiscal year the aggregate revolving loans do not exceed $200,000,000.

Loans under the Term Loan Facilities and the Revolving Credit Facility may be prepaid at any time and are subject to certain mandatory prepayments out of (i) net proceeds in excess of $15,000,000 received from the issuance of equity by the Company or any of its subsidiaries after the Merger Date, (ii) net proceeds from certain asset sales in excess of $10,000,000 and (iii) 50% of the Company's Excess Cash Flow (as defined) if the Debt to Cash Flow Ratio (as defined) as of the last day of the

fiscal year is less than 3 to 1 and otherwise 75% of the Company's Excess Cash Flow. Optional prepayments under the Term Loan Facilities will be applied, pro rata to loans outstanding under the Tranche A Facility and the Tranche B Facility (pro rata to the remaining installments). Mandatory prepayments will be applied first, pro rata to loans outstanding under the Tranche A Facility and the Tranche B Facility (pro rata to the remaining installments), and second, to the permanent reduction of commitments (and the payment of loans outstanding) under, the Revolving Credit Facility.

The Term Loan Facilities and the Revolving Credit Facility are guaranteed, on a joint and several basis, by United and will be guaranteed by all of the direct and indirect domestic subsidiaries of the Company (if any).

The Term Loan Facilities and the Revolving Credit Facility are secured by perfected first priority pledges of the stock of the Company, all of the stock of the domestic direct and indirect subsidiaries of the Company and certain of the stock of all of the foreign direct and indirect subsidiaries of the Company and security interests in and liens upon all accounts receivable, inventory, contract rights and other personal and real property of the Company and its domestic subsidiaries.

The New Credit Agreement contains representations and warranties, affirmative and negative covenants and events of default customary for financings of the type. The Company has obtained the consent of the requisite percentage of Senior Lenders under the New Credit Agreement to permit the repurchase of the Series B Preferred Stock, together with accrued and unpaid dividends thereon, although additional consents from other persons are required to effect such redemption.

United and the Company are obligated under the New Credit Agreement to pay the costs and expenses arising in connection with the preparation, execution, and delivery of the New Credit Agreement and to indemnify the Senior Lenders (and their respective officers, directors, employees and affiliates) against certain liabilities in connection with the Acquisition and the New Credit Facilities.

At the closing of the Offer, 40,471 shares of Associated nonvoting common stock were issued to CMIHI (which shares converted into 139,474 shares of Nonvoting Common Stock in the Merger). Upon consummation of the offering of the Old Notes, 139,474 additional shares of Nonvoting Common Stock (representing an additional 2% of the Shares on a fully diluted basis) were issued to CMIHI.

Subordinated Bridge Facility. Immediately prior to the acceptance for payment of Shares in the Offer, Associated and ASI entered into the Subordinated Bridge Facility with The Roebling Fund, as agent and lender, and Chase Bank, as lender, providing for the Bridge Loan to ASI in an aggregate principal amount of $130,000,000. Upon consummation of the Mergers, the obligations of Associated and ASI in respect of the Subordinated Bridge Facility were assumed by United and the Company, respectively. The Subordinated Bridge Facility (together with approximately $1.6 million in accrued and unpaid interest thereon) was refinanced in full from a portion of the proceeds of the sale of the Old Notes. See "Use of Proceeds."

EQUITY INVESTMENT

Associated obtained $12,000,000 from the sale of additional shares of Associated Common Stock prior to the consummation of the Offer to Wingate Partners, Wingate II, certain affiliates thereof, CMIHI, Daniel J. Good, ASI Partners, L.P., ASI Partners II, L.P. and others, which amount was used to finance part of the purchase of Shares pursuant to the Offer.

FEES AND EXPENSES

An aggregate of approximately $35.1 million of fees and expenses was incurred by Associated and United in connection with the Acquisition. Such amounts include usual and customary fees and expenses for accounting, lending, financial advisory, dealer-manager, legal, printing, appraisal, consulting and related services, a substantial portion of which have been paid to Chase Bank and its affiliates. See "Certain Transactions -- Certain Interests of Chase Bank."

DESCRIPTION OF CAPITAL STOCK

CAPITAL STOCK OF UNITED

The authorized capital stock of United consists of 46,500,000 shares, consisting of (a) 1,500,000 shares of a class designated as Preferred Stock, $0.01 par value (the "Preferred Stock"), (b) 40,000,000 shares of a class designated as Common Stock, par value $0.10 per share (the "Common Stock"), and (c) 5,000,000 shares of a class designated as Nonvoting Common Stock, $0.01 par value (the "Nonvoting Common Stock"). Of the authorized shares of capital stock, 5,648,935 shares of Common Stock, 379,497 shares of Nonvoting Common Stock and an aggregate of 21,811.1093 shares of Preferred Stock, consisting of 5,000 shares of Series A Preferred Stock, 6,724.4436 shares of Series B Preferred Stock, and 10,086.6657 shares of Series C Preferred Stock (the Series A, Series B and Series C Preferred Stock being collectively referred to herein as the "Merger Preferred Stock"), are outstanding. If the necessary consents are obtained, the Company expects to pay a dividend to United in an amount sufficient to repurchase all of the outstanding shares of Series B Preferred Stock, plus all accrued and unpaid dividends thereon, from the proceeds of the Old Notes.

The following is a summary of the terms of Merger Preferred Stock. Such summary does not purport to be complete and is qualified in its entirety by reference to United's restated certificate of incorporation, as amended (the "Restated Certificate of Incorporation"), a copy of which is available upon request to the Company. See "Available Information."

Dividends. The holders of Series A Preferred Stock are entitled to receive dividends at a rate of 10% per annum applied to a dividend base per share of $1,000 (the "Dividend Base") payable on April 30, July 31, October 31 and January 31 (each a "Dividend Payment Date") of each year, subject as described below under "Description of Capital Stock -- Capital Stock of United -- Dividend and Redemption Restrictions." If United fails to pay a dividend in cash on any Dividend Payment Date or fails to make any redemption payment when due, the dividend rate shall be retroactively increased to 13% per annum and shall remain at such rate until the failure is cured.

The holders of Series B Preferred Stock and Series C Preferred Stock are

entitled to receive dividends at a rate of 9% per annum applied to the Dividend Base, payable on each Dividend Payment Date, subject as described below under "Description of Capital Stock -- Capital Stock of United --Dividend and Redemption Restrictions." In the event United fails to pay a dividend in cash on the Series B or Series C Preferred Stock on any Dividend Payment Date or fails to make any redemption payment in respect of the Series B or Series C Preferred Stock when due, the dividend rate thereon shall retroactively be increased to 10% per annum and shall remain at such rate until such failure is cured.

The dividends on the Merger Preferred Stock are cumulative and shall accrue, whether or not declared or restricted by the terms of any loan agreements and regardless of whether there are funds legally available for payment of the dividends. In the discretion of the Board of Directors of United, the dividends may be payable in cash or in additional shares of the same class of Merger Preferred Stock. Dividends on the Series C Preferred Stock may be payable in additional shares of Series C Preferred Stock only for Dividend Payment Dates occurring on or prior to January 31, 1999.

If at any time United fails to pay any dividends on the Dividend Payment Date or United fails to redeem the requisite number of shares of a series of Merger Preferred Stock (the "Defaulted Series"), United shall not (a) declare or pay any dividend on any Junior Shares (as defined below) or make any payment on account of, or set apart money for, a sinking or other analogous fund, for the purchase, redemption or other retirement of any Junior Shares or make any distribution with respect thereto (other than in Junior Shares); (b) purchase any shares of a Defaulted Series (except for a consideration payable in Junior Shares) or redeem fewer than all of the shares of the Defaulted Series outstanding;

or (c) permit any subsidiary of United to purchase any Junior Shares or permit any subsidiary to purchase fewer than all of the shares of the Defaulted Series then outstanding, unless, at the time of such dividend, payment, distribution, purchase or redemption, all accrued and unpaid dividends on shares of the Defaulted Series are contemporaneously paid in full in cash or additional shares of the Defaulted Series and all shares of the Defaulted Series which the Company so failed to redeem are contemporaneously redeemed.

United also may not take any of the actions specified in (a), (b) or (c) in the previous paragraph in respect of the Series B or Series C Preferred Stock in excess of $1 million for all such actions unless at the time such action is taken: (i) United has redeemed for cash all shares of Series B and Series C Preferred Stock, if any, which have been issued to the holders of Series B and Series C Preferred Stock, respectively, as in-kind dividends; (ii) United and its wholly-owned subsidiaries, on a consolidated basis, have common equity computed in accordance with generally accepted accounting principles after giving effect to any purchases, redemptions, payments, distributions or disbursements under (a), (b) or (c) above, of at least $26 million; (iii) if any such purchases, redemptions, payments, distributions or disbursements specified in (a), (b) or (c) above are to be made after July 31, 1999, then all shares of Series B Preferred Stock shall have been redeemed or otherwise retired; and (iv) if any such purchases, redemptions, payments, distributions or disbursements specified in (a), (b) or (c) above are to be made on or after the dates required for redemptions of shares of Series C Preferred Stock specified below, then that portion of such Series C Preferred Stock so required to be redeemed as of such dates shall have been redeemed or otherwise retired. Notwithstanding the previous sentence, nothing in this paragraph limits United's obligation to make payments or disbursements for any amount it is obligated to pay under or pursuant to the Lender Warrants; and nothing in this paragraph limits United or its subsidiaries from re-purchasing Shares or options to purchase Shares held by any employee of United or its subsidiaries in connection with the termination of such employee's employment.

Redemption. United will be required to redeem all shares of the Series A Preferred Stock and Series B Preferred Stock on July 31, 1999 and to redeem the Series C Preferred Stock on January 31, 2002 each for the sum of $1,000 per share plus the aggregate of accrued and unpaid dividends to such date, subject to appropriate adjustments in the event of a stock split, reverse stock split or similar transaction (the "Redemption Price"), subject as described below under "Description of Capital Stock-- Capital Stock of United -- Dividend and Redemption Restrictions." The Series C Preferred Stock redemptions will be required to be made in four quarterly installments on April 30, 2001, July 31, 2001, October 31, 2001 and January 31, 2002.

In the event of a Cash-Out Event (as hereinafter defined) and, in such event, at the request of a holder of Merger Preferred Stock, United will be required to redeem all of such holder's shares of preferred stock then outstanding at the Redemption Price, subject as described below under "Description of Capital Stock -- Capital Stock of United -- Dividend and Redemption Restrictions." If pursuant to the sale or Change in Control (as hereinafter defined) of United, the holders of Shares receive cash, Shares or common stock or other securities of any corporation that is the successor to substantially all of the business or assets of United or the ultimate parent of such successor which is (or will, upon distribution thereof, be) listed on the New York Stock Exchange or the American Stock Exchange, or approved for quotation on the Nasdaq National Market ("Marketable Securities") or a combination thereof, then, United may at its option and in lieu of the cash redemption described in the previous sentence, redeem the Merger Preferred Stock by converting each share into cash, Marketable Securities or a combination thereof, in the same proportions received by the holders of Shares, the value of which shall equal the Redemption Price. "Cash-Out Event" means the occurrence of a Business Sale, a Change in Control, a Qualified Public Offering or a Recapitalization. In the case of the Series C Preferred Stock, "Cash-Out Event" shall also include the expiration of the agreement between United (as successor to Associated) and Affiliated Computer Services, Inc. providing for the furnishing of information systems services for United (as successor to Associated), or the early termination of such

agreement for any reason other than termination of such agreement by Affiliated Computer Services, Inc. For purposes of the foregoing, "Business Sale" means a transaction or a series of transactions, whether effected by sale or exchange of securities or assets, merger or consolidation, or otherwise, that results in the sale of United or its business to any person (i) who, immediately prior to the contemplated transaction, does not own in excess of 5.0% of the Shares on a fully diluted and converted basis (a "5.0% Owner"), (ii) who is not controlling, controlled by or under common control with United or any such 5.0% Owner and (iii) who is not the spouse or descendant of any such 5.0% Owner or a trust for the benefit of such 5.0% Owner or such other persons ("Independent Third Party") or group of Independent Third Parties, pursuant to which such Independent Third Party or group of Independent Third Parties would acquire (a) capital stock of United possessing the voting power under normal circumstances to elect a majority of the Board or (b) all or substantially all of United's assets determined on a consolidated basis; "Change in Control" means an occurrence by which Wingate Partners and its affiliates and Cumberland and its affiliates shall have collectively sold or otherwise disposed of and received the pecuniary benefit of 33 1/3% of the Shares legally or beneficially owned by them collectively as of January 31, 1992, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction and excluding any sales or other dispositions made by any of them to employees of United or of any of its subsidiaries of up to 10.0% of such holdings; "Qualified Public Offering" means a sale in a public offering or series of public offerings, registered under the Securities Act, of Shares; provided, however, that such offering or series of offerings shall not be deemed to be a Qualified Public Offering unless such offering or offerings shall have resulted in (A)(i) public ownership of not less than 20.0% of the Shares of United on a fully-diluted basis (which such Shares are listed upon the New York Stock Exchange, the American Stock Exchange or are approved for quotation on the Nasdaq National Market), and (ii) such offering or offerings shall have resulted in receipt by United of aggregate cash proceeds (after deduction of underwriter discounts and the costs associated with such offering or offerings) of at least $37.5 million, or (B) the holders of Shares of United receive, as a result of such offering or offerings, cash, Marketable Securities or a combination thereof valued at not less than $1.0 million; and "Recapitalization" means a recapitalization of United pursuant to which the holders of Shares of United receive cash, securities (other than shares junior to the Series B or Series C Preferred Stock), property or other assets and such consideration is valued at not less than $1.0 million.

United may, at its option, redeem any portion or all of any series of the Merger Preferred Stock outstanding at the Redemption Price. Any such redemption of shares of Series A Preferred Stock must be made ratably among the holders of Series A Preferred Stock, and any redemption of shares of Series B Preferred Stock or Series C Preferred Stock must be made ratably among the holders of both Series B and Series C Preferred Stock.

Exchange Notes. Provided United has paid all accrued dividends on the outstanding shares of Series A Preferred Stock, United may redeem all shares of Series A Preferred Stock then outstanding in exchange for subordinated notes

that shall have a maturity date of July 31, 1999 and shall bear interest at the rate of 10.0% for interest paid in cash or 13.0% for interest paid in kind ("Series A Exchange Notes"). The Series A Exchange Notes issued to each holder shall be in an aggregate principal amount equal to the Redemption Price.

Provided United has redeemed any outstanding shares of Series A Preferred Stock and has paid all accrued dividends on the outstanding shares of Series B and Series C Preferred Stock, United may redeem all shares of Series B and Series C Preferred Stock in exchange for respective subordinated notes (the "Series B Exchange Notes" and the "Series C Exchange Notes," respectively). The Series B Exchange Notes will have a maturity date of July 31, 1999 and the Series C Exchange Notes will mature on January 31, 2002, with any payments on the Series C Exchange Notes to be in four equal installments on April 30, 2001, July 31, 2001, October 31, 2001, and January 31, 2002. Both Series B

and Series C Exchange Notes shall bear interest at the rate of 11.0% for interest paid in cash or 12.0% for interest paid in kind. The Series B and Series C Exchange Notes issued to each holder shall be in an aggregate principal amount equal to the Redemption Price of the redeemed shares.

Payments on the Series A, Series B and Series C Exchange Notes will be subordinated to any obligations of United for borrowed money (including all amounts owing under the Guarantees and the New Credit Facilities) and, in the case only of the Series B and Series C Exchange Notes, will be subordinated to Series A Exchange Notes.

Voting Rights. Holders of shares of Merger Preferred Stock generally will have no voting rights. However, United shall not, without the affirmative vote or written consent of the holders of at least 51.0% of all outstanding shares of a series of Merger Preferred Stock voting separately as a series (the "Affected Series") (a) amend any provision of the certificate of incorporation or by-laws of United in any manner which adversely (and, in the case of the Series A Preferred Stock only, materially) affects the relative rights, preferences, qualifications, powers, limitations or restrictions of the Affected Series; (b) either (i) in the case of Series A Preferred Stock, increase the authorized number of shares of Preferred Stock, or authorize, issue or otherwise create securities convertible into any shares of capital stock of United other than Junior Shares, or (ii) in the case of Series B or Series C Preferred Stock, increase the authorized number of shares of capital stock of United, or authorize, issue or otherwise create securities convertible into any shares of capital stock of the corporation other than Series A (only for purposes of paying dividends in kind on Series A Preferred Stock), Series B or Series C Preferred Stock, Common Stock or Junior Shares; or (c) voluntarily effect any reclassification of the Affected Series.

Whenever dividends on any series of Merger Preferred Stock are in arrears in an amount equal to at least six quarterly dividends (an "Impaired Series"), (i) the number of members of the Board of Directors of United shall be increased by one for each Impaired Series and (ii) the holders of each Impaired Series (voting separately as a series) will have the exclusive right to vote for and elect one additional director of United. The right of the Impaired Series to vote for an additional director shall terminate when all accrued and unpaid dividends on the Impaired Series have been declared and paid in cash or in-kind or set apart for payment.

Liquidation Preferences. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of United, the holders of the Merger Preferred Stock shall be entitled to receive an amount equal to the Redemption Price of such shares held by them in preference to and in priority over any distributions upon Junior Shares. If the assets of United are not sufficient to pay in full the Redemption Price to holders of Series A Preferred Stock, the holders of all such shares shall share ratably (to the exclusion of any other holders of capital stock) in such distribution of assets. If the assets of United are not sufficient to pay in full the Redemption Price to holders of Series B and Series C Preferred Stock, after payment in full of the Redemption Price of the Series A Preferred Stock, the holders of all such shares shall share ratably (to the exclusion of any other holders of capital stock) in such distribution of assets.

"Junior Shares" means with respect to the priority of any class or series of Preferred Stock, shares of Common Stock or shares of any other series or class of Preferred Stock of United which are designated as junior to such series in United's certificate of incorporation or any amendment thereto, or in the resolution designating the class or series of such Preferred Stock and any

warrants, options or other rights to acquire or purchase such securities. The shares of Series B and Series C Preferred Stock are Junior Shares in relation to the Series A Preferred Stock. Any shares of additional Preferred Stock, regardless of designation, shall be deemed Junior Shares in relation to the Series A, Series B and Series C Preferred Stock.

Dividend and Redemption Restrictions. Notwithstanding the foregoing, no dividend payment or redemption may be made with respect to any Merger Preferred Stock if such payment or redemption would contravene the provisions of the Restated Certificate of Incorporation, the Debt Agreements or any law or regulation. "Debt Agreements" is defined to mean the New Credit Facilities, the Indenture for the Notes and any agreements evidencing any renewal, extension, refinancing, refunding or replacement thereof.

CAPITAL STOCK OF THE COMPANY

The authorized capital stock of the Company consists of 890,000 shares of common stock, par value $1.00 per share, 880,000 of which are outstanding and owned beneficially and of record by United.

OWNERSHIP OF VOTING SECURITIES

All of the issued and outstanding capital stock of the Company is owned beneficially and of record by United. The following table sets forth, based on information available to the Company as of , 1995, certain information regarding the beneficial ownership of the Common Stock and the Series A, Series B and Series C Preferred Stock of United as of the date of this Prospectus by (i) each person who is known to United to beneficially own more than 5% of any class of United's capital stock, (ii) each of the directors of United and the Company, (iii) each named executive officer identified under " Management -- Executive Compensation for United" or under "Management -- Executive Compensation for Associated," except to the extent no longer serving as an officer or employee of United or the Company, and (iv) all current directors and executive officers of United and the Company as a group. See "Financing the Acquisition."

<TABLE>
<CAPTION>

	COMMON STOCK (1)		SERIES A PREFERRED (2)		SERIES B PREFERRED (2)	
DIRECTORS, EXECUTIVE OFFICERS AND 5.0% STOCKHOLDERS	NUMBER OF SHARES	PERCENT OF CLASS(3)	NUMBER OF SHARES	PERCENT OF CLASS(3)	NUMBER OF SHARES	PERCENT OF CLASS(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Wingate Partners, L.P. 750 N. St. Paul Street Suite 1200 Dallas, Texas 75201	2,788,023(4)	44.70%	3,148(5)	62.96%	--	--%
ASI Partners, L.P. 301 Commerce Street Suite 3300 Fort Worth, Texas 76102	870,416(6)	14.44	1,212(7)	24.24	--	--
Cumberland Capital Corporation 301 Commerce Street Suite 3300 Fort Worth, Texas 76102	870,416(6)	14.44	1,212(7)	24.24	--	--
Boise Cascade Corporation One Jefferson Square Boise, Idaho 83702	272,632(8)	4.47	--	--	6,724	100.00
Chase Manhattan Investment Holdings, Inc 1 Chase Manhattan Plaza New York, New York 10081	617,245(9)	9.85	--	--	--	--
Affiliated Computer Services, Inc 2828 North Haskell	--	--	--	--	--	--

Avenue Dallas, Texas 75204						
Thomas W. Sturgess (10).	--	--	--	--	--	--
Gary G. Miller (11).....	--	--	--	--	--	--
Daniel J. Good.....	102,434(12)	1.69	--	--	--	--
Jeffrey K. Hewson.....	1,038	*	--	--	--	--
Michael D. Rowsey (13)..	58,968(14)	*	55	1.09	--	--
Daniel J. Schleppe (13).	56,474(15)	*	55	1.09	--	--
Steven R. Schwarz.....	315	*	--	--	--	--
Daniel H. Bushell.....	23,965(16)	*	--	--	--	--
James T. Callier, Jr. (10).....	--	--	--	--	--	--
Frederick B. Hegi, Jr. (10).....	--	--	--	--	--	--
James A. Johnson(10)(13).....	9,585	*	15	*	--	--
Joel D. Spungin.....	6,686(17)	*	--	--	--	--
Robert W. Eberspacher (13).....	55,175(18)	*	55	1.09	--	--
All current directors and executive officers as a group (11 persons) (10)-(18).	202,992(19)	3.34	70	1.39	--	--

<CAPTION>

	SERIES C PREFERRED (2)	
DIRECTORS, EXECUTIVE OFFICERS AND 5.0% STOCKHOLDERS	NUMBER OF SHARES	PERCENT OF CLASS(3)
<S>	<C>	<C>
Wingate Partners, L.P... 750 N. St. Paul Street Suite 1200 Dallas, Texas 75201	--	--%
ASI Partners, L.P..... 301 Commerce Street Suite 3300 Fort Worth, Texas 76102	--	--
Cumberland Capital Corporation..... 301 Commerce Street Suite 3300 Fort Worth, Texas 76102	--	--
Boise Cascade Corporation..... One Jefferson Square Boise, Idaho 83702	--	--
Chase Manhattan Investment Holdings, Inc..... 1 Chase Manhattan Plaza New York, New York 10081	--	--
Affiliated Computer Services, Inc..... 2828 North Haskell Avenue Dallas, Texas 75204	10,086	100.00
Thomas W. Sturgess (10).	--	--
Gary G. Miller (11).....	--	--
Daniel J. Good.....	--	--
Jeffrey K. Hewson.....	--	--
Michael D. Rowsey (13)..	--	--
Daniel J. Schleppe (13).	--	--
Steven R. Schwarz.....	--	--
Daniel H. Bushell.....	--	--
James T. Callier, Jr. (10).....	--	--
Frederick B. Hegi, Jr. (10).....	--	--
James A. Johnson(10)(13).....	--	--
Joel D. Spungin.....	--	--
Robert W. Eberspacher (13).....	--	--
All current directors		

and executive officers as a group (11 persons) (10)-(18).	--	--	

</TABLE>

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* Represents less than 1.0%.

(1) All Shares shown in the table, other than Shares beneficially owned by CMIHI and Messrs. Hewson, Schwarz and Spungin are held in the Voting Trust. See "Certain Transactions -- Certain Agreements Regarding the Shares." The trustees of the Voting Trust are Messrs. Sturgess, Hegi, Johnson, Good and G. Miller.

(2) Except under limited circumstances, the holders of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock are not entitled to vote. See "Description of Capital Stock -- Capital Stock of United -- Voting Rights."

(3) For purposes of calculating the beneficial ownership of each stockholder, it was assumed (in accordance with the Commission's definition of "beneficial ownership") that such stockholder had exercised all options or warrants by which such stockholder had the right, within 60 days following , 1995, to acquire shares of such class of stock.

(4) Includes (i) 2,078,434 Shares owned by Wingate Partners, (ii) 456,137 Shares owned by Wingate II, (iii) 36,078 Shares owned by Wingate Affiliates and (iv) 7,884 Shares owned by Wingate Affiliates II, L.P. Also includes Lender Warrants exercisable for an aggregate of 209,490 Shares (or shares of Nonvoting Common Stock, at the holder's option) purchased by such entities from one of Associated's former senior lenders.

(5) Includes (i) 3,094 Shares owned by Wingate Partners and (ii) 54 Shares owned by Wingate Affiliates.

(6) Includes (i) 715,201 Shares owned by ASI Partners, L.P., (ii) 78,152 Shares owned by ASI Partners II, L.P. and (iii) 77,063 Shares owned by Cumberland. Cumberland serves as the general partner of both ASI Partners, L.P. and ASI Partners II, L.P.

(7) Includes 1,212 shares of Series A Preferred Stock owned by ASI Partners, L.P., as to which Cumberland serves as general partner.

(8) Includes (i) 195,528 Shares owned by Boise Cascade and (ii) 77,104 Shares issuable upon exercise of a Boise Warrant.

(9) Consists of 237,748 Shares (or shares of Nonvoting Common Stock, at the holder's option) issuable upon exercise of Lender Warrants which are immediately exercisable at $0.01 per Share, 240,023 shares of Nonvoting Common Stock held by such holder and 139,474 shares of Nonvoting Common Stock that were issued upon consummation of the sale of the Old Notes. Subject to certain restrictions, the Nonvoting Common Stock is convertible at any time at the option of the holder into Shares for no additional consideration. See "Certain Transactions -- Lender Warrants" and "Financing the Acquisition -- Loan Facilities -- New Credit Facilities."

(10) Does not include shares owned by Wingate Partners, Wingate II, Wingate Affiliates or Wingate Affiliates II, L.P. Each of Messrs. Sturgess, Hegi and Callier is a general partner of Wingate Affiliates, and an indirect general partner of Wingate Partners and, accordingly, may be deemed to beneficially own the Shares owned of record by Wingate Partners and Wingate Affiliates. Each of Messrs. Sturgess, Hegi and Johnson is a general partner of Wingate Affiliates II, L.P. and an indirect general partner of Wingate II and, accordingly, may be deemed to beneficially own the Shares owned of record by Wingate II and Wingate Affiliates II, L.P.

(11) Does not include shares owned by ASI Partners, L.P., ASI Partners II, L.P. or Cumberland. Mr. Miller is President and a stockholder of Cumberland and, accordingly, may be deemed to beneficially own the shares owned of record by ASI Partners, L.P., ASI Partners II, L.P. and Cumberland.

(12) Includes Lender Warrants exercisable for an aggregate of 21,377 Shares (or shares of Nonvoting Common Stock, at the holder's option) purchased by Mr. Good from one of Associated's former senior lenders. Does not include 181,950 Shares owned by Good Capital. Mr. Good is Chairman and a controlling stockholder of Good Capital and, accordingly, may be deemed to beneficially own the shares owned of record by Good Capital.

(13) Includes shares owned directly and by an individual retirement account for the sole benefit of such individual.

(14) Includes (i) 42,278 Shares owned by or for the benefit of Mr. Rowsey and (ii) 16,690 Shares issuable upon exercise of options which are, subject to certain restrictions described under""Management -- Executive Compensation for Associated -- 1992 Stock Option Plan," imme-diately

exercisable at $2.90 per share.

(15) Includes (i) 42,278 Shares owned by or for the benefit of Mr. Schleppe and (ii) 14,196 Shares issuable upon exercise of options which are, subject to certain restrictions, immediately exercisable at $2.90 per share.

(16) Includes (i) 9,769 Shares owned by or for the benefit of Mr. Bushell and (ii) 14,196 Shares issuable upon exercise of options which are, subject to certain restrictions, immediately exercisable at $2.90 per share.

(17) Includes (i) 3,217 Shares owned by Mr. Spungin, (ii) an aggregate of 2,918 Shares owned by trusts and a partnership under Mr. Spungin's direction and (iii) an aggregate of 551 Shares owned by relatives of Mr. Spungin.

(18) Includes (i) 42,278 Shares owned by or for the benefit of Mr. Eberspacher and (ii) 12,897 Shares issuable upon exercise of options which are, subject to certain restrictions, immediately exercisable at $2.90 per share.

(19) Includes an aggregate of (i) 150,729 Shares owned by the current directors and executive officers of United and the Company, (ii) 30,886 Shares issuable upon exercise of options which are, subject to certain restrictions, immediately exercisable at $2.90 per share and (iii) 21,377 Shares issuable upon exercise of a Lender Warrant owned by a director of United.

DESCRIPTION OF THE NEW NOTES

The New Notes will be issued under an Indenture dated as of May 3, 1995 (the "Indenture") among the Company, United, as Guarantor, and The Bank of New York, as trustee (the "Trustee"), a copy of the form of which is available upon request to the Company. See "Available Information." The Old Notes were also issued pursuant to the Indenture. Upon the effectiveness of the Exchange Offer Registration Statement, the Indenture will be subject to and governed by the Trust Indenture Act. The following summary of the material provisions of the Indenture does not purport to be complete, and where reference is made to particular provisions of the Indenture, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Indenture and those terms made a part of the Indenture by the Trust Indenture Act. For definitions of certain capitalized terms used in the following summary, see "Description of the New Notes -- Certain Definitions." References in this "Description of the New Notes" to the Company or United are to United Stationers Supply Co. or United Stationers Inc., respectively, excluding any subsidiaries thereof, and their successors.

GENERAL

The Notes will mature on May 1, 2005, will be limited to $150,000,000 aggregate principal amount at any one time outstanding (including any New Notes that may be issued from time to time in exchange for the Old Notes as described under "The Exchange Offer") and will be unsecured senior subordinated obligations of the Company. Each Note will bear interest at the rate set forth on the cover page hereof from May 3, 1995 or from the most recent interest payment date to which interest has been paid, payable semi-annually on May 1 and November 1 in each year, commencing November 1, 1995, to the Person in whose name the Note (or any predecessor Note) is registered at the close of business on the April 15 or the October 15 next preceding such interest payment date. For a description of the circumstances under which the interest rate on the Old Notes may be increased from the rate set forth on the cover page of this Prospectus, see "The Exchange Offer -- Adjustment to Old Notes."

Principal of (and premium, if any, on) and interest on the Notes will be payable, and the Notes will be exchangeable and transferable, at the office or agency of the Company in the City of New York maintained for such purposes (which initially will be the office of the Trustee maintained at 101 Barclay Street, 21st Floor, New York, New York 10286 Attention: Corporate Trust Administration); provided, however, that payment of principal or interest may be made at the option of the Company by check mailed to the Person entitled thereto as shown on the security register. The Notes will be issued only in fully registered form without coupons, in denominations of $1,000 and any integral multiple thereof. No service charge will be made for any registration of transfer, exchange or redemption of Notes, except in certain circumstances for any tax or other governmental charge that may be imposed in connection therewith.

Initially, the Company was permitted to issue only the Old Notes; however, the Company may issue New Notes in exchange for a like principal amount of Old

Notes in connection with the Exchange Offer. Upon any such exchange the Old Notes so exchanged shall be cancelled and shall no longer be deemed outstanding for any purpose. In no event shall the aggregate principal amount of Old Notes and New Notes outstanding exceed $150,000,000. The Old Notes and the New Notes shall be one class for all purposes under the Indenture, including, without limitation, amendments, waivers, redemptions, Change of Control Offers, and Offers, and for purposes of this "Description of the New Notes," all references herein to "Notes" shall be deemed to refer collectively to Old Notes and New Notes, unless the context otherwise requires.

OPTIONAL REDEMPTION

The Notes will be subject to redemption at any time on or after May 1, 2000, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice in amounts of

$1,000 or an integral multiple thereof at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning May 1 of the years indicated below:

<TABLE>
<CAPTION>

YEAR	REDEMPTION PRICE
<S>	<C>
2000	106.375%
2001	104.781%
2002	103.188%
2003	101.594%

</TABLE>

and thereafter at 100.0% of the principal amount, in each case together with accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on relevant record dates to receive interest due on relevant interest payment dates).

In addition, at any time or from time to time prior to May 1, 1998, the Company may redeem Notes having a principal amount of up to $50.0 million within 180 days following one or more Public Equity Offerings with the net proceeds of such offerings at a redemption price equal to 112.75% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of redemption (subject to the right of holders of record on relevant record dates to receive interest due on relevant interest payment dates); provided that immediately after giving effect to each such redemption, at least $100.0 million aggregate principal amount of the Notes remain outstanding.

If less than all of the Notes are to be redeemed, the Trustee shall select the Notes or portions thereof to be redeemed pro rata, by lot or by any other method the Trustee shall deem fair and reasonable.

SINKING FUND

The Notes will not be entitled to the benefit of any sinking fund or other mandatory redemption obligation prior to maturity.

SUBORDINATION

The payment of the principal of (and premium, if any, on) and interest on, the Notes will be subordinated, as set forth in the Indenture, in right of payment to the prior payment in full of all Senior Indebtedness in cash or in any other form acceptable to the holders of Senior Indebtedness (or such payment shall be duly provided for to the satisfaction of the holders of the Senior Indebtedness). The Notes will be senior subordinated indebtedness of the Company ranking pari passu with all other existing and future senior subordinated indebtedness of the Company and senior to all existing and future Subordinated Indebtedness of the Company.

During the continuance of any default in the payment of any Senior Indebtedness beyond any applicable grace period, no payment (other than payments previously made pursuant to the provisions described under "Description of Notes -- Defeasance or Covenant Defeasance of Indenture") or distribution of any assets of the Company of any kind or character shall be made by the Company on account of principal of (and premium, if any, on) or

interest on, the Notes or on account of the purchase, redemption, defeasance or other acquisition of the Notes (other than such payments or distributions as may be agreed to by the lenders under the Senior Bank Facility in accordance with the terms of the Senior Bank Facility) unless and until such default shall have been cured or waived or shall have ceased to exist or the Senior Indebtedness with respect to which such payment default shall have occurred shall have been discharged or paid in full in cash or in any other form acceptable to the holders of such Senior Indebtedness (or such payment shall be duly provided for to the satisfaction of the holders of

the Senior Indebtedness), after which the Company shall resume making any and all required payments in respect of the Notes, including any missed payments.

During the continuance of any non-payment event of default with respect to any Designated Senior Indebtedness (as such event of default is defined in the instrument creating or evidencing such Designated Senior Indebtedness) pursuant to which the maturity thereof may be accelerated (a "Non-payment Default") and after receipt by the Trustee and the Company from a representative of the holders of such Designated Senior Indebtedness of written notice of such event of default, no payment (other than payments previously made pursuant to the provisions described under "Description of Notes -- Defeasance or Covenant Defeasance of Indenture") or distribution of any assets of the Company of any kind or character (other than such payments or distributions as may be agreed to by the holders of such Designated Senior Indebtedness in accordance with the terms of the agreement governing such Designated Senior Indebtedness) shall be made by the Company on account of any principal of (and premium, if any, on) or interest on the Notes or on account of the purchase, redemption, defeasance or other acquisition of the Notes for the period specified below (the "Payment Blockage Period").

The Payment Blockage Period shall commence upon the receipt of notice of the Non-payment Default by the Trustee from a Representative of the holder of any Designated Senior Indebtedness and shall end on the earliest of (i) the first date on which 179 days shall have elapsed since the receipt of such written notice, (ii) the date on which such Non-payment Default is cured, waived or ceases to exist or on which such Designated Senior Indebtedness is discharged or paid in full in cash or in any other manner acceptable to the holders of Designated Senior Indebtedness (as determined in accordance with the terms of the agreement governing such Designated Senior Indebtedness) (or the date on which payment shall be duly provided for to the satisfaction of the holders of such Designated Senior Indebtedness) or (iii) the date on which such Payment Blockage Period shall have been terminated by written notice to the Company or the Trustee from the Representative of, or the holders of at least a majority in principal amount of, the Designated Senior Indebtedness initiating such Payment Blockage Period, after which, in the case of clause (i), (ii) and (iii), the Company shall resume making any and all required payments in respect of the Notes, including any missed payments. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Company or the Trustee of the notice initiating such Payment Blockage Period (such 179-day period referred to as the "Initial Period"). Any number of notices of Non-payment Defaults may be given during the Initial Period; provided that during any 365 consecutive day period, only one such period during which payment of principal of, or interest on, the Notes may not be made may be commenced, and the duration of such period may not exceed 179 days. No Non-payment Default with respect to Designated Senior Indebtedness which existed or was continuing on the date of the commencement of any Payment Blockage Period will be, or can be, made the basis for the commencement of a second Payment Blockage Period, whether or not within a period of 365 consecutive days, unless such event of default has been cured or waived for a period of not less than 90 consecutive days.

If the Company fails to make any payment on the Notes when due or within any applicable grace period, whether or not on account of the subordination provisions referred to above, such failure would constitute an Event of Default under the Indenture and would enable the holders of the Notes to accelerate the maturity thereof. See "Description of the New Notes -- Events of Default."

The Indenture provides that, in the event of any insolvency, bankruptcy or reorganization case or proceeding, or any receivership, liquidation, or other similar case or proceeding, relative to the Company or to its creditors, as such, or to its assets, or any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary, or any assignment for the benefit of creditors or any other marshalling of assets or liabilities of the Company, all Senior Indebtedness must be paid in full in cash

or in any other form acceptable to the holders of Senior Indebtedness (or such payment shall be duly provided for to the satisfaction of the holders of Senior Indebtedness), before any payment or distribution is made on account of the principal of, premium, if any, or interest on the Notes.

By reason of such subordination, in the event of liquidation or insolvency, creditors of the Company who are holders of Senior Indebtedness may recover more, ratably, than the holders of the Notes, and funds which would be otherwise payable to the holders of the Notes will be paid to the holders of the Senior Indebtedness to the extent necessary to pay the Senior Indebtedness in full in cash or in any other form acceptable to the holders of Senior Indebtedness, and the Company may be unable to meet its obligations fully with respect to the Notes.

"Senior Indebtedness" means the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law whether or not allowable as a claim in such proceeding) on any Indebtedness of the Company (except as otherwise provided in this definition), whether outstanding on the Closing Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Notes. Without limiting the generality of the foregoing, "Senior Indebtedness" shall include the principal of (and premium, if any) and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable as a claim in such proceeding) and all other obligations of every nature of the Company from time to time owed under the Senior Bank Facility (including, without limitation, agency fees, commitment fees and letter of credit fees); provided, however, that any Indebtedness under any refinancing, refunding or replacement of the Senior Bank Facility shall not constitute Senior Indebtedness to the extent that the Indebtedness thereunder is by its express terms subordinate to any other Indebtedness of the Company. Notwithstanding the foregoing, "Senior Indebtedness" shall not include any of the following (whether or not constituting Indebtedness under the Indenture): (i) Indebtedness evidenced by the Notes, (ii) Indebtedness that, by its express terms, is subordinate or junior in right of payment to any Indebtedness of the Company, (iii) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to the Company, (iv) Indebtedness which is represented by Redeemable Capital Stock, (v) any liability for foreign, federal, state, local or other taxes owed or owing by the Company, (vi) Indebtedness of the Company to a Subsidiary, and (vii) any trade payables.

"Designated Senior Indebtedness" means (i) all Senior Indebtedness under the Senior Bank Facility; and (ii) any other Senior Indebtedness outstanding in a principal amount of at least $50 million, and which is specifically designated by the Company in the agreement governing or the instrument evidencing such Senior Indebtedness as "Designated Senior Indebtedness."

GUARANTEES

Payment of the Notes is guaranteed by United on a senior subordinated basis and will be guaranteed on a senior subordinated basis by any newly formed domestic Restricted Subsidiary of the Company created or acquired after the Closing Date. The Company has no present intention to form any domestic Restricted Subsidiary.

Each Guarantee of the Notes will be an unsecured senior subordinated obligation of the Guarantor, ranking pari passu with, or senior in right of payment to, all other existing and future indebtedness of such Guarantor that is expressly subordinated to Senior Guarantor Indebtedness of such Guarantor. The Indebtedness of any Guarantor evidenced by its Guarantee will be subordinated to Senior Guarantor Indebtedness of such Guarantor to the same extent as the Notes are subordinated to Senior Indebtedness, and during any period when payment on the Notes is prohibited pursuant to the subordination provisions of the Indenture, payment on any Guarantee will be similarly prohibited.

"Senior Guarantor Indebtedness" means, with respect to any Guarantor, the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable as a claim in such proceeding) on any Indebtedness of such Guarantor (except as otherwise provided in this definition), whether outstanding on the Closing Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to such Guarantor's Guarantee of the Notes. Without limiting the generality of the foregoing, "Senior Guarantor Indebtedness" shall include the principal of (and premium, if any) and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable as a claim in such proceeding) and all other obligations of every nature of any Guarantor from time to time owed under the Senior Bank Facility; provided, however, that any Indebtedness under any refinancing, refunding or replacement of the Senior Bank Facility shall not constitute Senior Guarantor Indebtedness to the extent that the Indebtedness thereunder is by its express terms subordinate to any other Indebtedness of any Guarantor. Notwithstanding the foregoing, "Senior Guarantor Indebtedness" shall not include any of the following (whether or not constituting Indebtedness under the Indenture): (i) Indebtedness evidenced by the Guarantees of the Notes, (ii) Indebtedness that, by its express terms, is subordinate or junior in right of payment to any Indebtedness of any Guarantor, (iii) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to any Guarantor, (iv) Indebtedness which is represented by Redeemable Capital Stock, (v) any liability for foreign, federal, state, local or other taxes owed or owing by any Guarantor, (vi) Indebtedness of any Guarantor to a Subsidiary, and (vii) any trade payables.

"Designated Senior Guarantor Indebtedness" means (i) all Senior Guarantor Indebtedness under the Senior Bank Facility; and (ii) any other Senior Guarantor Indebtedness outstanding in a principal amount of at least $50 million, and which is specifically designated by the Guarantor in the agreement governing or the instrument evidencing such Senior Guarantor Indebtedness as "Designated Senior Guarantor Indebtedness."

Each Guarantor shall not, and (except in the case of United) the Company will not permit any Guarantor to, in a single transaction or through a series of related transactions, merge or consolidate with or into any other corporation (other than the Company or any Restricted Wholly Owned Subsidiary) or other entity, sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of such Guarantor's properties and assets on a Consolidated basis to any entity (other than the Company or any Restricted Wholly Owned Subsidiary) unless at the time and after giving effect thereto: (i) either (1) such Guarantor shall be the continuing corporation or partnership or (2) the entity (if other than such Guarantor) formed by such consolidation or into which such Guarantor is merged or the entity which acquires by sale, assignment, conveyance, transfer, lease or disposition the properties and assets of such Guarantor shall be a corporation duly organized and validly existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume by a supplemental indenture, executed and delivered to the Trustee, all the obligations of such Guarantor under its Guarantee of the Notes and the Indenture; (ii) immediately before and immediately after giving effect to such transaction or transactions, no Default or Event of Default shall have occurred and be continuing; and (iii) such Guarantor shall have delivered to the Trustee an Officers' Certificate and an opinion of counsel in form and substance reasonably satisfactory to the Trustee, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or disposition and such supplemental indenture comply with the Indenture, and thereafter all obligations of the predecessor shall terminate; provided that the foregoing shall not apply to any Guarantor (other than United) if (A) immediately after such merger, consolidation, sale, assignment, conveyance, transfer, lease or other disposition, the Person surviving such merger or consolidation or the assignee, conveyee, transferee, lessee or recipient of such other disposition is not a Subsidiary and (B) the "Limitation on Sale of Assets" covenant of the Indenture is complied with in connection with such transaction.

In the event of any transaction described in and complying with the conditions listed in the immediately preceding paragraph in which any Guarantor

is not the continuing corporation, the successor Person formed or remaining shall succeed to, and be substituted for, and may exercise every right and power of, such Guarantor and the Guarantor will be discharged from all obligations and covenants under the Indenture and its Guarantee.

After giving pro forma balance sheet effect to the Acquisition and the refinancing of certain debt and repurchase of the Series B Preferred Stock, including accrued and unpaid dividends thereon, assumed to be effected with the proceeds of the Old Notes as if all such transactions had occurred on March 31, 1995, there would have been approximately $394.2 million of Senior Indebtedness of the Company (all of which would have been Designated Senior Indebtedness) and approximately $394.2 million of Senior Guarantor Indebtedness of United (all of which would have been Designated Senior Guarantor Indebtedness) outstanding on such date, substantially all of which represents Indebtedness or guarantees of Indebtedness under the New Credit Facilities which is secured by substantially all of the assets of the Company and United, respectively; in addition, after taking into account approximately $68.1 million of outstanding letters of credit, there would have been approximately $32.8 million available to be drawn by the Company as secured Senior Indebtedness under the revolving credit portion of the New Credit Facilities (all of which would have been Designated Senior Indebtedness), which amount would have been secured Senior Guarantor Indebtedness of United (all of which would have been Designated Senior Guarantor Indebtedness); and there would have been approximately $264.1 million of Indebtedness of the Company that would have been pari passu to the New Notes. See "Risk Factors -- Subordination" and "-- Limited Practical Value of Guarantees by United," "Capitalization" and "Pro Forma Combined Financial Information."

CERTAIN COVENANTS

The Indenture contains, among others, the covenants described below.

Limitation on Incurrence of Indebtedness. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, create, issue, assume, incur, guarantee, or otherwise in any manner become directly or indirectly liable for (collectively, "incur") any Indebtedness (including any Acquired Indebtedness); provided that the Company may incur Indebtedness (including any Acquired Indebtedness) if (A) the Consolidated Fixed Charge Coverage Ratio of the Company for the four full fiscal quarters immediately preceding the incurrence of such Indebtedness taken as one period (and after giving pro forma effect to (i) if the computation of the Consolidated Fixed Charge Coverage Ratio is made on any date prior to the end of the four full fiscal quarters immediately following the effective date of the Merger, the consummation of the Merger and the financing related thereto (but excluding any anticipated savings, whether or not related thereto), including the issuance of the Notes as though they had been issued and outstanding at the effective time of the Merger and the incurrence of indebtedness under the Senior Bank Facility and, in each case, the application of the proceeds thereof, as though such transaction had occurred on the first day of the four full fiscal quarters commencing immediately prior to the effective date of the Merger, (ii) the incurrence of such Indebtedness and the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, at the beginning of such four-quarter period; (iii) the incurrence, repayment or retirement of any other Indebtedness by the Company and its Restricted Subsidiaries since the first day of such four-quarter period as if such Indebtedness was incurred, repaid or retired at the beginning of such four-quarter period (except that, in making such computation, the amount of Indebtedness outstanding under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such four-quarter period); (iv) in the case of Acquired Indebtedness, the related acquisition as if such acquisition occurred at the beginning of such four-quarter period; and (v) any acquisition or disposition by the Company or its Restricted Subsidiaries of any company or any business or any assets out of the ordinary course of business, whether by merger, stock purchase or sale or asset purchase or sale, as if such acquisition or disposition, as the case may be, occurred at the beginning of such four-quarter period, and any related incurrence or repayment of Indebtedness, in each case since the first day of such four-quarter

period, assuming such acquisition or disposition had been consummated on the first day of such four-quarter period) is (x) for the period from the Closing Date through May 3, 1998 at least equal to 2.00:1.00 and (y) thereafter at least equal to 2.25:1.00 and (B) if such Indebtedness is Subordinated Indebtedness, such Indebtedness shall have an Average Life to Stated Maturity

longer than the Average Life to Stated Maturity of the Notes and a final Stated Maturity of principal later than the final Stated Maturity of principal of the Notes.

(b) The foregoing limitation will not apply to the incurrence of any of the following (collectively, "Permitted Indebtedness"):

(i) Indebtedness of the Company (x) outstanding at any time in an aggregate principal amount not to exceed an amount equal to $200 million minus all principal amounts actually repaid under the term loan portion of the Senior Bank Facility, including any such amount repaid as provided under the "Limitation on Sale of Assets" covenant described below, and (y) outstanding at any time in an aggregate amount equal to the greater of (I) the Borrowing Base and (II) $300 million;

(ii) subject to the "Limitation on Guarantees of Indebtedness" covenant, Guarantees by Restricted Subsidiaries of Senior Indebtedness of the Company; provided that such Indebtedness of the Company is incurred in compliance with the provisions of the Indenture;

(iii) Indebtedness of the Company pursuant to the Notes and Indebtedness of any Guarantor pursuant to its Guarantee of the Notes;

(iv) Indebtedness of the Company outstanding on the Closing Date;

(v) Indebtedness of the Company owing to a Restricted Wholly Owned Subsidiary, provided that any such Indebtedness (x) is made pursuant to an intercompany note in the form attached to the Indenture and (y) is subordinated in right of payment to the prior payment and performance of the Company's obligations under the Notes, if applicable; provided further that (A) any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to a Restricted Wholly Owned Subsidiary or a pledge to or for the benefit of any holder of Senior Indebtedness) or (B) any transaction pursuant to which such Restricted Wholly Owned Subsidiary ceases to be a Restricted Wholly Owned Subsidiary shall be deemed to be an incurrence of such Indebtedness by the Company not permitted by this clause (v);

(vi) Indebtedness of a Restricted Wholly Owned Subsidiary owing to the Company or to a Restricted Wholly Owned Subsidiary; provided that, with respect to Indebtedness owing to any Restricted Wholly Owned Subsidiary, (x) any such Indebtedness is made pursuant to an intercompany note in the form attached to the Indenture and (y) any such Indebtedness shall be subordinated in right of payment to the payment and performance of such Subsidiary's obligations under its Guarantee of the Notes, if applicable; provided further that (A) any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to the Company or a Restricted Wholly Owned Subsidiary or a pledge to or for the benefit of any holder of Senior Indebtedness) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (vi), and (B) any transaction pursuant to which any Restricted Wholly Owned Subsidiary, which has Indebtedness owing to the Company or any other Restricted Wholly Owned Subsidiary, ceases to be a Restricted Wholly Owned Subsidiary shall be deemed to be an incurrence of Indebtedness by such Subsidiary that is not permitted by this clause (vi);

(vii) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a "refinancing") of any Indebtedness described in clauses (iii) and (iv) of this paragraph (b) (including any successive refinancings), so long as the aggregate principal amount of Indebtedness represented thereby is not increased by such refinancing, except by an amount equal to the lesser of (x) the stated amount of any premium, interest or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (y) the amount of premium, interest or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses incurred in connection

with such refinancing; provided that in the case of Pari Passu Indebtedness or Subordinated Indebtedness, (A) such new Indebtedness does not have a shorter Average Life to Stated Maturity or a final Stated Maturity of principal earlier than the Indebtedness being refinanced, (B) in the case of Pari Passu Indebtedness, such new Indebtedness is pari passu with, or subordinated to, the Notes and (C) in the case of Subordinated

Indebtedness, such new Indebtedness is subordinated to the Notes at least to the same extent as the Indebtedness being refinanced; and provided further that in no event may Indebtedness of the Company be refinanced with Indebtedness of any Restricted Subsidiary pursuant to this clause (vii);

(viii) Indebtedness of the Company consisting of Capitalized Lease Obligations or purchase money obligations, in addition to that described in clauses (i) through (vii) of this paragraph (b), not to exceed $10 million outstanding at any one time in the aggregate;

(ix) Indebtedness of the Company (whether or not constituting purchase money obligations or Capitalized Lease Obligations) not to exceed $20 million at any one time outstanding; and

(x) Indebtedness of the Company consisting of bona fide Interest Rate Agreements designed to protect the Company from, or control the exposure of the Company to, fluctuations in interest rates in respect of Indebtedness.

Limitation on Restricted Payments. (a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(i) declare or pay any dividend on, or make any distribution to holders of, any shares of its Capital Stock (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire such Qualified Capital Stock and other than dividends and distributions paid to the Company);

(ii) purchase, redeem or otherwise acquire or retire for value, directly or indirectly, any shares of the Capital Stock of United, the Company or any Restricted Subsidiary (other than any Restricted Wholly Owned Subsidiary) or options, warrants or other rights to acquire such Capital Stock;

(iii) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to the relevant scheduled principal payment, sinking fund or maturity, any Subordinated Indebtedness; or

(iv) make any Investment in any Person, including, without limitation, any Unrestricted Subsidiary (other than any Permitted Investments)

(the foregoing actions described in clauses (i) through (iv), collectively, "Restricted Payments") unless after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than cash, as determined in good faith by the Board of Directors of the Company, such determination to be conclusive and evidenced by a Board Resolution), (A) no Default or Event of Default shall have occurred and be continuing and such Restricted Payment shall not cause or constitute any of the foregoing; (B) immediately before and immediately after giving effect to such transaction on a pro forma basis, the Company could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) under the "Limitation on Indebtedness" covenant; and (C) the aggregate amount of all such Restricted Payments declared or made after the Closing Date (including such Restricted Payment) does not exceed the sum of:

(I) 50% of the aggregate cumulative Consolidated Net Income (or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss) of the Company accrued on a cumulative basis during the period (taken as one accounting period) beginning on the date of the Merger and ending on the last day of the Company's last fiscal quarter ending prior to the date of the Restricted Payment;

(II) the aggregate Net Cash Proceeds received after the Closing Date by the Company from the issuance or sale (other than to any of its Subsidiaries) of its shares of Qualified Capital Stock

or any options, warrants or rights to purchase such shares of Qualified Capital Stock (less the value of any equity security referred to (and determined in accordance with) the parenthetical in clause (a)(i) of the definition of Consolidated Interest Expense);

(III) the aggregate Net Cash Proceeds received after the Closing Date by the Company (other than from any of its Subsidiaries) upon the exercise of any options, warrants or rights to purchase shares of Qualified Capital

Stock of the Company;

(IV) the aggregate Net Cash Proceeds received after the Closing Date by the Company from Indebtedness of the Company or Redeemable Capital Stock of the Company that has been converted into or exchanged for Qualified Capital Stock of the Company (or options, warrants or rights to purchase such Qualified Capital Stock), to the extent such Indebtedness of the Company or Redeemable Capital Stock of the Company was originally incurred or issued for cash, plus the aggregate Net Cash Proceeds received by the Company at the time of such conversion or exchange;

(V) without duplication of any of the foregoing, 100% of the aggregate Net Cash Proceeds received by the Company as a capital contribution from United; plus

(VI) to the extent not included in Consolidated Net Income, the net reduction (received by the Company or any Restricted Subsidiary in cash) in Investments (other than Permitted Investments) made by the Company and the Restricted Subsidiaries since the Closing Date, not to exceed, in the case of any Investments in any Person, the amount of Investments (other than Permitted Investments) made by the Company and the Restricted Subsidiaries in such Person since the Closing Date.

(b) Notwithstanding the foregoing, and in the case of clauses (ii), (iii), (iv), (v), (vi), (vii), (viii) and (ix) below, so long as there is no Default or Event of Default continuing, the foregoing provisions shall not prohibit the following actions:

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment would be permitted by the provisions of paragraph (a) of this "Limitation on Restricted Payments" covenant (such payment shall be deemed to have been paid on such date of declaration for purposes of the calculation required by paragraph (a) of this "Limitation on Restricted Payments" covenant);

(ii) the repurchase, redemption, or other acquisition or retirement of any shares of any class of Capital Stock of the Company or warrants, options or other rights to acquire such stock in exchange for, or out of the Net Cash Proceeds of a substantially concurrent issue and sale (other than to a Subsidiary) for cash of, any Qualified Capital Stock of the Company or warrants, options or other rights to acquire such stock;

(iii) any repurchase, redemption, defeasance, retirement, refinancing or acquisition for value or payment of principal of any Subordinated Indebtedness in exchange for, or out of the net proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary) for cash of, any Qualified Capital Stock of the Company or warrants, options or other rights to acquire such stock;

(iv) the repurchase, redemption, defeasance, retirement or other acquisition for value or payment of principal of any Subordinated Indebtedness through the issuance of Indebtedness meeting the requirements of clause (vii) of paragraph (b) of the "Limitation on Indebtedness" covenant;

(v) the repurchase, redemption, acquisition or retirement of shares of Capital Stock of United or options, warrants or other rights to purchase such shares held by officers or employees or former officers or employees of United and the Subsidiaries (or their estates or beneficiaries), upon death, disability, retirement, or termination of employment, pursuant to the terms of any employee stock option or stock purchase plan or agreement under which such shares were acquired; provided that the aggregate consideration paid for all such shares following the Closing Date does not exceed $600,000 in any fiscal year of the Company; and provided further that the amount by which $600,000

exceeds the amount so used in any fiscal year of the Company shall be available to be so used in subsequent fiscal years of the Company, notwithstanding the immediately preceding proviso;

(vi) payments to United, to the extent used by United to pay its operating and administrative expenses including, without limitation, directors' fees, legal and audit expenses, Commission compliance expenses and corporate franchise and other taxes, not to exceed $500,000 in any

fiscal year of the Company;

(vii) payments to United, not to exceed $250,000 in the aggregate after the Closing Date, to the extent used by United to make cash payments to holders of its Capital Stock in lieu of the issuance of fractional shares of Capital Stock and to redeem or repurchase stock purchase or similar rights issued as a shareholder rights device;

(viii) payments to United of up to $1,000,000 in any fiscal year of the Company, to the extent used by United to satisfy its payment obligations under the Management Services Agreements; and

(ix) the payment of dividends or the making of distributions to United, within 30 days of the Closing Date, to the extent that United, within such 30 days, uses such dividends and distributions to redeem or repurchase all or any portion of United's Series B Preferred Stock that is outstanding on the Closing Date (plus any shares of Series B Preferred Stock issued as dividends on such outstanding shares after the Closing Date and prior to such redemption or repurchase); and the purchase by the Company of all or any portion of United's Series B Preferred Stock that is outstanding on the Closing Date (plus any shares of Series B Preferred Stock issued as dividends on such outstanding shares after the Closing Date and prior to such purchase), within 30 days of the Closing Date; provided that the aggregate amount of all such payments by the Company under this clause (ix) shall not exceed $7.0 million.

The actions described in clauses (i) through (iii) and clauses (v) through (vii) of this paragraph (b) shall be Restricted Payments that shall be permitted to be taken in accordance with this paragraph (b) but shall reduce the amount that would otherwise be available for Restricted Payments under clause (C) of paragraph (a) of this "Limitation on Restricted Payments" covenant (provided that any dividend paid pursuant to clause (i) of this paragraph (b) shall reduce the amount that would otherwise be available under clause (C) of paragraph (a) of this "Limitation on Restricted Payments" covenant when declared, but not also when paid pursuant to such clause (i)) and the actions described in clauses (iv), (viii) and (ix) of this paragraph (b) shall be permitted to be taken in accordance with this paragraph and shall not reduce the amount that would otherwise be available for Restricted Payments under clause (C) of paragraph (a).

Limitation on Transactions with Affiliates. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets or property or the rendering of any services) with any Affiliate of the Company (other than a Restricted Wholly Owned Subsidiary of the Company) unless (i) such transaction or series of transactions is in writing on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than would be available in a comparable transaction in arm's-length dealings with an unrelated third party, (ii) with respect to any such transaction or series of transactions involving aggregate payments in excess of $1.0 million, the Company delivers an officers' certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (i) above and such transaction or series of related transactions has been approved by the Board of Directors of the Company, and (iii) with respect to a transaction or series of related transactions involving aggregate value in excess of $5.0 million, the Company delivers to the Trustee an opinion of an independent investment banking firm of national standing stating that the transaction or series of transactions is fair to the Company or such Restricted Subsidiary from a financial point of view.

The foregoing shall not apply to the performance of obligations under the Management Service Agreements and the Employment Contracts, in each case as in effect on the Closing Date.

Limitation on Senior Subordinated Indebtedness. The Company and each Guarantor will not, directly or indirectly, incur or otherwise permit to exist any Indebtedness that is subordinate in right of payment to any Indebtedness of the Company or such Guarantor, as the case may be, unless such Indebtedness is also pari passu with the Notes or the Guarantee of the Notes by such Guarantor, as the case may be, or subordinate in right of payment to the Notes or such Guarantee of the Notes, as the case may be, to at least the same

extent as the Notes or such Guarantee are subordinate in right of payment to Senior Indebtedness or Senior Guarantor Indebtedness, as the case may be, as set forth in the Indenture.

Limitation on Liens. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or suffer to exist any Lien of any kind upon any of its property or assets (including any shares of Capital Stock or Indebtedness of any Restricted Subsidiary), owned on the Closing Date or acquired after the Closing Date, or any income or profits therefrom, except if the Notes (or the Guarantee of the Notes, in the case of Liens on properties or assets of a Restricted Subsidiary that is a Guarantor) and all other amounts due under the Indenture are directly secured equally and ratably with (or prior to in the case of Liens with respect to Subordinated Indebtedness) the obligation or liability secured by such Lien, excluding, however, from the operation of the foregoing any of the following:

(a) any Lien existing as of the Closing Date;

(b) any Lien arising by reason of (i) any judgment, decree or order of any court, so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired; (ii) taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith; (iii) security for payment of workers' compensation or other insurance; (iv) good faith deposits in connection with tenders, leases or contracts (other than contracts for the payment of money); (v) zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any property or assets material to the operation of the business of the Company or any Restricted Subsidiary or the value of such property or assets for the purpose of such business; (vi) deposits to secure public or statutory obligations, or in lieu of surety or appeal bonds with respect to matters not yet finally determined and being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof; or (vii) operation of law in favor of mechanics, materialmen, laborers, employees or suppliers, incurred in the ordinary course of business for sums which are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(c) any Lien now or hereafter existing on property of the Company or any Guarantor securing Senior Indebtedness or Senior Guarantor Indebtedness, as the case may be, of such Person;

(d) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Company, which Indebtedness is permitted under the "Limitation on Indebtedness" covenant; provided that any such Lien only extends to the assets that were subject to such Lien securing such Acquired Indebtedness prior to the related acquisition; and

(e) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (d) so long as the amount of property or assets subject to such Lien is not increased thereby.

Limitation on Sale of Assets. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless (i) at least 75% of the proceeds

from such Asset Sale are received in cash and (ii) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the shares or assets sold.

(b) If all or a portion of the Net Cash Proceeds of any Asset Sale is not applied to repay permanently any Senior Indebtedness or Senior Guarantor Indebtedness then outstanding as required by the terms thereof, and the Company determines not to apply such Net Cash Proceeds to the prepayment of such Senior

Indebtedness or Senior Guarantor Indebtedness or if no such Senior Indebtedness or Senior Guarantor Indebtedness is then outstanding, then the Company may, within 12 months of the Asset Sale, invest (or enter into a written, legally binding commitment to invest, provided that the investment provided for in such commitment is actually made within 24 months of the Asset Sale) the Net Cash Proceeds in other properties and assets that will be used in the businesses of the Company existing on the Closing Date or in any company having such properties and assets. The amount of such Net Cash Proceeds neither used to permanently repay or prepay Senior Indebtedness or Senior Guarantor Indebtedness nor used or invested as set forth in this paragraph (b) constitutes "Excess Proceeds."

(c) When the aggregate amount of Excess Proceeds equals $10.0 million or more, the Company shall, within 15 Business Days: make an offer (an "Offer") to purchase, for cash, at 100% of the principal amount thereof, plus accrued and unpaid interest to the repurchase date (the "Repurchase Date"), in accordance with the procedures set forth in the Indenture the maximum principal amount (expressed as a multiple of $1,000) of Notes that may be purchased out of an amount (the "Note Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes, and the denominator of which is the sum of the outstanding principal amount of the Notes and any Pari Passu Indebtedness that is required to be repurchased under the instrument governing such Pari Passu Indebtedness and (ii) to the extent required by such Pari Passu Indebtedness, the Company shall make an offer to purchase or, if required by the terms of such Pari Passu Indebtedness, otherwise repurchase or redeem Pari Passu Indebtedness (a "Pari Passu Repayment") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Note Amount; provided that in no event shall the Pari Passu Debt Amount exceed the principal amount of such Pari Passu Indebtedness plus the amount of any premium, if any, and accrued and unpaid interest required to be paid to repurchase such Pari Passu Indebtedness. To the extent that the aggregate principal amount of and accrued but unpaid interest with respect to the Notes tendered pursuant to the Offer is less than the Note Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased is less than the Pari Passu Debt Amount, the Company may use such amounts not necessary to purchase the tendered Notes and the Pari Passu Indebtedness required to be purchased for any purpose not prohibited by the Indenture. Upon completion of the purchase of all the Notes tendered pursuant to an Offer and the purchase of the Pari Passu Indebtedness pursuant to a Pari Passu Repayment, the amount of Excess Proceeds, if any, shall be reset at zero.

The Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws and regulations in connection with an Offer.

Limitation on Issuances of Guarantees of Indebtedness. (a) The Company will not permit any Restricted Subsidiary to incur any Guaranteed Debt, other than Guaranteed Debt in respect of Senior Indebtedness of the Company; provided that, concurrently with the incurrence of such Guaranteed Debt by any Restricted Subsidiary, the Restricted Subsidiary incurring such Guaranteed Debt (if it is not a Guarantor) shall execute a supplemental indenture setting forth such Restricted Subsidiary's senior subordinated guarantee of the Notes, such guarantee to be on the same terms as United's Guarantee of the Notes. Neither the Company nor any Guarantor shall be required to make a notation on the Notes or the Guarantees to reflect such Guarantee. In connection with such Guarantee of the Notes, such Restricted Subsidiary shall waive, and agree that it will not in any manner whatsoever claim or take the

benefit or advantage of, any rights or reimbursement, indemnity or subrogation or any other rights against the Company or any Guarantor as a result of any payment by such Restricted Subsidiary with respect to such Guaranteed Debt.

(b) United will not incur any Guaranteed Debt with respect to any Pari Passu Indebtedness or Subordinated Indebtedness unless such Guaranteed Debt is subordinated (at least to the extent that Notes are subordinated in right of payment to Senior Indebtedness) in right of payment to (or, in the case of Guaranteed Debt with respect to Pari Passu Indebtedness, is pari passu in right of payment with) United's Guarantee of the Notes.

(c) The Company will cause each of its domestic Restricted Subsidiaries, other than the Joint Venture, promptly upon becoming a Restricted Subsidiary, to execute a supplemental indenture providing for a Guarantee of the Notes on the same terms as United's Guarantee of the Notes, including, without limitation, the waiver and agreement referred to in the last sentence of

paragraph (a) above. Neither the Company nor any Guarantor shall be required to make a notation on the Notes or the Guarantees to reflect such Guarantee.

Limitation on Subsidiary Capital Stock. The Company will not transfer, and will not permit the transfer or issuance of, any Capital Stock of any Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except for (i) Capital Stock issued to and held by the Company or a Restricted Wholly Owned Subsidiary, (ii) Capital Stock issued by a Person prior to the time (A) such Person becomes a Restricted Subsidiary, (B) such Person merges with or into a Restricted Subsidiary or (C) a Restricted Subsidiary merges with or into such Person; provided that such Capital Stock was not issued or incurred by such Person in anticipation of the type of transaction contemplated by subclause (A), (B) or (C), (iii) the transfer of all of the Capital Stock of a Restricted Subsidiary or (iv) the issuance or transfer of directors' qualifying shares or a de minimis number of shares required to be held by foreign nationals, in each case to the extent required by applicable law. The foregoing shall not prohibit the pledge of any shares of Capital Stock permitted under the "Limitation on Liens" covenant.

Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends, in cash or otherwise, or make any other distribution on or in respect of its Capital Stock, (ii) pay any Indebtedness owed to the Company or any other Restricted Subsidiary, (iii) make any loans or advances to, or Investments in, the Company or any other Restricted Subsidiary or (iv) transfer any of its properties or assets to the Company or any other Restricted Subsidiary, except in any such case (1) any encumbrance or restriction pursuant to an agreement in effect on the Closing Date (2) any encumbrance or restriction, with respect to a Person that becomes a Subsidiary after the Closing Date, in existence at the time such Person becomes a Subsidiary and not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary; (3) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) and (2), or in this clause (3), provided that the terms and conditions of any such encumbrances or restrictions are not materially less favorable to the Holders of the Notes than those under or pursuant to the agreement so extended, renewed, refinanced or replaced; (4) any encumbrance or restriction created pursuant to an asset sale agreement, stock sale agreement or similar instrument pursuant to which a bona-fide Asset Sale the proceeds of which are applied as provided in the Indenture is to be consummated, so long as such restriction or encumbrance shall apply only to the assets subject to such Asset Sale and shall be effective only for a period from the execution and delivery of such agreement or instrument through the earlier of the consummation of such Asset Sale or the termination of such agreement or instrument; (5) customary non-assignment provisions of any lease governing any leasehold interest of the Company or any Restricted Subsidiaries; (6) to the extent required by the Indenture; and (7) any encumbrance or restriction existing under or by reason of applicable law.

Purchase of Notes upon a Change of Control. If a Change of Control shall occur at any time, then each holder of Notes shall have the right to require that the Company purchase such holder's Notes in whole or in part in integral multiples of $1,000, at a purchase price (the "Change of Control Purchase Price") in cash in an amount equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date"), pursuant to the offer described below (the "Change of Control Offer") and the other procedures set forth in the Indenture.

Within 15 days following any Change of Control, the Company shall notify the Trustee thereof and give written notice of such Change of Control to each holder of Notes by first-class mail, postage prepaid, at his address appearing in the security register, stating, among other things, (i) the purchase price and the purchase date which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act; (ii) that any Note not tendered will continue to accrue interest; (iii) that, unless the Company defaults in the payment of the purchase price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and (iv) certain other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

If a Change of Control Offer is made, there can be no assurance that the Company will have available funds sufficient to pay the Change of Control Purchase Price for all of the Notes that might be delivered by holders of the Notes seeking to accept the Change of Control Offer. The Senior Bank Facility prohibits the purchase of the Notes by the Company prior to full repayment of Indebtedness thereunder and, upon a Change of Control, all amounts outstanding under the Senior Bank Facility may become due and payable. There can be no assurance that, in the event of a Change in Control, the Company will be able to obtain the necessary consents from the lenders under the Senior Bank Facility to consummate a Change of Control Offer. The failure of the Company to make or consummate the Change of Control Offer or pay the Change of Control Purchase Price when due would result in an Event of Default and would give the Trustee and the holders of the Notes the rights described under "Description of Notes -- Events of Default," subject to the subordination provisions of the Indenture.

"Change of Control" is defined in the Indenture to mean the occurrence of any of the following events: (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more of the Permitted Holders, becomes the ultimate "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the voting power of the total outstanding Voting Stock of United (or any successor) or the Company (or any successor) voting as one class; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of United or the Company (together with any new directors whose election to such Board of Directors or whose nomination for election by the shareholders of such Person, was approved by a vote of 66 2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of such Board of Directors then in office; (iii) United or the Company conveys, transfers, or leases or otherwise disposes of all or substantially all of its assets to any Person (other than one or more of the Permitted Holders); (iv) United (or any successor) or the Company (or any successor) is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under "Description of Notes -- Consolidation, Merger, Sale of Assets"; and (v) the failure of United (or any successor) to "beneficially own" 100% of the voting power of the total outstanding Voting Stock of the Company (or any successor).

The phrase "all or substantially all" as used in the definition of "Change of Control" has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in the event the holders of the Notes elected to exercise their

rights under the Indenture and the Company elected to contest such election, there could be no assurance as to how a court interpreting New York law would interpret such phrase.

The existence of a Holder's right to require the Company to purchase such Holder's Notes upon a Change of Control may deter a third party from acquiring the Company in a transaction which constitutes a Change of Control.

The Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer.

United will not, and will not permit any Subsidiary to, create or permit to exist or become effective any restriction (other than restrictions in effect on the Closing Date with respect to Indebtedness outstanding on the Closing Date and refinancings thereof and customary default provisions) that would materially impair the ability of the Company to make a Change of Control Offer to purchase the Notes or, if such Change of Control Offer is made, to pay for the Notes tendered for purchase.

Provision of Financial Statements. Whether or not United or the Company is subject to Section 13(a) or 15(d) of the Exchange Act, United and the Company will, to the extent permitted under the Exchange Act, deliver to the Commission for filing the annual reports, quarterly reports and other documents which United and the Company would have been required to file with the Commission pursuant to such Section 13(a) or 15(d) if United and the Company were so subject, such documents to be filed with the Commission on or prior to the respective dates (the "Required Filing Dates") by which United and the Company

would have been required to so file such documents if United and the Company were so subject (subject to a five day grace period). United and the Company will also in any event (x) within 15 days of each Required Filing Date (subject to a five day grace period) (i) transmit by mail to all Holders, as their names and addresses appear in the security register, without cost to such Holders and (ii) file with the Trustee copies of the annual reports, quarterly reports and other documents which United and the Company would have been required to file with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act if United and the Company were subject to such Sections and (y) if filing such documents by United and the Company with the Commission is not permitted under the Exchange Act, promptly upon written request, supply copies of such documents to any prospective Holder at United's and the Company's cost

CONSOLIDATION, MERGER, SALE OF ASSETS

The Company shall not, in a single transaction or through a series of related transactions, consolidate with or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets as an entirety to any Person or group of affiliated Persons (and the Company will not permit any Restricted Subsidiary to enter into any such transaction or transactions if such transaction or transactions, in the aggregate, would result in the sale, assignment, conveyance, transfer, lease or disposal of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis to any other Person or group of affiliated Persons) unless at the time and after giving effect thereto: (i) either (a) the Company shall be the continuing corporation or (b) the Person (if other than the Company) formed by such consolidation or into which the Company or such Subsidiary is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company or such Subsidiary, as the case may be, substantially as an entirety (the "Surviving Entity") shall be a corporation duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person shall expressly assume, by a supplemental indenture executed and delivered to the Trustee, all the obligations of the Company under the Notes and the Indenture, and the Indenture shall remain in full force and effect; (ii) immediately before and immediately after giving effect to such transaction or transactions, no Default

or Event of Default shall have occurred and be continuing; (iii) immediately after giving effect to such transaction on a pro forma basis, the Consolidated Net Worth of the Company (or of the Surviving Entity if other than the Company), is equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction or transactions; (iv) immediately before and immediately after giving effect to such transaction on a pro forma basis (on the assumption that the transaction occurred on the first day of the four-quarter period immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction being included in such pro forma calculation), the Company (or the Surviving Entity if other than the Company), could incur at least $1.00 of additional Indebtedness under the "Limitation on Indebtedness" covenant (other than Permitted Indebtedness); and (v) the Company or the Surviving Entity shall have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an opinion of counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereto comply with the Indenture and that all conditions precedent herein provided for relating to such transaction have been complied with.

In the event of any transaction described in and complying with the conditions listed in the immediately preceding paragraph in which the Company is not the continuing corporation, the successor Person formed or remaining shall succeed to, and be substituted for, and may exercise every right and power of the Company and the Company will be discharged from all obligations and covenants under the Indenture and the Notes.

EVENTS OF DEFAULT

The following will be "Events of Default" under the Indenture:

(i) failure to pay any interest on any Note when it becomes due and payable, and such failure shall continue for a period of 30 days;

(ii) failure to pay the principal of (or premium, if any, on) any Note at

its Maturity (upon acceleration, optional or mandatory redemption, required repurchase or otherwise);

(iii) (a) failure to perform, or breach of, any covenant or agreement of the Company, United or any Guarantor under the Indenture (other than a default in the performance of, or breach of, a covenant or agreement which is specifically dealt with in clause (i) or (ii) or in clauses (b), (c) and (d) of this clause (iii)), and such default or breach shall continue for a period of 30 days after written notice of such failure has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture; (b) default in the performance or breach of the provisions described under "Description of Notes -- Consolidation, Merger, Sale of Assets"; (c) the Company shall have failed to make or consummate an Offer in accordance with the provisions of the "Limitation on Sale of Assets" covenant; or (d) the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of the "Purchase of Notes Upon a Change of Control" covenant;

(iv) one or more defaults shall have occurred under any agreements, indentures or instruments under which the Company or any Restricted Subsidiary then has outstanding Indebtedness in excess of $10 million principal amount in the aggregate and, if not already matured at its final maturity in accordance with its terms, such Indebtedness shall have been accelerated;

(v) any Guarantee shall for any reason cease to be, or shall be asserted in writing by such Guarantor, United or the Company not to be, in full force and effect and enforceable in accordance with its terms or any Subsidiary shall fail to Guarantee the Notes as required by the "Limitation on Issuances of Guarantees of Indebtedness" covenant;

(vi) one or more judgments, orders or decrees for the payment of money in excess of $10 million, either individually or in the aggregate (net of amounts covered by insurance, bond, surety or similar instrument), shall be entered against the Company, United or any Restricted Subsidiary, or any of their respective properties, and shall not be discharged and either (a) any creditor shall have commenced an enforcement proceeding upon such judgment, order or decree or (b) there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(vii) there shall have been the entry by a court of competent jurisdiction of (a) a decree or order for relief in respect of the Company, United or any Significant Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or (b) a decree or order adjudging the Company, United or any Significant Subsidiary bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, United or any Significant Subsidiary under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company, United or any Significant Subsidiary or of any substantial part of their respective properties, or ordering the winding up or liquidation of their affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days; or

(viii) (a) the Company, United or any Significant Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent, (b) the Company, United or any Significant Subsidiary consents to the entry of a decree or order for relief in respect of the Company, United or any Significant Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it, (c) the Company, United or any Significant Subsidiary files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, (d) the Company, United or any Significant Subsidiary (x) consents to the filing of such petition or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company, United or any Significant Subsidiary or of any substantial part of their respective properties or (y) makes an assignment for the

benefit of creditors or (e) the Company, United or any Significant Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (viii).

If an Event of Default (other than as specified in clauses (vii) and (viii) of the prior paragraph) shall occur and be continuing, the Trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding may, and the Trustee at the request of such Holders shall, declare all unpaid principal of (and premium, if any, on) and accrued interest on all the Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders of the Notes); provided that so long as the Senior Bank Facility is in effect, such declaration shall not become effective until the earlier of (a) five business days after receipt of such notice of acceleration from the Holders or the Trustee by the agent under the Senior Bank Facility or (b) acceleration of the Indebtedness under the Senior Bank Facility. Thereupon such principal shall become immediately due and payable, and the Trustee may, at its discretion, proceed to protect and enforce the rights of the holders of Notes by appropriate judicial proceeding. If an Event of Default specified in clause (vii) or (viii) of the prior paragraph occurs, then all the Notes shall ipso facto become and be immediately due and payable, in an amount equal to the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date the Notes become due and payable, without any declaration or other act on the part of the Trustee or any Holder.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of Notes outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if (a) the Company has paid or deposited with the Trustee a sum sufficient to pay

(i) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, (ii) all overdue interest on all Notes, and (iii) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Notes; and (b) all Events of Default, other than the non-payment of principal of the Notes which has become due solely by such declaration of acceleration, have been cured or waived; and (c) the rescission will not conflict with any judgment or decree.

The Holders of not less than a majority in aggregate principal amount of the Notes outstanding may on behalf of the Holders of all the Notes waive any past defaults under the Indenture and its consequences, except a default in the payment of the principal of (and premium, if any, on) or interest on any Note, or in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Note outstanding.

The Company is also required to notify the Trustee within five business days of the occurrence of any Default.

The Trust Indenture Act contains limitations on the rights of the Trustee, should it become a creditor of the Company or any Guarantor, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions; provided that if it acquires any conflicting interest, it must eliminate such conflict upon the occurrence of an Event of Default or else resign.

DEFEASANCE OR COVENANT DEFEASANCE OF INDENTURE

The Company may, at its option and at any time, elect to have the obligations of the Company and each Guarantor and any other obligor upon the Notes, if any, discharged with respect to the outstanding Notes ("defeasance"). Such defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, except for (i) the rights of holders of outstanding Notes to receive payments in respect of the principal of (and premium, if any, on) and interest on such Notes when such payments are due, (ii) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes, and the maintenance of an office or agency for payment and money for security payments held in trust, (iii) the rights, powers, trusts, duties and immunities of the Trustee, and (iv) the defeasance provisions of the Indenture. In addition, the Company may, at its option and at

any time, elect to have the obligations of the Company and each Guarantor released with respect to certain covenants that are described in the Indenture ("covenant defeasance") and any omission to comply with such obligations shall not constitute a Default or an Event of Default with respect to the Notes. In the event covenant defeasance occurs, certain events (not including non-payment, enforceability of any Guarantee, bankruptcy and insolvency events) described in "Description of Notes -- Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either defeasance or covenant defeasance, (i) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in United States dollars, U.S. Government Obligations (as defined in the Indenture), or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay and discharge the principal of (and premium, if any, on) and interest on the outstanding Notes on the Stated Maturity of such principal or installment of principal (or, if specified by the Company in an Officers' Certificate delivered to the Trustee at the time of such deposit, any date upon which the Company would be entitled to redeem all Notes outstanding); (ii) in the case of defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States stating that since the Closing Date (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel in

the United States shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case of such defeasance had not occurred; (iii) in the case of covenant defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States to the effect that the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; (iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit; (v) such defeasance or covenant defeasance shall not cause the Trustee to have a conflicting interest with respect to any securities of the Company or any Guarantor; (vi) such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any Guarantor is a party or by which it is bound; (vii) the Company shall have delivered to the Trustee an opinion of independent counsel to the effect that (A) the trust funds will not be subject to any rights of holders of Senior Indebtedness or Senior Guarantor Indebtedness, including, without limitation, those arising under the Indenture and (B) after the 123rd day following the deposit, the trust funds will not be subject to the avoidance under any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (viii) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Notes or any Guarantee over the other creditors of the Company or any Guarantor or with the intent of defeating, hindering, delaying or defrauding creditors of the Company, any Guarantor or others; (ix) no event or condition shall exist that would prohibit the Company from making payments of the principal of (and premium, if any on) and interest on the Notes on the date of such deposit; and (x) the Company shall have delivered to the Trustee an Officers' Certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to either defeasance or covenant defeasance, as the case may be, have been complied with.

SATISFACTION AND DISCHARGE

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (a) either (i) all the Notes theretofore authenticated and delivered (other than lost, stolen or destroyed Notes which have been replaced or paid) have been delivered to the Trustee for cancellation or (ii) all Notes not theretofore delivered to the Trustee for cancellation (x) have become due and payable, (y) will become due and payable at their Stated Maturity within one year or (z) are to be called for redemption within one year under arrangements

satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, including principal of (and premium, if any, on) and accrued interest at such Stated Maturity or redemption date; (b) the Company or any Guarantor has paid or caused to be paid all other sums payable under the Indenture by the Company and each Guarantor; and (c) the Company has delivered to the Trustee an Officers' Certificate and an opinion of counsel each stating that (i) all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with and (ii) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound.

MODIFICATIONS AND AMENDMENTS

Without the consent of any Holders, the Company, the Guarantors and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental to the Indenture for any of

the following purposes: (1) to add to the covenants of the Company and the Guarantors for the benefit of the Holders, or to surrender any right or power therein conferred upon the Company and the Guarantors; (2) to add additional Events of Default; (3) to evidence and provide for the acceptance of the appointment under the Indenture by a successor Trustee; (4) to secure the Notes; (5) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be defective or inconsistent with any other provision in the Indenture, or to make any other provisions with respect to matters or questions arising under the Indenture, provided that such actions pursuant to this clause shall not adversely affect the interests of the Holders in any material respect; or (6) to comply with any requirements of the Commission in order to effect and maintain the qualification of the Indenture under the Trust Indenture Act; provided that certain legal opinions and Officers' Certificates are delivered.

Modifications and amendments of the Indenture may be made by the Company, the Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate outstanding principal amount of the Notes; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby: (i) change the Stated Maturity of the principal of, or any installment of interest on, any Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof; (ii) amend, change or modify the obligation of the Company to make and consummate an Offer with respect to any Asset Sale or Asset Sales in accordance with the "Limitation on Sale of Assets" covenant or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with the "Purchase of Notes upon a Change of Control" covenant, including, without limitation, amending, changing or modifying any definitions with respect thereto; (iii) reduce the percentage in principal amount of outstanding Notes, the consent of whose holders is required for any such modifications and amendments, or the consent of whose holders is required for any waiver; (iv) modify any of the provisions relating to supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of outstanding Notes required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each of each Note affected thereby; (v) except as otherwise permitted under "Description of the New Notes -- Consolidation, Merger, Sale of Assets," consent to the assignment or transfer by the Company or any Guarantor of any of its rights and obligations under the Indenture; or (vi) amend or modify any of the provisions of the Indenture relating to the subordination of the Notes or any Guarantee in any manner adverse to the holders of the Notes.

GOVERNING LAW

The Indenture, the Notes and the Guarantees are governed by, and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of law principles thereof.

CERTAIN DEFINITIONS

"Acquired Indebtedness" means Indebtedness of a Person (i) existing at the time such Person becomes a Restricted Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person. Acquired Indebtedness shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

"Affiliate" means, with respect to any specified Person, (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (ii) any other Person that owns, directly or indirectly, 10% or more of such specified Person's Capital Stock or any executive officer or director of any such specified Person or other Person or, with respect to any natural Person, any person having a relationship with such Person by blood, marriage or adoption

not more remote than first cousin. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding any of the foregoing, for purposes of the Indenture, The Chase Manhattan Corporation and its subsidiaries shall be deemed not to be an Affiliate of United, the Company or any Subsidiary.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation or Sale and Leaseback Transaction) (collectively, a "transfer"), directly or indirectly, in one or a series of related transactions, of (i) any Capital Stock of any Subsidiary; (ii) all or substantially all of the properties and assets of any division or line of business of the Company or any Restricted Subsidiary; or (iii) any other properties or assets of the Company or any Restricted Subsidiary, other than in the ordinary course of business. For the purposes of this definition, the term "Asset Sale" shall not include (x) any transfer of properties or assets (A) that is governed by the first paragraph under "-- Consolidation, Merger, Sale of Assets" or (B) that is by the Company to any Restricted Wholly Owned Subsidiary, or by any Restricted Wholly Owned Subsidiary to the Company or any Restricted Wholly Owned Subsidiary in accordance with the terms of the Indenture or (y) transfers of properties and assets listed on Schedule I to the Indenture.

"Average Life to Stated Maturity" means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing (i) the sum of the products of (a) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness multiplied by (b) the amount of each such principal payment by (ii) the sum of all such principal payments.

"Bankruptcy Law" means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"Borrowing Base" means, as of any date, an amount equal to the sum of (a) 80% of the face amount of all accounts receivable of the Company and its Restricted Subsidiaries as of such date and (b) 50% of the book value (calculated on a FIFO basis) of all inventory owned by the Company and its Restricted Subsidiaries as of such date, all calculated on a consolidated basis and in accordance with GAAP. To the extent that information is not available as to the amount of accounts receivable or inventory as of a specific date, the Company may utilize the most recent available quarterly or annual financial report for purposes of calculating the Borrowing Base.

"Capital Lease Obligation" means any obligations of the Company and its Restricted Subsidiaries on a Consolidated basis under any capital lease of real or personal property which, in accordance with GAAP, has been recorded as a capitalized lease obligation.

"Capital Stock" of any Person means any and all shares, interests, participations, partnership interests or other equivalents (however designated) of such Person's capital stock.

"Closing Date" means May 3, 1995.

"Consolidated Fixed Charge Coverage Ratio" of the Company means, for any period, the ratio of (a) the sum of Consolidated Net Income (Loss), Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges deducted in computing Consolidated Net Income (Loss) in each case, for such period, of the Company and its Restricted Subsidiaries on a Consolidated basis, all determined in accordance with GAAP to (b) the sum of Consolidated Interest Expense for such period and cash and non-cash dividends required to be paid or accrued on any Preferred Stock of

the Company and its Restricted Subsidiaries during such period; provided that (i) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a pro forma basis and (A) bearing a floating interest rate, shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (B) which was not outstanding during the period for which the computation is being made but which bears at the option of the Company, a fixed or floating rate of interest, shall be computed by applying at the option of the Company, either the fixed or floating rate and (ii) in making such computation, the Consolidated Interest Expense of the Company and its Restricted Subsidiaries attributable to interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

"Consolidated Income Tax Expense" means, for any period, the provision for federal, state, local and foreign income taxes of the Company and its Restricted Subsidiaries for such period as determined in accordance with GAAP on a Consolidated basis.

"Consolidated Interest Expense" of the Company means, without duplication, for any period, the sum of (a) the interest expense of the Company and its Restricted Subsidiaries for such period, on a Consolidated basis, including, without limitation, (i) amortization of debt discount (other than debt discount attributable solely to a discount in the purchase price of Indebtedness sold with an equity security, to the extent of the amount of the value reasonably attributed in good faith to such equity security at the time of such sale and reflected in an Officers' Certificate delivered promptly thereafter to the Trustee), (ii) the net cost under Interest Rate Agreements (including amortization of discounts), (iii) the interest portion of any deferred payment obligation, (iv) accrued interest and (v) the amortization of deferred financing costs, plus (b) (i) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by the Company during such period and (ii) all capitalized interest of the Company and its Restricted Subsidiaries, less (c) the amortization of any deferred financing costs incurred with respect to the issuance of the Notes or the borrowings under the Senior Bank Facility, to the extent paid prior to or on the Closing Date, in each case as determined in accordance with GAAP on a Consolidated basis.

"Consolidated Net Income (Loss)" of the Company means, for any period, the Consolidated net income (or loss) of the Company and its Restricted Subsidiaries for such period as determined in accordance with GAAP, adjusted, to the extent included in calculating such net income (loss), by excluding, without duplication, (i) all extraordinary gains or losses (less all fees and expenses relating thereto), (ii) the portion of net income (or loss) of the Company and its Restricted Subsidiaries allocable to minority interests in unconsolidated Persons to the extent that cash dividends or distributions have not actually been received by the Company or one of its Restricted Subsidiaries, (iii) net income (or loss) of any Person combined with the Company or any of its Restricted Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination, (iv) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan, (v) net gains (or losses), less all fees and expenses relating thereto, in respect of dispositions of assets other than in the ordinary course of business and the net income of any Unrestricted Subsidiary, except to the extent paid to the Company or any Restricted Subsidiary in cash as a dividend or distribution or (vi) the net income of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulations applicable to such Restricted Subsidiary or its stockholders.

"Consolidated Net Worth" of any Person means the Consolidated stockholders' equity (excluding Redeemable Capital Stock) of such Person and its subsidiaries (or, in the case of United or the Company, the Restricted Subsidiaries), as determined in accordance with GAAP on a Consolidated basis.

"Consolidated Non-cash Charges" of the Company means, for any period, the aggregate depreciation, amortization and other non-cash charges of the Company and its Restricted Subsidiaries on a Consolidated basis reducing the Consolidated Net Income of the Company and its Restricted Subsidiaries for such period, as determined in accordance with GAAP (excluding any non-cash charge which requires an accrual or reserve for cash charges for any future period).

"Consolidation" means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries (or, in the case of United or the Company, the Restricted Subsidiaries) if and to the extent the accounts of such Person and each of its subsidiaries (or, in the case of United or the Company, the Restricted Subsidiaries) would normally be consolidated with those of such Person, all in accordance with GAAP. The term "Consolidated" shall have a similar meaning.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Employment Agreements" means the several employment agreements, dated on or prior to the Closing Date, between or among United and/or the Company and each of Joel D. Spungin, Jeffrey K. Hewson, Ronald W. Weissman, Allen B. Kravis, Steven R. Schwarz, Robert H. Cornell, Otis H. Halleen, Jerold A Hecktman, Ted S. Rzeszuto, Michael D. Rowsey, Daniel J. Schleppe, Daniel H. Bushell, Robert D. Eberspacher, Duane J. Ratay and Lawrence E. Miller.

"Fair Market Value" means, with respect to any asset or property, the sale value that would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy as determined by the Board of Directors in good faith and evidenced by a resolution of the Board of Directors.

"GAAP" or "Generally Accepted Accounting Principles" means generally accepted accounting principles in the United States, consistently applied, which are in effect at the time any given calculation is made.

"Guarantee" means the guarantee by any Guarantor of the Company's Indenture Obligations pursuant to a guarantee given in accordance with the Indenture.

"Guaranteed Debt" of any Person means, without duplication, all Indebtedness of any other Person guaranteed directly or indirectly in any manner by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered), (iv) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or (v) otherwise to assure a creditor against loss; provided that the term "guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Guarantor" means United and each Restricted Subsidiary that is organized under the laws of the United States or any state or territory thereof, including the District of Columbia, other than the Joint Venture.

"Indebtedness" means, with respect to any Person, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities now or hereafter outstanding, if, and to the extent, any of the foregoing would

appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP, (ii) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments, (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business, (iv) all obligations under Interest Rate Agreements of such Person, (v) all Capital Lease Obligations of such Person, (vi) all Indebtedness referred to in clauses (i) through (v) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, (vii) all Guaranteed Debt of such Person and (viii) all Redeemable Capital Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price. For purposes hereof, the "maximum fixed repurchase price" of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Redeemable Capital Stock, such Fair Market Value shall be determined in good faith by the board of directors of the issuer of such Redeemable Capital Stock.

"Interest Rate Agreements" means one or more of the following agreements which shall be entered into by one or more financial institutions: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar arrangements) and/or other types of interest rate hedging agreements from time to time.

"Investments" means, with respect to any Person, directly or indirectly, any advance, loan (including guarantees), or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities issued by, any other Person and all other items that would be classified as investments on a balance sheet prepared in accordance with GAAP. In addition, the Fair Market Value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary shall be deemed to be an "Investment" made by the Company in such Unrestricted Subsidiary. The amount of any non-cash Investment shall be equal to the Fair Market Value of the assets invested, as determined in good faith by (i) in the case of any Investment in excess of $500,000, the Board of Directors of the Company (provided that such determination is evidenced by a Board Resolution) or (ii) in any other case, an executive officer of the Company.

"Joint Venture" means United Business Computers, Inc., a Delaware corporation.

"Lien" means any mortgage, charge, pledge, lien (statutory or otherwise), privilege, security interest, hypothecation or other encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired.

"Management Services Agreements" means the several investment banking fee and management agreements dated on or prior to the Closing Date, among United, the Company and Wingate Partners L.P., Cumberland Capital Corporation and Good Capital Co., Inc., as amended to the Closing Date.

"Maturity" when used with respect to any Note means the date on which the principal of such Note becomes due and payable as therein provided or as provided in the Indenture, whether at Stated Maturity, the Repurchase Date or the redemption date and whether by declaration of acceleration, Offer in respect of Excess Proceeds, Change of Control, call for redemption or otherwise.

"Merger" means, collectively, the merger of Associated with and into United and the merger of ASI with and into the Company.

"Net Cash Proceeds" means (a) with respect to any Asset Sale by any Person, the proceeds thereof in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary) net of (i) brokerage commissions and other actual fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes payable as a result of such Asset Sale, (iii) payments made to retire Indebtedness where payment of such Indebtedness is secured by the assets or properties the subject of such Asset Sale, (iv) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale and (v) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP or, until no longer required by contract with the buyer, as required by contract with the buyer, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officers' Certificate delivered to the Trustee and (b) with respect to any issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock or Indebtedness or Capital Stock that have been converted into or exchanged for Capital Stock, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of attorneys' fees, accountants' fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Pari Passu Indebtedness" means any Indebtedness of the Company or a Guarantor that is pari passu in right of payment to the Notes or a Guarantee of the Notes, as the case may be.

"Permitted Holders" means Wingate Partners, L.P., Wingate Partners II, L.P., Wingate Affiliates, L.P., and Wingate Affiliates II, L.P. (collectively, "Wingate Partners"), ASI Partners, L.P., ASI Partners II, L.P., Cumberland Capital Corporation, Good Capital Co., Inc., Daniel J. Good, Boise Cascade Corporation, Chase Manhattan Investment Holdings, Inc., James A. Johnson, Michael D. Rowsey, Daniel J. Schleppe, Daniel H. Bushell and Robert W. Eberspacher, all such Persons being stockholders of United on the Closing Date, together with (i) the direct and indirect general partners of Wingate Partners and (ii) any entity controlled by Wingate Partners, in each case on April 26, 1995.

"Permitted Investment" means (i) investments in the Company or any Restricted Wholly Owned Subsidiary or any Person which, as a result of such Investment, becomes a Restricted Wholly Owned Subsidiary; (ii) Indebtedness of the Company or a Restricted Subsidiary described under clauses (v) and (vi) of the definition of "Permitted Indebtedness"; (iii) Temporary Cash Investments; (iv) Investments acquired by the Company or any Restricted Subsidiary in connection with an Asset Sale permitted under the "Limitation on Sale of Assets" covenant to the extent such Investments are non-cash proceeds as permitted under such covenant; (v) guarantees of Indebtedness otherwise permitted by the Indenture; (vi) Investments in existence on the Closing Date; (vii) customer advances not to exceed $250,000 at any one time outstanding; (viii) travel and relocation loans and advances made to employees in the ordinary course of business not to exceed $200,000 at any one time outstanding; (ix) Investments received in settlement of defaulted receivables or in connection with the bankruptcy or

reorganization of suppliers and customers and in connection with the settlement of other disputes with customers and suppliers arising in the ordinary course of business; and (x) additional Investments not to exceed $1 million at any one time outstanding.

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

"Preferred Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's preferred stock whether now outstanding, or issued after the Closing Date, and including, without limitation, all classes and series of preferred or preference stock.

"Public Equity Offering" means a bona-fide underwritten sale to the public of Common Stock of the Company or of United, to the extent that the net cash proceeds thereof are paid to the Company as a capital contribution, pursuant to a registration statement (other than Form S-8 or a registration statement relating to securities issuable by any benefit plan of United, the Company or any Subsidiary) that is declared effective by the Securities and Exchange Commission.

"Qualified Capital Stock" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"Redeemable Capital Stock" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to any Stated Maturity of the principal of the Notes or is redeemable at the option of the holder thereof at any time prior to any such Stated Maturity.

"Representative" means, with respect to any Designated Senior Indebtedness or Designated Senior Guarantor Indebtedness, the indenture trustee or other trustee, agent or representative in respect of such Indebtedness; provided that if, and so long as, any such Indebtedness lacks such a representative, then the "Representative" with respect to such Indebtedness shall be the holders of a majority in outstanding principal amount (or, if no amounts thereunder are outstanding, the committed amounts) of such Indebtedness.

"Restricted Subsidiary" means any Subsidiary other than an Unrestricted Subsidiary.

"Sale and Leaseback Transaction" means any transaction or series of related transactions pursuant to which the Company or a Restricted Subsidiary sells or transfers any property or asset in connection with the leasing, or the resale against installment payments, of such property or asset to the seller or transferor.

"Senior Bank Facility" means the Senior Bank Facility, each dated as of March 30, 1995, among the Company, United, the subsidiaries of the Company, if any, identified on the signature pages thereof under the caption "Subsidiary Guarantors," the lenders named therein and Chase Bank, as agent, including a term loan made pursuant to the term loan agreement, a revolving credit loan made pursuant to the revolving credit loan agreement, and any ancillary documents executed in connection therewith, as such agreements may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time (including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructuring, replacements, supplementations or other modifications of the foregoing, including the addition of new lenders or agents). For purposes of the Indenture, "Senior Bank Facility" shall include any amendments, renewals, extensions, substitutions, refinancings, restructuring, replacements, supplements or any other modifications that increase the principal amount of the Indebtedness or the commitments to lend thereunder; provided that, for purposes of the definition of "Permitted Indebtedness," no such increase

may result in the principal amount of Indebtedness under the Credit Agreement exceeding the amount permitted by subparagraphs (b)(i) and (b)(ii) of the "Limitation on Indebtedness" covenant; and provided further that there shall at any time be only one instrument that constitutes the "Senior Bank Facility" under the Indenture. The Senior Bank Facility on the date hereof consists of the New Credit Facilities referred to elsewhere in this Prospectus.

"Significant Subsidiary" means, at any date of determination any Restricted Subsidiary that, together with its Subsidiaries, (i) for the most recent fiscal year of the Company, accounted for more than 10% of the Consolidated revenues of the Company or (ii) as of the end of such fiscal year, was the owner of more than 10% of the Consolidated assets of the Company, all as set forth on the most recently available Consolidated financial statements of the Company for such fiscal year.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest is due and payable.

"Subordinated Indebtedness" means Indebtedness of the Company or a Guarantor subordinated in right of payment to the Notes or a Guarantee of the Notes, as the case may be.

"Subsidiary" means any Person a majority of the equity ownership or the Voting Stock of which is at the time owned, directly or indirectly, by the Company or by one or more other Subsidiaries.

"Temporary Cash Investments" means (i) any evidence of Indebtedness with a maturity of one year or less and issued by the United States of America, or an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (ii) any certificate of deposit with a maturity of one year or less and issued by, or a time deposit of, a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than $500,000,000 whose debt has a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's Investors Service, Inc. ("Moody's") or any successor rating agency or "A-1" (or higher) according to Standard and Poor's Corporation ("S&P") or any successor rating agency, (iii) commercial paper with a maturity of one year or less and issued by a corporation (other than an Affiliate or Subsidiary of United) organized and existing under the laws of any state of the United States of America or the District of Columbia with a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P and (iv) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of $500,000,000.

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

"Unrestricted Subsidiary" means (1) any Subsidiary which at the time of determination shall be designated an Unrestricted Subsidiary (as designated by the Board of Directors of the Company, as provided below), (2) any Subsidiary of an Unrestricted Subsidiary, and (3) United Stationers Hong Kong Limited and United Worldwide Limited, each of which is a corporation organized under the laws of Hong Kong. The Board of Directors of the Company may designate any Subsidiary (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary so long as (a) neither the Company nor any Restricted Subsidiary is directly or indirectly liable for any Indebtedness of such Subsidiary (except pursuant to a guarantee that, if it had been made after such designation, would have been permitted to be made under the "Limitation on Restricted Payments" covenant, including permitted Investments), (b) no default with respect to any Indebtedness of such Subsidiary would permit (upon notice, lapse of time or otherwise) any holder of any other Indebtedness of the Company or any Restricted Subsidiary having a principal amount of $10 million or more to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity, (c) neither the Company nor any Restricted Subsidiary has, prior to the date of such designation, made an Investment in such Subsidiary unless the amount of such Investment, if it had been made after the date of such designation, would have been permitted under the "Limitation on

Restricted Payments" covenant (including Permitted Investments), (d) neither the Company nor any Restricted Subsidiary has a contract, agreement, arrangement, understanding or obligation of any kind, whether written or oral, with such Subsidiary other than those that might be obtained at the time from Persons who are not Affiliates of the Company. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing a Board Resolution with the Trustee giving effect to such designation and, for purposes of the "Limitation on Restricted Payments" covenant, shall constitute the making of an Investment in such Unrestricted Subsidiary as provided under the definition of Investment. The Board of Directors of the Company may designate any Unrestricted Subsidiary as a Restricted Subsidiary if immediately after giving effect to such designation there would be no Default or Event of Default under the Indenture and the Company could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the "Limitation on Indebtedness" covenant.

"Voting Stock" means stock of the class or classes pursuant to which the

holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"Wholly Owned Subsidiary" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares or a de minimus number of shares required, under applicable law, to be owned by foreign nationals) is owned by the Company or another Wholly Owned Subsidiary; and "Restricted Wholly Owned Subsidiary" means a Wholly Owned Subsidiary that is a Restricted Subsidiary.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain federal income tax considerations relevant to the exchange of Old Notes for New Notes, but does not purport to be a complete analysis of all potential tax effects. The discussion is based upon the Internal Revenue Code of 1986, as amended, Treasury regulations, Internal Revenue Service rulings and pronouncements and judicial decisions now in effect, all of which are subject to change at any time by legislative, judicial or administrative action. Any such changes may be applied retroactively in a manner that could adversely affect a holder of the New Notes. The description does not consider the effect of any applicable foreign, state, local or other tax laws or estate or gift tax considerations.

EACH HOLDER SHOULD CONSULT HIS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO HIM OF EXCHANGING OLD NOTES FOR NEW NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS.

EXCHANGE OF OLD NOTES FOR NEW NOTES

The exchange of Old Notes for New Notes pursuant to the Exchange Offer should not constitute a material modification of the terms of the Old Notes and, therefore, such exchange should not constitute an exchange for federal income tax purposes. Accordingly, such exchange should have no federal income tax consequences to holders of Old Notes.

PLAN OF DISTRIBUTION

Each broker-dealer that receives New Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the Expiration Date, it will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, for 90 days following the later of (i) the effective date of the Registration Statement and (ii) the first date upon which the New Notes were bona fide offered to the public, all dealers effecting transactions in the New Notes may be required to deliver a prospectus.

The Company will not receive any proceeds from any sale of New Notes by broker-dealers. New Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or though brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such New Notes. Any broker-dealer that resells New Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such New Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of New Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the Expiration Date the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that

requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer other than commissions or concessions of any brokers or dealers.

LEGAL MATTERS

Certain legal matters in connection with the New Notes will be passed upon for United and the Company by Weil, Gotshal & Manges, a partnership including professional corporations, Dallas, Texas.

EXPERTS

The consolidated financial statements of United as of August 31, 1993 and 1994 and for the years ended August 31, 1992, 1993 and 1994 included in this Prospectus and the consolidated financial statements of Associated as of December 31, 1993 and 1994 and from inception, January 31, 1992, through December 31, 1992 and for the years ended December 31, 1993 and 1994 included in this Prospectus have been audited by Arthur Andersen LLP, and the consolidated financial statements of United as of March 30, 1995 and for the seven months ended March 30, 1995 included in this Prospectus have been audited by Ernst & Young LLP, independent public accountants, as indicated in their respective reports with respect thereto, and are included herein in reliance upon the authority of said firms as experts in accounting and auditing.

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REPORT OF INDEPENDENT AUDITORS

To the Stockholders and Board of

Directors of United Stationers Inc. :

We have audited the accompanying consolidated balance sheet of UNITED STATIONERS INC. and SUBSIDIARY as of March 30, 1995 and the related consolidated statements of operations, changes in stockholders' investment and cash flows for the seven months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Stationers Inc. and Subsidiary at March 30, 1995 and the consolidated results of their operations and their cash flows for the seven months then ended in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Chicago, Illinois

June 27, 1995

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of
Directors of United Stationers Inc. :

We have audited the accompanying consolidated balance sheets of UNITED STATIONERS INC. (a Delaware Corporation) AND SUBSIDIARIES as of August 31, 1993 and 1994, and the related consolidated statements of income, changes in stockholders' investment and cash flows for fiscal years ended August 31, 1992, 1993 and 1994. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Stationers Inc. and Subsidiaries as of August 31, 1993 and 1994, and the results of its operations and its cash flows for the fiscal years ended August 31, 1992, 1993 and 1994, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Chicago, Illinois,

UNITED STATIONERS INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS OF DOLLARS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

ASSETS	AUG. 31, 1993	1994	MARCH 30, 1995
<S>	<C>	<C>	<C>
CURRENT ASSETS:			
Cash and cash equivalents	$ 7,889	$ 6,920	$ 14,515
Accounts receivable, less reserves for doubtful accounts of $3,964 in 1993, $4,010 in 1994 and $4,775 in 1995	188,396	187,565	188,672
Inventories	229,760	225,794	306,741
Deferred income taxes and prepaid expenses	16,426	15,512	22,987
Total current assets	$442,471	$435,791	$532,915
PROPERTY, PLANT AND EQUIPMENT, AT COST:			
Land and buildings	$ 90,147	$ 92,099	$ 92,907
Fixtures and equipment	144,625	151,793	152,059
Leasehold improvements	46	36	85
Total property, plant and equipment	$234,818	$243,928	$245,051
Less -- Accumulated depreciation and amortization	97,182	114,364	118,219
Net property, plant and equipment	$137,636	$129,564	$126,832
GOODWILL, NET	$ 43,484	$ 42,369	$ 41,719
OTHER ASSETS	$ 11,195	$ 10,826	$ 10,373
Total assets	$634,786	$618,550	$711,839

</TABLE>

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

UNITED STATIONERS INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS OF DOLLARS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' INVESTMENT	AUG. 31, 1993	1994	MARCH 30, 1995
<S>	<C>	<C>	<C>
CURRENT LIABILITIES:			
Short-term debt and current maturities of long-term obligations	$ 3,448	$ 6,338	$ 43,501
Accounts payable	150,374	121,793	146,222
Accrued expenses	69,175	65,055	77,219
Accrued income taxes	3,400	2,778	8,373
Total current liabilities	$226,397	$195,964	$275,315
DEFERRED INCOME TAXES	$ 14,484	$ 17,427	$ 13,494

LONG-TERM OBLIGATIONS:			
Long-term debt	$146,735	$149,465	$173,933
Other liabilities	9,473	9,684	15,972
Total long-term obligations	$156,208	$159,149	$189,905
STOCKHOLDERS' INVESTMENT:			
Preferred stock, no par value, authorized 1,500,000 shares, no shares issued or outstanding	$ --	$ --	$ --
Common stock, $0.10 par value, authorized 40,000,000 shares, issued 18,586,627 shares in 1993, 18,592,054 shares in 1994 and 18,610,929 shares in 1995	1,859	1,859	1,861
Capital in excess of par value	91,687	91,729	91,912
Retained earnings	144,292	152,448	139,495
Less -- 9,993 shares, 1,828 shares and 14,347 shares of common stock in treasury at cost in 1993, 1994 and 1995, respectively	(141)	(26)	(143)
Total stockholders' investment	$237,697	$246,010	$233,125
Total liabilities and stockholders' investment	$634,786	$618,550	$711,839

</TABLE>

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

UNITED STATIONERS INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS OF DOLLARS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED AUG. 31,			SEVEN MONTHS ENDED	
	1992	1993	1994	MARCH 31, 1994	MARCH 30, 1995
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
NET SALES	$1,094,275	$1,470,115	$1,473,024	$ 871,585	$ 980,575
COST OF SALES	848,588	1,125,596	1,150,123	675,720	773,857
Gross profit on sales	$ 245,687	$ 344,519	$ 322,901	$ 195,865	$ 206,718
OPERATING EXPENSE:					
Warehousing, marketing and administrative expenses	$ 213,372	$ 298,405	$ 286,607	$ 170,420	$ 174,021
Merger-related costs	--	--	--	--	27,780
Restructuring charge	5,913	--	--	--	--
Total operating expenses	$ 219,285	$ 298,405	$ 286,607	$ 170,420	$ 201,801
Income from operations	$ 26,402	$ 46,114	$ 36,294	$ 25,445	$ 4,917
OTHER INCOME (EXPENSE):					
Interest expense	$ (6,980)	$ (9,849)	$ (10,722)	$ (6,095)	$ (7,640)
Interest income	477	299	261	258	140
Other, net	364	355	225	117	41
Total other income (expense)	$ (6,139)	$ (9,195)	$ (10,236)	$ (5,720)	$ (7,459)

Income before income taxes	$ 20,263	$ 36,919	$ 26,058	$ 19,725	$ (2,542)
INCOME TAXES	8,899	15,559	10,309	8,185	4,692
Net Income	$ 11,364	$ 21,360	$ 15,749	$ 11,540	$ (7,234)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	16,088,450	18,559,600	18,587,282	18,585,451	18,593,614
NET INCOME PER COMMON SHARE	$ 0.71	$ 1.15	$ 0.85	$ 0.62	$ (0.39)

</TABLE>

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

UNITED STATIONERS INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' INVESTMENT
(IN THOUSANDS OF DOLLARS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	NUMBER OF COMMON SHARES	COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY STOCK	TOTAL STOCKHOLDERS' INVESTMENT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, AUGUST 31, 1991	15,535,013	$1,554	$54,557	$125,704	$(231)	$181,584
Net Income	--	--	--	11,364	--	11,364
Issuance of common shares	3,016,169	301	36,643	--	--	36,944
Cash dividends--$0.40 per share on common stock	--	--	--	(6,535)	--	(6,535)
Disposition of treasury stock	--	--	--	--	30	30
BALANCE, AUGUST 31, 1992	18,551,182	$1,855	$91,200	$130,533	$(201)	$223,387
Net Income	--	--	--	21,360	--	21,360
Issuance of common shares	35,445	4	487	--	--	491
Cash dividends--$0.40 per share on common stock	--	--	--	(7,601)	--	(7,601)
Disposition of treasury stock	--	--	--	--	60	60
BALANCE, AUGUST 31, 1993	18,586,627	$1,859	$91,687	$144,292	$(141)	$237,697
Net Income	--	--	--	15,749	--	15,749
Issuance of common shares	5,427	--	42	--	--	42
Cash dividends--$0.40 per share on common stock	--	--	--	(7,593)	--	(7,593)
Disposition of treasury stock	--	--	--	--	115	115
BALANCE, AUGUST 31, 1994	18,592,054	$1,859	$91,729	$152,448	$ (26)	$246,010
Net Loss	--	--	--	(7,234)	--	(7,234)
Issuance of common shares	18,875	2	183	--	--	185
Cash dividends--$0.30						

per share on common stock.....	--	--	--	(5,719)	--	(5,719)
Acquisition of treasury stock.....	--	--	--	--	(117)	(117)
BALANCE, MARCH 30, 1995.	18,610,929	$1,861	$91,912	$139,495	$(143)	$233,125

</TABLE>

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

UNITED STATIONERS INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF DOLLARS)

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED AUG. 31,			SEVEN MONTHS ENDED	
	1992	1993	1994	MARCH 31, 1994	MARCH 30, 1995
<S>	<C>	<C>	<C>	(UNAUDITED) <C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income.....	$ 11,364	$ 21,360	$ 15,749	$ 11,540	$ (7,234)
Adjustments to reconcile net income to net cash provided by (used in) operating activities, net of SDC purchase in 1992--					
Loss on sale of fixed assets.....	$ 55	$ 476	$ 579	$ 494	$ 200
Depreciation and amortization.....	19,879	21,243	21,236	12,103	12,595
(Decrease)/increase in deferred taxes..	(8,240)	2,261	2,943	1,298	(3,933)
Increase/(decrease) in accounts payable.....	7,195	15,259	(28,581)	(64,918)	24,429
(Decrease)/increase in accrued liabilities.....	(2,896)	3,655	(7,522)	(14,407)	17,260
(Increase)/decrease in accounts receivable.....	(12,681)	(20,016)	831	8,062	(1,107)
(Increase)/decrease in inventories.....	(15,776)	(7,353)	3,966	(7,818)	(80,947)
Decrease in prepaid expenses.....	3,940	1,392	914	(752)	(7,475)
Increase in other assets.....	(5,378)	(2,275)	(2,007)	(1,359)	(1,341)
Total adjustments.	$(13,902)	14,642	$ (7,641)	$(67,297)	$(40,319)
Net cash provided by (used in) operating activities.....	$ (2,538)	$ 36,002	$ 8,108	$(55,757)	$(47,553)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment.....	$ (8,342)	$(30,008)	$(10,719)	$ (4,487)	$ (7,799)
Proceeds from disposition of					

property, plant and equipment.....	51	50	220	200	35
Payment for purchase of SDC, net of cash acquired of $2,480...	(37,338)	--	--	--	--
Net cash used in investing activities.....	$(45,629)	$(29,958)	$(10,499)	$ (4,287)	$ (7,764)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Increase/(decrease) in short-term debt.....	$ 1,636	$ (481)	$ (2,855)	$ 33	$ 5,660
Payments on long-term obligations.....	(4,213)	(4,537)	(1,533)	(1,269)	(4,541)
Additions to long-term obligations.....	57,460	1,971	13,246	69,348	67,444
Issuance of common shares.....	164	491	42	25	185
Payment of dividends..	(6,535)	(7,601)	(7,593)	(5,738)	(5,719)
Disposition of treasury stock.....	30	60	115	115	(117)
Net cash provided by (used in) financing activities.....	$ 48,542	$(10,097)	$ 1,422	$ 62,514	$ 62,912
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.....	$ 375	$ (4,053)	$ (969)	$ 2,470	$ 7,595
CASH AND CASH EQUIVALENTS at the beginning of the year..	11,567	11,942	7,889	7,889	6,920
CASH AND CASH EQUIVALENTS at the end of the year.....	$ 11,942	$ 7,889	$ 6,920	$ 10,359	$ 14,515
Supplemental Disclosures of Cash Flow Information:					
Cash paid during the year for:					
Interest (net of amount capitalized).....	$ 6,722	$ 8,972	$ 10,199	$ 5,943	$ 6,851
Income taxes.....	14,489	18,395	6,229	6,054	9,257
Supplemental Schedule of Noncash Investing and Financing Activities:					
Fair value of assets acquired.....	$175,359	$ --	$ --	$ --	$ --
Cash paid.....	(39,818)	--	--	--	--
Common stock issued...	(36,780)	--	--	--	--
Liabilities assumed/incurred.....	$ 98,761	$ --	$ --	$ --	$ --
Investment in business venture.....	$ --	$ 742	$ --	$ --	$ --

</TABLE>

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

UNITED STATIONERS INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUBSEQUENT EVENT

On March 30, 1995, pursuant to an Agreement and Plan of Merger, dated as of February 13, 1995 (the "Merger Agreement"), between Associated Holdings, Inc., a Delaware corporation ("Associated") and United Stationers Inc., a Delaware corporation (the "Company") and Associated's related Offer to Purchase dated February 21, 1995 (the "Offer"), Associated purchased 17,201,839 shares of Common Stock, $0.10 par value (the "Shares"), of the Company at a purchase price of $15.50 per share, or approximately $266.6 million, from the Company's stockholders. On March 30, 1995, pursuant to the terms of the Merger Agreement, Associated was merged with and into the Company, with the Company surviving (the "Merger"), and immediately thereafter, Associated Stationers, Inc., a Delaware corporation and wholly owned subsidiary of Associated ("ASI") was merged with and into United Stationers Supply Co., an Illinois corporation and wholly owned subsidiary of the Company ("USSC"), with USSC surviving. The acquisition of the Shares by Associated pursuant to the Offer together with the Merger is referred to herein as the "Acquisition." Although the Company was the surviving corporation in the Merger, the transaction was treated as a reverse acquisition for accounting purposes with Associated as the acquiring corporation.

Immediately following the Merger, the number of outstanding Shares was 5,998,117 (or 6,973,720 on a fully diluted basis), of which (i) the former holders of Class A Common Stock, $0.01 par value, and Class B Common Stock, $0.01 par value, of Associated ("Associated Common Stock") and warrants or options to purchase Associated Common Stock in the aggregate owned 4,603,373 Shares constituting approximately 76.8% of the outstanding Shares and outstanding warrants or options for 975,603 Shares (collectively 80.0% on a fully diluted basis) and (ii) pre-Merger holders of Shares (other than Associated-owned Shares and treasury Shares) in the aggregate owned 1,394,744 Shares constituting approximately 23.2% of the outstanding Shares (or 20.0% on a fully diluted basis). As used in this paragraph, the term "Shares" includes shares of Nonvoting Common Stock, $0.01 par value, of the Company, which are immediately convertible into Shares for no additional consideration.

To finance the Offer, refinance existing debt of ASI, the Company and USSC, repurchase stock options and pay related fees and expenses, Associated, ASI, USSC and the Company entered into (i) new credit facilities ("New Credit Facilities") with a group of banks and financial institutions providing for term loan borrowings of $200.0 million and revolving loan borrowings of up to $300.0 million and (ii) a senior subordinated bridge loan facility in the aggregate principal amount of $130.0 million (the "Subordinated Bridge Facility"). In addition, simultaneously with the consummation of the Offer, Associated obtained $12.0 million from the sale of additional shares of Associated Common Stock, which proceeds were used to finance the purchase of a portion of the Shares pursuant to the Offer.

On May 3, 1995, USSC completed the issuance of $150.0 million of 12 3/4% Senior Subordinated Notes (the "Notes") due 2005. The net proceeds of the Notes (after discount and fees of approximately $5.5 million) were used to pay certain expenses, to repay the $130.0 million Subordinated Bridge Facility (together with $1.6 million in accrued and unpaid interest thereon), to repay a portion of the Tranche A and Tranche B term loans (totaling approximately $6.5 million) and provide working capital. In the event the necessary consents are obtained, the Company expects to repurchase the Series B Preferred Stock, together with accrued and unpaid dividends thereon (approximately $7.0 million).

The New Credit Facilities contain certain financial covenants covering the Company and its subsidiaries on a consolidated basis, including, without limitation, covenants relating to tangible net worth, capitalization, fixed charge coverage, capital expenditures and payment of dividends by the Company.

Effective for 1995, the Company changed its fiscal year from a year end of August 31 to December 31. The financial statements included herein represent the final financial statements of the Company through the date of the consummation of the Merger. Future financial statements of the Company will reflect Associated and its acquisition of the Company, and will be on the basis of a December 31 fiscal year end.

As part of the Merger, the Company incurred approximately $27.8 million of merger-related costs. The amount consisted of severance payments under employment contracts ($9.6 million); insurance benefits under employment contracts ($7.4 million); legal, accounting and other professional services fees ($5.2 million); retirement of stock options ($3.0 million); and fees for letters of credit related to employment contracts and other costs ($2.6 million).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of United Stationers Inc. and its wholly owned subsidiaries ("the Company"). Investments in 20% to 50% owned companies are accounted for by the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior-year amounts have been reclassified to conform with current-year presentations.

Revenue Recognition

Sales and provisions for estimated sales returns and allowances are recorded at the time of shipment.

Cash and Cash Equivalents

Investments in low-risk instruments which have an original maturity of three months or less are considered to be cash equivalents. Cash equivalents are stated at cost which approximates market value. The Company's cash equivalent policy conforms to the requirements of Financial Accounting Standard No. 95.

Inventories

Inventories constituting approximately 82% of total inventories at August 31, 1993, August 31, 1994 and March 30, 1995 have been valued under the last-in, first-out (LIFO) method with the remainder of the inventory valued under the first-in, first-out (FIFO) method. Inventory valued under the FIFO and LIFO accounting methods are recorded at the lower of cost or market. If the lower of FIFO cost or market method of inventory accounting had been used by the Company for all inventories, merchandise inventories would have been approximately $16,679,000, $18,854,000 and $21,797,000 higher than reported at August 31, 1993, 1994 and March 30, 1995, respectively.

In 1994, liquidations of certain LIFO inventories had the effect of increasing net earnings by $830,000 or $0.04 per share.

Depreciation and Amortization

Depreciation and amortization are determined by using the straight-line method over the estimated useful lives of the assets.

The estimated useful life assigned to fixtures and equipment is from two to 10 years; the estimated useful life assigned to buildings does not exceed 40 years; leasehold improvements and assets under capital leases are amortized over the lesser of their useful lives or the term of the applicable lease.

Goodwill reflecting the excess of cost over the value of net assets of businesses acquired is being amortized on a straight-line basis over 40 years. The cumulative amount of goodwill amortized at August 31, 1993, 1994 and March 30, 1995 is $1,200,000, $2,315,000 and $2,965,000, respectively.

Software Capitalization

The Company capitalizes major internal and external systems development costs determined to have benefits for future periods. Amortization expense is recognized over the periods in which the benefits are realized, generally not to exceed three years. Systems development costs capitalized were $4,202,000, $1,955,000, $2,166,000 and $1,896,000 in 1992, 1993, 1994 and 1995, respectively. Amortization expense was $3,384,000, $2,946,000, $2,376,000 and

$1,795,000 in 1992, 1993, 1994 and 1995, respectively.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables and debt instruments. The book value of cash and cash equivalents, trade receivables and trade payables are considered to be representative of their respective fair values.

Borrowings under the Company's Reducing Revolving Credit and Term Loan Agreement are considered to be at fair market value. The Company had approximately $66.1 million, $62.7 million and $62.4 million of long-term debt (excluding borrowings under the Company's Reducing Revolving Credit and Term Loan Agreement) outstanding as of August 31, 1993, 1994 and March 30, 1995, respectively. The approximate fair value was $68.0 million, $59.8 million and $61.3 million as of August 31, 1993, 1994 and March 30, 1995, respectively. The fair value is based on the current rates offered to the Company for debt of similar maturities. The fair values on the long-term debt financial instruments are not necessarily indicative of the amounts that would be realized in a current market exchange and exclude any liquidation or origination costs.

Foreign Currency Translation

All assets and liabilities of the Company's foreign operations are translated at current exchange rates. Revenues and expenses are translated at average exchange rates for the year in accordance with Statement of Financial Accounting Standard No. 52. The amounts for all years presented were immaterial.

Earnings Per Share

Earnings per share and the effect on earnings per share of potentially dilutive stock options are computed by the treasury stock method. This computation takes into account the weighted average number of shares outstanding during each year, outstanding stock options and their exercise prices, and the market price of the stock throughout the year. The exercise of outstanding stock options would not result in a material dilution of earnings per share.

3. BUSINESS COMBINATION AND RESTRUCTURING CHARGE

On June 24, 1992, the Company acquired all of the outstanding capital stock of SDC Distributing Corp., parent of Stationers Distributing Company, Inc. ("SDC"). The results of operations of SDC have been included in the Company's consolidated financial statements since June 25, 1992.

The following summarized unaudited pro forma results of operations for the years ended August 31, 1991 and 1992 assume the acquisition occurred at the beginning of the respective periods. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations that actually would have resulted had the combination been in effect on the dates indicated, or which may result in the future.

<TABLE>
<CAPTION>

	1991	1992
	(IN THOUSANDS OF DOLLARS, EXCEPT SHARE DATA) (UNAUDITED)	
<S>	<C>	<C>
Net Sales	$1,378,734	$1,445,900
Net Income	14,070	20,444
Net Income per Share	0.76	1.10

</TABLE>

In the fourth quarter of 1992, the Company recorded a $5.9 million pre-tax restructuring charge related to severance payments and closing of certain facilities associated with the acquisition.

4. LONG-TERM DEBT

Long-term debt consists of the following amounts (in thousands of dollars):

<TABLE>
<CAPTION>

	1993	1994	1995
<S>	<C>	<C>	<C>
Mortgages, 9,0% to 12.5%, due in installments until 2002, secured by the Regional Distribution Centers in Livonia, Michigan; Pennsauken, New Jersey; Dallas, Texas; Woburn, Massachusetts; and The City of Industry, California	$ 13,615	$ 13,182	$ 12,908
Industrial development bonds, interest at 69% of prime, maturing in 2015, secured by land, buildings and certain equipment located in Edison, New Jersey	8,000	8,000	8,000
Industrial development bonds, at market interest rates, maturing at various dates through 2011	14,300	14,300	14,300
Industrial development bonds, at 66% to 79% of prime, maturing at various dates through 2005	15,500	15,500	15,500
Unsecured loan, at 9.65%, maturing at various dates through 1998	14,300	11,450	11,450
Other long-term debt	356	303	276
Term Loan	30,000	30,000	30,000
Revolver	54,000	63,000	125,000
	$150,071	$155,735	$217,434
Less--current maturities	3,336	6,270	43,501
	$146,735	$149,465	$173,933

</TABLE>

The prevailing prime interest rate at August 31, 1993, August 31, 1994 and March 30, 1995 was 6.0%, 7.8% and 9.0%, respectively.

The Company has a $160.0 million Reducing Revolving Credit and Term Loan Agreement ("Credit Agreement") with a group of seven lenders (the "Lenders"). The Credit Agreement consists of a $130.0 million revolving credit facility ("Revolver") and a $30.0 million term loan ("Term Loan"). Proceeds are used to finance working capital requirements and capital expenditures of the Company.

The Revolver provides for revolving credit loans up to the amount of the commitment until August 31, 1997, at the Company's option. The initial $130.0 million commitment decreases to $83.6 million as of August 31, 1997 based on quarterly decreases which began in May 1994 as specified in the Credit Agreement. As of August 31, 1994, the Revolver commitment is $126.0 million. Under the terms of the Credit Agreement, the Company is required to pay a facility fee of 3/16 of 1% of the total available Revolver. The Term Loan (as amended) matures on September 30, 1995 (or earlier upon certain subsequent offerings by the Company of debt or equity). The Term Loan can be prepaid without penalty. Interest on both loans is payable at varying rates provided for in the Credit Agreement.

On February 28, 1995, the Company entered into a $30.0 million line of credit with a major bank. This credit facility was entered into to meet seasonal requirements after the Revolver and Term Loan was fully utilized, and bore interest at agreed upon market rates. The Company had $6.0 million outstanding under this agreement immediately prior to the Merger. This agreement was terminated in connection with the Merger.

The Credit Agreement contains certain financial covenants covering the Company and its subsidiary on a consolidated basis, including, without limitation, covenants relating to the consolidated current ratio, tangible net worth, capitalization, fixed charge coverage, capital expenditures and payment of dividends by the Company.

The net book value of assets subject to secured mortgages and industrial development bonds as of August 31, 1993 and 1994 was $28,962,000 and $28,610,000, respectively.

Maturities of long-term debt (excluding amounts borrowed under the Credit Agreement), for the following periods as indicated, are as follows (in thousands of dollars):

<TABLE>
<CAPTION>

YEAR (EXCEPT 1995)	AMOUNT
<S>	<C>
Nine Months Ending December 31, 1995	$ 6,125
1996	8,167
1997	8,218
1998	8,824
1999	6,129
Later years	24,971
	$62,434

</TABLE>

As part of the Merger, approximately $180 million of debt at March 30, 1995 was refinanced. The refinanced debt consisted of various mortgages, the Edison, New Jersey industrial development bonds, the private placement loan, and the Term Loan and Revolver.

5. PENSION PLANS AND POSTRETIREMENT BENEFITS

The Company has pension plans in effect for substantially all employees. Non-contributory plans covering non-union employees provide pension benefits that are based on years of credited service and a percentage of annual compensation. Non-contributory plans covering union members generally

provide benefits of stated amounts based on years of service. The Company funds the plans in accordance with current tax laws.

The Company also has a non-contributory, non-qualified plan ("Supplemental Benefits Plan") in effect for certain executives. The Company has not funded this plan.

Pension expense in 1992, 1993, 1994 and 1995 was approximately $866,000, $1,269,000, $1,755,000, $1,707,000, respectively.

The following table sets forth the plans' funded status at August 31, 1993, August 31, 1994 and March 30, 1995 (in thousands of dollars):

<TABLE>
<CAPTION>

	PENSION PLANS			SUPPLEMENTAL BENEFIT PLANS		
	1993	1994	1995	1993	1994	1995(1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Actuarial Present Value of Benefits Obligation						
Vested benefits	$15,063	$15,215	$16,446	$ 442	$ 549	$ 0
Non-vested benefits	1,702	1,887	1,682	4	16	0
Accumulated benefits obligation	$16,765	$17,102	$18,128	$ 446	$ 565	$ 0
Effect of projected future compensation levels	2,356	2,982	2,511	119	328	0
Projected benefits obligation	$19,121	$20,084	$20,639	$ 565	$ 893	$ 0
Plan assets at fair value	20,875	21,000	22,683	--	--	0

Projected benefits obligation less than (in excess of) plan assets	$ 1,754	$ 916	$ 2,044	$(565)	$(893)	$ 0
Unrecognized net gain due to past experience different from assumptions	(279)	266	(914)	(9)	189	0
Unrecognized prior service cost	1,270	1,347	1,101	160	131	0
Unrecognized net obligation (asset) at September 1, 1985 to be amortized over 3 to 12 years in 1994 and 4 to 13 years in 1993	(561)	(467)	(412)	120	90	0
Prepaid (accrued) pension liability recognized in Consolidated Balance Sheets	$ 2,184	$ 2,062	$ 1,819	$(294)	$(483)	$ 0

</TABLE>
- --------

(1) The Supplemental Benefit Plan was funded and paid out as a result of the merger.

The plans' assets consist of debt securities, equity securities and government securities. Net periodic pension cost for 1992, 1993, 1994 and 1995 for pension and supplemental benefits plans includes the following components (in thousands of dollars):

<TABLE>
<CAPTION>

	1992	1993	1994	1995
<S>	<C>	<C>	<C>	<C>
Service cost--benefits earned during the period	$1,055	$1,293	$1,863	$1,084
Interest cost on projected benefits obligation	952	1,209	1,436	905
Actual return on assets	(983)	(3,235)	263	(780)
Net amortization and deferral	(158)	2,002	(1,807)	494
Net periodic pension cost	$ 866	$1,269	$1,755	$1,707

</TABLE>

The projected benefit obligations for 1992, 1993, 1994 and 1995 were determined using an assumed discount rate of 7.5%, 7.25%, 7.5% and 7.5%, respectively. In 1992, 1993, 1994 and 1995,

the assumed rate of compensation increase ranged from 0% to 5.5%. The expected long-term rate of return on assets used in determining net periodic pension cost was 7.5%.

The Company provides an unfunded health care plan to substantially all retired non-union employees and their dependents. Eligibility requirements are based on the individual's age (minimum age of 55), years of service and hire date. The benefits are subject to retiree contributions, deductibles, co-payment provisions and other limitations.

During the first quarter of 1994, the Company adopted Statement of Financial Accounting Standard No. 106 (SFAS 106), "Employer's Accounting for Postretirement Benefits Other Than Pensions." SFAS 106 requires companies to accrue the expected cost of postretirement health care and life insurance benefits throughout the employee's active service period. Previously, postretirement health care costs were recognized as claims were paid. The Company elected to amortize the unfunded Accumulated Postretirement Benefit Obligation (APBO) over 20 years.

The assumed health care average cost trend rate used in measuring the APBO at March 30, 1995 was 11.0% in 1995 and 3% in 1996 and beyond. Beginning in 1996, retirees will pay the difference between actual plan costs and the portion of cost paid by the Company which is limited to a cost trend rate of 3%. The assumed discount rate was 7.75%. A 1% increase in the care cost trend rate would increase the APBO as of March 30, 1995 by approximately $339,000 and the sum of the 1995 annual service cost and interest cost by approximately $35,000.

The cost of postretirement health care benefits for the year ended August 31, 1994 and seven months ended March 30, 1995 are as follows (in thousands of dollars):

<TABLE>
<CAPTION>

	1994	1995
<S>	<C>	<C>
Service cost	$246	$109
Interest on accumulated benefits obligation	146	106
Amortization of transition obligation	100	58
Net postretirement benefit cost	$492	$273

</TABLE>

The following table sets forth the amounts recognized in the Company's Balance Sheet at August 31, 1994 and March 30, 1995 (in thousands of dollars):

<TABLE>
<CAPTION>

	AUG. 31, 1994	MARCH 30, 1995
<S>	<C>	<C>
Retirees	$ (601)	$ (781)
Other active plan participants	(1,634)	(1,758)
Total APBO	$(2,235)	$(2,539)
Unrecognized transition obligation	1,897	1,838
Unrecognized net (gain)	(76)	63
Accrued postretirement benefit obligation	$ (414)	$ (638)

</TABLE>

Prior to 1994, the cost of providing postretirement health care benefits net of retiree contributions was $33,396 in 1992 and $46,777 in 1993.

The Company has a qualified Profit Sharing Plan in which all salaried employees and certain hourly paid employees of the Company are eligible to participate upon completion of six consecutive months of employment. The Profit Sharing Plan provides for annual contributions by the Company in an amount

determined by the Board of Directors. The Plan also permits employees to have contributions made as 401(k) salary deferrals on their behalf and to make after-tax voluntary contributions. The Plan provides that the Company may match employee contributions as 401(k) salary deferrals. Company contributions to the Plan for both profit sharing and matching of employee contributions were approximately $1.0 million in 1992, $1.4 million in 1993, $0.5 million in 1994 and $0.8 million in 1995.

6. STOCK INCENTIVE PLANS

As a result of the change in control of the Company, the Company paid out approximately $3.0 million to option holders representing the difference between the tender offer price of the stock ($15.50 per share) and the option exercise price. The amount was included in merger-related costs in 1995.

Under the Directors' Stock Option Plan, the Company granted options for 7,500 shares at a price of $19.25 per share in 1993, 7,500 shares at a price of $15.25 per share in 1994 and 7,500 shares at a price of $13.75 per share in 1995. The Directors' Option Plan provides for the granting of options covering up to 100,000 shares of the Company's common stock, subject to anti-dilution adjustments. Options are exercisable at any time after they are granted, but for not more than ten years after the option's grant. As of the period ended 1993, 1994, and 1995, 45,500, 41,000 and 0 options, respectively, were outstanding at a price range of $8.75 to $22.13 per share.

During fiscal 1995, options for a total of 100,000 shares at $10.50 were granted to certain officers. The grant was approved at the 1995 Annual Meeting held in January.

Under the Company's 1981 Stock Incentive Award Plan, options outstanding had an exercisable life of either five, six or ten years from the date of grant. The Company granted certain officers 16,700 and 15,000 shares of restricted stock in 1991 and 1992, respectively. There have been no restricted stock grants since 1992. The grants of restricted shares resulted in deferred compensation expense of $699,000 of which $185,000, $132,000, $39,000 and $16,000 was recognized in 1992, 1993, 1994 and 1995, respectively. The unrecognized portion of deferred compensation was $55,000, $16,000 and $0 as of August 31, 1993, August 31, 1994 and March 30, 1995, respectively. Under the terms of the grant, the stock does not vest to the employee until completion of three years of employment after the date of grant. The 1981 Stock Incentive Award Plan was terminated by the Company's Board of Directors on March 30, 1995.

In 1989, the Board of Directors terminated the 1985 Non-qualified Stock Option Plan so that no further stock options would be issued under this plan. The termination of the plan did not affect the options previously granted and outstanding. No option could have been exercised more than ten years after its grant.

The following table summarizes the transactions of the 1981 and 1985 Option Plans for 1993, 1994 and 1995.

1981 STOCK INCENTIVE AWARD PLAN (EXCLUDING RESTRICTED STOCK)	1993	OPTION PRICE RANGE	1994	OPTION PRICE RANGE	1995	OPTION PRICE RANGE
Options outstanding at beginning of the period	995,520	$ 8.64-$19.39	891,350	$ 8.64-$19.39	1,135,060	$ 8.64-$19.39
Granted	18,000	$13.75-$14.00	401,050	$10.00-$16.25	100,000	$10.50
Exercised	(37,040)	$ 8.64-$17.48	(3,520)	$ 8.64-$13.75	(22,860)	$ 8.64-$ 9.29
Cancelled	(85,130)	$ 8.64-$19.39	(153,820)	$ 8.64-$19.39	(1,212,200)	$ 8.64-$19.39
Options outstanding at end of the period	891,350		1,135,060		--	

1985 NON-QUALIFIED STOCK OPTION PLAN	1993	OPTION PRICE RANGE	1994	OPTION PRICE RANGE	1995	OPTION PRICE RANGE
Options outstanding at beginning of the period	143,000	$14.78-$18.09	109,500	$14.78-$18.09	109,500	$14.78-$18.09
Granted	--	--	--	--	--	--
Exercised	(5,000)	$18.09	--	--	--	--
Cancelled(1)	(28,500)	$14.78-$18.09	--	--	(109,500)	$14.78-$18.09
Options outstanding at end of the period	109,500		109,500		--	

	=======	=========	==========

</TABLE>
- --------

(1) As a result in change in control of the Company, the Company paid out to option holders the difference between the tender offer price of the stock ($15.50 per share) and the option exercise price. The total amount was included in merger-related costs in 1995.

7. LEASES

The Company has entered into several non-cancelable long-term leases on property and equipment. Future minimum lease payments for non-cancelable leases in effect at March 30, 1995 having initial remaining terms of more than one year are as follows (in thousands of dollars):

<TABLE>
<CAPTION>

	OPERATING LEASES		
YEAR (EXCEPT 1995)	LEASE PAYMENTS	SUBLEASE INCOME	NET LEASE PAYMENTS
- ------------------	--------	--------	---------
<S>	<C>	<C>	<C>
Nine months ending December 31, 1995.....	$ 9,165	$ 617	$ 8,548
1996.....	9,894	269	9,911
1997.....	7,712	199	7,513
1998.....	5,811	146	5,665
1999.....	4,275	61	4,067
Later years.....	14,263	--	14,263
Total minimum lease payments.....	$51,120	$1,292	$49,967

</TABLE>

Rental expense for all operating leases was approximately $11,546,000, $14,917,000, $13,549,000 and $7,731,000 in 1992, 1993, 1994 and 1995, respectively.

8. INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes," which was adopted in 1992.

The Company does not intend to provide Federal income taxes on the undistributed earnings for its foreign subsidiaries. The Company's policy is to leave the income in the country of origin until such time as all Federal income tax due upon its distribution will be fully offset by foreign tax credits. As of March 30, 1995, neither foreign subsidiary had undistributed earnings.

The Company provides for income taxes at statutory rates based on income reported for financial statement purposes. A summary of income tax expense is shown below (in thousands of dollars):

<TABLE>
<CAPTION>

	1992	1993	1994	1995
<S>	<C>	<C>	<C>	<C>
Taxes currently payable				
Federal.....	$ 8,565	$ 7,972	$ 7,059	$ 14,122
Other tax credits.....	(37)	(10)	(5)	--
State.....	2,501	2,274	1,591	2,584
Prepaid and deferred taxes.....	(2,130)	5,323	1,664	(12,014)
	$ 8,899	$15,559	$10,309	$ 4,692

</TABLE>

The deferred tax assets and liabilities result from timing differences in the recognition of certain income and expense items for financial and tax accounting purposes. The sources of these differences and the related tax effects were as follows (in thousands of dollars):

<TABLE>
<CAPTION>

	AUGUST 31, 1993		AUGUST 31, 1994		MARCH 30, 1995	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Reserves for returns, rebates and allowances.	$14,250	$ --	$14,593	$ --	$18,869	$ --
Reserves for direct acquisition costs.....	3,887	--	1,700	--	1,477	--
Reserves for restructuring charges..	1,720	--	332	--	10	--
Merger-related costs....	--	--	--	--	6,737	--
Reserves for worker's compensation insurance.	3,818	--	3,905	--	3,814	--
Accelerated depreciation.....	--	15,252	--	17,360	--	17,716
Software capitalization.	--	1,913	--	1,595	--	1,465
Inventory reserves and related purchase accounting differences.	--	7,738	--	7,143	--	6,142
All other.....	3,613	1,836	4,843	2,472	4,554	2,629
Total.....	$27,288	$26,739	$25,373	$28,570	$35,461	$27,952

</TABLE>

In the consolidated balance sheets, these deferred assets and deferred liabilities are classified as deferred tax assets or deferred income tax liabilities, based on the classification of the related asset or liability for financial reporting. A deferred tax liability or asset that is not related to an asset or liability for financial reporting, including deferred tax assets related to carryforwards, are classified according to the expected reversal date of the temporary difference.

A valuation allowance of $1,504,000 was recorded at August 31, 1993. No valuation allowance was recorded in 1994 or 1995.

The table below records the differences between the statutory income tax rate and the Company's effective income tax rate:

<TABLE>
<CAPTION>

	1992	1993	1994	1995
<S>	<C>	<C>	<C>	<C>
Statutory Federal income tax.....	34.0%	34.7%	35.0%	35.0%
State income taxes, net of the Federal income tax benefit.....	6.6	6.1	4.8	(4.9)
Losses from foreign subsidiaries.....	3.3	1.3	1.9	--
Liquidation of a foreign subsidiary.....	--	--	(3.9)	--
Non-deductible goodwill amortization.....	--	.9	1.5	(9.0)
Other, net.....	--	(.9)	.3	(205.7)
Effective income tax rate.....	43.9%	42.1%	39.6%	184.6%

</TABLE>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Associated Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of ASSOCIATED HOLDINGS, INC. (a Delaware corporation) AND SUBSIDIARY as of December 31, 1993 and 1994, and the related consolidated statements of income, stockholders' equity and cash flows from inception, January 31, 1992 through December 31,

1992, and for the years ended December 31, 1993 and 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Associated Holdings, Inc. and subsidiary as of December 31, 1993 and 1994, and the results of their operations and their cash flows from inception, January 31, 1992, through December 31, 1992, and for the years ended December 31, 1993 and 1994 in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Chicago, Illinois,
January 23, 1995 (except with
respect to the matters discussed
in Note 14 as to which the date
is February 13, 1995)

ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
<CAPTION>

ASSETS	DECEMBER 31, 1993	DECEMBER 31, 1994
<S>	<C>	<C>
CURRENT ASSETS:		
Cash	$ 991	$ 1,849
Accounts receivable, less allowance for doubtful accounts of $4,058 and $4,036, respectively	35,320	35,180
Vendor and other receivables	9,691	9,959
Inventories	82,618	88,197
Other current assets	3,053	3,795
Total current assets	131,673	138,980
PROPERTY, PLANT AND EQUIPMENT:		
Land	7,327	7,315
Buildings	27,990	27,976
Machinery and equipment	18,829	18,875
Furniture and fixtures	4,226	4,111
	58,372	58,277
Less -- Accumulated depreciation and amortization	8,747	12,830
Net property, plant and equipment	49,625	45,447
OTHER LONG-TERM ASSETS	9,681	8,052
	$190,979	$192,479
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Cash overdrafts	$ 9,145	$ 9,597
Current maturities of long-term debt	4,828	5,901
Accounts payable	41,400	44,754
Accrued liabilities	16,734	18,994

Other current liabilities	2,264	3,280
Total current liabilities	74,371	82,526
LONG-TERM OBLIGATIONS:		
Long-term debt, less current maturities	71,940	58,279
Deferred obligations and other long-term liabilities	10,815	2,060
Total long-term obligations	82,755	60,339
REDEEMABLE PREFERRED STOCK (Note 7):		
Preferred Stock A, $0.01 par value; 15,000 authorized; 5,000 issued and outstanding; 1,138 and 1,788, respectively, accrued	6,138	6,788
Preferred Stock B, $0.01 par value; 15,000 authorized; 5,943 and 6,560, respectively, issued and outstanding	5,943	6,560
Preferred Stock C, $0.01 par value; 15,000 authorized; 8,915 and 9,841, respectively, issued and outstanding	8,915	9,841
	20,996	23,189
REDEEMABLE WARRANTS (Note 8)	1,435	1,650
STOCKHOLDERS' EQUITY (Note 9):		
Additional preferred stock, $0.01 par value; 200,000 authorized; 0 issued and outstanding	--	--
Common Stock Class A, $0.01 par value; 5,000,000 authorized; 896,258, and 954,911 respectively, issued and outstanding; 0 and 5,435, respectively, accrued	9	10
Common Nonvoting Stock Class B, $0.01 par value; 5,000,000 authorized; 0 issued and outstanding	--	--
Capital in excess of par	8,766	17,879
Warrants outstanding and accrued	231	260
Retained earnings	2,416	6,626
Total stockholders' equity	11,422	24,775
	$190,979	$192,479

</TABLE>

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

ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
<CAPTION>

	PERIOD FROM INCEPTION THROUGH DECEMBER 31,	YEAR ENDED DECEMBER 31,	
	1992	1993	1994
<S>	<C>	<C>	<C>
NET SALES	$365,944	$462,531	$477,445
COST OF GOODS SOLD	276,546	350,251	357,276
Gross profit	89,398	112,280	120,169
OPERATING EXPENSES:			
Warehouse and distribution expenses	60,593	78,482	77,859
Selling, general and administrative expenses	19,296	23,792	25,161
	79,889	102,274	103,020
Income from operations	9,509	10,006	17,149
INTEREST EXPENSE	4,782	6,263	6,753
Income before income taxes	4,727	3,743	10,396
INCOME TAXES	1,777	781	3,993

Net income	2,950	2,962	6,403
PREFERRED STOCK DIVIDENDS ISSUED AND ACCRUED	1,449	2,047	2,193
Net income attributable to common stockholders' equity	$ 1,501	$ 915	$ 4,210
EARNINGS PER COMMON AND DILUTIVE COMMON EQUIVALENT SHARE	$ 1.32	$ 0.78	$ 3.51
EARNINGS PER COMMON SHARE -- ASSUMING FULL DILUTION	$ 1.32	$ 0.78	$ 3.49

</TABLE>

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

ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	REDEEMABLE PREFERRED STOCK				REDEEMABLE WARRANTS	NUMBER OF COMMON	COMMON	CAPITAL IN EXCESS	WARRANTS	RETAINED	TOTAL STOCKHOLDERS'
	A	B	C	TOTAL	OUTSTANDING	SHARES	STOCK	OF PAR	OUTSTANDING	EARNINGS	EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
JANUARY 31, 1992	$5,000	$5,000	$7,500	$17,500	$1,000	896,258	$ 9	$ 7,778	$231	$ --	$ 8,018
Net income	--	--	--	--	--	--	--	--	--	2,950	2,950
Stock dividends issued ($75.00 per share)	--	384	577	961	--	--	--	--	--	(961)	(961)
Stock dividends accrued (97.50 per share)	488	--	--	488	--	--	--	--	--	(488)	(488)
Payment on notes receivable from stockholders	--	--	--	--	--	--	--	947	--	--	947
Issuance of warrants	--	--	--	--	435	--	--	--	--	--	--
DECEMBER 31, 1992	5,488	5,384	8,077	18,949	1,435	896,258	9	8,725	231	1,501	10,466
Net income	--	--	--	--	--	--	--	--	--	2,962	2,962
Stock dividends issued ($100.00 per share)	--	559	838	1,397	--	--	--	--	--	(1,397)	(1,397)
Stock dividends accrued ($130.00 per share)	650	--	--	650	--	--	--	--	--	(650)	(650)
Payment on notes receivable from stockholders	--	--	--	--	--	--	--	41	--	--	41
DECEMBER 31, 1993	6,138	5,943	8,915	20,996	1,435	896,258	9	8,766	231	2,416	11,422
Net income	--	--	--	--	--	--	--	--	--	6,403	6,403
Stock dividends issued ($100.00 per share)	--	617	926	1,543	--	--	--	--	--	(1,543)	(1,543)
Stock dividends accrued ($130.00 per share)	650	--	--	650	--	--	--	--	--	(650)	(650)
Payment on notes receivable from stockholders	--	--	--	--	--	--	--	51	--	--	51
Issuance of common shares	--	--	--	--	--	58,653	1	8,999	--	--	9,000
Common shares accrued	--	--	--	--	--	5,435	--	63	--	--	63

Warrants accrued..	--	--	--	--	215	--	--	--	29	--	29
DECEMBER 31, 1994..	$6,788	$6,560	$9,841	$23,189	$1,650	960,346	$10	$17,879	$260	$6,626	$24,775

</TABLE>

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

ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	PERIOD FROM INCEPTION THROUGH DECEMBER 31, 1992	YEAR ENDED DECEMBER 31, 1993	1994
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 2,950	$ 2,962	$ 6,403
Adjustments to reconcile net income to net cash provided by (used in) operating activities--			
Depreciation and amortization	5,366	6,475	6,356
Services provided under transition services agreement	9,000	--	--
Provision for noncurrent taxes	1,605	167	250
Common shares accrued	--	--	63
Warrants accrued	--	--	244
Changes in assets and liabilities, net of effects from purchase of Lynn-Edwards for the eleven months ended December 31, 1992--			
(Increase) decrease in accounts receivable	7,582	(879)	140
Increase in vendor and other receivables	(6,322)	(2,368)	(268)
Increase in inventory	(11,111)	(14,998)	(5,579)
Increase in other assets	(616)	(3,990)	(598)
Increase (decrease) in accounts payable	10,988	(5,493)	3,354
Increase in accrued liabilities	4,740	1,381	2,260
(Decrease) increase in other liabilities	(4,423)	(1,449)	1,011
Total adjustments	16,809	(21,154)	7,233
Net cash provided by (used in) operating activities	19,759	(18,192)	13,636
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of net assets of BCOP (Note 1)	(82,122)	--	--
Acquisition of net assets of Lynn-Edwards (Note 1)	(2,673)	313	--
Acquisition costs	(7,712)	(67)	--
Capital expenditures	(4,289)	(3,273)	(554)
Other	--	(249)	--
Net cash used in investing activities	(96,796)	(3,276)	(554)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from initial capitalization--			
Revolver	36,081	--	--
Long-term debt	30,000	--	--
Issuance of common and preferred stock	19,325	--	--
Net borrowings (repayment) under revolver	2,230	9,500	(7,900)
Increase in cash overdrafts	1,787	6,108	452
Principal payments on debt	(8,067)	(3,446)	(4,827)
Borrowings under financing agreements	2,987	2,000	--
Collections from stockholders	947	41	51
Net cash provided by (used in) financing activities	85,290	14,203	(12,224)

NET CHANGE IN CASH.....	8,253	(7,265)	858
CASH, beginning of period.....	3	8,256	991
CASH, end of period.....	$ 8,256	$ 991	$ 1,849

</TABLE>

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

ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

1. BASIS OF PRESENTATION:

Associated Holdings, Inc. ("AHI") and Associated Stationers, Inc. ("ASI"), a wholly owned subsidiary of AHI, both Delaware corporations (collectively the "Company"), were formed to acquire certain assets and assume certain liabilities (the "Acquisition") of the Wholesale Division of Boise Cascade Office Products Corporation ("BCOP").

The Acquisition was consummated effective January 31, 1992, for approximately $87,122, of which $82,122 was paid in cash and $5,000 was paid in preferred stock. The transaction was accounted for using the purchase method of accounting. Accordingly, the purchase price was allocated to acquired assets and liabilities based on their fair market values as of January 31, 1992, as follows:

<TABLE>

<S>	<C>
Cash and accounts receivable.....	$36,774
Inventory.....	50,324
Other current assets.....	277
Property, plant and equipment.....	49,150
Accounts payable.....	(30,624)
Accrued expenses and other liabilities.....	(18,779)
	$87,122

</TABLE>

On October 27, 1992, L. E. Acquisition Corp., a wholly owned subsidiary of ASI and a Delaware corporation, acquired all of the outstanding capital stock of Lynn-Edwards Corp. ("Lynn-Edwards"), a privately held office products wholesaler, for approximately $2,360. Lynn-Edwards was headquartered in Sacramento, California, and operated distribution centers in Sacramento and Los Angeles, California. On October 28, 1992, the L. E. Acquisition Corp. name was relinquished and the Lynn-Edwards Corp. name was assumed.

The acquisition of Lynn-Edwards was effective as of September 30, 1992. The acquisition has been accounted for as a purchase transaction and, accordingly, the purchase price was allocated to assets and liabilities based on their estimated fair market values as of the effective date of the transaction. At October 1, 1992, the allocation was based on preliminary estimates of the fair value of the net assets. In July, 1993, agreement was reached with the selling shareholders of Lynn-Edwards regarding the final purchase price. The excess of the purchase price over the estimated fair value of net tangible assets acquired of $5,242 is being amortized on a straight-line basis over 40 years. On March 23, 1994, Lynn-Edwards was merged into ASI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

The consolidated financial statements include AHI and its wholly owned subsidiary, ASI. The consolidated financial statements include Lynn-Edwards in the results of operations since its acquisition date. All significant intercompany accounts and transactions have been eliminated. Certain prior-year amounts have been reclassified to conform to the current-year presentation.

Cash and Cash Equivalents

Cash equivalents are composed of highly liquid investments with an original maturity of three months or less. As a result of the Company's cash management system, checks issued but not

presented to the banks for payment may create negative book cash balances. Such negative balances are classified as bank overdrafts.

Inventory

All inventory is purchased in a state ready for resale to customers and is considered finished goods. Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out ("FIFO") method for all inventory.

Property, Plant and Equipment

Property and equipment purchased by the Company through the acquisitions referred to in Note 1 are stated at fair market value on the date of acquisition as prescribed by the purchase method of accounting. Subsequent purchases of property and equipment are stated at cost.

Depreciation and amortization are determined by using the straight-line method over the estimated useful lives of the fixed assets. The following useful lives are used for recording depreciation for financial reporting purposes:

<TABLE>

<S>	<C>
Buildings	40 years
Machinery and equipment	3-15 years
Furniture and fixtures	3-10 years
Assets held under capital lease...	Lesser of useful lives or term of lease

</TABLE>

Repairs and maintenance are charged to expense as incurred.

Software Capitalization

Significant system development costs determined to have benefits for future periods are capitalized at cost. Software costs and software development costs of $513, $767 and $780 as of December 31, 1992, 1993 and 1994, respectively, were capitalized and subject to amortization. Amortization expense is recognized over the periods in which benefits are realized, generally not to exceed five years. Amortization expense for the eleven months ended December 31, 1992 and for the years ended December 31, 1993 and 1994, was $88, $128 and $157, respectively. Capitalized software, net of accumulated amortization, as of December 31, 1993 and 1994, was $551 and $407, respectively.

Intangibles

Intangible assets, included in other long-term assets on the accompanying consolidated balance sheets, consist principally of excess purchase price over net tangible assets of businesses acquired ("goodwill"). Goodwill is amortized on a straight-line basis over periods not exceeding 40 years. The Company continually evaluates whether events or circumstances have occurred indicating that the remaining estimated useful life of goodwill may not be appropriate. When factors indicate that goodwill should be evaluated for possible impairment, the Company uses an estimate of the acquired business' undiscounted future operating income compared to the carrying value of goodwill to determine if a write-off is necessary. Gross goodwill as of December 31, 1993 and 1994 was $5,242. Accumulated goodwill amortization as of December 31, 1993 and 1994, was $164 and $295, respectively.

The Company incurred legal and other direct costs in connection with the issuance of its outstanding debt. These transaction costs of $4,217 and $2,945 at December 31, 1993 and 1994, respectively, net of accumulated amortization, are included in other long-term assets. Accumulated transaction cost amortization as of December 31, 1993 and 1994, was $2,034 and $3,306, respectively. These costs are being amortized over the weighted average term of the related outstanding debt.

ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Income Taxes

Effective January 31, 1992, the Company adopted Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes." Accordingly, the Company records a provision for income taxes using the "liability" method of accounting for income taxes. Deferred tax assets and liabilities, less an appropriate valuation allowance, are recorded for all temporary differences between financial and tax reporting and are the result of differences in the timing of recognition of certain income and expense items for financial and tax accounting purposes. Deferred tax expense (benefit) results from the net changes during the year in the deferred tax assets and liabilities and the valuation allowance.

3. DEBT:

Long-term debt consists of the following as of December 31, 1993 and 1994:

<TABLE>
<CAPTION>

	1993	1994
<S>	<C>	<C>
Revolver	$47,810	$39,910
Term loan--		
Tranche A, due in installments until December, 1996	15,000	11,000
Tranche B, due in installments from January, 1997 until December, 1998	10,000	10,000
Original issue discount -- tranche B	(582)	(443)
Capital lease obligation, 8.87% interest rate	2,540	2,052
Equipment loan, 7.99% interest rate	2,000	1,661
	76,768	64,180
Less -- Current maturities	(4,828)	(5,901)
	$71,940	$58,279

</TABLE>

In connection with the Acquisition, and as amended in connection with the acquisition of Lynn-Edwards, the Company entered into a $95,000 Second Amended and Restated Credit Agreement ("Credit Agreement"). The Credit Agreement consists of a $65,000 revolving credit facility ("Revolver"), a $20,000 term loan, Tranche A, and a $10,000 term loan, Tranche B ("Term Loan"). The proceeds of the Revolver and the Term Loan were used to fund the Acquisition, to fund the purchase of the outstanding capital stock of Lynn-Edwards, to pay off certain indebtedness of Lynn-Edwards at the acquisition date and to pay expenses related to these two transactions. In addition, proceeds were used to finance the working capital requirements of the combined companies.

The Revolver provides for revolving credit loans up to the amount of the commitment based on eligible receivables and inventory, as defined in the Credit Agreement. Interest is payable at a rate per annum of 1 3/4% plus the higher of either the prime rate or 1/2% plus the federal funds rate, as defined. The Revolver terminates on January 31, 1997. Prepayments are required when cash flow, as defined, exceeds specified levels. The Revolver interest rates and outstanding amounts during the year and at the end of the year are as follows:

<TABLE>
<CAPTION>

	PERIOD FROM INCEPTION THROUGH DECEMBER 31, 1992	YEAR ENDED DECEMBER 31, 1993	1994
<S>	<C>	<C>	<C>
Interest rate at end of year	7.75%	7.75%	10.25%
Weighted average interest			

rate during year	8.00%	7.75%	8.90%
Average amount outstanding during year	$26,811	$46,864	$39,556
Maximum month-end balance during year	36,081	58,510	53,810

</TABLE>

Term loan tranche A is payable in 57 monthly installments which commenced on April 30, 1992. Interest is payable at a rate per annum of 2% plus the higher of either the prime rate or 1/2% plus the federal funds rate, as defined. The weighted average interest rate was 8.25%, 8.00% and 9.15% during the eleven months ended December 31, 1992 and the years 1993 and 1994, respectively. The interest rate was 8.00% and 10.50% at December 31, 1993 and 1994, respectively.

Term loan tranche B is payable in 24 monthly installments, commencing on January 31, 1997. Interest is payable at a rate per annum of 5% plus the higher of either the prime rate or 1/2% plus the federal funds rate, as defined. The weighted average interest rate was 11.25%, 11.00% and 12.15% during the eleven months ended December 31, 1992 and the years 1993 and 1994, respectively. The interest rate was 11.00% and 13.50% at December 31, 1993 and 1994, respectively.

The Credit Agreement contains certain covenants and provisions which, among others, include restrictions on dividend payments, required levels of total capital, required ratio of current assets to current liabilities and restrictions on capital expenditures. Borrowings under the Credit Agreement are collateralized by substantially all of the real and personal property of the Company.

The Company entered into a capital lease in December, 1992, for substantially all of the equipment at the Carol Stream warehouse facility. As of December 31, 1993 and 1994, assets recorded under this capital lease were approximately $3,002 with related accumulated amortization of $425 and $726, respectively. As of December 31, 1993 and 1994, total obligations under this capital lease were $2,540 and $2,052, respectively, of which $488 and $534 is recorded as a current liability, respectively. The lease agreement contains certain financial covenants and provisions, including a maximum level of debt to tangible net worth, a required level of tangible net worth, and a ratio of cash flow, as defined, to the current portion of long-term debt.

In 1993, Lynn-Edwards entered into a $2,000 term loan to finance the purchase of capital equipment. The loan agreement contains certain financial covenants and provisions, including a maximum level of debt to tangible net worth, a required level of tangible net worth and a ratio of cash flow, as defined, to current portion of long-term debt. The loan is amortized over 60 equal installments.

Debt maturities, excluding the original issue discount, for the five years following the period ended December 31, 1994, are as follows:

<TABLE>

<S>	<C>
1995	$ 5,901
1996	6,980
1997	46,276
1998	5,466
1999	--
	$64,623

</TABLE>

Maturities of long-term debt in 1997 include a balance under the Revolver of $39,910.

Fair Market Value of Financial Instruments

The carrying value of cash and cash equivalents and short-term debt approximates fair value because of the short-term maturity of the instruments.

Management believes that the fair value of the Revolver and Term Loan approximates its carrying value as of December 31, 1993 and 1994, respectively, because the interest rate on the debt is a floating rate tied to the prime rate.

4. LEASE OBLIGATIONS:

The Company leases certain facilities under noncancelable operating leases expiring through July, 2004, with various renewal options.

The following table shows future minimum annual lease commitments on noncancelable operating leases. The table excludes real estate taxes, insurance, maintenance and other costs related to the properties which are paid by the Company.

<TABLE>

<S>	<C>
1995	$ 2,696
1996	2,498
1997	1,940
1998	1,568
1999	1,449
Thereafter	3,804
Total minimum lease payments	$13,955

</TABLE>

Rent expense for operating leases was approximately $1,590 for the eleven months ended December 31, 1992, and $2,711 and $2,952 for the years ended December 31, 1993 and 1994, respectively.

5. RETIREMENT BENEFITS:

Defined Contribution Plan

The ASI Profit Sharing and Savings Plan ("the Plan") is a Section 401(k) plan with a discretionary profit sharing component which commenced on April 1, 1992. The Plan and the trust established pursuant to the Plan are intended to meet the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA") and qualify under Sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended. The Plan covers substantially all full-time employees of the Company. Pursuant to the Plan, the Company matched employee contributions in the amount of $0.50 for each $1.00 contributed through July, 1993, and $0.25 for each $1.00 contributed subsequently, up to an employee contribution maximum of 6.0% of compensation, as defined. The expense under the above plan was $256 for the eleven months ended December 31, 1992 and $435 and $277 for the years ended December 31, 1993 and 1994, respectively.

Postretirement Benefits

In December, 1990, the Financial Accounting Standards Board ("FASB") issued Standard No. 106, "Accounting for Postretirement Benefits Other Than Pensions." This standard requires that the expected cost of these postemployment benefits be charged to expense during the years that the employees render service. The Company does not offer postretirement benefits to its employees.

6. INCOME TAXES:

At January 31, 1992, the date of the Acquisition, the Company had a net deferred tax asset primarily due to the higher tax basis allocated to the net assets acquired, including intangible assets and certain reserves. A valuation allowance was established at the date of the Acquisition for the entire amount

of the net deferred tax asset.

For the eleven months ended December 31, 1992, and the years ended December 31, 1993 and 1994, and components of the provision for income taxes were as follows:

<TABLE>
<CAPTION>

	PERIOD FROM INCEPTION THROUGH DECEMBER 31, 1992	YEARS ENDED DECEMBER 31, 1993	1994
<S>	<C>	<C>	<C>
Currently payable--			
Federal	$ 1,584	$ 227	$3,090
State	193	554	903
Total currently payable	1,777	781	3,993
Deferred, net--			
Federal	1,107	1,012	166
State	163	148	24
Valuation allowance reduction	(1,270)	(1,160)	(190)
Total deferred, net	--	--	--
Provision for income taxes	$ 1,777	$ 781	$3,993

</TABLE>

The components of the deferred income tax provision (benefit) were as follows:

<TABLE>
<CAPTION>

	DECEMBER 31,		
	1992	1993	1994
<S>	<C>	<C>	<C>
Accelerated tax depreciation	$ 308	$ (42)	$ (266)
Amortization of intangible assets	822	897	897
Acquisition accruals	1,130	415	297
Sales discounts and deferred revenue	(119)	(297)	(1,014)
Other	(871)	187	276
Valuation allowance reduction	(1,270)	(1,160)	(190)
Provision (benefit) for deferred income taxes	$ --	$ --	$ --

</TABLE>

Reconciliations of the statutory federal income tax rates to the effective income tax rates were as follows:

<TABLE>
<CAPTION>

PERIOD FROM INCEPTION THROUGH DECEMBER 31, 1992		YEARS ENDED DECEMBER 31, 1993		1994	
AMOUNT	% OF PRETAX INCOME	AMOUNT	% OF PRETAX INCOME	AMOUNT	% OF PRETAX INCOME

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tax provision based on the federal statutory rate.....	$ 1,607	34.0%	$ 1,273	34.0%	$3,535	34.0%
State and local income taxes -- net of federal income tax benefit.....	197	4.2	492	13.2	607	5.8
Reserves.....	1,243	26.3	176	4.7	41	.4
Valuation allowance reduction...	(1,270)	(26.9)	(1,160)	(31.0)	(190)	(1.8)
Provision for income taxes.....	$ 1,777	37.6%	$ 781	20.9%	$3,993	38.4%

</TABLE>

The amounts of deferred tax assets and deferred tax liabilities at December 31, 1993 and 1994 were as follows:

<TABLE>
<CAPTION>

	DECEMBER 31,			
	1993		1994	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
<S>	<C>	<C>	<C>	<C>
Depreciation and amortization....	$ --	$ 603	$ --	$390
Intangible assets.....	2,766	--	1,869	--
Allowance for doubtful accounts..	1,598	--	1,664	--
Inventory reserves and adjustments.....	1,433	--	1,264	--
Accrued expenses.....	4,577	608	4,566	--
	10,374	1,211	9,363	390
Valuation allowance.....	(9,163)	--	(8,973)	--
Total.....	$ 1,211	$1,211	$ 390	$390

</TABLE>

7. REDEEMABLE PREFERRED STOCK:

AHI has 245,000 authorized shares of preferred stock (nonvoting), consisting of 15,000 shares of $0.01 par value Class A preferred stock, 15,000 shares of $0.01 par value Class B preferred stock, 15,000 shares of $0.01 par value Class C preferred stock, and 200,000 shares of $0.01 par value Additional preferred stock. All preferred stock issued at the date of inception was valued at the amount of cash paid or assets received for the stock at $1,000 per share. As of December 31, 1993 and 1994, there were 5,000 shares of Class A preferred stock issued and outstanding, and 1,138 and 1,788 shares which have been accrued as dividends but not issued, respectively. As of December 31, 1993 and 1994, there were 5,943 and 6,560 shares of Class B preferred stock and 8,915 and 9,841 shares of Class C preferred stock issued and outstanding, respectively. There were no shares of Additional preferred stock issued and outstanding as of December 31, 1993 or 1994. These shares are senior in preference to the common stock of the Company.

Class A preferred stock must be redeemed by the Company on July 31, 1999. Dividends are cumulative at a rate of 10% per annum, payable quarterly on April 30, July 31, October 31 and January 31. In the event that the Company does not pay dividends in cash, the dividend rate increases to 13%

per annum and is payable in stock. Class B and C preferred stock are junior in relation to the Class A preferred stock. During the eleven months ended December 31, 1992, 488 shares of Class A preferred stock were accrued but not issued. During each of the years ended December 31, 1993 and 1994, 650 shares of Class A preferred stock were accrued but not issued.

Class B preferred stock must be redeemed by the Company on July 31, 1999. Class C preferred stock is redeemable in four equal quarterly installments on April 30, 2001, July 31, 2001, October 31, 2001, and January 31, 2002.

Dividends for both Class B and C are cumulative at a rate of 9% per annum. Dividends are payable quarterly on April 30, July 31, October 31 and January 31. In the event that the Company does not pay dividends in cash, the dividend rate increases to 10% per annum and is payable in stock. During the eleven months ended December 31, 1992, noncash dividends were declared and issued for both Class B and C preferred stock in the amount of 384 and 577 shares, respectively. During the year ended December 31, 1993, noncash dividends were declared and issued for both Class B and C preferred stock in the amount of 559 and 838 shares, respectively. During the year ended December 31, 1994, noncash dividends were declared and issued for both Class B and C preferred stock in the amount of 617 and 926 shares, respectively.

Redemption of preferred stock, for the five years following the period ended December 31, 1994, are as follows:

<TABLE>

<S>	<C>
1995	--
1996	--
1997	--
1998	--
1999	$13,348

</TABLE>

All classes of preferred stock may be redeemed at the option of the issuer at any time. All classes of preferred stock have a redemption and liquidation value of $1,000 per share plus the aggregate of accrued and unpaid dividends on such shares to date.

8. REDEEMABLE WARRANTS:

The Company has 190,218 warrants ("Lender Warrants") outstanding as of December 31, 1993 and 1994, which allow the holders thereof to buy shares of AHI common stock at an exercise price of $0.01 per share. Of the Lender Warrants, 150,340 were valued at the date of inception at the negotiated amount of $6.65 per warrant while the remaining 39,878 warrants were valued at $10.92 per warrant. In addition, 18,821 additional Lender Warrants have been accrued but not issued, as of December 31, 1994. The exercise period expires January 31, 2002. These warrants were valued at $11.43 per warrant.

The Lender Warrants contain certain put rights which allow the holders thereof to put the Warrants to AHI upon the earlier of January 31, 1997 or the occurrence of certain extraordinary corporate events. The purchase price payable upon the exercise of the put rights is the greater of the then fair market value or equity value of the warrants, as defined, less the applicable exercise price of the warrants. Payment of the Lender Warrants can only occur after repayment of all debt outstanding under the Credit Agreement or with the consent of the lenders and/or agent under the Credit Agreement.

9. STOCKHOLDERS' EQUITY:

Common Stock and Warrants

AHI has 10,000,000 authorized shares of common stock, consisting of 5,000,000 shares of $0.01 par value Class A voting common stock and 5,000,000 shares of $0.01 par value Class B nonvoting common stock. Each holder of Class A common stock is entitled to one vote for each share of common stock held of record by such holder. No dividends on common shares were accrued or paid for the

eleven months ended December 31, 1992, or for the years ended December 31, 1993 and 1994. All common stock issued at the date of inception was valued at the amount of cash paid for the stock or, in the case of services rendered or to be rendered, at $10.00 per share.

As of December 31, 1993 and 1994, the Company has 23,129 warrants outstanding which allow the holders to buy shares of AHI common stock at an exercise price of $1 per share. At the date of inception, these warrants were valued at $10.00 per warrant. In addition, 2,506 warrants have been accrued but not issued, as of December 31, 1994. These warrants were valued at $11.43 per warrant. The exercise period expires January 31, 2002.

Earnings Per Share

The Company presents earnings per share on both a primary and fully diluted basis. Earnings per common and dilutive common equivalent share amounts were computed by dividing net income, after deducting dividends on preferred stock, by the weighted average number of common and dilutive common equivalent shares outstanding during the period. The weighted average number of shares includes the dilutive effect of warrants computed using the treasury stock method, as well as the common shares that would result from the conversion of the deferred obligation related to the TS Agreement.

Earnings per common share assuming full dilution amounts were computed by dividing net income, after deducting dividends on preferred stock, by the weighted average number of fully diluted common shares outstanding during the period. The weighted average number of shares includes the dilutive effect of warrants computed using the treasury stock method, as well as the common shares that would result from the conversion of the deferred obligation related to the TS Agreement.

For the eleven months ended December 31, 1992, and the year ended December 31, 1993 employee stock options (discussed in Note 9) were not included in either the weighted average number of common and dilutive common equivalent shares or the weighted average shares on a fully diluted basis, as they would have an anti-dilutive result. For the year ended December 31, 1994, the stock options of one employee were included in the weighted average share computations, as they had a dilutive result. The remainder of the employee stock options were not included in the weighted average share computations for the year ended December 31, 1994, as they would have an anti-dilutive effect.

The net income, preferred stock dividends and shares used to compute primary and fully diluted earnings per share are presented in the following table.

<TABLE>
<CAPTION>

	PERIOD FROM INCEPTION THROUGH DECEMBER 31, 1992	YEAR ENDED DECEMBER 31, 1993	1994
<S>	<C>	<C>	<C>
PRIMARY			
Net Income	$2,950	$2,962	$6,403
Preferred stock dividends issued and accrued	1,449	2,047	2,193
Net income attributable to common stockholders' equity	$1,501	$ 915	$4,210
Average number of common and dilutive common equivalent shares	1,139	1,171	1,199
FULLY DILUTED			
Net income	$2,950	$2,962	$6,403
Preferred stock dividends issued and accrued	1,449	2,047	2,193
Net income attributable to common stockholders' equity	$1,501	$ 915	$4,210
Average number of shares, assuming full dilution	1,139	1,171	1,205

</TABLE>

10. EMPLOYEE STOCK OPTION AND AWARD PLANS:

On January 31, 1992, the stockholders of AHI approved the adoption of the AHI 1992 Management Stock Option Plan (the "Plan"). The purpose of the Plan is to promote the interests of the Company and its shareholders by providing the officers and other key employees with additional incentive and the opportunity through stock ownership to increase their proprietary interest in the Company and their personal interest in its continued success. As of December 31, 1994, 86,735 shares of common stock have been authorized for grant under the Plan.

Under the terms of the Plan, the option price at the time any option is granted will not be less than the fair market value per share. The shares granted to date have an exercise price of $10 per share and vest at a rate of 25% annually, subject to certain internal rate of return hurdles. As of December 31, 1994, six persons held such options. No options were exercisable as of December 31, 1994. Changes in stock options outstanding were as follows:

<TABLE>
<CAPTION>

	SHARES
<S>	<C>
Granted as of the date of Inception	21,684
Granted	31,585
Exercised	--
Expired or terminated	--
Granted as of December 31, 1992	53,269
Granted	--
Exercised	--
Expired or terminated	--
Granted as of December 31, 1993	53,269
Granted	4,163
Exercised	--
Expired or terminated	(25,904)
Granted as of December 31, 1994	31,528

</TABLE>

11. SUPPLEMENTAL CASH FLOW DISCLOSURES:

In addition to the information provided in the statement of cash flows, the following are supplemental disclosures of cash flow information for the eleven months ended December 31, 1992 and the twelve months ended December 31, 1993 and 1994;

<TABLE>
<CAPTION>

	1992	1993	1994
<S>	<C>	<C>	<C>
Cash paid during the year for--			
Interest	$4,694	$6,119	$6,588
Income taxes	135	630	2,118

</TABLE>

The following are supplemental disclosures of noncash investing and financing activities for the eleven months ended December 31, 1992 and the twelve months ended December 31, 1993 and 1994;

- In 1992, the Company issued common stock warrants, valued at $435, in connection with the acquisition of Lynn-Edwards.

- On January 31, 1992, the Company issued common stock warrants valued at $1,231 for services rendered in connection with the Acquisition.

- On January 31, 1992, the Company issued common stock valued at $462 for services to be rendered to ASI through 2002.

- On January 31, 1992, the Company issued common stock valued at $315 for services rendered in connection with the Acquisition.

- On January 31, 1992, the Company issued Class A preferred stock valued at $185 for services rendered in connection with the Acquisition.

- On January 31, 1992, the Company issued Class B preferred stock valued at $5,000 as partial payment for the Acquisition.

- In 1994, the Company issued $9,000 of common stock to retire a $9,000 deferred obligation related to a Transition Services Agreement ("TS Agreement").

- In 1994, the Company accrued $63 for common stock shares to be issued at less than fair market value.

- In 1994, the Company accrued $244 for warrants which have an exercise price less than the fair market value of the common stock.

12. TRANSACTIONS WITH RELATED PARTIES:

The Company has management and advisory services agreements with three investor groups which own the majority of AHI's Class A common and Class A preferred stock. These investor groups provided certain financial advisory services to the Company in connection with the Acquisition in exchange for an aggregate of $1.0 million; 31,480 shares of AHI Class A common stock with a recorded value of $315,000; and 185 shares of AHI Class A preferred stock with a recorded value of $185,000.

In addition, these same investor groups provide certain oversight and monitoring services to the Company, in exchange for management fees and out-of-pocket expenses. The expense related to the above agreements was $475 and $90 of out-of-pocket expenses for the eleven months ended December 31, 1992, $283 and $47 of out-of-pocket expenses for the year ended December 31, 1993 and $500 and $68 of out-of-pocket expenses for the year ended December 31, 1994. Pursuant to the Credit Agreement, the aggregate payments under these agreements cannot exceed $500 per year plus reasonable out-of-pocket expenses.

In addition, on January 31, 1992, two of these same investor groups received an aggregate of 46,258 shares of AHI Class A common stock (shares can be rescinded if the agreement is terminated prior to January 31, 2002) as deferred compensation for future services. The deferred compensation related to these shares had a recorded value of $463,000 at January 31, 1992 and were fully amortized during the 11 month period ended December 31, 1992.

On January 31, 1992, the Company entered into the TS Agreement with the holder of the Class B preferred stock (nonvoting). The TS Agreement stipulated that the Company receive certain services for between two months and two years from January 31, 1992. The services included dual facility services (including inventory purchases), information systems services and freight consolidation services. In return, the Company made monthly payments, as defined. Under this agreement, the Company purchased services of $21,000 (including inventory purchases of $13,175) during the eleven months ended December 31, 1992 and $1,980 and $825 during the twelve months ended December 31, 1993 and 1994, respectively. The TS Agreement also allowed for deferment of up to $9,000 in payments. During the eleven months ended December 31, 1992, the Company deferred $9,000 in payments. This deferred obligation is recorded in deferred obligations and other long-term liabilities on the balance sheet at December 31, 1993.

During 1994, per the TS Agreement, the Company settled the obligation by issuing 58,653 shares of AHI Class A common stock to the holder of the Class B preferred stock.

The holder of the Class B preferred stock is also a supplier to the Company. The total inventory purchases from this supplier were $17,963 during the eleven months ended December 31, 1992 and $21,903 and $26,728 during the twelve months ended December 31, 1993 and 1994, respectively. As of December 31, 1993 and 1994, $1,413 and $2,293 were due to this supplier and recorded in trade accounts payable.

The holder of the Class B preferred stock is also a customer of the Company. Net sales to this customer were $11,860 during the eleven months ended December 31, 1992 and $19,153 and $33,447 during the twelve months ended December 31, 1993 and 1994, respectively. Accounts receivable from this customer were $145 and $299 as of December 31, 1993 and 1994, respectively.

On January 31, 1992, the Company entered into a data processing facilities management agreement with the holder of the Class C preferred stock (nonvoting). The agreement expires in July 2002, and has minimum monthly payments which began in August 1992, ranging from $522 to $689. Payments pursuant to the above agreement were $3,023 for the eleven months ended December 31, 1992 and $10,336 and $10,630 for the twelve months ended December 31, 1993 and 1994, respectively. The Company had prepaid $956 and $1,934 as of December 31, 1993 and 1994, respectively, for future services. In addition, $1,755 and $1,931 was accrued as of December 31, 1993 and 1994, respectively, for services provided which had not yet been billed. At December 31, 1994, the remaining aggregate minimum monthly payments over the term of the agreement were $50,078.

Per the agreement, in the event the agreement is terminated for cause by the holder of the Class C preferred stock prior to expiration, the Company agrees to pay 80% of the remaining minimum monthly charges. In the event the agreement is terminated by the Company, the Company agrees to pay the lesser of $11,000 or 80% of the remaining minimum monthly charges, as well as the redemption or purchase of the Class C preferred stock as discussed in Note 7.

13. CONCENTRATION OF CREDIT RISK:

The Company's principal customers are in the retail office supply industry. Their financial position has been considered in determining the Company's allowance for doubtful accounts.

14. SUBSEQUENT EVENT:

On February 13, 1995, AHI and United Stationers Inc. ("USI") entered into a Merger Agreement. Under the terms of the Merger Agreement, the current shareholders of USI would receive $15.50 per share for 92.5% of their shares and the remaining 7.5% of their shares would represent (in aggregate) 20% of the common stock of the combined entity, which will continue to be publicly traded.

In connection with the possible merger, ASI paid commitment fees to a lender subsequent to December 31, 1994.

ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY

SUPPLEMENTAL CONSOLIDATED
QUARTERLY FINANCIAL INFORMATION (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

Summarized quarterly financial information for the two years ended December 31, 1994 is as follows:

<TABLE>
<CAPTION>

	QUARTER			
	FIRST	SECOND	THIRD	FOURTH
<S>	<C>	<C>	<C>	<C>
FISCAL YEAR 1993				
Net sales	$115,936	$105,226	$124,993	$116,376
Gross profit on sales	28,115	24,749	30,804	28,612
Net income (loss)	596	(1,293)	3,218	441
Earnings (loss) per share	0.08	(1.54)	2.31	(0.07)
FISCAL YEAR 1994				
Net sales	$123,850	$109,979	$120,982	$122,634
Gross profit on sales	29,688	27,870	31,273	31,338
Net income (loss)	742	534	2,703	2,424
Earnings (loss) per share	0.18	(0.01)	1.79	1.55

</TABLE>

UNITED STATIONERS INC. AND SUBSIDIARY
(ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY)

CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS OF DOLLARS)

<TABLE>
<CAPTION>

ASSETS	DECEMBER 31, 1994	MARCH 31, 1995
	(AUDITED)	(UNAUDITED)
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 1,849	$ 21,611
Accounts receivable, net	45,139	201,056
Inventories	88,197	396,085
Other current assets	3,795	25,135
Total Current Assets	$138,980	$643,887
PROPERTY, PLANT AND EQUIPMENT, at cost	$ 58,277	$236,150
Less--Accumulated depreciation and amortization	(12,830)	(13,820)
Net Property, Plant and Equipment	$ 45,447	$222,330
GOODWILL, NET	$ 4,948	$ 71,628
OTHER ASSETS, NET	$ 3,104	$ 38,104
TOTAL ASSETS	$192,479	$975,949

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY		
<S>	<C>	<C>
CURRENT LIABILITIES		
Short-term debt and current maturities of long-term obligations	$ 5,901	$ 17,138
Accounts payable	54,351	183,994
Accrued liabilities	18,994	88,694
Other liabilities	3,280	13,435
Total Current Liabilities	$ 82,526	$303,261
DEFERRED TAXES	$ 2,060	$ 31,469
LONG-TERM OBLIGATIONS:		
Senior Revolver Loan	$ 39,910	$199,708
Bridge Loan		130,000
Senior Term Loan--Tranche A	6,000	110,000
Senior Term Loan--Tranche B	9,557	74,000
Other Long-Term Debt		42,011
Other Long-Term Liabilities	2,812	4,401
TOTAL LONG-TERM OBLIGATIONS	$ 58,279	$560,120
REDEEMABLE PREFERRED STOCK	$ 23,189	$ 23,761
REDEEMABLE WARRANTS	$ 1,650	$ 11,879
STOCKHOLDERS' EQUITY	$ 24,775	$ 45,459
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$192,479	$975,949

</TABLE>

The accompanying notes to condensed consolidated financial statements are an integral part of these balance sheets.

UNITED STATIONERS INC. AND SUBSIDIARY
(ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS OF DOLLARS, EXCEPT SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED	
	MARCH 31, 1994	MARCH 31, 1995
<S>	<C>	<C>
NET SALES	$ 123,850	$ 137,272
COST OF GOODS SOLD	94,162	103,568
Gross profit	$ 29,688	$ 33,704
OPERATING EXPENSES:		
Warehousing, marketing and administrative expenses	$ 26,752	$ 28,949
Restructuring charge (Note 1)		9,759
Total operating expenses	$ 26,752	$ 38,708
Income (loss) from operations	$ 2,936	$ (5,004)
INTEREST EXPENSE, net	1,732	2,203
Income (loss) before income taxes and extraordinary item	$ 1,204	$ (7,207)
INCOME TAXES (BENEFIT)	462	(2,973)
Income (loss) before extraordinary item	$ 742	$ (4,234)
EXTRAORDINARY ITEM--loss on early retirement of debt, net of taxes ($967) (Note 5)		(1,449)
NET INCOME (LOSS)	$ 742	$ (5,683)
PREFERRED STOCK DIVIDENDS ISSUED AND ACCRUED	534	573
Net income (loss) attributable to common shareholders	$ 208	$ (6,256)
Net Income (Loss) Attributable to Common and Common Equivalent Share (Primary and Fully Diluted):		
Earnings (loss) before extraordinary item	$ .05	$ (.80)
Extraordinary item		(.24)
Net income (loss) attributable to common and common equivalent share	$ .05	$ (1.04)
Average Number of Common Shares Used in Primary Calculation	4,090,433	5,998,077
Average Number of Common Shares Used in Fully Diluted Calculation	4,140,320	5,998,077

</TABLE>

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

UNITED STATIONERS INC. AND SUBSIDIARY
(ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED	
	MARCH 31, 1994	MARCH 31, 1995
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by operating activities	$ 3,183	$ 2,087
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of the Company--net of cash acquired of approximately $14,500		$(257,259)

Capital expenditures	$ (242)	(182)
Net cash used in investing activities	$ (242)	$(257,441)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of debt		$ 536,708
Retirements and payments of debt	$(1,000)	(266,920)
Net borrowings (repayment) under revolver	(1,500)	18,100
Financing costs		(24,873)
Issuance of common stock		12,000
Other	(151)	(154)
Net cash provided by (used in) financing activities	$(2,651)	$ 274,861
NET CHANGE IN CASH	$ 290	$ 19,507
Cash and Cash Equivalents, beginning of period	991	2,104
Cash and Cash Equivalents, end of period	$ 1,281	$ 21,611
Other Cash Flow Information		
Cash payments during the quarter for:		
Income taxes paid	$ 304	$ 1,834
Interest paid	1,706	2,050
Noncash investing and financing activities:		
Common stock issued in exchange for services related to financing the acquisition of the Company		$ 2,100
Common stock issued to retire a deferred obligation related to an agreement for contracted services	$ 9,000	

</TABLE>

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

UNITED STATIONERS INC. AND SUBSIDIARY
(ASSOCIATED HOLDINGS, INC. AND SUBSIDIARY)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) BUSINESS COMBINATION AND RESTRUCTURING CHARGE

On March 30, 1995, pursuant to an Agreement and Plan of Merger, dated as of February 13, 1995 (the "Merger Agreement"), between Associated Holdings, Inc., a Delaware corporation ("Associated") and United Stationers Inc., a Delaware corporation (the "Company") and Associated's related Offer to Purchase dated February 21, 1995 (the "Offer"), Associated purchased 17,201,839 shares of Common Stock, $0.10 par value (the "Shares"), of the Company at a purchase price of $15.50 per share, or approximately $266.6 million, from the Company's stockholders. On March 30, 1995, pursuant to the terms of the Merger Agreement, Associated was merged with and into the Company, with the Company surviving (the "Merger"), and immediately thereafter, Associated Stationers, Inc., a Delaware corporation and wholly owned subsidiary of Associated ("ASI") was merged with and into United Stationers Supply Co., an Illinois corporation and wholly owned subsidiary of the Company ("USSC"), with USSC surviving. The acquisition of the Shares by Associated pursuant to the Offer together with the Merger is referred to herein as the "Acquisition."

Immediately following the Merger, the number of outstanding Shares was 5,998,077 (or 6,973,720 on a fully diluted basis), of which (i) the former holders of Class A Common Stock, $0.01 par value, and Class B Common Stock, $0.01 par value, of Associated ("Associated Common Stock") and warrants or options to purchase Associated Common Stock in the aggregate owned 4,603,333 Shares constituting approximately 76.7% of the outstanding Shares and outstanding warrants or options for 975,643 Shares (collectively 80.0% on a fully diluted basis) and (ii) pre-Merger holders of Shares (other than Associated-owned Shares and treasury Shares) in the aggregate owned 1,394,744 Shares constituting approximately 23.3% of the outstanding Shares (or 20.0% on a fully diluted basis). As used in this paragraph, the term "Shares" includes shares of Nonvoting Common Stock, $0.01 par value, of the Company, which are immediately convertible into Shares for no additional consideration.

To finance the Offer, refinance existing debt of ASI, the Company and USSC, repurchase stock options and pay related fees and expenses, Associated, ASI, USSC and the Company entered into (i) new credit facilities ("New Credit Facilities") with a group of banks and financial institutions providing for term loan borrowings of $200.0 million and revolving loan borrowings of up to $300.0 million and (ii) a senior subordinated bridge loan facility in the aggregate principal amount of $130.0 million (the "Subordinated Bridge Facility"). In addition, simultaneously with the consummation of the Offer, Associated obtained $12.0 million from the sale of additional shares of Associated Common Stock, which proceeds were used to finance the purchase of a portion of the Shares pursuant to the Offer.

On May 3, 1995, USSC completed the issuance of $150.0 million of 12 3/4% Senior Subordinated Notes (the "Notes") due 2005. The net proceeds of the Notes (after discount and fees of approximately $5.5 million) were used to pay certain expenses, to repay the $130.0 million Subordinated Bridge Facility (together with $1.6 million in accrued and unpaid interest thereon), to repay a portion of the Tranche A and Tranche B term loans (totaling approximately $6.5 million) and provide working capital. In the event the necessary consents are obtained, the Company expects to repurchase the Series B Preferred Stock, together with accrued and unpaid dividends thereon, for approximately $7.0 million.

Although the Company was the surviving corporation in the Merger, the transaction was treated as a reverse acquisition for accounting purposes with Associated as the acquiring corporation. The total purchase price of approximately $293.4 million was allocated to assets and liabilities of the Company based on the estimated fair value as of the date of acquisition. The allocation was based on preliminary estimates which may be revised at a later date. The excess of consideration paid over the estimated

fair value of net assets acquired in the amount of $66.7 million has been recorded as goodwill and is being amortized on a straight-line basis over 40 years.

Effective for 1995, the Company changed its fiscal year from a year-end of August 31 to December 31. A report on Form 8-K was filed on April 26, 1995, reporting that the Company had changed its fiscal year end to December 31. A Form 10-K was filed by the Company on June 27, 1995 which included audited financial statements for the period from September 1, 1994 through March 30, 1995, the date on which the Merger was consummated.

The Condensed Consolidated Balance Sheet combines Associated and the Company as of March 31, 1995 and reflects a preliminary allocation of the purchase price which may be revised at a later date. The Condensed Consolidated Balance Sheet as of December 31, 1994 reflects Associated only. The Condensed Consolidated Statements of Operations reflects the results of operations for Associated only for the three months ended March 31, 1995 and March 31, 1994. The Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 1995 and March 31, 1994 reflects that of Associated only, including the effects of the Acquisition and Merger.

The actual results for the quarter ended March 31, 1995 include a restructuring charge of $9.8 million ($5.9 million net of tax benefit of $3.9 million). The restructuring charge includes severance costs totaling $3.0 million. The restructuring plan specifies that certain distribution, sales, and corporate positions, approximately 330 in total, will be eliminated substantially within a one-year period. As of March 31, 1995, no employees have been terminated and no benefits have been paid or charged against the reserve. The restructuring charge also includes distribution center closing costs totaling $4.7 million and stockkeeping unit reduction costs totaling $2.1 million. The restructuring plan specifies the closing of eight redundant distribution centers and the elimination of overlapping inventory items from the Company's catalogs substantially within a one-year period. Distribution center closing costs include (i) the net occupancy costs of leased facilities after they are vacated until expiration of leases and (ii) the losses on the sale of owned facilities and the facilities' furniture, fixtures, and equipment. Stockkeeping unit reduction costs include losses on the sale of inventory items which have been discontinued solely as a result of the

acquisition and Merger. As of March 31, 1995, no amounts have been charged against the reserve.

The actual results for the quarter ended March 31, 1995 also include compensation expense relating to an increase in the value of employee stock options of approximately $1.5 million, ($0.9 million net of tax benefit of $0.6 million) as a result of the Acquisition and Merger and an extraordinary write-off of approximately $2.4 million ($1.4 million net of tax benefit of $1.0 million) of financing costs and original issue discount relating to the debt retired. See Note 5--Extraordinary Item.

The unaudited Pro Forma Combined Financial Statements for the two companies for the year ended December 31, 1994 were included in the Company's Form 8-K dated April 14, 1995.

The following summarized unaudited pro forma operating data for the three months ended March 31, 1995 and 1994 is presented giving effect to the Acquisition as if it had been consummated at the beginning of the respective periods and, therefore, reflects the results of the Company and Associated on a consolidated basis for the period from January 1, 1995 through March 31, 1995 and January 1, 1994 through March 31, 1994, respectively. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations that actually would have resulted had the combination been in effect on the dates indicated, or which may result in the future. The pro forma results exclude one-time non-recurring charges or credits directly attributable to the transaction. The estimated cost savings that the Company expects to realize ($26.0 million on a total year basis and $6.5 million on a quarterly basis) pursuant to its consolidation plan that has been approved by the Board of Directors of the Company have been reflected in the pro forma results as if the Company's consolidation plan had been implemented in full for the periods reflected. The Company plans to implement its consolidation plan over a 12-month period following the Acquisition.

The pro forma income statement adjustments consisted of (i) estimated cost savings of $6.5 million that the Company expects to realize, (ii) increased depreciation expense resulting from the write-up of certain fixed assets to fair value, (iii) additional incremental goodwill amortization, (iv) additional incremental interest expense due to debt issued, net of debt retired, (v) reduction in preferred stock dividends due to the assumed retirement of the Series B Preferred Stock, which the Company is permitted to redeem pursuant to its New Credit Facilities.

<TABLE>
<CAPTION>

	PRO FORMA QUARTER ENDED MARCH 31	
	1994	1995
	(IN THOUSANDS OF DOLLARS, EXCEPT SHARE DATA) (UNAUDITED)	
<S>	<C>	<C>
Net sales	$ 503,919	$ 587,170
Net income	$ 4,405	$ 9,409
Preferred stock dividends issued and accrued	$ 393	$ 442
Net income available to common stockholders	$ 4,012	$ 8,967
Net income per common and common equivalent share:		
Primary	$ 0.98	$ 1.30
Fully diluted	$ 0.97	$ 1.30
Weighted average number of common shares outstanding:		
Primary	4,090,433	6,894,076
Fully diluted	4,138,023	6,898,757

</TABLE>

The pro forma net sales amount of $587.2 million for the first quarter of 1995 reflects $449.9 million in net sales for the Company and $137.3 million for Associated. The pro forma net sales amount of $503.9 million for the first

quarter of 1994 reflects $380.1 million in net sales for the Company and $123.8 million for Associated.

These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations that actually would have resulted had the combination been in effect on the dates indicated, or which may result in the future.

(2) CHANGES IN ACCOUNTING PRINCIPLES

Effective January 1, 1995, Associated changed its method of accounting for the cost of inventory from the FIFO method to the LIFO method. Associated made this change in contemplation of its acquisition of the Company (accounted for as a reverse acquisition) so that its method would conform to that of the Company. Associated believes that in an inflationary environment the LIFO method provides a better matching of current costs and current revenues and that earnings reported under the LIFO method are more easily compared to that of other companies in the wholesale industry where the LIFO method is common. This change resulted in a charge to pre-tax income of approximately $0.5 million ($0.3 million net of tax benefit) or $.05 per common and common equivalent share for the quarter ended March 31, 1995. The cumulative effect of this accounting change for years prior to 1995 is not determinable, nor are the pro forma effects of retroactive application of the LIFO method to prior years. The Associated LIFO reserve as of March 31, 1995 was $0.5 million.

(3) BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements are unaudited, except for the Associated Consolidated Balance Sheet as of December 31, 1994, which is condensed from the audited Consolidated Balance Sheet of Associated at that date. Certain prior-year amounts have been reclassified to conform with current-year presentations. These financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company's management, the condensed consolidated financial statements for the unaudited interim periods presented include all adjustments necessary to fairly present the results of such interim periods and the financial position as of the end of said periods. Other than the restructuring charge, the extraordinary item and the compensation expense relating to employee stock options, these adjustments were of a normal recurring nature and did not have a material impact on the financial statements presented. Certain interim expense and inventory estimates are recognized throughout the fiscal year relating to marginal income tax rates, shrinkage, inflation and product mix. Any appropriate adjustments to reflect actual experience, which historically have been immaterial, will be recognized in the fourth quarter.

(4) EXTRAORDINARY ITEM

The Extraordinary Item reflects the write-off of financing costs and original issue discount relating to the retired debt which was being amortized over the life of the original debt.

(5) NET INCOME (LOSS) ATTRIBUTABLE TO COMMON AND COMMON EQUIVALENT SHARES

Net income (loss) per common and common equivalent shares is based on net income (loss) after preferred stock dividend requirements. Net income per common and common equivalent share in the first quarter of 1994 on a primary and fully diluted basis are computed using the weighted average number of shares outstanding adjusted for the effect of stock options and warrants considered to be dilutive common stock equivalents. For the first quarter of 1995, the stock options and warrants were excluded from the calculation of net loss attributable to common and common equivalent shares as they would be anti-dilutive.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR UNITED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR A SOLICITATION OF THE NEW NOTES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY DISTRIBUTION OF THE NEW NOTES HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS NOT BEEN A CHANGE IN FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF UNITED OR THE COMPANY SINCE THE DATE HEREOF.

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</TABLE>

$150,000,000

[LOGO OF UNITED STATIONERS APPEARS HERE]

UNITED STATIONERS SUPPLY CO.

UNITED STATIONERS INC.

12 3/4% SENIOR SUBORDINATED
NOTES DUE 2005

PROSPECTUS

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the expenses payable in connection with the offering of the securities to be registered and offered hereby. All of such expenses are estimates, other than the registration fee payable to the Securities and Exchange Commission.

<TABLE>

<S>	<C>
Securities and Exchange Commission Registration Fee.....	$51,724.14
Printing and Engraving Expenses.....	
Legal Fees and Expenses.....	
Accounting Fees and Expenses.....	
Miscellaneous.....	
Total.....	$

</TABLE>

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Articles of Incorporation and the By-laws of the Company provide for the indemnification of directors and officers to the fullest extent permitted by the Business Corporation Act of the State of Illinois ("IBCA"). Pursuant to Section 8.75 of the IBCA, the Company generally has the power to indemnify its present and former directors and officers against expenses incurred by them in connection with any suit to which such directors and officers are, or are threatened to be made, a party by reason of their serving in such positions, so long as they acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the Company, and with respect to any criminal action, they had no reasonable cause to believe their conduct was unlawful.

Indemnification is not available if such person has been adjudged to have been liable to the Company, unless and only to the extent the court in which such action was brought determines that, despite the adjudication of liability, but in view of all the circumstances, the person is reasonably and fairly entitled to indemnification for such expenses as the court shall deem proper. The Company has the power to purchase and maintain insurance for such persons. The statute also expressly provides that the power to indemnify authorized thereby is not exclusive of any rights granted under any bylaw, agreement, vote of shareholders or disinterested directors, or otherwise.

The above discussion of the Articles of Incorporation and By-laws of the Company and of Section 8.75 of the IBCA is not intended to be exhaustive and is qualified in its entirety by such Articles of Incorporation, By-laws and the IBCA.

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

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

On May 3, 1995, the Company sold $150,000,000 aggregate principal amount of 12 3/4% Senior Subordinated Notes due 2005 (the "Old Notes") in a private placement in reliance on Rule 144A under the Securities Act, at a price equal to 100% of the stated principal amount of such Old Notes.

Exemption from registration with respect to the above-described sale was

claimed under Section 4(2) of the Securities Act regarding transactions by an issuer not involving any public offering.

ITEM 16. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES.

(A) EXHIBITS

<TABLE>
<C> <C> <S>
3.1 -- Articles of Incorporation of the Company, as amended (2).
3.2 -- By-Laws of the Company (1).
3.3 -- Restated Certificate of Incorporation of United (Exhibit 3(a) to United's Report on Form 10-K dated November 19, 1987) (6).
3.4 -- Certificate of Ownership and Merger merging Associated into United (4).
3.5 -- Bylaws of United, as amended (3).
4.1 -- Indenture, dated as of May 3, 1995, among the Company, as Issuer, United, as Guarantor, and The Bank of New York, as Trustee (4).
4.2 -- Form of Old Note (included in Exhibit 4.1, Exhibit A) (4).
4.3 -- Form of New Note (included in Exhibit 4.1, Exhibit A) (4).
5 -- Opinion of Weil, Gotshal & Manges as to the securities registered hereby (3).
9.1 -- Voting Trust Agreement, dated as of January 31, 1992, among United, the stockholders party thereto and Messrs. Sturgess, Hegi, Miller, Good and Johnson, as voting trustees (2).
9.2 -- First Amendment to Voting Trust Agreement, dated as of March 30, 1995, among United, the stockholders party thereto and Messrs. Sturgess, Hegi, Miller, Good and Johnson, as voting trustees (2).
9.3 -- Letter agreement, dated March 30, 1995, between United (as successor-in-interest to Associated) and Boise Cascade regarding the Voting Trust Agreement (2).
10.1 -- Credit Agreement, dated as of March 30, 1995, among the Company, United, certain Lenders named therein and Chase Bank, as Agent and Lender (4).
10.2 -- Waiver and Amendment No. 1, dated as of April 13, 1995, among the Company, United, each of the lenders party thereto and Chase Bank (2).
10.3 -- Assumption Agreement, dated as of March 30, 1995, among the Company, United and Chase Bank, as agent (included in Exhibit 10.1, Exhibit F) (4).
10.4 -- Form of Revolving Credit Note, issuable under the Credit Agreement (included in Exhibit 10.1, Exhibit A-1) (4).
10.5 -- Form of Tranche A Term Loan Note, issuable under the Credit Agreement (included in Exhibit 10.1, Exhibit A-2) (4).
10.6 -- Form of Tranche B Term Loan Note, issuable under the Credit Agreement (included in Exhibit 10.1, Exhibit A-3) (4).
10.7 -- Security Agreement, dated as of March 30, 1995, between the Company and Chase Bank, as agent (included in Exhibit 10.1, Exhibit C) (4).
10.8 -- Form of Indenture of Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, dated as of March 30, 1995, by the Company in favor of Chase Bank (included in Exhibit 10.1, Exhibit E) (4).
</TABLE>

<TABLE>
<C> <C> <S>
10.9 -- Registration Rights Agreement, dated as of April 26, 1995, among the Company, United and the Initial Purchaser (2).
10.10 -- Purchase Agreement, dated April 26, 1995, among the Company, United and the Initial Purchaser (2).
10.11 -- Registration Rights Agreement, dated as of January 31, 1992, between United (as successor-in-interest to Associated) and CMIHI (included in Exhibit 10.14, Annex 2) (2).
10.12 -- Amendment No. 1 to Registration Rights Agreement, dated as of March 30, 1995, among United (as successor-in-interest to Associated), CMIHI and certain other holders of Lender Warrants (2).
10.13 -- Amended and Restated Registration Rights Agreement, dated as of March 30, 1995, among United (as successor-in-interest to Associated), Wingate Partners, Cumberland Capital Corporation, Good Capital Co., Inc., Boise Cascade and certain other United stockholders (2).
10.14 -- Warrant Agreement, dated as of January 31, 1992, among United (as successor-in-interest to Associated), the Company (as successor-

in-interest to ASI) and CMIHI (2).

10.15 -- Amendment No. 1 to Warrant Agreement, dated as of October 27, 1992, among United (as successor-in-interest to Associated), the Company (as successor-in-interest to ASI), CMIHI and the other parties thereto (2).

10.16 -- Amendment No. 2 to Warrant Agreement, dated as of March 30, 1995, among United (as successor-in-interest to Associated), the Company (as successor-in-interest to ASI), CMIHI and the other parties thereto (2).

10.17 -- Warrant Agreement, dated as of January 31, 1992, between United (as successor-in-interest to Associated) and Boise Cascade (2).

10.18 -- Amendment No. 1 to Warrant Agreement, dated as of March 30, 1995, between United (as successor-in-interest to Associated) and Boise Cascade (2).

10.19 -- Investment Banking Fee and Management Agreements, dated as of January 31, 1992, among United, the Company and each of Wingate Partners, Cumberland Capital Corporation and Good Capital Co., Inc. (2).

10.20 -- Amendment No. 1 to Investment Banking Fee and Management Agreements, dated as of March 30, 1995, among the Company, United and each of Wingate Partners, Cumberland Capital Corporation and Good Capital Co., Inc. (2).

10.21 -- Employment Agreements, dated as of January 31, 1992, among United (as successor-in-interest to Associated), the Company (as successor-in-interest to ASI) and each of Michael D. Rowsey, Robert W. Eberspacher, Lawrence E. Miller, Daniel J. Schleppe, Duane J. Ratay and Daniel H. Bushell (2).

10.22 -- 1992 Management Stock Option Plan, dated as of January 31, 1992 (2).

10.23 -- Amendment No. 1 to 1992 Management Stock Option Plan, dated as of March 30, 1995 (2).

10.24 -- Letter agreements, dated January 31, 1992, between United (as successor-in-interest to Associated) and each of Michael D. Rowsey, Robert W. Eberspacher, Lawrence E. Miller, Daniel J. Schleppe, Duane J. Ratay and Daniel H. Bushell regarding grants of stock options (2).

10.25 -- Amendment to Stock Option Grants, dated as of March 30, 1995, between United (as successor-in-interest to Associated) and each of Michael D. Rowsey, Robert W. Eberspacher, Lawrence E. Miller, Daniel J. Schleppe, Duane J. Ratay and Daniel H. Bushell (2).

</TABLE>

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10.26 -- Executive Stock Purchase Agreements, dated as of January 31, 1992, among United (as successor-in-interest to Associated) Wingate Partners, ASI Partners, L.P. and each of Michael D. Rowsey, Robert W. Eberspacher, Lawrence E. Miller and Daniel J. Schleppe (2).

10.27 -- First Amendments to Executive Stock Purchase Agreements, dated as of March 30, 1995, among United (as successor-in-interest to Associated) Wingate Partners, ASI Partners, L.P. and each of Michael D. Rowsey, Robert W. Eberspacher, Lawrence E. Miller and Daniel J. Schleppe (2).

10.28 -- Agreement for Data Processing Services, dated January 31, 1992, between the Company (as successor-in-interest to ASI) and Affiliated Computer Services, Inc. (3).

10.29 -- Lease Agreement, dated as of March 4, 1988, between Crow-Alameda Limited Partnership and Stationers Distributing Company, Inc., as amended (2).

10.30 -- Industrial Real Estate Lease, dated as of May 17, 1993, among Majestic Realty Co. and Patrician Associates, Inc., as landlord, and United Stationers Supply Co., as tenant (2).

10.31 -- Standard Industrial Lease, dated as of March 15, 1991, between Shelley B. & Barbara Detrik and Lynn Edwards Corp. (2).

10.32 -- Lease Agreement, dated as of January 12, 1993, as amended, among Stationers Antelope Joint Venture, AVP Trust, Adon V. Panattoni and Yolanda M. Panattoni, as landlord, and United Stationers Supply Co., as tenant (2).

10.33 -- Lease, dated as of February 1, 1993, between CMB Florida Four Limited Partnership and United Stationers Supply Co., as amended (2).

10.34 -- Standard Industrial Lease, dated March 2, 1992, between Carol Point Builders I and Associated Stationers, Inc. (2).

10.35 -- Lease, dated March 22, 1973, between National Boulevard Bank of Chicago, as trustee under Trust Agreement dated March 15, 1973 and known as Trust No. 4722, and United Supply Company, as amended (2).

10.36 -- Lease Agreement, dated July 20, 1993, between OTR, acting as the duly authorized nominee of the Board of the State Teachers Retirement System of Ohio, and United Stationers Supply Co., as amended (2).

10.37 -- Lease Agreement, dated as of December 20, 1988, between Corporate Property Associates 8, L.P., and Stationers Distributing Company, Inc., as amended (2).

10.38 -- Industrial Lease, dated as of February 22, 1988, between Northtown Devco and Stationers Distributing Company, as amended (2).

10.39 -- Lease, dated as of April 17, 1989, between Isaac Heller and United Stationers Supply Co., as amended (2).

10.40 -- Lease Agreement, dated as of May 10, 1984, between Westbelt Business Park Joint Venture and Boise Cascade Corporation, as amended (2).

10.41 -- Lease, dated as of January 19, 1981, between Propco, Inc. and Crown Zellerbach Corporation, as amended (2).

10.42 -- Lease Agreement, dated as of December 20, 1988, between Corporate Property Associates 8, L.P., and Stationers Distributing Company, Inc., as amended (2).

10.43 -- Lease Agreement, dated as of August 17, 1981, between Gulf United Corporation and Crown Zellerbach Corporation, as amended (2).

10.44 -- Lease Agreement, dated as of March 31, 1978, among Gillich O. Traughber and J.T. Cruin, Joint Venturers, and Boise Cascade Corporation, as amended (2).

</TABLE>

<TABLE>
<C> <C> <S>

10.45 -- Lease Agreement, dated November 7, 1988, between Dalwere II Associates and Stationers Distributing Company, Inc., as amended (2).

10.46 -- Lease Agreement, dated November 7, 1988, between Central East Dallas Development Limited Partnership and Stationers Distributing Company, Inc., as amended (2).

10.47 -- Lease Agreement, dated as of March 17, 1989, between Special Asset Management Company of Texas, Inc., and Stationers Distributing Company, Inc., as amended (2).

10.48 -- Sublease, dated January 9, 1992, between Shadrall Associates and Stationers Distributing Company, Inc. (2).

10.49 -- Lease Agreement, dated as of December 20, 1988, between Corporate Property Associates 8, L.P., and Stationers Distributing Company, Inc., as amended (2).

10.50 -- Industrial Lease, dated as of June 12, 1989, between Stationers Distributing Company, Inc. and Dual Asset Fund V, as amended (2).

10.51 -- Lease Agreement, dated as of July, 1994, between Bettilyon Mortgage Loan Company and United Stationers Supply Co. (2).

10.52 -- Agreement of Lease, dated as of January 5, 1994, between the Estate of James Campbell, deceased, and United Stationers Supply Co. (2).

10.53 -- First Amendment to Agreement for Data Processing Services, dated as of , 1995, between the Company and Affiliated Computer Services, Inc. (3).

10.54 -- Executive Bonus Plan (Exhibit 10(a)(i)(F) to United's Report on Form 10-K dated November 17, 1988) (6).

10.55 -- Amendment to Executive Bonus Plan adopted February 13, 1995 (5).

10.56 -- Supplemental Benefits Plan as amended and restated as of July 13, 1988 (Exhibit 10(a)(H)(1) to United's Report on Form 10-K dated November 17, 1988) (6).

10.57 -- Management Incentive Plan (Exhibit 10(a)(i)(L) to Registrant's Report of Form 10-K dated November 17, 1988) (6).

10.58 -- Amendment to Management Incentive Plan (Exhibit 10(a)(i)(C)(1) to United's Report on Form 10-K dated November 23, 1994) (6).

10.59 -- Amendment to Management Incentive Plan adopted February 13, 1995 (5).

10.60 -- Profit Sharing PluSavings Plan (Exhibit 10(a)(i)(F)(2)(f) to United's Report on Form 10-K dated November 20, 1989) (6).

10.61 -- United Stationers Supply Co. Pension Plan as amended (See United's Reports on Form 10-K for the fiscal years ended August 31, 1985, 1986, 1987 and 1989) (6).

10.62 -- Amendment to Pension Plan adopted February 10, 1995 (5).

10.63	--	Amended and Restated Employment and Consulting Agreement dated April 15, 1993 between United, the Company and Joel D. Spungin (Exhibit 10(b) to United's Report on Form 10-K dated November 22, 1993) (6).
10.64	--	Amendment dated February 13, 1995 to the Amended and Restated Employment and Consulting Agreement between United, the Company and Joel D. Spungin (5).
10.65	--	Form of Employment and Consulting Agreement between United, the Company and certain executive officers (Exhibit 10(j) to United's Report on Form 10-K dated November 19, 1987) (6).
10.66	--	Amendment dated February 13, 1995 to Employment and Consulting Agreement between United, the Company and Jerold A. Hecktman (5).

</TABLE>

<TABLE>

<C>	<C>	<S>
10.67	--	Amendment dated February 13, 1995 to Employment and Consulting Agreement between United, the Company and Ted S. Rzeszuto (5).
10.68	--	Amendment dated February 13, 1995 to Employment and Consulting Agreement between United, the Company and Otis H. Halleen (5).
10.69	--	Amendment dated February 13, 1995 to Employment and Consulting Agreement between United, the Company and Robert H. Cornell (5).
10.70	--	Amendment dated February 13, 1995 to Employment and Consulting Agreement between United, the Company and Steven R. Schwarz (5).
10.71	--	Employment and Consulting Agreement dated March 1, 1990 between United, the Company and Jeffrey K. Hewson (Exhibit 10(l) to United's Report on Form 10-K dated November 20, 1990) (6).
10.72	--	Amendment dated April 10, 1991 of Employment and Consulting Agreement between United, the Company and Jeffrey K. Hewson (Exhibit 10(l)(i) to United's Report on Form 10-K dated November 25, 1991) (6).
10.73	--	Amendment dated September 1, 1994 of Hewson Employment and Consulting Agreement (Exhibit 10(e)(ii) to United's Report on Form 10-K dated November 23, 1994) (6).
10.74	--	Amendment to Employment and Consulting Agreement dated February 13, 1995 between United, the Company and Jeffrey K. Hewson (5).
10.75	--	Severance Agreement between United, the Company and James A. Pribel dated February 13, 1995 (5).
10.76	--	Letter Agreement dated February 13, 1995 between United and Ergin Uskup (5).
10.77	--	Form of Director's Agreement to Cash Out and Cancel Stock Options dated February 13, 1995 (Exhibit 10.53 to United's Form 10-K dated June 27, 1995) (6).
10.78	--	Form of Employee's Agreement to Cash Out and Cancel Stock Options dated February 13, 1995 (Exhibit 10.54 to United's Form 10-K dated June 27, 1995) (6).
10.79	--	USI Employee Benefits Trust Agreement dated March 21, 1995 between United and American National Bank and Trust Company of Chicago as Trustee (5).
10.80	--	USI Bonus Benefits Trust Agreement dated March 21, 1995 between United and American National Bank and Trust Company of Chicago as Trustee (5).
10.81	--	Certificate of Insurance covering directors' and officers' liability insurance effective November 1, 1994 through November 1, 1995 (Exhibit 10.57 to United's Form 10-K dated June 27, 1995) (6).
10.82	--	Amendment to Medical Plan Document for United (5).
10.83	--	United Severance Plan, adopted Feburary 10, 1995 (5).
21	--	Subsidiaries of the Company (2).
23.1	--	Consent of Weil, Gotshal & Manges (included in the opinion filed as Exhibit 5 to the Registration Statement) (3).
23.2	--	Consent of Arthur Andersen LLP, independent certified public accountants (2).
23.3	--	Consent of Arthur Andersen LLP, independent certified public accountants (2).
23.4	--	Consent of Ernst & Young LLP, independent certified public accountants (2).
24	--	Form T-1 of The Bank of New York, as Trustee under the Indenture filed as Exhibit 4.1 (3).
99	--	Preferability Letter of Ernst & Young LLP, independent certified public accountants, relating to change in accounting methods (2).

</TABLE>

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(1) Previously filed.

(2) Filed herewith.

(3) To be filed by amendment.

*(4) Incorporated by reference to United's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1995.

*(5) Incorporated by reference to United's Schedule 14D-9 dated February 21, 1995.

*(6) Incorporated by reference to other prior filings of United as indicated.

* For Exchange Act filings, see Commission File No. 0-10653.

(B) FINANCIAL STATEMENT SCHEDULES

All schedules have been omitted since the required information is either not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or the notes thereto.

ITEM 17. UNDERTAKINGS.

(a) See Item 14.

(b) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of time it was declared effective.

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

(c) The undersigned registrant hereby undertakes:

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

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

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

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

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

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

(4) If the registrant is a foreign private issuer, to file a post-

effective amendment to the registration statement to include any financial statements required by Rule 3-19 of Regulation S-X at the start of any delayed offering or throughout a continuous offering.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT, THE COMPANY AND UNITED HAVE EACH DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF DALLAS, STATE OF TEXAS, ON THE 28TH DAY OF JULY, 1995.

United Stationers Supply Co.

By: /s/ Thomas W. Sturgess

Thomas W. Sturgess
Chairman of the Board

United Stationers Inc.

By: /s/ Thomas W. Sturgess

Thomas W. Sturgess
Chairman of the Board

EACH PERSON WHOSE SIGNATURE TO THIS REGISTRATION STATEMENT APPEARS BELOW HEREBY APPOINTS THOMAS W. STURGESS AND DANIEL H. BUSHELL, AND EACH OF THEM, EITHER ONE OF WHOM MAY ACT WITHOUT THE JOINDER OF THE OTHER, AS HIS ATTORNEY-IN-FACT TO SIGN ON HIS BEHALF INDIVIDUALLY AND IN THE CAPACITY STATED BELOW AND TO FILE ALL FURTHER PRE- AND POST-EFFECTIVE AMENDMENTS TO THIS REGISTRATION STATEMENT, WHICH AMENDMENTS MAY MAKE SUCH CHANGES IN AND ADDITIONS TO THIS REGISTRATION STATEMENT AS SUCH ATTORNEY-IN-FACT MAY DEEM NECESSARY OR APPROPRIATE.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ Thomas W. Sturgess THOMAS W. STURGESS	Chairman, President and Chief Executive Officer of United and the Company (principal executive officer of the Company and United)	July 28, 1995
/s/ Daniel H. Bushell DANIEL H. BUSHELL	Executive Vice President, Chief Financial Officer and Secretary of United and the Company; Director of the Company (principal financial and accounting officer of the Company and United)	July 28, 1995
/s/ Michael D. Rowsey MICHAEL D. ROWSEY	Director of United and the Company	July 28, 1995

</TABLE>

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
*	Director of the Company	July 28, 1995
STEVEN R. SCHWARZ		
/s/ Frederick B. Hegi, Jr.	Director of United	July 28, 1995
FREDERICK B. HEGI, JR.		
/s/ James A. Johnson	Director of United	July 28, 1995
JAMES A. JOHNSON		
/s/ Gary G. Miller	Director of United	July 28, 1995
GARY G. MILLER		

* /s/ Thomas W. Sturgess
THOMAS W. STURGESS
ATTORNEY-IN-FACT

</TABLE>

Exhibit 3.1

Certificate Number 9307

STATE OF ILLINOIS

OFFICE OF
THE SECRETARY OF STATE

[LOGO APPEARS HERE]

To all to whom these Presents Shall Come, Greeting:

Whereas, a STATEMENT OF INCORPORATION, duly signed, acknowledged and certified under oath has been filed in the Office of the Secretary of State, on the 11th day of April A.D. 1922 for the organization of the UTILITY SUPPLY COMPANY under and in accordance with the provisions of "AN ACT IN RELATION TO CORPORATIONS FOR PECUNIARY PROFIT" approved June 28, 1919, and in force July 1, 1919, and amendments thereof a copy of which statement is hereto attached;

Now Therefore, I, LOUIS L. EMMERSON, Secretary of State of the State of Illinois, by virtue of the powers and duties vested in me by law, do hereby certify that the said UTILITY SUPPLY COMPANY is a legally organized Corporation under the laws of this State.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois. Done at the City of Springfield this 11th day of April A.D. 1922 and of the Independence of the United States the one hundred and 46th.

LOUIS L. EMMERSON

SECRETARY OF STATE

(THIS STATEMENT MUST BE FILED IN DUPLICATE)

STATE OF ILLINOIS,)
)
COOK County,) ss.
- ------------------------)

To LOUIS L. EMMERSON, Secretary of State:

We, the undersigned, adult citizens of the United States, at least one of whom is a citizen of Illinois,

NAME	ADDRESS NUMBER	STREET	CITY	STATE
Israel Kriloff	5121	Indiana Ave.,	Chicago,	Ill.
Morris Wolf	3327	Flornoy St.,	Chicago,	Ill.
Harry Hechtman	2109	S. Harding Ave.,	Chicago,	Ill.

propose to form a corporation under an Act of the General Assembly of the State of Illinois, entitled, "An Act in relation to corporations for pecuniary profit, "approved June 28, 1919, in force July 1, 1919; and, for the purpose of such organization, we hereby state as follows, to-wit:

1. The name of such corporation is UTILITY SUPPLY COMPANY

2. The object for which it is formed is to buy, sell, exchange, manufacture and deal in office supplies of every nature and description and to buy, sell, exchange, manufacture and deal in general merchandise.

3. The duration of the corporation is Ninety-nine Years (99) years.

4. The location of the principal office is 166 W. Adams Street, Avenue Street, CHICAGO, County of COOK State of Illinois

5. The total authorized capital stock is Common $30,000.00 and Preferred $ none shares of Common Preferred without par value.

6. The amount of each share having a par value is One Hundred Dollars ($100.00)

7. The number of shares having a par value is three hundred (300)

8. The number of shares of no par value is none

9. The name and address of the subscribers to the capital stock, and the amount subscribed and paid in by each, are as follows:

<TABLE>
<CAPTION>

NAME	ADDRESS NUMBER	STREET	CITY	STATE	NUMBER OF SHARES	AMOUNT SUB-SCRIBED	AMOUNT PAID IN
<S>	<C>				<C>	<C>	<C>
Israel Kriloff	5121	Indiana Ave.,	Chicago,	Illinois	75	$7,500.00	$7,500.00
Morris Wolf	3327	Flornoy St.,	Chicago,	Illinois	75	7,500.00	7,500.00
Harry Hechtman	2109	S. Harding Ave.,	Chicago,	Illinois	75	7,500.00	7,500.00
Louis Kriloff	5121	Indiana Ave.,	Chicago,	Illinois	75	7,500.00	7,500.00

</TABLE>

10.*

11. Amount of capital stock which it is proposed to issue at once:

(a) On shares having no par value none — Preferred $ ---------; Common $ ---------

(b) On shares having a par value of $30,000.00 — Preferred $ ---------; Common $30,000.00 ---------

12. Amount of capital stock actually paid in:

(a) On shares having no par value none — Preferred $ ---------; Common $ ---------

(b) On shares having a par value of $30,000.00 — Preferred $ ---------

	Common	$30,000.00

13. Amount of capital stock paid in cash is Ten Thousand Dollars $10,000.00

14. Capital stock paid in property, appraised as follows: Twenty Thousand $20,000.00

15. The location and a general description of such property is as follows:

166 W. Adams Street, Chicago, Illinois, which contains stock, fixtures, merchandise and furniture, the reasonable value of which is $20,000.00.

16. The management of the corporation shall be vested in three directors.

17. The names and addresses of the first board of directors, at least one of whom is a resident of Illinois, and the respective term for which elected are as follows:

NAME	ADDRESS				TERM FOR WHICH ELECTED
	NUMBER	STREET	CITY	STATE	
Israel Kriloff	5121	Indiana Ave.,	Chicago,	Ill.	1 year
Morris Wolf	3327	Flornoy St.,	Chicago,	Ill.	1 year
Harry Hechtman	2109	S. Harding Ave.,	Chicago,	Ill.	1 year

18. Subject to the conditions and limitations prescribed by "The General Corporation Act" of Illinois, this corporation shall have the following powers, rights and privileges:

To have succession by its corporate name for the period limited in its certificate of incorporation, or any amendment thereof;

To sue or be sued in its corporate name;

To have and use a common seal and after the same at pleasure;

To have a capital stock of such an amount, and divided into shares with a par value, or without a par value, and to divide such capital stock into such classes, with such preferences, rights, values and interests as may be provided in the article of incorporation, or any amendment thereof;

To acquire, and to own, possess and enjoy so much real and personal property as may be necessary for the transaction of the business of such corporation, and to lease, mortgage, pledge, sell, convey or transfer the same; and to acquire and to own real property, improved or unimproved, for the purpose of providing homes for its employees or aiding its employees to acquire and own homes and to improve, lease, mortgage, contract to sell, convey or transfer the same, and to loan money to its employees for such purpose upon such terms as may be agreed upon.

To own, purchase or otherwise acquire, whether in exchange for the issuance of its own stock, bonds, or other obligations or otherwise, and to hold, vote, pledge, or dispose of the stocks, bonds, and other evidences of indebtedness of any corporation, domestic or foreign;

To borrow money at such rate of interest as the corporation may determine without regard to or restrictions under any usury law of this State and to mortgage or pledge its property, both real and personal, to secure the payment thereof;

To elect officers, appoint agents, define their duties and fix their compensation;

To lease, exchange or sell all of the corporate assets with the consent of two-thirds of all of the outstanding capital stock of the corporation at any annual meeting or at any special meeting called for that purpose;

To make by-laws not inconsistent with the laws of this State for the administration of the business and interests of such corporation;

To conduct business in this State, other states, the District of Columbia, the territories, possessions, and dependencies of the United States and in foreign countries and to have one or more offices of this State, and to hold, purchase, mortgage, and convey real and personal property outside of this State necessary and requisite to carry out the object of the corporation;

In time of war to transact any lawful business in aid of the United States in the prosecution of war, to make donations to associations and organizations aiding in war activities and to loan money to the State or Federal government for war purposes;

To cease doing business and to surrender its charter;

To have and to exercise all the powers necessary and convenient to carry into effect the purpose for which such corporation is formed.

19. An estimate of the per cent. of tangible property of the corporation to be used in Illinois for the following year is 100%

20. An estimate of the per cent. of the business of the corporation which will be transacted at or from places of business in Illinois for the following year is 100%

21. Give the location of the principal places of business of the corporation for the following year and an estimate of the amount of business which will be transacted through each.

166 W. Adams Street, Chicago, Illinois, 100%

Israel Kriloff
Morris Wolf
Harry Hechtman
Louis Kriloff Incorporators

OATH AND ACKNOWLEDGMENT.

STATE OF ILLINOIS,)
)
COOK County) ss.
- -------------------)

I, Charles Waldman, a Notary Public do hereby certify that on the 5th day of April A.D. 1922, personally appeared before me Israel Kriloff, Morris Wolf, Harry Hechtman and Louis Kriloff, to me personally known to be the same persons who executed the foregoing and severally acknowledged that they executed the same for the purposes therein set forth, and being duly sworn hereby declared on oath that the foregoing statements made, subscribed and verified by them are true in substance and in fact.

In Witness Whereof, I have hereunto set my hand and seal the day and year above written.

/s/ Charles Waldman

Notary Public.

[SEAL]

==========

CORPORATION FOR PECUNIARY PROFIT.

Fees payable in advance.

Statement of Incorporation of

UTILITY SUPPLY COMPANY

==========

[STAMP APPEARS HERE]

INCORPORATION FEES,

Initial fee of 1/20 of one per cent. on the authorized capital stock, with a minimum fee of $20.00, also franchise fee as required by Section 129 of the General Corporation Act.

==========

*Note.--In paragraph 10 you should set out a brief description of the rights and preferences of the holders of preferred stock, or any other provision for the regulation of the business and the conduct of the affairs of the corporation. In case of a building corporation you will also give in the same space a specific and definite description of the site of such building. In order to avoid delay read carefully each paragraph in the statement before interpointing the data required. Beware execution of the statement compare every recital in the statement and see whether or not it balances with every other recital relating to the same matter.

Certificate Number 698

STATE OF ILLINOIS

OFFICE OF
THE SECRETARY OF STATE

[LOGO APPEARS HERE]

To all to whom these Presents Shall Come, Greeting:

Whereas, from a certificate duly signed and verified under oath filed in the Office of the Secretary of State on the 20th day of March A.D. 1929 it appears that at a meeting of the stockholders of the UTILITY SUPPLY COMPANY duly convened a resolution was passed to increase capital stock in accordance with the provisions of an Act entitled "AN ACT IN RELATION TO CORPORATIONS FOR PECUNIARY PROFIT" approved June 28, 1919, in force July 1, 1919, and all ads amendatory thereof, a copy of which certificate is hereto attached;

Now Therefore, I. William J. Stratton, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law do hereby certify that UTILITY SUPPLY COMPANY has legally increased capital stock from $30,000.00 to $100,000.00 as provided in the aforesaid Act.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, Done at the City of Springfield this 20th day of March A.D. 1929 and of the Independence of the United States the one hundred and 53rd.

[SEAL]

WILLIAM J. STRATTON

SECRETARY OF STATE.

NOTICE: This certificate is to be used for increasing the capital stock. Other changes in the Articles of Incorporation included in resolution increasing the capital stock may also be included in this certificate.

FORM K

THIS CERTIFICATE MUST BE FILED IN DUPLICATE

STATE OF ILLINOIS)
)
County of Cook) ss.
---)

I hereby certify that at a special meeting of the Stockholders of the UTILITY SUPPLY COMPANY held at Chicago, Illinois on 1st day of September A.D. 1928, at 2:00 o'clock P.M., pursuant to notice required by law, which said notice was delivered personally (or deposited in the post office properly posted) at least ten days before the time fixed for such meeting, properly addressed to each stockholder, signed in the manner provided in the by-laws of said Corporation, stating the time, place and object of such meeting.

The following resolution was adopted, at least two-thirds of all the votes represented by the whole stock of said Corporation issued and outstanding voting therefor:

RESOLVED, That the capital stock is hereby increased from $30,000.00 consisting of 300 shares of the par value of $100.00 per share and no shares of

stock of no par value $100,000 consisting of 1000 shares of the par value of $100.00 per share and no shares of no par value.

In case additional space is required insert sheets of legal cap paper here, leaving two inches at top of each sheet for the purpose of binding in the certificate.

The total amount of capital stock already authorized is $30,000.00

The amount of the increased capital stock which is proposed to issue at once and which will be paid in cash is as follows: none

shares having a par value of $ per share is (common $ none / preferred $ none)

shares having no par value is (common $ none / preferred $ none)

The amount of the increased capital stock which is proposed to issue at once for property, and appraised value thereof is as follows:

200 shares having a par value of $100.00 per share is (common $20,000.00 / preferred $ None)

No shares having no par value is (common $ None / preferred $ None)

The location and a general description of such property is as follows:

All of the furniture, fixtures, equipment, accounts receivable, stock in trade and good-will of the Chicago Loose Leaf Mfg. Co., a corporation, 317 W. Monroe Street, Chicago, Illinois.

Affix Corporate Seal Here

Attest: /s/ Harry Hechtman
Secretary.

STATE OF ILLINOIS)
)
County of Cook) ss.

I, Morris Wolf, being duly sworn, declare on oath that I am President of the Corporation mentioned in the foregoing certificate, and that the statements therein made are true in substance and in fact.

IN WITNESS WHEREOF, I have hereunto set my hand, and caused the seal of said Corporation to be affixed, this 18th day of March, A. D. 1929.

/s/ Morris Wolf
President.

Subscribed and sworn to before me this 18th day of March A. D. 1929.

/s/ SIGNATURE ILLEGIBLE
Notary Public.

Affix Notarial Seal Here

FORM K.

Box 1648 No. 111748

==========

CERTIFICATE

of

Increase of Capital Stock from
$30,000.00 to $100,000.00

of

The UTILITY SUPPLY COMPANY

317 W. Monroe Street.
Chicago, Illinois

==========

The fees required are covered by Sections 96, 97, 105, 107 and 129 of the General Corporation Act.

Blanks for filing amendments where the notice prescribed by statute is waived will be furnished upon request.

Certificate Number 4551

STATE OF ILLINOIS

OFFICE OF

THE SECRETARY OF STATE

[LOGO APPEARS HERE]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, Articles of amendment to the Articles of Incorporation duly signed and verified of Utility Supply Company have been filed in the Office of the Secretary of State on the 29th day of December A.D. 1936, as provided by "THE BUSINESS CORPORATION ACT" of Illinois, in force July 13, A.D. 1933.

Now Therefore, I, Edward J. Hughes, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate of amendment and attach thereto a copy of the Articles of Amendment to the Articles of Incorporation of the aforesaid corporation.

IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, Done at the City of Springfield this 29th day of December A.D. 1936 and of the Independence of the United States the one hundred and 61st.

(SEAL)

/S/ EDWARD J. HUGHES
SECRETARY OF STATE.

Date 12/27/36
Filing Fee $20.00
Clerk [INITIALS APPEAR HERE]

ARTICLES OF AMENDMENT

TO THE

ARTICLES OF INCORPORATION

OF

UTILITY SUPPLY COMPANY

To EDWARD J. HUGHES
Secretary of State
Springfield, Illinois

The undersigned corporation, for the purpose of amending its Articles of Incorporation and pursuant to the provisions of Section 55 of "The Business Corporation Act" of the State of Illinois, hereby executes the following Articles of Amendment:

ARTICLE FIRST: The name of the corporation is: [STAMP APPEARS HERE]

UTILITY SUPPLY COMPANY

ARTICLE SECOND: The following amendment or amendments were adopted in the manner prescribed by "The Business Corporation Act" of the State of Illinois:

BE IT RESOLVED that the capitalization of this corporation be increased from One Hundred Thousand Dollars ($100,000.00), consisting of One Thousand (1000) shares of common stock of the par value of One Hundred Dollars ($100.00) per share, to Two Hundred Thousand Dollars ($200,000.00) consisting of Two Thousand shares (2000) of common stock of the par value of One Hundred Dollars ($100.00) per share.

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE THIRD: The number of shares of the corporation outstanding at the time of the adoption of said amendment or amendments was 880; and the number of shares of each class entitled to vote as a class on the adoption of said amendment or amendments, and the designation of each such class were as follows:

Class	Number of Shares
Common	880

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE FOURTH: The number of shares voted for said amendment or amendments was 660; and the number of shares voted against said amendment or amendments was none. The number of shares of each class entitled to vote as a class voted for and against said amendment or amendments, respectively, was:

Class	Number of Shares Voted For	Against
Common	660	None

(Disregard this Article where the amendments contain no such provisions.)

ARTICLE FIFTH: The manner in which the exchange, reclassification, or cancellation of issued shares, or the reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for by said amendment or amendments, shall be effected, is as follows:

(Disregard this Paragraph where amendments do not affect stated capital or paid-in surplus.)

ARTICLE SIXTH: Paragraph 1: The manner in which said amendment or amendments effect a change in the amount of stated capital or the amount of paid-in surplus, or both, is effected is as follows:

(Disregard this Paragraph where amendments do not affect stated capital and paid-in surplus.)

Paragraph 2: The amounts of stated capital and of paid-in surplus as changed by said amendment or amendments are as follows:

	Before Amendment	After Amendment
Stated capital.....	$	$
Paid-in surplus....	$	$

IN WITNESS WHEREOF, the undersigned corporation has caused these Articles of Amendment to be executed in its name by its_____President, and its corporate seal to be hereto affixed, attested by its_____Secretary, this 28th day of December, 1936.

UTILITY SUPPLY COMPANY

PLACE (CORPORATE SEAL) HERE

By /s/ Morris Wolf

Its President

ATTEST:

/s/ Harry Hecktman

Its Secretary

STATE OF ILLINOIS)
COUNTY OF COOK) ss.

I, HARRY G. HERSHENSON, a Notary Public, do hereby certify that on the 28th day of December 1936, MORRIS WOLF personally appeared before me and, being first duly sworn by me, acknowledged that he signed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

/s/ Harry G. Hershenson

Notary Public

PLACE (NOTARIAL SEAL)

HERE

Box 1648 File 748

==========

ARTICLES OF AMENDMENT

to the

ARTICLES OF INCORPORATION

of

UTILITY SUPPLY COMPANY

Increased number of shs from 1,000
Shs Pv to 2,000 Shs Pv

[STAMP APPEARS HERE]

Filing Fee $20.00

==========

Certificate Number 11497

STATE OF ILLINOIS

OFFICE OF

THE SECRETARY OF STATE

[LOGO APPEARS HERE]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, Articles of amendment to the Articles of Incorporation duly signed and verified of Utility Supply Company have been filed in the Office of the Secretary of State on the 9th day of June A.D. 1944, as provided by "THE BUSINESS CORPORATION ACT" of Illinois, in force July 13, A.D. 1933.

Now Therefore, I, Edward J. Hughes, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate of amendment and attach thereto a copy of the Articles of Amendment to the Articles of Incorporation of the aforesaid corporation.

IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, Done at the City of Springfield this 9th day of June A.D. 1944 and of the Independence of the United States the one hundred and 68th.

(SEAL)

/S/ EDWARD J. HUGHES

SECRETARY OF STATE.

Date 6-9-44

Filing Fee $20.00

Clerk /s/ WEL

ARTICLES OF AMENDMENT

TO THE

ARTICLES OF INCORPORATION

OF

UTILITY SUPPLY COMPANY

To EDWARD J. HUGHES
Secretary of State
Springfield, Illinois

The undersigned corporation, for the purpose of amending its Articles of Incorporation and pursuant to the provisions of Section 55 of "The Business Corporation Act" of the State of Illinois, hereby executes the following Articles of Amendment:

ARTICLE FIRST: The name of the corporation is: [STAMP APPEARS HERE]

UTILITY SUPPLY COMPANY

ARTICLE SECOND: The following amendment or amendments were adopted in the manner prescribed by "The Business Corporation Act" of the State of Illinois:

BE IT RESOLVED that the capitalization of this corporation be increased from Two Hundred Thousand Dollars ($200,000.00), consisting of Two Thousand (2000) shares of common stock of the par value of One Hundred Dollars ($100.00) per share, to Three Hundred Thousand Dollars ($300,000.00), consisting of Three Thousand Shares (3,000) of common stock of the par value of One Hundred Dollars ($100.00) per share.

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE THIRD: The number of shares of the corporation outstanding at the time of the adoption of said amendment or amendments was 2,000; and the number of shares of each class entitled to vote as a class on the adoption of said amendment or amendments, and the designation of each such class were as follows:

Class	Number of Shares
Common	2,000

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE FOURTH: The number of shares voted for said amendment or amendments was 2,000; and the number of shares voted against said amendment or amendments was none. The number of shares of each class entitled to vote as a class voted for and against said amendment or amendments, respectively, was:

Class	Number of Shares Voted	
	For	Against
Common	2,000	None

(Disregard this Article where the amendments contain no such provisions.)

ARTICLE FIFTH: The manner in which the exchange, reclassification, or cancellation of issued shares, or the reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for said amendment or amendments shall be effected, is as follows:

(Disregard this Paragraph where amendments do not affect stated capital or paid-in surplus.)

ARTICLE SIXTH: Paragraph 1: The manner in which said amendment or amendments effecting a change in the amount of stated capital or the amount of paid-in surplus, or both, is as follows:

(Disregard this Paragraph where amendments do not affect stated capital and paid-in surplus.)

Paragraph 2: The amounts of stated capital and of paid-in surplus as changed by said amendment or amendments are as follows:

	Before Amendment	After Amendment
Stated capital.....	$	$
Paid-in surplus....	$	$

IN WITNESS WHEREOF, the undersigned corporation has caused these Articles of Amendment to be executed in its name by its_____President, and its corporate seal to be hereto affixed, attested by its_____Secretary, this 7th day of June, 1944.

UTILITY SUPPLY COMPANY

PLACE (CORPORATE SEAL) HERE

By /s/ Morris Wolf

Its President

ATTEST:

/s/ Harry Hecktman

Its Secretary

STATE OF ILLINOIS)
COUNTY OF COOK) ss.

I, L.J. Schenkl, a Notary Public, do hereby certify that on the 7th day of June 1944, MORRIS WOLF personally appeared before me and, being first duly sworn by me, acknowledged that he signed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

/s/ L.J. Schenkl

Notary Public

PLACE (NOTARIAL SEAL) HERE

Box 1648 File 748

==========

ARTICLES OF AMENDMENT

TO THE

ARTICLES OF INCORPORATION

OF

UTILITY SUPPLY COMPANY

Increase number of authorized shares from 2,000 Shs. Pv. to 3,000 Shs. Pv.

[STAMP APPEARS HERE]

Filing Fee $20.00

==========

Certificate Number 12396

STATE OF ILLINOIS

OFFICE OF

THE SECRETARY OF STATE

[LOGO APPEARS HERE]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, Articles of amendment to the Articles of Incorporation duly signed and verified of Utility Supply Company have been filed in the Office of the Secretary of State on the 13th day of December A.D. 1944, as provided by "THE BUSINESS CORPORATION ACT" of Illinois, in force July 13, A.D. 1933.

Now Therefore, I, Richard Yates Rowe, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate of amendment and attach thereto a copy of the Articles of Amendment to the Articles of Incorporation of the aforesaid corporation.

IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, Done at the City of Springfield this 13th day of December A.D. 1944 and of the Independence of the United States the one hundred and 69th.

(SEAL)

/S/ RICHARD YATES ROWE

SECRETARY OF STATE.

Date 12-13-44

Filing Fee $20.00

Clerk /s/ WEL

ARTICLES OF AMENDMENT

TO THE

[STAMP APPEARS HERE]

ARTICLES OF INCORPORATION

OF

UTILITY SUPPLY COMPANY

To RICHARD YATES ROWE
Secretary of State
Springfield, Illinois

The undersigned corporation, for the purpose of amending its Articles of Incorporation and pursuant to the provisions of Section 55 of "The Business Corporation Act" of the State of Illinois, hereby executes the following Articles of Amendment:

ARTICLE FIRST: The name of the corporation is:

UTILITY SUPPLY COMPANY

ARTICLE SECOND: The following amendment or amendments were adopted in the manner prescribed by "The Business Corporation Act" of the State of Illinois:

RESOLVED that the aggregate number of shares which the corporation will have authority to issue hereafter will be four thousand (4,000) of one class with the par value of $100.00 per share.

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE THIRD: The number of shares of the corporation outstanding at the time of the adoption of said amendment or amendments was 3,000; and the number of shares of each class entitled to vote as a class on the adoption of said amendment or amendments, and the designation of each such class were as follows:

Class	Number of Shares
Common	3,000

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE FOURTH: The number of shares voted for said amendment or amendments was 3,000; and the number of shares voted against said amendment or amendments was none. The number of shares of each class entitled to vote as a class voted for and against said amendment or amendments, respectively, was:

Class	Number of Shares Voted For	Against
Common	3,000	None

(Disregard this Article where the amendments contain no such provisions.)

ARTICLE FIFTH: The manner in which the exchange, reclassification, or cancellation of issued shares, or the reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for said amendment or amendments, shall be effected, is as follows:

(Disregard this Paragraph where amendments do not affect stated capital or paid-in surplus.)

ARTICLE SIXTH: Paragraph 1: The manner in which said amendment or amendments effecting a change in the amount of stated capital or the amount of paid-in surplus, or both, is as follows:

(Disregard this Paragraph where amendments do not affect stated capital and paid-in surplus.)

Paragraph 2: The amounts of stated capital and of paid-in surplus as changed by said amendment or amendments are as follows:

	Before Amendment	After Amendment
Stated capital.....	$	$
Paid-in surplus....	$	$

IN WITNESS WHEREOF, the undersigned corporation has caused these Articles of Amendment to be executed in its name by its_____President, and its corporate seal to be hereto affixed, attested by its_____Secretary, this 11th day of December, 1944.

UTILITY SUPPLY COMPANY

PLACE (CORPORATE SEAL) HERE

By /s/ Morris Wolf

Its President

ATTEST:

/s/ Harry Hecktman

Its Secretary

STATE OF ILLINOIS)
COUNTY OF COOK) ss.

I, RUTH L. RIFF, a Notary Public, do hereby certify that on the 11th day of December 1944, MORRIS WOLF personally appeared before me and, being first duly sworn by me, acknowledged that he signed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

/s/ Ruth L. Riff

Notary Public

PLACE (NOTARIAL SEAL) HERE

Box 1648 File 748

ARTICLES OF AMENDMENT

TO THE

ARTICLES OF INCORPORATION

OF

UTILITY SUPPLY COMPANY

Increase number of authorized shares
from 3,000 Shs. Pv. to 4,000 Shs. Pv.

[STAMP APPEARS HERE]

Filing Fee $20.00

Certificate Number XXXX

STATE OF ILLINOIS

OFFICE OF

THE SECRETARY OF STATE

[LOGO APPEARS HERE]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, Articles of amendment to the Articles of Incorporation duly signed and verified of UTILITY SUPPLY COMPANY have been filed in the Office of the Secretary of State on the 23rd day of August A.D. 1946, as provided by "THE BUSINESS CORPORATION ACT" of Illinois, in force July 13, A.D. 1933.

Now Therefore, I, Edward J. Barrett, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate of amendment and attach thereto a copy of the Articles of Amendment to the Articles of Incorporation of the aforesaid corporation.

IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, Done at the City of Springfield this 23rd day of August A.D. 1946 and of the Independence of the United States the one hundred and 71st.

(SEAL)

/S/ EDWARD J. BARRETT

SECRETARY OF STATE.

Date 8-23-46

Filing Fee $20.00

Clerk /s/ WEL

(File in Duplicate)

ARTICLES OF AMENDMENT

TO THE

ARTICLES OF INCORPORATION

OF

UTILITY SUPPLY COMPANY

---------- [STAMP APPEARS HERE]
(Exact Corporate Name)

To EDWARD J. BARRETT
Secretary of State
Springfield, Illinois

The undersigned corporation, for the purpose of amending its Articles of Incorporation and pursuant to the provisions of Section 55 of "The Business Corporation Act" of the State of Illinois, hereby executes the following Articles of Amendment:

ARTICLE FIRST: The name of the corporation is:

UTILITY SUPPLY COMPANY

ARTICLE SECOND: The following amendment or amendments were adopted in the manner prescribed by "The Business Corporation Act" of the State of Illinois:

State of Illinois:

RESOLVED that the aggregate number of shares which the corporation will have authority to issue hereafter will be six thousand (6,000) of one class with the par value of $100.00 per share.

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE THIRD: The number of shares of the corporation outstanding at the time of the adoption of said amendment or amendments was 4,000; and the number of shares of each class entitled to vote as a class on the adoption of said amendment or amendments, and the designation of each such class were as follows:

Class	Number of Shares
Common	4,000

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE FOURTH: The number of shares voted for said amendment or amendments was 4,000; and the number of shares voted against said amendment or amendments was _____. The number of shares of each class entitled to vote as a class voted for and against said amendment or amendments, respectively, was:

Class	Number of Shares Voted	
	For	Against
Common	4,000	None

(Disregard this Article where the amendments contain no such provisions.)

ARTICLE FIFTH: The manner in which the exchange, reclassification, or cancellation of issued shares, or a reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for said amendment or amendments, shall be effected, is as follows:

(Disregard this Paragraph

ARTICLE SIXTH: Paragraph 1: The manner in which

(Disregard this Paragraph where amendments do not affect stated capital or paid-in surplus.)

said amendment or amendments effecting a change in the amount of stated capital or the amount of paid-in surplus, or both, is as follows:

(Disregard this Paragraph where amendments do not reduce stated capital.)

Paragraph 2: The amounts of stated capital and of paid-in surplus as changed by said amendment or amendments are as follows:

	Before Amendment	After Amendment
Stated capital.....	$	$
Paid-in surplus....	$	$

IN WITNESS WHEREOF, the undersigned corporation has caused these Articles of Amendment to be executed in its name by its_____President, and its corporate seal to be hereto affixed, attested by its_____Secretary, this 8th day of August, 1946.

UTILITY SUPPLY COMPANY
(Exact Corporate Name)

PLACE (CORPORATE SEAL) HERE

By /s/ Morris Wolf
Its President

ATTEST:

/s/ Harry Hecktman
Its Secretary

STATE OF ILLINOIS)
COUNTY OF COOK) ss.

I, L.J. Schenkl, a Notary Public, do hereby certify that on the 8th day of August 1946, MORRIS WOLF personally appeared before me and, being first duly sworn by me, acknowledged that he signed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

/s/ L.J. Schenkl
Notary Public

PLACE (NOTARIAL SEAL) HERE

Box 1648 File 748

==========

ARTICLES OF AMENDMENT

to the

ARTICLES OF INCORPORATION

of

UTILITY SUPPLY COMPANY

increase number authorized shares
from 4000 SHS PV to 6000 SHS PV

[STAMP APPEARS HERE]

FILE IN DUPLICATE

Filing Fee $20.00

Certificate Number 7953

STATE OF ILLINOIS

OFFICE OF

THE SECRETARY OF STATE

[LOGO APPEARS HERE]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, Articles of amendment to the Articles of Incorporation duly signed and verified of Utility Supply Company have been filed in the Office of the Secretary of State on the 30th day of December A.D. 1957, as provided by "THE BUSINESS CORPORATION ACT" of Illinois, in force July 13, A.D. 1933.

Now Therefore, I, Charles F. Carpentier, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate of amendment and attach thereto a copy of the Articles of Amendment to the Articles of Incorporation of the aforesaid corporation.

IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, Done at the City of Springfield this 30th day of December A.D. 1957 and of the Independence of the United States the one hundred and 82nd.

(SEAL)

/S/ CHARLES F. CARPENTIER

SECRETARY OF STATE.

(Do not write in this space)	
Date Paid	12-30-57
License Fee	$
Franchise Tax	$
Filing Fee	$20.00
Clerk /s/ G.E.P.	

(File in Duplicate)

ARTICLES OF AMENDMENT

TO THE

ARTICLES OF INCORPORATION

OF

UTILITY SUPPLY COMPANY

(Exact Corporate Name)

To CHARLES F. CARPENTIER, [STAMP APPEARS HERE]
Secretary of State
Springfield, Illinois

The undersigned corporation, for the purpose of amending its Articles of Incorporation and pursuant to the provisions of Section 55 of "The Business Corporation Act" of the State of Illinois, hereby executes the following Articles of Amendment:

ARTICLE FIRST: The name of the corporation is:

UTILITY SUPPLY COMPANY

ARTICLE SECOND: The following amendment or amendments were adopted in the manner prescribed by "The Business Corporation Act" of the State of Illinois:

BE IT RESOLVED that the aggregate number of shares which the corporation is authorized to issue, is changed from six thousand (6000) common shares of One Hundred Dollars ($100.00) par value, to Two Hundred Ninety Thousand (290,000) Class A of One Dollar ($1.00) par value, and Six Hundred Thousand Class B of One Dollar ($1.00) par value.

BE IT FURTHER RESOLVED that each of the presently issued and outstanding six thousand (6,000) common shares of One Hundred Dollars ($100.00) par value be and the same is hereby changed into one hundred (100) shares Class B of One Dollar ($1.00) par value authorized herein.

BE IT FURTHER RESOLVED that the Class A shares shall be preferred over the Class B shares as to dividends only and shall not be preferred as to the assets of the corporation; and that the holders of Class B shares shall not receive any dividends whatsoever unless and until the holders of Class A shares shall have been paid an equal dividend.

BE IT FURTHER RESOLVED that the holders of Class B shares shall have the option of converting said shares of Class B shares to Class A shares in the same proportion as the existing stock holding of Class B shares bears to the total issue of Class B shares; that this option shall be available to the holders of Class B shares only when the corporation has in its possession Class A Treasury Stock or unissued Class A shares.

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE THIRD: The number of shares of the corporation outstanding at the time of the adoption of said amendment or amendments was Six Thousand (6,000); and the number of shares of each class entitled to vote as a class on the adoption of said amendment or amendments, and the designation of each such class were as follows:

Class	Number of Shares
Common	6,000

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE FOURTH: The number of shares voted for said amendment or amendments was Six Thousand (6,000); and the number of shares voted against said amendment or amendments was none. The number of shares of each class entitled to vote as a class voted for and against said amendment or amendments, respectively, was:

Class	Number of Shares Voted For	Against
Common	6,000	None

(Disregard this Article where this amendment contains no such provisions.)

ARTICLE FIFTH: The manner in which the exchange, reclassification, or cancellation of issued shares, or a reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for in, or effected by, this amendment, is as follows:

Each of the presently issued and outstanding shares of $100.00 par value be and the same is hereby changed into one hundred (100) shares of Class B of $1.00 par value as authorized by the Amendment.

(Disregard this Paragraph where amendment does not affect stated capital or paid-in surplus.)

ARTICLE SIXTH: Paragraph 1: The manner in which said amendment or amendments effect a change in the amount of stated capital or the amount of paid-in surplus, or both, is as follows:

(Disregard this Paragraph where amendment does not affect stated capital or paid-in surplus.)

Paragraph 2: The amounts of stated capital and of paid-in surplus as changed by this amendment are as follows:

	Before Amendment	After Amendment
Stated capital.....	$	$
Paid-in surplus....	$	$

IN WITNESS WHEREOF, the undersigned corporation has caused these Articles of Amendment to be executed in its name by its_____President, and its corporate seal to be hereto affixed, attested by its_____Secretary, this 4th day of December, 1957.

UTILITY SUPPLY COMPANY

(Exact Corporate Name)

PLACE (CORPORATE SEAL) HERE

By /s/ Morris Wolf

Its President

ATTEST:

/s/ Harry Hecktman

Its Secretary

STATE OF ILLINOIS)
---)
COUNTY OF COOK) ss.
---)

I, L.J. Schenkl, a Notary Public, do hereby certify that on the 4th day of December 1957, MORRIS WOLF personally appeared before me and, being first duly sworn by me, acknowledged that he signed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

/s/ L.J. Schenkl

Notary Public

PLACE
(NOTARIAL SEAL)
HERE

Box 1648 File 748

==========

ARTICLES OF AMENDMENT

to the

ARTICLES OF INCORPORATION

of

UTILITY SUPPLY COMPANY

[STAMP APPEARS HERE]

FILE IN DUPLICATE

Filing Fee $20.00

==========

Certificate Number 1877

STATE OF ILLINOIS

OFFICE OF

THE SECRETARY OF STATE

[LOGO APPEARS HERE]

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, Articles of amendment to the Articles of Incorporation duly signed and verified of Utility Supply Company have been filed in the Office of the Secretary of State on the 15th day of February A.D. 1960, as provided by "THE BUSINESS CORPORATION ACT" of Illinois, in force July 13, A.D. 1933.

Now Therefore, I, Charles F. Carpentier, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate of amendment and attach thereto a copy of the Articles of Amendment to the Articles of Incorporation of the aforesaid corporation.

IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, Done at the City of Springfield this 15th day of February A.D. 1960 and of the Independence of the
(SEAL) United States the one hundred and 84th.

/S/ CHARLES F. CARPENTIER

SECRETARY OF STATE.

(Do not write in this space)
Date Paid 2-15-60
License Fee $
Franchise Tax $

(File in Duplicate)

Filing Fee $20.00
Clerk /s/ G.E.P.

ARTICLES OF AMENDMENT

TO THE

ARTICLES OF INCORPORATION

OF

UTILITY SUPPLY COMPANY

(Exact Corporate Name)

To CHARLES F. CARPENTIER,
Secretary of State
Springfield, Illinois

[STAMP APPEARS HERE]

The undersigned corporation, for the purpose of amending its Articles of Incorporation and pursuant to the provisions of Section 55 of "The Business Corporation Act" of the State of Illinois, hereby executes the following Articles of Amendment:

ARTICLE FIRST: The name of the corporation is:

UTILITY SUPPLY COMPANY

ARTICLE SECOND: The following amendment or amendments were adopted in the manner prescribed by "The Business Corporation Act" of the State of Illinois:

RESOLVED that the corporate name be changed from UTILITY SUPPLY COMPANY to UNITED STATIONERS SUPPLY CO.

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE THIRD: The number of shares of the corporation outstanding at the time of the adoption of said amendment or amendments was 616,000; and the number of shares of each class entitled to vote as a class on the adoption of said amendment or amendments, and the designation of each such class were as follows:

Class	Number of Shares
A	16,000
B	600,000

(Disregard separation into classes if class voting does not apply to the amendment voted on.)

ARTICLE FOURTH: The number of shares voted for said amendment or amendments was 616,000; and the number of shares voted against said amendment or amendments was _____. The number of shares of each class entitled to vote as a class voted for and against said amendment or amendments, respectively, was:

Class	Number of Shares Voted For	Against
A	16,000	None
B	600,000	None

(Disregard this Article where this amendment contains no such provisions.)

ARTICLE FIFTH: The manner in which the exchange, reclassification, or cancellation of issued shares, or a reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for in, or effected by, this amendment, is as follows:

(Disregard this Paragraph where amendment does not affect stated capital or paid-in surplus.)

ARTICLE SIXTH: Paragraph 1: The manner in which said amendment or amendments effect a change in the amount of stated capital or the amount of paid-in surplus, or both, is as follows:

(Disregard this Paragraph where amendment does not affect stated capital or paid-in surplus.)

Paragraph 2: The amounts of stated capital and of paid-in surplus as changed by this amendment are as follows:

	Before Amendment	After Amendment
Stated capital.....	$	$
Paid-in surplus....	$	$

IN WITNESS WHEREOF, the undersigned corporation has caused these Articles of Amendment to be executed in its name by its_____President, and its corporate seal to be hereto affixed, attested by its_____Secretary, this 11th day of February, 1960.

UTILITY SUPPLY COMPANY
(Exact Corporate Name)

PLACE (CORPORATE SEAL) HERE

By /s/ Morris Wolf
Its President

ATTEST:

/s/ Harry Hecktman
Its Secretary

STATE OF ILLINOIS)
COUNTY OF COOK) ss.

I, RUTH L. RIFF, a Notary Public, do hereby certify that on the 11th day of February, 1960 MORRIS WOLF personally appeared before me and, being first duly sworn by me, acknowledged that he signed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

/s/ Ruth L. Riff
Notary Public

PLACE (NOTARIAL SEAL) HERE

Box 1648 File 748

==========

ARTICLES OF AMENDMENT

to the

ARTICLES OF INCORPORATION

of

UTILITY SUPPLY COMPANY

Change of Name

Change of Name

[STAMP APPEARS HERE]

FILE IN DUPLICATE

Filing Fee $20.00

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Certificate 1648 748 1

STATE OF ILLINOIS
OFFICE OF
THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

Whereas, ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION, duly signed and verified of UNITED STATIONERS SUPPLY CO. incorporated under the laws of the State of ILLINOIS have been filed in the Office of the Secretary of State, as provided by The "Business Corporation Act" of Illinois, in force July 13, A.D. 1933.

Now Therefore, I, JIM EDGAR, Secretary of State of the State of Illinois by virtue of the powers vested in me by law, do hereby issue this certificate and attach thereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois. Done at the City of Springfield this 28th day of August A.D. 1981 and of the Independence of the United States the two hundred and 6th

(SEAL)

/s/ Jim Edgar

SECRETARY OF STATE

Form BCA-55

(File in Duplicate)

ARTICLES OF AMENDMENT

to the

ARTICLES OF INCORPORATION

TO JIM EDGAR
Secretary of State
Springfield, Illinois

(Do not write in this space)

Date Paid	8-28-81
License Fee	$
Franchise Tax	$2,500
Filing Fee	$
Clerk	

The undersigned corporation, for the purpose of amending its Articles of

Incorporation and pursuant to the provisions of Section 55 of "The Business Corporation Act" of the State of Illinois, hereby executes the following Articles of Amendment:

ARTICLE FIRST: The name of the corporation is: UNITED STATIONERS SUPPLY CO.

ARTICLE SECOND: The following amendment or amendments were adopted in the manner prescribed by "The Business Corporation Act" of the State of Illinois:

RESOLVED: That the Articles of Incorporation of United Stationers Supply Co. be amended so that the aggregate number of shares which the corporation is authorized to issue is changed from 290,000 shares of Class A Common Stock, par value $1 per share, and 600,000 shares of Class B Common Stock, par value $1 per share, to 890,000 shares of Common Stock, par value $1 per share.

FURTHER RESOLVED: That each outstanding Class A share and each outstanding Class B share shall, upon the filing of Articles of Amendment to the corporation's Articles of Incorporation to the foregoing effect, be changed into one share of Common Stock, par value $1 per share, without any other or further action.

FURTHER RESOLVED: That the officers of this corporation are hereby authorized, directed and empowered to take all necessary action to carry out the foregoing resolutions.

ARTICLE THIRD: The number of shares of the corporation outstanding at the time of the adoption of said amendment or amendments was 841,800; and the number of shares of each class entitled to vote as a class on the adoption of said amendment or amendments, and the designation of each such class were as follows:

(Disregard separation into classes if class voting does not apply to the amendment voted on.)	Class	Number of Shares
	Class A	248,300
	Class B	593,500

NOTE: On the date of adoption of the amendment as additional shares were held in treasury and not entitled to vote.

Class	Number of Shares
N/A	

ARTICLE FOURTH: The number of shares voted for said amendment or amendments was 837,800 and the number of shares voted against said amendment or amendments was -0-. The number of shares of each class entitled to vote as a class voted for and against said amendment or amendments, respectively, was:

(Disregard separation into classes if class voting does not apply to the amendment voted on.)	Class	Number of Shares Voted For	Against
	Class A	244,300	-0-
	Class B	593,500	-0-

Item 1. On the date of the adoption of this amendment, restating the articles of incorporation, the corporation had shares issued, itemized as follows:

(Disregard these items unless the amendment restates the articles of incorporation.)	Class	Series (If Any)	Number of Shares	Par value per share or statement that shares are without par value
	N/A			

Item 2. On the date of the adoption of this amendment restating the articles of incorporation, the corporation had a stated capital of $ and a paid-in surplus of $ or a total of $.

N/A

ARTICLE FIFTH: The manner in which the exchange, reclassification, or cancellation of issued shares, or a reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for in, or effected by, this amendment, is as follows:

(Disregard this Article where this amendment contains no such provisions.)

Upon the filing of this amendment, all outstanding Class A and Class B shares shall automatically be changed and converted into shares of Common Stock, all of a single class, with a par value of $1 per share.

ARTICLE SIXTH: Paragraph 1: The manner in which said amendment or amendments effect a change in the amount of stated capital or the amount of paid-in surplus, or both, is as follows:

(Disregard this Paragraph where amendment does not affect stated capital or paid-in surplus.)

N/A

Paragraph 2: The amounts of stated capital and of paid-in surplus as changed by this amendment are as follows:

(Disregard this Paragraph where amendment does not affect stated capital or paid-in surplus.) N/A

	Before Amendment	After Amendment
Stated capital.....	$	$
Paid-in surplus.....	$	$

IN WITNESS WHEREOF, the undersigned corporation has caused these Articles of Amendment to be executed in its name by its President, and its corporate seal to be hereto affixed, attested by its Secretary, this 21st day of August, 1981.

UNITED STATIONERS SUPPLY CO.

Exact Corporate Name

Place (CORPORATE SEAL) Here

By /s/ Joel D. Spungin

Its President

ATTEST:

/s/ Jerold A. Hecktman

Its Secretary

As authorized officers, we declare that this document has been examined by us and is, to the best of our knowledge and belief, true, correct and complete.

Form BCA-55
File #1648-748-1

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ARTICLES OF AMENDMENT
to the
ARTICLES OF INCORPORATION

SECRETARY OF STATE
CORPORATION DEPARTMENT
SPRINGFIELD, ILLINOIS 62756
TELEPHONE (217) 782-1832

FILE IN DUPLICATE

Filing Fee $25.00

Filing Fee for Re-Stated Articles $100.00

==========

File Number 1648 748 1

STATE OF ILLINOIS
OFFICE OF
THE SECRETARY OF STATE

Whereas, ARTICLES OF MERGER OF

UNITED STATIONERS SUPPLY CO.

INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 1, A.D. 1984.

Now Therefore, I, Jim Edgar, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach thereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, at the City of Springfield this 3rd day of April A.D. 1986 and of the Independence of the United States the two hundred and 10th

(SEAL)

/s/ Jim Edgar

SECRETARY OF STATE

BCA-11.25/11.30 (Rev. Jul. 1984)

Submit in Duplicate File #1648-748-1

JIM EDGAR
Secretary of State
State of Illinois

ARTICLES OF MERGER,
CONSOLIDATION, EXCHANGE

Remit payment in check or Money Order, payable to "Secretary of State".

DO NOT SEND CASH!

Filing Fee is $100, but if merger or consolidation of more than 2 corporations $50 for each additional corporation.

This Space for Use By Secretary of State	
Date	4/3/86
Filing Fee	$100.00
Clerk	

Pursuant to the provisions of "The Business Corporation Act of 1983", the undersigned corporation(s) hereby adopt(s) the following Articles of Merger, Consolidation or Exchange. (Strike inapplicable words)

1. The names of the corporations proposing to merge and the State or Country of their incorporation, are:

Name of Corporation	State or Country of Incorporation
United Stationers Supply Co.	Illinois #1648-748-1 NSS
Johnson & Staley, Inc.	Delaware #5326-335-6

2. The laws of the State or Country under which each corporation is incorporated permit such merger, consolidation or exchange.

3. The name of the surviving corporation is United Stationers Supply Co. and it shall be governed by the laws of Illinois.

4. The plan of merger is as follows:

If not sufficient space to cover this point, add one or more sheets of this size

PLAN AND AGREEMENT OF MERGER

THIS AGREEMENT dated March 28, 1986 by and between:

JOHNSON & STALEY, INC., a Delaware corporation ("J&S")

and

UNITED STATIONERS SUPPLY CO., an Illinois corporation ("USSCo.")

Said corporations are hereinafter sometimes called "Constituent Corporations".

A. J&S is a corporation organized and existing under the laws of the State

of Delaware. The authorized capital stock of J&S consists of 1,000 shares of common stock, $1.00 par value per share, all of which shares are issued and outstanding.

B. USSCo. is a corporation organized and existing under the laws of the State of Illinois. The authorized capital stock of USSCo. consists of 890,000 shares of common stock, $1.00 par value per share, of which 847,250 shares are issued and outstanding.

C. All of the issued and outstanding shares of both Constituent Corporations are held by United Stationers, Inc.

D. The parties desire to provide for the merger of J&S into USSCo. by a statutory merger of the parties intended to qualify as a tax-free reorganization under Section 368(a)(1) of the Internal Revenue Code of 1954 as amended.

THEREFORE, in consideration of the mutual covenants and agreements herein, the parties agree to the following terms and conditions of merger and the mode of carrying it into effect:

1. Merger. Pursuant to and in accordance with this Agreement, J&S shall be merged into USSCo., which shall be the surviving corporation, and the separate existence of J&S shall cease upon the effectiveness of its merger with and into USSCo.

Upon the merger becoming effective, USSCo. shall possess all the rights and privileges, powers and franchises, and be subject to all the restrictions, disabilities and duties of the Constituent Corporations; and all property, real, personal and mixed and all debts due to either of the Constituent Corporations on whatever account and all other things in action or belonging to either of the Constituent Corporations shall be vested in USSCo., and all and every other interest shall be thereafter as effectively the property of USSCo. as they were of the respective Constituent Corporations, and the title to any real estate vested by deed or otherwise in either of the Constituent Corporations shall not revert or be in any way impaired by reason of the merger, but all rights of creditors and all liens upon any property of either of the Constituent Corporations shall be preserved unimpaired, and all debts, liabilities, obligations and duties of the respective Constituent Corporations shall attach to USSCo. and may be entered against it to the same extent as if the debts, liabilities, obligations and duties had been contracted by it.

2. Effective Date. The merger shall be effective March 31, 1986 for accounting purposes only.

3. Name. The name of the surviving corporation shall continue to be United Stationers Supply Co.

4. Articles of Incorporation and By-Laws. The Articles of Incorporation and By-Laws of USSCo. in effect on the effective date of the merger shall be the Articles of Incorporation and By-Laws of the surviving corporation.

5. Office and Registered Agent. The principal office, the registered office and the registered agent of USSCo. on the effective date of the merger shall remain the same.

6. Officers and Directors. The persons who are officers and/or directors of USSCo. on the effective date of the merger shall continue to be the respective directors and officers of the surviving corporation until the next annual meeting of the shareholder and directors of USSCo. and until their successors are elected and qualified.

7. Conversion of Shares. The manner and basis of converting the shares of the Constituent Corporations into shares of USSCo. shall be as follows:

As of the effective date and without any action by the holders of such shares, each share of stock of J&S outstanding on the effective date of the merger shall be converted into 32,750 shares of USSCo. Each of the parties hereto agree that, at anytime after the effective time of the merger the surviving corporation shall issue, or shall have returned to it, such number of shares of USSCo., if any, as are necessary to correct the foregoing exchange ratio such that the holders of the shares of stock of J&S, outstanding, at the effective time of the merger shall have received that number of shares of USSCo. which will have the fair market value equivalent to the fair market value of J&S immediately prior

to the merger, determined on the basis of the respective "tangible net book value" of each Constituent Corporation. "Tangible net book value" shall mean the excess of the value of the tangible assets of the corporation over all liabilities of the corporation as of the effective date.

5. The plan of merger was approved, (a) as to each corporation not organized in Illinois, in compliance with the laws of the state under which it is organized, and (b) as to each Illinois corporation, as follows:

(The following items are not applicable to mergers under (S)11.30--90% owned subsidiary provisions. See Article 7.)

(Only "X" one box for each corporation)

<TABLE>
<CAPTION>

Name of Corporation	By the shareholders, a resolution at the board of directors having been duly adopted and submitted to a vote at a meeting of shareholders. Not less than the minimum number of votes required by statute and by the articles of incorporation voted in favor of the action taken. (S) 11.20)	By written consent of the shareholders having not less than the minimum number of votes required by statute and by the articles of incorporation. Shareholders who have not consented in writing have been given notice in accordance with (S)7.10 ((S)11.20)	By written consent of ALL, the shareholders entitled to vote on the action in accordance with (S)7.10 & (S)11.20
<S>	<C>	<C>	<C>
United Stationers Supply Co.	/_/	/_/	/X/
Johnson & Staley, Inc.	/_/	/_/	/X/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/

</TABLE>

6. (Not applicable if surviving, new or acquiring corporation is an Illinois corporation)

It is agreed that, upon and after the issuance of a certificate of merger, consolidation or exchange by the Secretary of State of the State of Illinois:

a. The surviving, new or acquiring corporation may be served with process in the State of Illinois in any proceeding for the enforcement of any obligation of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such corporation organized under the laws of the State of Illinois against the surviving, new or acquiring corporation.

b. The Secretary of State of the State of Illinois shall be and hereby is irrevocably appointed as the agent of the surviving, new or acquiring corporation to accept service of process in any such proceedings, and

c. The surviving, new, or acquiring corporation will promptly pay to the dissenting shareholders of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange the amount, if any, to which they shall be entitled under the provisions of "The Business Corporation Act of 1983" of the State of Illinois with respect to the rights of dissenting shareholders.

7. (Complete this item if reporting a merger under (S)11.30-90% owned subsidiary provisions.)

a. The number of outstanding shares of each class of each merging subsidiary corporation and the number of such shares of each class owned immediately

prior to the adoption of the plan of merger by the parent corporation, are:

<TABLE>
<CAPTION>

Name of Corporation	Total Number of Shares Outstanding of Each Class	Number of Shares of Each Class Owned Immediately Prior to Merger by the Parent Corporation
<S>	<C>	<C>
-		
-		
-		
-		
-		

</TABLE>

b. The date of mailing a copy of the plan of merger and notice of the right to dissent to the shareholders of each merging subsidiary corporation was , 19 .

Was written consent for the merger or written waiver of the 30 day period by the holders of all the outstanding shares of all subsidiary corporations received? /_/ Yes /_/ No

(If the answer is "No", the duplicate copies of the Articles of Merger may not be delivered to the Secretary of State until after 30 days following the mailing of a copy of the plan of merger and of the notice of the right to dissent to the shareholders of each merging subsidiary corporation.)

The undersigned corporation has caused these articles to be signed by its duly authorized officers, each of whom affirm, under penalties of perjury, that the facts stated herein are true.

Dated March 31, 1986

attested by /s/ Jerold A. Hecktman
(Signature of Secretary or Assistant Secretary)

Jerold A. Hecktman, Secretary
(Type or Print Name and Title)

Dated March 31, 1986

attested by /s/ Jerold A. Hecktman
(Signature of Secretary or Assistant Secretary)

Jerold A. Hecktman, Secretary
(Type or Print Name and Title)

Dated , 1986

attested by
(Signature of Secretary or Assistant Secretary)

(Type or Print Name and Title)

United Stationers Supply Co.
- (Exact Name of Corporation)

by /s/ Allen B. Kravis
- (Signature of President or Vice President)

Allen B. Kravis, Vice President
- (Type or Print Name and Title)

Johnson & Staley, Inc.
- ----------
(Exact Name of Corporation)

by /s/ Allen B. Kravis
- ----------
(Signature of President or Vice President)

Allen B. Kravis, Vice President
- ----------
(Type or Print Name and Title)

- ----------
(Exact Name of Corporation)

by
- ----------
(Signature of President or Vice President)

- ----------
(Type or Print Name and Title)

Form BCA-11.25/11.30

File No.

ARTICLES OF MERGER,
CONSOLIDATION, EXCHANGE

Filing Fee $100.00, but if a merger or a consolidation of more than two corporations, $50 for each additional corporation.

FILED
JIM EDGAR
Secretary of State

PAID
APR 04 1986

RETURN TO:

Corporation Department
Secretary of State
Springfield, Illinois 62756
Telephone 217-782-6961

File Number 1648-748-1

STATE OF ILLINOIS
OFFICE OF
THE SECRETARY OF STATE

Whereas, ARTICLES OF MERGER OF

UNITED STATIONERS SUPPLY CO.

INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 1, A.D. 1984.

Now Therefore, I, George H. Ryan, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach hereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, at the City of Springfield, this 24th day of June A.D. 1992 and of the Independence of the United States the two hundred and 16th.

(SEAL)

/s/ George H. Ryan
SECRETARY OF STATE

ARTICLES OF MERGER
CONSOLIDATION OR EXCHANGE

Form BCA-11.25
(Rev. Jan. 1991)

File # D1648-748-1

George H. Ryan
Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-6961

SUBMIT IN DUPLICATE

This space for use by Secretary of State

Date 6-24-92

DO NOT SEND CASH!
Remit payment in check or money order, payable to "Secretary of State."
Filing Fee is $100, but if merger or consolidation of more than 2 corporations.
$50 for each additional corporation.

Filing Fee $100.00

Approved: X

FILED
JUN 24 1992
Secretary of State
GEORGE H. RYAN

PAID
JUN 23 1992

1. Names of the corporations proposing to merge consolidate and the state or country of their incorporation: exchange shares

Name of Corporation	State or Country of Incorporation
United Stationers Supply Co. 1648-748-1	Illinois
Stationers Distributing Company, Inc. 5551-380-5	Delaware

2. The laws of the state or country under which each corporation is incorporated permit such merger, consolidation or exchange.

3. (a) Name of the surviving corporation: United Stationers Supply Co.

(b) It shall be governed by the laws of: Illinois

4. Plan of merger is as follows:

If not sufficient space to cover this point, add one or more sheets of this size.

See attached Exhibit A

EXPEDITED
JUN 24 1992
SECRETARY OF STATE

Exhibit A

PLAN OF MERGER

This is a plan of merger for the merger (the "Merger") by United Stationers Supply Co., an Illinois corporation (the "Corporation" or, in its capacity as the surviving corporation of the Merger, the "Surviving Corporation") of its wholly-owned subsidiary, Stationers Distributing Company, Inc., a Delaware corporation (the "Subsidiary") with and into the Corporation.

Article I

1.1 The Merger.

The Subsidiary shall be merged into the Corporation pursuant to Section 11.30 of the Business Corporation Act of 1983 of the State of Illinois (the "BCA"), and the separate corporate existence of the Subsidiary will cease.

1.2 Effectiveness.

The Merger shall be effective at 3:00 p.m., Central Daylight Savings Time, on the date that Articles of Merger providing for the Merger are filed with the Secretary of State of the State of Illinois in accordance with the BCA (the "Effective Time").

Article II

2.1 Articles of Incorporation.

At the Effective Time, the Articles of Incorporation of the Corporation as in effect immediately prior to the Effective Time will be the Articles of Incorporation of the Surviving Corporation, and thereafter may be amended in accordance with their terms and as provided by law.

2.2 By-laws.

At the Effective Time, the By-laws of the Corporation as in effect immediately prior to the Effective Time will be the By-laws of the Surviving Corporation, and thereafter may be amended or repealed in accordance with their terms.

2.3 Officers.

At the Effective Time, the officers of the Corporation immediately prior to the Effective Time will be the officers of the Surviving Corporation and will hold office from the Effective Time until their respective successors shall have been duly elected or appointed and qualified in the manner provided in the Articles of Incorporation and By-laws of the Surviving Corporation, or as otherwise provided by law, or until their earlier death, resignation or removal.

2.4 Directors.

At the Effective Time, the directors of the Corporation immediately prior to the Effective Time will be the directors of the Surviving Corporation and will hold office from the Effective Time for the balance of the respective terms for which they were previously elected as directors of the Corporation and until their respective successors are duly elected or appointed and qualified in the manner provided in the Articles of Incorporation and By-laws of the Surviving Corporation, or as otherwise provided by law, or until their earlier death, resignation or removal.

Article III

3.1 Conversion of Shares.

At the Effective Time, each issued and outstanding share of common stock, par value $1.00 per share, of the Corporation will remain issued and outstanding and will represent one fully-paid and non-assessable share of common stock, par value $1.00 per share, of the Surviving Corporation, and each issued and outstanding share of common stock, par value $0.10 per share, of the Subsidiary will be cancelled and retired and no payment shall be made with respect thereto.

merger

5. Plan of consolidation was approved, as to each corporation not organized in exchange
Illinois, in compliance with the laws of the state under which it is organized, and (b) as to each Illinois corporation, as follows:
not applicable

(The following items are not applicable to mergers under (S) 11.30-90% owned subsidiary provisions. See Article 7.)

(Only "X" one box for each corporation)

<TABLE>
<CAPTION>

Name of Corporation	By the shareholders, a resolution of the board of directors having been duly adopted and submitted to a vote at a meeting of shareholders. Not less than the minimum number of votes required by statute and by the articles of incorporation voted in favor of the action taken. ((S) 11.20)	By written consent of the shareholders having not less than the minimum number of votes required by statute and by the articles of incorporation. Shareholders who have not consented in writing have been given notice in accordance with (S) 7.10 ((S) 11.220)	By written consent of ALL the shareholders entitled to vote on the action in accordance with (S) 7.10 & (S) 11.20
<S>	<C>	<C>	<C>
-	/_/	/_/	/_/
-	/_/	/_/	/_/
-	/_/	/_/	/_/
-	/_/	/_/	/_/
-	/_/	/_/	/_/

</TABLE>

6. (Not applicable if surviving, new or acquiring corporation is an Illinois corporation)

It is agreed that, upon and after the issuance of a certificate of merger, consolidation or exchange by the Secretary of State of the State of Illinois:

a. The surviving, new or acquiring corporation may be served with process in the State of Illinois in any proceeding for the enforcement of any obligation of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such corporation organized under the laws of the State of Illinois against the surviving, new or acquiring corporation.
b. The Secretary of State of the State of Illinois shall be and hereby is irrevocably appointed as the agent of the surviving, new or acquiring corporation to accept service of process in any such proceedings, and
c. The surviving, new, or acquiring corporation will promptly pay to the dissenting shareholders of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange the amount, if any, to which they shall be entitled under the provisions of "The Business Corporation Act of 1983" of the State of Illinois with respect to the rights of dissenting shareholders.

7. (Complete this item if reporting a merger under (S)11.30-90% owned subsidiary provisions.)

a. The number of outstanding shares of each class of each merging subsidiary corporation and the number of such shares of each class owned immediately prior to the adoption of the plan of merger by the parent corporation, are:

<TABLE>
<CAPTION>

Name of Corporation	Total Number of Shares Outstanding of Each Class	Number of Shares of Each Class Owned Immediately Prior to Merger by the Parent Corporation
<S>	<C>	<C>
Stationers Distributing Company, Inc.	1,000	1,000
-	-	-
-	-	-
-	-	-
-	-	-

</TABLE>

b. The date of mailing a copy of the plan of merger and notice of the right to dissent to the shareholders of each merging subsidiary corporation was , 19 .

not applicable

Was written consent for the merger or written waiver of the 30-day period by the holders of all the outstanding shares of all subsidiary corporations received? /_/ Yes /_/ No

(If the answer is "No", the duplicate copies of the Articles of Merger may not be delivered to the Secretary of State until after 30 days following the mailing of a copy of the plan of merger and of the notice of the right to dissent to the shareholders of each merging subsidiary corporation.)

8. The undersigned corporation has caused these articles to be signed by its duly authorized officers, each of whom affirms, under penalties of perjury, that the facts stated herein are true.

Dated June 24, 1992

attested by /s/ Otis H. Halleen
(Signature of Secretary or Assistant Secretary)

Otis H. Halleen, Secretary
(Type or Print Name and Title)

Dated , 19

attested by
(Signature of Secretary or Assistant Secretary)

(Type or Print Name and Title)

Dated , 19

attested by
(Signature of Secretary or Assistant Secretary)

(Type or Print Name and Title)

United Stationers Supply Co.
(Exact Name of Corporation)

by /s/ Jeffrey K. Hewson
(Signature of President or Vice President)

Jeffrey K. Hewson, President
(Type or Print Name and Title)

- ----------
(Exact Name of Corporation)

by
- ----------
(Signature of President or Vice President)

- ----------
(Type or Print Name and Title)

- ----------
(Exact Name of Corporation)

by
- ----------
(Signature of President or Vice President)

- ----------
(Type or Print Name and Title)

File Number 1648-748-1

STATE OF ILLINOIS
OFFICE OF
THE SECRETARY OF STATE

Whereas, ARTICLES OF MERGER OF

UNITED STATIONERS SUPPLY CO.

INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 1, A.D. 1984.

Now Therefore, I, George H. Ryan, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach thereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, at the City of
(SEAL) Springfield, this 24th day of June A.D. 1992 and of the Independence of the United States the two hundred and 16th

/s/ George H. Ryan

SECRETARY OF STATE

ARTICLES OF MERGER
CONSOLIDATION OR EXCHANGE

Form BCA-11.25
(Rev. Jan. 1991)

File # D1648-748-1

George H. Ryan
Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-6961

SUBMIT IN DUPLICATE

This space for use by
Secretary of State

DO NOT SEND CASH!
Remit payment in check or money order, payable to "Secretary of State." Filing Fee is $100, but if merger or consolidation of more than 2 corporations, $50 for each additional corporation.

Date 6/24/92

Filing Fee $100.00

Approved: X

FILED
JUNE 24, 1992
GEORGE H. RYAN
SECRETARY OF STATE

PAID
JUNE 23, 1992

- ---

1. Names of the corporations proposing to merge, and the state or country of their incorporation:

Name of Corporation	State or Country of Incorporation
United Stationers Supply Co. 1648-748-1	Illinois
SDC Distributing Corp. NR	Delaware

- ---

- ---

- ---

2. The laws of the state or country under which each corporation is incorporated permit such merger, consolidation or exchange.

- ---

3. (a) Name of the surviving corporation: United Stationers Supply Co.

(b) it shall be governed by the laws of: Illinois

- ---

4. Plan of merger is as follows:

If not sufficient space to cover this point, add one or more sheets of this size.

SEE ATTACHED EXHIBIT A

EXPEDITED
JUNE 24, 1992
SECRETARY OF STATE

Exhibit A

SUMMARY PLAN OF MERGER

The plan of merger for the merger (the "Merger") of SDC Distributing Corp., a Delaware corporation ("SDC"), with and into United Stationers Supply Co., an Illinois corporation (the "Corporation" or, in its capacity as the surviving corporation of the Merger, the "Surviving Corporation") as set forth in an Agreement and Plan of Merger dated as of June 24, 1992 (the "Plan of Merger") among United Stationers Inc., a Delaware corporation, the Corporation and SDC. The following is a summary of the Plan of Merger.

Article I

1.1 The Merger.

SDC shall be merged into the Corporation pursuant to Section 11.25 of the Business Corporation Act of 1983 of the State of Illinois (the "BCA"), and the separate corporate existence of SDC will cease.

2.2 Effectiveness.

The Merger shall be effective at 10:00 a.m., Central Daylight Savings Time, on the date the Articles of Merger providing for the Merger are filed with the Secretary of State of the State of Illinois in accordance with the BCA ("Effective Time").

Article II

2.1 Articles of Incorporation.

At the Effective Time, the Articles of Incorporation of the Corporation as

in effect immediately prior to the Effective Time will be the Articles of Incorporation of the Surviving Corporation, and thereafter may be amended in accordance with their terms and as provided by law.

2.2 By-laws.

At the Effective Time, the By-laws of the Corporation as in effect immediately prior to the Effective Time will be the By-laws of the Surviving Corporation, and thereafter may be amended or repealed in accordance with their terms.

2.3 Officers.

At the Effective Time, the officers of the Corporation immediately prior to the Effective Time will be the officers of the Surviving Corporation and will hold office from the Effective Time until their successors shall have been duly elected or appointed and qualified in the manner provided in the Articles of Incorporation and By-laws of the Surviving

Corporation, or as otherwise provided by law, or until their earlier death, resignation or removal.

2.4 Directors.

At the Effective Time, the directors of the Corporation immediately prior to the Effective Time will be the directors of the Surviving Corporation and will hold office from the Effective Time for the balance of the respective terms for which they were previously elected as directors of the Corporation and until their respective successors are duly elected or appointed and qualified in the manner provided in the Articles of Incorporation and By-laws of the Surviving Corporation, or as otherwise provided by law, or until their earlier death, resignation or removal.

Article III

3.1 Conversion of Shares.

1. At the Effective Time, each issued and outstanding share of common stock, $0.10 par value per share, of SDC ("SDC Common") will be converted into the right to receive:

(a) for each share of SDC Common held by a stockholder of SDC who has irrevocably elected to receive cash in exchange for his shares of SDC Common: $11.636364 per share in cash (the "Cash Stockholder Per Share Amount"); or

(b) for each share of SDC Common held by a stockholder of SDC (a "Continuing Stockholder") who has irrevocably elected to receive consideration (the "Combined Consideration") consisting of a combination of cash and shares of common stock, $0.10 par value per share ("Parent Common"), of United Stationers Inc., a Delaware corporation and the sole shareholder of the Corporation ("Parent") in exchange for their shares of SDC Common:

(i) .549451 of a share of Parent Common:

(ii) $2.818729 in cash; and

(iii) .109890 of a share of Parent Common and $0.031868 in cash to be deposited into an escrow fund.

In lieu of any fractional shares of Parent Common to be issued directly to a Continuing Stockholder in the Merger, such Continuing Stockholder will receive cash in an amount equal to the fractional share multiplied by $13.333333.

(c) Upon consummation of the Merger, each share of SDC Common will be cancelled and retired and will cease to exist, and such holder of SDC Common will thereafter cease to have any rights with respect to such share of SDC Common, except

the right to receive either the Cash Stockholder Per Share Amount or the Combined Consideration, as the case may be.

2. All issued and outstanding shares of capital stock of the Corporation will remain issued and outstanding and will represent one fully-paid and non-assessable share of common stock par value $1.00 per share, of the Surviving Corporation.

5. Plan of merger was approved, as to each corporation not organized in Illinois, in compliance with the laws of the state under which it is organized, and (b) as to each Illinois corporation, as follows:

(The following items are not applicable to mergers under (S)11.30-90% owned subsidiary provisions. See Article 7.)

(Only "X" one box for each corporation)

<TABLE>
<CAPTION>

Name of Corporation	By the shareholders, a resolution of the board of directors having been duly adopted and submitted to a vote at a meeting of shareholders. Not less than the minimum number of votes required by statute and by the articles of incorporation voted in favor of the action taken. ((S) 11.20)	By written consent of the shareholders having not less than the minimum number of votes required by statute and by the articles of incorporation. Shareholders who have not consented in writing have been given notice in accordance with (S) 7.10 ((S) 11.220)	By written consent of ALL the shareholders entitled to vote on the action in accordance with (S) 7.10 & (S) 11.20
<S>	<C>	<C>	<C>
United Stationers Supply Co.	/_/	/_/	/X/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/

</TABLE>

6. (Not applicable if surviving, new or acquiring corporation is an Illinois corporation)

It is agreed that, upon and after the issuance of a certificate of merger, consolidation or exchange by the Secretary of State of the State of Illinois:

a. The surviving, new or acquiring corporation may be served with process in the State of Illinois in any proceeding for the enforcement of any obligation of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such corporation organized under the laws of the State of Illinois against the surviving, new or acquiring corporation.
b. The Secretary of State of the State of Illinois shall be and hereby is irrevocably appointed as the agent of the surviving, new or acquiring corporation to accept service of process in any such proceedings, and
c. The surviving, new, or acquiring corporation will promptly pay to the dissenting shareholders of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange the amount, if any, to which they shall be entitled under the provisions of "The Business Corporation Act of 1983" of the State of Illinois with respect to the rights of dissenting shareholders.

7. (Complete this item if reporting a merger under (S)11.30-90% owned subsidiary provisions.)
n/a

a. The number of outstanding shares of each class of each merging subsidiary corporation and the number of such shares of each class owned immediately prior to the adoption of the plan of merger by the parent corporation, are:

<TABLE>
<CAPTION>

Name of Corporation	Total Number of Shares Outstanding of Each Class	Number of Shares of Each Class Owned Immediately Prior to Merger by the Parent Corporation
<S>	<C>	<C>
-		
-		
-		
-		
-		

</TABLE>

b. The date of mailing a copy of the plan of merger and notice of the right to dissent to the shareholders of each merging subsidiary corporation was , 19 .

Was written consent for the merger or written waiver of the 30-day period by the holders of all the outstanding shares of all subsidiary corporations received? /_/ Yes /_/ No

(If the answer is "No", the duplicate copies of the Articles of Merger may not be delivered to the Secretary of State until after 30 days following the mailing of a copy of the plan of merger and of the notice of the right to dissent to the shareholders of each merging subsidiary corporation.)

8. The undersigned corporation has caused these articles to be signed by its duly authorized officers, each of whom affirm, under penalties of perjury, that the facts stated herein are true.

Dated June 24, 1992

attested by /s/ Otis H. Halleen
(Signature of Secretary or Assistant Secretary)

Otis H. Halleen, Secretary
(Type or Print Name and Title)

Dated June 24, 1992

attested by /s/ B. Neal Perkey
(Signature of Secretary or Assistant Secretary)

B. Neal Perkey, Asst. Secretary
(Type or Print Name and Title)

Dated , 19

attested by
(Signature of Secretary or Assistant Secretary)

(Type or Print Name and Title)

United Stationers Supply Co.
- (Exact Name of Corporation)

by /s/ Jeffrey K. Hewson
- (Signature of President or Vice President)

Jeffrey K. Hewson, President
- ----------
(Type or Print Name and Title)

SDC Distributing Corp.
- ----------
(Exact Name of Corporation)

by /s/ Richard A. Baker
- ----------
(Signature of President or Vice President)

Richard A. Baker, President
- ----------
(Type or Print Name and Title)

- ----------
(Exact Name of Corporation)

by
- ----------
(Signature of President or Vice President)

- ----------
(Type or Print Name and Title)

File Number 1648-748-1

STATE OF ILLINOIS
OFFICE OF
THE SECRETARY OF STATE

Whereas, ARTICLES OF MERGER OF

UNITED STATIONERS SUPPLY CO.

INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 1, A.D. 1984.

Now Therefore, I, George H. Ryan, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach hereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, at the City of
(SEAL) Springfield, this 23rd day of MARCH A.D. 1995 and of the Independence of the United States the two hundred and 19th.

/s/ George H. Ryan

Secretary of State

ARTICLES OF MERGER
CONSOLIDATION OR EXCHANGE

Form BCA-11.25
(Rev. Jan. 1991)

File # 1648-748-1

George H. Ryan
Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-6961

SUBMIT IN DUPLICATE

This space for use by
Secretary of State

DO NOT SEND CASH!

Date 3/23/95

Remit payment in check or money order, payable to "Secretary of State." Filing Fee is $100, but if merger or consolidation of more than 2 corporations, $50 for each additional corporation.

Filing Fee $100.00

Approved: X

FILED
MARCH 23, 1995
GEORGE H. RYAN
SECRETARY OF STATE

PAID
MARCH 27, 1995

---

1. Names of the corporations proposing to merge, and the state or country of their incorporation:

Name of Corporation	State or Country of Incorporation
UNITED STATIONERS SUPPLY CO.	Illinois 1648-748-1
MICROUNITED INC.	Delaware 5356-555-7

---

2. The laws of the state or country under which each corporation is incorporated permit such merger, consolidation or exchange.

---

3. (a) Name of the surviving corporation: UNITED STATIONERS SUPPLY CO.

(b) it shall be governed by the laws of: ILLINOIS

---

4. Plan of merger is as follows:

If not sufficient space to cover this point, add one or more sheets of this size.

See attached Exhibit A

EXPEDITED
MARCH 23, 1995
SECRETARY OF STATE

EXPEDITED
AUGUST 31, 1994
SECRETARY OF STATE

PLAN AND AGREEMENT OF MERGER

THIS AGREEMENT dated as of August 31, 1994 by and between: MICROUNITED INC., a Delaware corporation ("MU"), and UNITED STATIONERS SUPPLY CO., an Illinois corporation ("USSCo.") (Said corporations are hereinafter sometimes called ("Constituent Corporations"), and UNITED STATIONERS INC., a Delaware corporation ("Parent").

A. MU is a corporation organized and existing under the laws of the State of Delaware. The authorized capital stock of MU consists of 1,000 shares of common stock, $1.00 par value per share, all of which shares are issued and outstanding.

B. USSCo. is a corporation organized and existing under the laws of the State of Illinois. The authorized capital stock of USSCo. consists of 890,000 shares of common stock, $1.00 par value per share, 880,000 of which shares are issued and outstanding.

C. All of the issued and outstanding shares of both Constituent Corporations are held by Parent.

D. Parent desires to provide for the merger of MU into USSCo. by a statutory merger of the parties intended to qualify as a tax-free reorganization under Section 368(a)(1) of the Internal Revenue Code of 1986 as amended.

E. Parent, as the sole shareholder of each of the Constituent Corporations waives the 30-day period for notice as specified in Section 11.30(b) of the Illinois Business Corporation Act of 1983 ("BCA").

THEREFORE, the parties agree to the following terms and conditions of merger and the mode of carrying it into effect:

1. Merger. Pursuant to Section 11.30 of the BCA and in accordance with this Agreement, MU shall be merged into USSCo., which shall be the surviving corporation, and the separate existence of MU shall cease upon the effectiveness of its merger with and into USSCo.

2. Effectiveness. The merger shall be effective at 5:00 p.m. Central Daylight Savings Time, on the date the Articles of Merger are filed with the Secretary of State of the State of Illinois in accordance with the BCA. Upon the merger becoming effective, USSCo. shall possess all the rights and privileges, powers and franchises, and be subject to all the restrictions, disabilities and duties of the Constituent Corporations; and all property, real, personal and mixed and all debts due to either of the Constituent Corporations on whatever account and all other things in action or belonging to either of the Constituent Corporations shall be vested in USSCo., and all and every other interest shall be thereafter as effectively the property of USSCo. as they were of the respective Constituent Corporations, and the title to any real estate vested by deed or otherwise in either of the Constituent Corporations shall not revert or be in any way impaired by reason of the merger, but all rights of creditors and all liens upon any property of either of the Constituent Corporations shall be preserved unimpaired, and all debts, liabilities, obligations and duties of the respective Constituent Corporations shall attach to USSCo., and may be entered against it to the same extent as if the debts, liabilities, obligations and duties had been contracted by it.

3. Name. The name of the surviving corporation shall continue to be United Stationers Supply Co.

4. Articles of Incorporation and By-Laws. The Articles of Incorporation and By-Laws of USSCo. in effect on the effective date of the merger shall be the Articles of Incorporation and By-Laws of the surviving corporation.

5. Office and Registered Agent. The principal office, the registered office and the registered agent of USSCo. on the effective date of the merger shall remain the same.

6. Officers and Directors. The persons who are officers and/or directors of USSCo. on the effective date of the merger shall continue to be the respective directors and officers of the surviving corporation until the next annual meeting of the shareholder and directors of USSCo. and until their successors are elected and qualified.

IN WITNESS WHEREOF, the parties, pursuant to the authority duly given by resolutions adopted by their respective Boards of Directors, have caused this Agreement to be duly executed as of the date shown above.

UNITED STATIONERS INC.
A Delaware corporation

ATTEST:

/s/ Otis H. Halleen
- ----------
Secretary

By: /s/ Joel D. Spungin
- ----------
Joel D. Spungin, Chairman of the Board and Chief Executive Officer

(SEAL)

MICROUNITED INC.
A Delaware corporation

ATTEST:

/s/ Otis H. Halleen
- ----------
Secretary

By: /s/ Allen B. Kravis
- ----------
Allen B. Kravis, Sr. Vice President

(SEAL)

ATTEST:

UNITED STATIONERS SUPPLY CO.
an Illinois corporation

/s/ Otis H. Halleen
- ----------
Secretary

By: /s/ Allen B. Kravis
- ----------
Allen B. Kravis, Sr. Vice President

(SEAL)

5. Plan of merger was approved, as to each corporation not organized in Illinois, in compliance with the laws of the state under which it is organized, and (b) as to each Illinois corporation, as follows:
Not Applicable

(The following items are not applicable to mergers under (S) 11.30-90% owned subsidiary provisions. See Article 7.)

(Only "X" one box for each corporation)

<TABLE>
<CAPTION>

Name of Corporation	By the shareholders, a resolution of the board of directors having been duly adopted and submitted to a vote at a meeting of shareholders. Not less than the minimum number of votes required by statute and by the articles of incorporation voted in favor of the action taken. ((S) 11.20)	By written consent of the shareholders having not less than the minimum number of votes required by statute and by the articles of incorporation. Shareholders who have not consented in writing have been given notice in accordance with (S) 7.10 ((S) 11.220)	By written consent of ALL the shareholders entitled to vote on the action in accordance with (S) 7.10 & (S) 11.20
<S>	<C>	<C>	<C>
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/

</TABLE>

6. (Not applicable if surviving, new or acquiring corporation is an Illinois corporation)

It is agreed that, upon and after the issuance of a certificate of merger, consolidation or exchange by the Secretary of State of the State of Illinois:

a. The surviving, new or acquiring corporation may be served with process in the State of Illinois in any proceeding for the enforcement of any obligation of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such corporation organized under the laws of the State of Illinois against the surviving, new or acquiring corporation.
b. The Secretary of State of the State of Illinois shall be and hereby is irrevocably appointed as the agent of the surviving, new or acquiring corporation to accept service of process in any such proceedings, and
c. The surviving, new, or acquiring corporation will promptly pay to the dissenting shareholders of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange the amount, if any, to which they shall be entitled under the provisions of "The Business Corporation Act of 1983" of the State of Illinois with respect to the rights of dissenting shareholders.

- ----------

7. (Complete this item if reporting a merger under (S)11.30-90% owned subsidiary provisions.)

a. The number of outstanding shares of each class of each merging subsidiary corporation and the number of such shares of each class owned immediately prior to the adoption of the plan of merger by the parent corporation, are:

<TABLE>
<CAPTION>

Name of Corporation	Total Number of Shares Outstanding of Each Class	Number of Shares of Each Class Owned Immediately Prior to Merger by the Parent Corporation
<S>	<C>	<C>
MicroUnited Inc.	1,000	1,000
United Stationers Supply Co.	880,000	880,000
-	-	-
-	-	-
-	-	-

</TABLE>

b. The date of mailing a copy of the plan of merger and notice of the right to dissent to the shareholders of each merging subsidiary corporation was , 19 .

Not Applicable

Was written consent for the merger or written waiver of the 30-day period by the holders of all the outstanding shares of all subsidiary corporations received? /_/ Yes /_/ No

(If the answer is "No", the duplicate copies of the Articles of Merger may not be delivered to the Secretary of State until after 30 days following the mailing of a copy of the plan of merger and of the notice of the right to dissent to the shareholders of each merging subsidiary corporation.)

8. The undersigned corporation has caused these articles to be signed by its duly authorized officers, each of whom affirms, under penalties of perjury, that the facts stated herein are true.

Dated August 31, 1992

attested by /s/ Otis H. Halleen

(Signature of Secretary or Assistant Secretary)

Otis H. Halleen, Secretary

(Type or Print Name and Title)

Dated , 19

attested by

(Signature of Secretary or Assistant Secretary)

(Type or Print Name and Title)

Dated , 19

attested by

(Signature of Secretary or Assistant Secretary)

(Type or Print Name and Title)

UNITED STATIONERS INC.
- ----------
(Exact Name of Corporation)

by /s/ Allen B. Kravis
- ----------
(Signature of President or Vice President)

Allen B. Kravis, Sr. Vice President
- ----------
(Type or Print Name and Title)

- ----------
(Exact Name of Corporation)

by
- ----------
(Signature of President or Vice President)

- ----------
(Type or Print Name and Title)

- ----------
(Exact Name of Corporation)

by
- ----------
(Signature of President or Vice President)

- ----------
(Type or Print Name and Title)

File Number 1648-748-1

STATE OF ILLINOIS
OFFICE OF
THE SECRETARY OF STATE

Whereas, ARTICLES OF MERGER OF

UNITED STATIONERS SUPPLY CO.

INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 1, A.D. 1984.

Now Therefore, I, George H. Ryan, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach hereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, at the City of
(SEAL) Springfield, this 30th day of MARCH A.D. 1995 and of the Independence of the United States the two hundred and 19th.

/s/ George H. Ryan

Secretary of State

ARTICLES OF MERGER
CONSOLIDATION OR EXCHANGE

Form BCA-11.25
(Rev. Jan. 1995)

File # 1648-748-1

George H. Ryan
Secretary of State
Department of Business Services
Springfield, IL 62756
Telephone (217) 782-6961

SUBMIT IN DUPLICATE

This space for use by
Secretary of State

DO NOT SEND CASH!
Remit payment in check or money order, payable to "Secretary of State." Filing Fee is $100, but if merger or consolidation of more than 2 corporations, $50 for each additional corporation.

Date 3/30/95

Filing Fee $100.00

Approved: X

FILED
MARCH 30, 1995
GEORGE H. RYAN
SECRETARY OF STATE

PAID
MARCH 30, 1995

- ---

1. Names of the corporations proposing to merge, and the state or country of their incorporation:

Name of Corporation	State or Country Of Incorporation	Corporation File No.
UNITED STATIONERS SUPPLY CO.	Illinois	1648-748-1
ASSOCIATED STATIONERS, INC.	Delaware	5662-169-5

- ---

2. The laws of the state or country under which each corporation is incorporated permit such merger, consolidation or exchange.

- ---

3. (a) Name of the surviving corporation: UNITED STATIONERS SUPPLY CO.

(b) it shall be governed by the laws of: Illinois

- ---

4. Plan of merger is as follows: See Exhibit A, attached hereto.

If not sufficient space to cover this point, add one or more sheets of this size.

EXPEDITED
MARCH 30, 1995
SECRETARY OF STATE

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger, dated as of March 30, 1995, is made and entered into between Associated Stationers, Inc., a Delaware corporation ("ASI"), and United Stationers Supply Co., an Illinois corporation (USSC").

1. Parties to the Merger; Effective Date. Pursuant to the provisions of this Agreement and Plan of Merger, the General Corporation Law of the State of Delaware (the "DGCL") and the Business Corporation Act of the State of Illinois (the "IBCA"), ASI shall be merged with and into USSC (the "Merger"). USSC, which

shall be the surviving corporation, is hereinafter sometimes referred to as the "Surviving Corporation." The Merger shall become effective upon the filing of properly executed articles of merger (the "Articles of Merger") in the office of the Secretary of State. As used in this Agreement and Plan of Merger, the term "Effective Date" shall mean the date and time at which a certificate of merger has been issued by the Secretary of State of the State of Illinois.

2. Capitalization of Constituent Corporations. (a) The authorized capital stock of ASI is 3,000 shares of common stock, $0.01 par value ("ASI Common Stock"), of which 1,000 shares are validly issued and outstanding, fully paid, non-assessable and owned by United Stationers Inc., a Delaware corporation ("USI").

(b) The authorized capital stock of USSC is 890,000 shares of common stock, $1.00 par value ("USSC Common Stock"), of which 880,000 shares are validly issued and outstanding, fully paid, non-assessable, and owned by USI.

3. Effect of the Merger. (a) From and after the Effective Date (i) the Articles of Incorporation and Bylaws of USSC in effect immediately prior to the Effective Date shall continue to be its Articles of Incorporation and Bylaws until amended or repealed in a manner provided by law; (ii) each of the officers and directors of USSC in office immediately prior to the Effective Date shall remain its officers and directors until their respective successors are duly elected or appointed; and (iii) USI, as the former holder of the shares of USSC Common Stock and ASI Common Stock, shall only be entitled to the rights provided in this Agreement and Plan of Merger or to its dissenters' rights provided by the IBCA or the DGCL.

4. Conversion of Securities. (a) Each authorized or issued and outstanding share of USSC Common Stock shall not in any way be affected by the Merger.

(b) All shares of ASI Common Stock outstanding on the Effective Date shall be cancelled and cease to be outstanding, without any payment being made in respect thereof.

5. Transfer of Certificates. After the Effective Date there shall be no transfers on the stock transfer books of ASI of the shares of ASI Common Stock which were issued and outstanding immediately prior to the Effective Date.

6. Amendment and Termination. The Boards of Directors of USSC and ASI may amend this Agreement and Plan of Merger at any time prior to the Effective Date. An amendment made subsequent to the submission of the plan to the shareholder of either party to the Merger shall not (i) alter or change the amount or kind of securities or cash which the shareholders of ASI will have the right to receive in the Merger or (ii) alter or change any of the terms or conditions of the plan if such alteration or effect would adversely affect the shares of any class or series of either USSC or ASI.

The Boards of Directors of USSC and ASI may terminate and abandon this Agreement and Plan of Merger at any time prior to the Effective Date, subject to any contractual rights, without further shareholder action, in such manner as shall be agreed upon by USSC and ASI.

7. Counterparts. This Agreement and Plan of Merger may be executed in or more counterparts, each of which shall be deemed to be an original, but which together shall constitute a single agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement and Plan of Merger to be executed and attested by the duly authorized officers as of the date first written above.

ASSOCIATED STATIONERS, INC.

By: /s/ Thomas W. Sturgess

Thomas W. Sturgess
Chairman of the Board

ATTEST:

/s/ Gary G. Miller

- ----------
Gary G. Miller
Secretary

UNITED STATIONERS SUPPLY CO.

By: /s/ Thomas W. Sturgess
- ----------
Thomas W. Sturgess
Chairman of the Board

ATTEST:

/s/ Gary G. Miller
- ----------
Gary G. Miller
Secretary

5. Plan of consolidation was approved, as to each corporation not organized in Illinois, in compliance with the laws of the state under which it is organized, and (b) as to each Illinois corporation, as follows:

(The following items are not applicable to mergers under (S) 11.30-90% owned subsidiary provisions. See Article 7.)

(Only "X" one box for each corporation)

<TABLE>
<CAPTION>

Name of Corporation	By the shareholders, a resolution of the board of directors having been duly adopted and submitted to a vote at a meeting of shareholders. Not less than the minimum number of votes required by statute and by the articles of incorporation voted in favor of the action taken. ((S) 11.20)	By written consent of the shareholders having not less than the minimum number of votes required by statute and by the articles of incorporation. Shareholders who have not consented in writing have been given notice in accordance with (S) 7.10 ((S) 11.220)	By written consent of ALL the shareholders entitled to vote on the action in accordance with (S) 7.10 & (S) 11.20
<S>	<C>	<C>	<C>
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/
- ----------	/_/	/_/	/_/

</TABLE>

6. (Not applicable if surviving, new or acquiring corporation is an Illinois corporation)

It is agreed that, upon and after the issuance of a certificate of merger, consolidation or exchange by the Secretary of State of the State of Illinois:

a. The surviving, new or acquiring corporation may be served with process in the State of Illinois in any proceeding for the enforcement of any obligation of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such corporation organized under the laws of the State of Illinois against the surviving, new or acquiring corporation.
b. The Secretary of State of the State of Illinois shall be and hereby is irrevocably appointed as the agent of the surviving, new or acquiring

corporation to accept service of process in any such proceedings, and

c. The surviving, new, or acquiring corporation will promptly pay to the dissenting shareholders of any corporation organized under the laws of the State of Illinois which is a party to the merger, consolidation or exchange the amount, if any, to which they shall be entitled under the provisions of "The Business Corporation Act of 1983" of the State of Illinois with respect to the rights of dissenting shareholders.

- ---

7. (Complete this item if reporting a merger under (S)11.30-90% owned subsidiary provisions.)

a. The number of outstanding shares of each class of each merging subsidiary corporation and the number of such shares of each class owned immediately prior to the adoption of the plan of merger by the parent corporation, are:

<TABLE>
<CAPTION>

Name of Corporation	Total Number of Shares Outstanding of Each Class	Number of Shares of Each Class Owned Immediately Prior to Merger by the Parent Corporation
<S>	<C>	<C>
Associated Stationers, Inc.	1,000	1,000
United Stationers Supply Co.	880,000	880,000
-	-	-
-	-	-
-	-	-

</TABLE>

b. (Not applicable to 100% owned subsidiaries)
The date of mailing a copy of the plan of merger and notice of the right to dissent to the shareholders of each merging subsidiary corporation was , 19 .

Was written consent for the merger or written waiver of the 30-day period by the holders of all the outstanding shares of all subsidiary corporations received? /_/ Yes /_/ No

(If the answer is "No", the duplicate copies of the Articles of Merger may not be delivered to the Secretary of State until after 30 days following the mailing of a copy of the plan of merger and of the notice of the right to dissent to the shareholders of each merging subsidiary corporation.)

8. The undersigned corporation have caused these articles to be signed by their duly authorized officers, each of whom affirms, under penalties of perjury, that the facts stated herein are true. (All signatures must be in BLACK INK.)

Dated March 30, 1995

attested by /s/ Daniel H. Bushell

(Signature of Secretary or Assistant Secretary)

Daniel H. Bushell, Assistant Secretary

(Type or Print Name and Title)

Dated March 30, 1995

attested by /s/ Daniel H. Bushell

(Signature of Secretary or Assistant Secretary)

Daniel H. Bushell, Assistant Secretary

(Type or Print Name and Title)

Dated , 19

attested by

(Signature of Secretary or Assistant Secretary)

(Type or Print Name and Title)

United Stationers Supply Co.

(Exact Name of Corporation)

by /s/ Thomas W. Sturgess

(Signature of President or Vice President)

Thomas W. Sturgess, Chairman

(Type or Print Name and Title)

Associated Stationers, Inc.

(Exact Name of Corporation)

by /s/ Thomas W. Sturgess

(Signature of President or Vice President)

Thomas W. Sturgess, Chairman

(Type or Print Name and Title)

(Exact Name of Corporation)

by

(Signature of President or Vice President)

(Type or Print Name and Title)

Form BCA (12 or 110)

1648-748-1

Date	10/14/??
Filing Fee	$5.00
Clerk	AG

CERTIFICATE OF CHANGE OF REGISTERED AGENT AND REGISTERED OFFICE BY A FOREIGN OR DOMESTIC CORPORATION OF ILLINOIS

STATE OF ILLINOIS)
) ss.
COOK COUNTY)

TO Michael J. Howlett
Secretary of State,
Springfield, Illinois

The undersigned corporation, organized and existing under the laws of the State of Illinois for the purpose of changing its registered agent and its registered office, or both, in Illinois as provided by "The Business Corporation Act," of Illinois represents that:

1. The name of the corporation is UNITED STATIONERS SUPPLY CO.

2. The address, including street and number, if any, or its present registered office (before change) is 1701 South First Avenue, Maywood, Illinois 60153

3. Its registered office (including street and number if any change in the

registered office is to be made) is hereby changed to c/o C T Corporation System, 208 S. LaSalle Street, in the City of CHICAGO (60604) County of COOK.

4. The name of its present registered agent (before change) is Harry Hecktman.

5. The name of the new registered agent is C T CORPORATION SYSTEM

6. The address of its registered office and the address of the business office of its registered agent, as changed, will be identical.

7. Such change was authorized by resolution duly authorized by the board of directors.

(OVER)

(ILL. - 215 - 6/27/73)

IN WITNESS WHEREOF, the undersigned corporation has caused this report to be executed in its name by its Vice President, attested by its Secretary, this 3rd day of October, A.D. 1980.

UNITED STATIONERS SUPPLY CO.

(Exact Corporate Title)

By /s/ M. Gardner

Vice President

Place
(Corporate Seal)
Here

Attest:

Jerold A. Hecktman

Secretary

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

I, George Chrismer, a Notary Public, do hereby certify that on the 3rd day of October, A.D. 1980, personally appeared before me Marshall Gardner who declares he is Vice President of the corporation, executing the foregoing document, and being duly sworn, acknowledged that he signed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

Place
(Notarial Seal)
Here

/s/ George K. Chrismer

Notary Public
STATE OF ILLINOIS
MY COMMISSION EXPIRES DEC. 7, 1980

PAID
OCT. 14, 1980

FORM BCA (12 OR 110)

Box D 1648 File 748-1

==========

CHANGE OF REGISTERED AGENT
AND OFFICE OF

United Stationers Supply Co.

Filing Fee $1.00

NOTICE

This certificate must be filed in duplicate. The corporation cannot act as its own registered agent.

The registered office may be, but need not be, the same as the place of business of the corporation, but the registered office and the address of the registered agent must be the same.

Any subsequent change in the registered office or agent must be reported immediately to the Secretary of State on blanks furnished for that purpose.

FILED
OCT. 11, 1980
Alan J. Dixon
Secretary of State

==========

STATE OF ILLINOIS

Office of the Secretary of State

I hereby certify that this is a true and correct copy, consisting of Eighty-One pages, as taken from the original on file in this office.

/s/ George H. Ryan
(SEAL) ----------
GEORGE H. RYAN
SECRETARY OF STATE

DATED: April 25, 1995

By: /s/ James P. Presley, Jr.

EXPEDITED
SECRETARY OF STATE
APR 25 1995
EXP. FEES 25.00
COPY-CERT. 45.00

EXHIBIT 9.1

ASSOCIATED HOLDINGS, INC.
VOTING TRUST AGREEMENT

This Voting Trust Agreement (this "Agreement") is made and entered into as of January 31, 1992, by and among Associated Holdings, Inc., a Delaware corporation (the "Company"), the beneficial owners of shares of Common Stock (the "Common Stock") of the Company, whose names are set forth on the signature pages hereto (the "Beneficiaries"), and Gary G. Miller, Daniel J. Good, Thomas W. Sturgess, Frederick B. Hegi, Jr., and James A. Johnson as the voting trustees pursuant to this Agreement (the "Trustees").

WHEREAS, the Beneficiaries deem it in the best interest of the Company and themselves to act together concerning the direction of the affairs of the Company in order to secure continuity and stability of policy and management and to promote the continuous and uninterrupted development of the business and, to that end, to unite the voting power held by them and vest such voting power in the Trustees as provided herein.

NOW THEREFORE, the Company, the Beneficiaries and the Trustees agree as follows:

1. Parties. Any owner of, or person entitled to acquire, fully paid and nonassessable shares of the Class A Common Stock of the Corporation (the "Common Stock") may become a party to this Agreement at any time by executing a counterpart signature page to this Agreement and by depositing with the Trustees the certificate or certificates representing his Common Stock, together with a proper and sufficient instrument, duly executed, for the transfer to the Trustees.

Each Beneficiary expressly covenants that upon his obtaining any shares of the Common Stock, by virtue of the exercise of rights he now owns or acquires in the future or upon obtaining such shares by any other means, he promptly will transfer such stock to the Trustees as provided in this paragraph 1. The Company agrees that it will not, without the consent of the Trustees, issue or sell any Common Stock or any options or other rights to acquire Common Stock to any Beneficiary without first obtaining such Beneficiary's agreement to deposit any such Common Stock (and any Common Stock obtained upon exercise or conversion of any such options or rights) with the Trustees pursuant to this Agreement.

2. Voting Trust Certificates. Upon deposit of the certificates as provided in paragraph 1, the Trustees shall deliver or cause to be delivered to

each Beneficiary a voting trust certificate of the same number of shares of Common Stock as is represented by the certificate(s) so deposited, which voting

trust certificate(s) shall be substantially in the following form, with such appropriate omissions, variations and insertions as may be approved by the Voting Trustees:

ASSOCIATED HOLDINGS, INC.
(a Delaware corporation)

No. _____ _____ Shares

This certifies that [stockholder] has deposited the number
---
of shares set forth above of the Common Stock of the above-named corporation with the Voting Trustees hereinafter named, under an agreement among the corporation, Daniel J. Good, Frederick B. Hegi, Jr., James A. Johnson, Gary M. Miller and Thomas W. Sturgess as Voting Trustees, and certain beneficial owners of shares of Common Stock of the corporation, dated as of January 31, 1992. This certificate and the interest represented by it are transferable on the books of the Voting Trustees and only upon the presentation and surrender hereof. The holder of this certificate takes its subject to all of the terms and conditions of the Voting Trust Agreement, and as a party to that Agreement is entitled to the benefits thereof. This Voting Trust Certificate is subject to certain restrictions on the transfer hereof contained in that certain Stockholders Agreement dated as of January 31, 1992, as amended from time to time.

IN WITNESS WHEREOF, the Voting Trustees have caused this certificate to be signed this ____ day of _____, 19___.

Gary G. Miller

Daniel J. Good

Thomas W. Sturgess

Frederick B. Hegi, Jr.

James A. Johnson

Voting Trustees

3. Powers of the Trustees. Shares of Common Stock, the certificates evidencing which shall have been deposited with the Trustees as provided in paragraph 1, shall be vested in the Trustees and shall be transferred into the names of the Trustees upon the Company's books. The Trustees shall, as to all stock so held by them, possess and be entitled to exercise all rights of the Beneficiaries of every kind, including the right to vote for election and/or removal of directors and all such other matters as may be voted upon by the Beneficiaries, except as otherwise provided by this Agreement and the Stockholders Agreement dated as of January 31, 1992, among the Company and certain beneficial owners of shares of Common Stock of the Company and warrants for the purchase of Common Stock of the Company, as the same may be amended from time to time (the "Stockholders' Agreement"). The Trustees may be directors of the Company and may vote all shares of Common Stock deposited pursuant to this Agreement in favor of their election as directors; provided, that all votes for the election of directors of the Company shall be cast as provided hereinbelow. The holders of voting trust certificates shall not have any right with respect to any such stock held by the Trustees to vote, take part in or consent to any corporate or stockholders' action of the Company, except as provided herein.

The Trustees shall vote on matters which may come before them at any meeting of the Company's stockholders, and shall vote for directors of the Company as specified herein. The Trustees may vote all shares of Common Stock held pursuant to this Agreement in person or by such person or persons as they shall select as their proxy.

The Trustees shall vote all of the Common Stock held by them in order to:

(i) elect to the Board of Directors of the Company:

a. at least one representative designated by Good Capital

Co., Inc.;

b. at least one representative designated by ASI Partners, L.P.;

c. such number of directors that shall constitute at least a majority of the directors of the Company at all times as designated by Wingate Partners, L.P.; and

d. one representative designated by the Key Executives (as defined below) for so long as such Key Executives retain the right to designate such representative. As used herein, the term "Key Executives" shall mean, collectively, Michael D. Rowsey, Robert D. Eberspacher, Daniel J. Schleppe, and Lawrence E. Miller.

(ii) Remove as a director (with or without cause) any representative so designated, upon, and only upon, the written request of the entity, group or individual set forth above as designating such representative (the "Appointing Principal").

(iii) Fix the authorized number of directors on the Company's Board of Directors at not less than seven directors (provided that a greater number may from time to time be set by the board in order to give effect fully to the provisions of this paragraph).

(iv) On any other matter on which shares of Common Stock deposited pursuant to this Agreement shall be voted or shall have the right to give or withhold consent, the Trustee shall vote (or refrain from voting) in accordance with the written directions from the holders of Voting Trust Certificates representing not less than 66-2/3% of the shares of Common Stock held in trust pursuant to this Agreement, or in the absence of such written direction, as the Trustees may determine in their sole discretion.

4. Liability of Trustees. No Trustee shall be liable for any error of judgment or mistakes of law, or other mistake, or for anything including in connection with his voting of the Common Stock, save only his own willful misconduct or gross negligence. It is expressly understood and agreed that the Trustees shall be indemnified and held harmless by the Company from any and all expenses, costs, damages or other liabilities in voting the Common Stock and otherwise acting as Trustees hereunder.

5. Decisions by the Trustees. The decision or act of a majority of the Trustees, whether at a meeting or by writing, with or without a meeting, shall for all purposes of this Agreement, including but not limited to the exercise of the voting power of the shares of Common Stock held in trust

hereunder, be required for any decision or act of the Trustees pursuant to this Agreement. The Trustees may, in their discretion, establish rules of action, consistent with the provisions of this Agreement, that govern their actions pursuant to this Agreement.

6. Reimbursement and Indemnity of Trustee. The Trustees shall be reimbursed by the Company for any reasonable expenses and indemnified by the Company for all liabilities incurred by them in connection with their duties under this Agreement, including the disbursement and reasonable compensation of their agents, attorneys, employees, and officers whom they may employ in carrying out the terms and provisions of this Agreement.

7. Replacement of the Trustees. Any of the Trustees may resign at any time by delivering to the other Trustees his resignation in writing. Any of the Trustees may be removed at any time (with or without cause) by the Appointing Principal for such Trustee by written notice to the Trustees. In the case of death, disability, resignation or removal of any Trustee, the resulting vacancy shall be filled by the appointment of a successor by the Appointing Principal. Each such successor shall become a Trustee by executing a counterpart of this Voting Trust Agreement, as then in effect. Upon becoming a Trustee, a successor shall have all title, rights and powers of a Trustee named in this Agreement. The Appointing Principals are:

(a) Wingate Partners, L.P. - As to Thomas W. Sturgess, Frederick B. Hegi, Jr., and James A. Johnson

(b) ASI Partners, L.P. - As to Gary G. Miller.

(c) Good Capital Co., Inc. - As to Daniel J. Good.

8. Transfer of Voting Trust Certificates. During the term of this Agreement, each Beneficiary agrees that the sale, transfer, assignment, pledge or other disposition of his or her interests in any voting trust certificate (a "Transfer") shall be subject to any limitations and restrictions on transfer noted on the voting trust certificate, including those limitations and restrictions contained in the Stockholders Agreement.

9. Dividends and Other Rights. The holder of each voting trust certificate shall be entitled to receive all dividends, distributions, and sales proceeds, if any, collected by the Trustees upon the like number of shares of Common Stock of

the Company as specified in the voting trust certificate; provided, that any dividends or distributions consisting of shares of Common Stock or other voting securities of the Company shall be retained by the Trustees pursuant to this

Agreement.

10. Filing of Agreement. A copy of this Agreement shall be filed by the Trustees in the registered office of the Company within the State of Delaware, and shall be open to the inspection of any stockholder of the Company or any beneficiary of the trust created under this Agreement daily during business hours.

11. Amendment. (a) If at any time the Trustees shall deem it advisable to amend this Agreement, they shall, by resolution adopted or signed by all of the Trustees, declare such amendment advisable, and shall submit such amendment to the holders of the voting trust certificates for their approval at a meeting called for that purpose, or for approval by written consent in lieu of a meeting. Notice of such meeting shall be given in the manner provided for stockholders' meetings in the bylaws of the Company.

(b) Subject to the last sentence of this subsection (b), if the proposed amendment shall be approved by the vote, in person or by proxy, of the holders of voting trust certificates for 66-2/3% of the shares of Common Stock held in trust, a certificate to that effect shall be made and verified by the chairman and secretary of the meeting and filed in the Company's registered office in Delaware. Upon such filing, the proposed amendment shall become a part of this Agreement, with the same force and effect as it originally set forth herein. No amendment to this Agreement that materially and adversely affects the rights of a Beneficiary hereunder shall be enforceable against such Beneficiary until such Beneficiary has consented in writing to such amendment; provided that any amendment made for the purpose of adding an additional party (including, without limitation, an additional Beneficiary) hereto shall not be deemed to materially or adversely affect the rights of any other Beneficiary hereto.

12. Termination. (a) This Agreement shall terminate upon the earlier of (i) ten years from the date hereof, unless extended as provided in Section 218 of the Delaware General Corporation Law, or (ii) the consummation of a Qualified Public Offering. As used herein, the term Qualified Public Offering shall mean the sale in an underwritten public offering or a series of public offerings, registered under the Securities Act of 1933, as amended, of Common Stock which results in public ownership of not less than 20% of the outstanding Common Stock of the Company determined on a fully diluted basis, which shares of Common Stock are listed upon the New York Stock Exchange, the American Stock Exchange or are approved for quotation on the

NASDAQ National Market System and which offerings shall have resulted in the receipt by the Company and any selling stockholders of aggregate cash proceeds (after deduction of underwriter discounts and the costs associated with the

offerings) of at least $37.5 million.

(b) Upon the termination of this Agreement, the holders of voting trust certificates will be entitled, upon surrender for cancellation of such certificates and upon payment of any transfer tax required by law, to receive certificates for the number of shares of Common Stock represented by their respective voting trust certificates. The Beneficiaries acknowledge and agree that, upon termination of this Agreement, each Beneficiary, as a holder of Common Stock, shall be subject to all obligations and entitled to all rights as a stockholder of the Company and the assignee of the Trustees.

13. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision never had been contained herein.

14. Entire Agreement. Except as otherwise expressly set forth herein, this document embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

15. Successors and Assigns. Except as otherwise provided herein, this Agreement will bind and inure to the benefit of and be enforceable by the Company and its successors and assigns, the Trustees and their respective successors, and the Beneficiaries and any subsequent holders of voting trust certificates and the respective successors and assigns of each of them, so long as they hold voting trust certificates.

16. Counterparts. This Agreement may be executed in separate counterparts each of which will be an original and all of which taken together will constitute one and the same agreement.

17. Remedies. The Trustees shall be entitled to enforce their rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this

Agreement and to exercise all other rights existing in their favor. The parties

hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that the Trustees may in their sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement.

18. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or mailed registered or certified (postage and registration or certification fees prepaid) or sent by facsimile or reputable overnight courier service (charges prepaid) to the recipient at the address indicated on the signature page hereto and to any subsequent holder of voting trust certificates subject to this Agreement at such address as indicated by the Trustees records, or at such address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when delivered personally, three days after deposit in the U.S. mail, on the date of delivery by facsimile, and one day after deposit with a reputable overnight courier service.

19. Legends. Voting Trust Certificates evidencing shares of Common Stock deposited in trust pursuant to the terms of this Agreement shall bear such legend or legends as the Company shall reasonably deem necessary to protect the parties hereto.

20. Governing Law. The Corporate law of the State of Delaware shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity and interpretation of this Agreement and any exhibits and schedules hereto shall be governed by the internal law, and not the law of conflicts, of the State of Illinois.

21. Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

ISSUER:

ASSOCIATED HOLDINGS, INC.,
a Delaware corporation

By:

Its: Chairman of the Board and
Chief Executive Officer
Address: 1075 Hawthorne Drive
Itasca, IL 60143
Telecopy No.: 708-773-6491

BENEFICIARIES:

WINGATE PARTNERS, L.P., a Delaware limited partnership

By: Wingate Management Company, L.P., a Delaware limited partnership

By:

Thomas W. Sturgess,
General Partner

Address: 750 North St. Paul
Suite 1200
Dallas, Texas 75201
Telecopy No.: 214-871-8799

CUMBERLAND CAPITAL CORPORATION, a Delaware corporation

By:

Gary G. Miller,
President

Address: 301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
Telecopy No.: 817-870-2685

ASI PARTNERS, L.P., a Delaware limited partnership

By: CUMBERLAND CAPITAL CORPORATION,

a Delaware corporation,
its general partner

By:

Gary G. Miller,
President

Address: 301 Commerce Street,
Suite 3300
Forth Worth, TX 76102
Telecopy No.: 817-870-2685

GOOD CAPITAL CO., INC., a Delaware corporation

By:

Daniel J. Good,
President

Address: 1211 Lake Road
Lake Forest, IL 60045
Telecopy No.: 708-234-8663

BOISE CASCADE CORPORATION, a Delaware corporation

By:

Carol Moerdyk,
Vice President

Address: One Jefferson Square
Boise, Idaho 83702
ATTN: General Counsel
Telecopy No.: 208-384-7945

Michael D. Rowsey
Address: 2370 Sonnington Drive
Dublin, OH 43017
Telecopy No.: 614-876-4922

Daniel J. Schleppe
Address: 20 The Landing
Atlanta, GA 30350
Telecopy No.:

Robert D. Eberspacher
Address: 6907 Huntfield Drive
Charlotte, NC 28226
Telecopy No.:

Lawrence E. Miller
Address: 415 Sterling Road
Kenilworth, IL 60043
Telecopy No.:

VOTING TRUSTEES:

Gary G. Miller
Address: c/o Cumberland
Capital Corporation
301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
Telecopy No.: 817-870-2685

Daniel J. Good
Address: 1211 Lake Road
Lake Forest, IL 60045
Telecopy No.: 708-234-8663

Thomas W. Sturgess
Address: c/o Wingate Partners, L.P.
750 North St. Paul

Suite 1200
Dallas, TX 75201
Telecopy No.: 214-871-8799

Frederick B. Hegi, Jr.
Address: c/o Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, TX 75201
Telecopy No.: 214-871-8799

James A. Johnson
Address: c/o Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, TX 75201
Telecopy No.: 214-871-8799

EXHIBIT 9.2

FIRST AMENDMENT TO VOTING TRUST AGREEMENT

This FIRST AMENDMENT TO VOTING TRUST AGREEMENT (this "Amendment Agreement") is made and entered into as of the Effective Time (hereinafter defined), by and among United Stationers Inc., a Delaware corporation and successor-in-interest to AHI (as hereinafter defined) (the "Surviving Corporation"), the beneficial owners of shares of common stock, $.10 par value ("Common Stock"), of the Surviving Corporation, whose names are set forth on the signature pages hereto (the "Beneficiaries"), and Gary G. Miller, Daniel J. Good, Thomas W. Sturgess, Frederick B. Hegi, Jr., and James A. Johnson as the voting trustees (the "Trustees"), pursuant to the Voting Trust Agreement (hereinafter defined).

RECITALS

A. Associated Holdings, Inc., a Delaware corporation ("AHI"), Beneficiaries and Trustees are parties to that certain Voting Trust Agreement dated as of January 31, 1992 (the "Voting Trust Agreement");

B. Pursuant to that certain Agreement and Plan of Merger (the "Merger Agreement"), dated as of February 13, 1995, between AHI and the Surviving Corporation, AHI was merged with and into the Surviving Corporation (the "Merger"), with the Surviving Corporation surviving the Merger (the time upon which the Merger became effective pursuant to the terms and conditions of the Merger Agreement and as defined therein, is referred to herein as the "Effective Time"); and

C. In connection with the Merger, the parties to the Voting Trust Agreement desire to amend the Voting Trust Agreement as provided herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Surviving Corporation, Beneficiaries and Trustees hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to such terms in the Voting Trust Agreement.

2. Amendments. The Voting Trust Agreement is hereby amended as follows:

(a) All references to the "Company" in the Voting Trust Agreement shall mean the Surviving Corporation.

(b) All references to "Common Stock" in the Voting Trust Agreement shall mean the common stock, $.10 par value, of the Surviving Corporation.

(c) The first sentence of Section 1 of the Voting Trust Agreement shall be amended by deleting the words "Class A Common Stock of the Corporation" and replacing them with the words "common stock, $.10 par value, of the Company".

(d) Section 2 of the Voting Trust Agreement shall be amended by deleting the language directly following "as may be approved by the Voting Trustees:" in its entirety and substituting therefor the following:

"UNITED STATIONERS INC.
(a Delaware corporation)

No. _____ _____ Shares

This certifies that [stockholder] has deposited the number of shares set forth above of the Common Stock of the above-named corporation with the Voting Trustees hereinafter named, under an agreement among the corporation, Daniel J. Good, Frederick B. Hegi, Jr., James A. Johnson, Gary G. Miller and Thomas W. Sturgess as Voting Trustees, and certain beneficial owners of shares of Common Stock of the corporation, dated as of January 31, 1992, as amended as of March __, 1995. The certificate and the interest represented by it are transferable only on the books of the Voting Trustees, and only upon the presentation and surrender hereof. The holder of this certificate takes it subject to all of the terms and conditions of the Voting Trust Agreement, as amended, and as a party to such Voting Trust Agreement is entitled to the benefits thereof. This Voting Trust Certificate is subject to certain restrictions on the transfer hereof contained in that certain Stockholders Agreement, dated as of January

31, 1992, as amended from time to time.

IN WITNESS WHEREOF, the Voting Trustees have caused this certificate to be signed this ____ day of _____, 19__.

_____	_____
Thomas W. Sturgess,	Gary G. Miller,
Voting Trustee	Voting Trustee
_____	_____
Frederick B. Hegi, Jr.,	Daniel J. Good,
Voting Trustee	Voting Trustee
_____	
James A. Johnson,	
Voting Trustee"	

(e) Section 12(a) of the Voting Trust Agreement is amended and restated in its entirety to read as follows:

"(a) This Agreement shall terminate upon the earlier of (i) January 31, 2005 or (ii) the consummation of a Qualified Public Offering. As used herein, the term Qualified Public Offering shall mean the sale after the date hereof in an underwritten public offering or a series of public offerings, registered under the Securities Act of 1933, as amended, of Common Stock which results in public ownership of not less than 20% of the outstanding Common Stock of the Company determined on a fully diluted basis, which shares of Common Stock are listed upon the New York Stock Exchange, the American Stock Exchange or are approved for quotation on the NASDAQ National Market System and which offerings shall have resulted in the receipt by the Company and any selling stockholders of aggregate cash proceeds (after deduction of underwriter discounts and the costs associated with the offerings) of at least $50 million."

3. Voting Trust Certificates. At the Effective Time, the Beneficiary's voting trust certificate or certificates representing shares of class A common stock, $.01 par value, of AHI ("AHI Common Stock") deposited under the Voting Trust Agreement, shall represent the right to receive a voting trust certificate representing the number of shares of Common Stock into

which the number of shares of AHI Common Stock represented by such Beneficiary's voting trust certificate was converted pursuant to the terms of the Merger Agreement.

4. Voting Trust Agreement Otherwise Unchanged. Except as expressly amended hereby, the Voting Trust Agreement shall remain unchanged and in full force and effect.

5. Counterparts. This Amendment Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

6. Successors and Assigns. The rights and obligations of the parties hereunder shall be binding upon and inure to the benefit of the Surviving Corporation, Beneficiaries and Trustees and each of their respective successors and assigns.

7. Headings. The headings of the sections of this Amendment Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof.

8. Governing Law. This Amendment Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without giving effect to conflict of law principles.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment Agreement to be effective as of the Effective Time.

SURVIVING CORPORATION

UNITED STATIONERS INC.

By:_____
Name:
Title:

TRUSTEES

_____
Thomas W. Sturgess

_____
Frederick B. Hegi, Jr.

_____
James A. Johnson

_____
Gary G. Miller

_____
Daniel J. Good

5

BENEFICIARIES

WINGATE PARTNERS, L.P.

By: WINGATE MANAGEMENT COMPANY, L.P., its general partner

By:_____
Thomas W. Sturgess
General Partner

WINGATE AFFILIATES, L.P.

By:_____
Thomas W. Sturgess
General Partner

WINGATE PARTNERS II, L.P.

By: WINGATE MANAGEMENT COMPANY II, L.P., its general partner

By: WINGATE MANAGEMENT LIMITED, L.L.C., its general partner

By:_____
Thomas W. Sturgess
Principal

WINGATE AFFILIATES II, L.P.

By:_____
Thomas W. Sturgess
General Partner

ASI PARTNERS, L.P.

By: CUMBERLAND CAPITAL CORPORATION, its general partner

By:_____
Gary G. Miller
President

ASI PARTNERS II, L.P.

By: CUMBERLAND CAPITAL CORPORATION, its general partner

By:_____
Gary G. Miller
President

CUMBERLAND CAPITAL
CORPORATION

By:_____
Gary G. Miller
President

7

GOOD CAPITAL CO., INC.

By:_____
Daniel J. Good
President

BOISE CASCADE CORPORATION

By:_____
Name:
Title:

8

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Michael D. Rowsey

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Daniel J. Schleppe

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Robert W. Eberspacher

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Lawrence E. Miller

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the

Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee")
has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Neil Bailey

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Theresa K. Blake

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Robert Deiters

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") --- set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") ----------- has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Thomas Hupp

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Kenneth Larson

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

Rudy Mayo

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

By:_____
Name:
Title:

Address:

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA")

set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Paul Pisarski

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Roger Richey

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Ralph Swiatek

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Thomas Trost

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Cheryl Zupke

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of that certain Individual Retirement Account (the "IRA") set forth in the Payment Terms Notification dated as of November __, 1992, the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Thomas Koppleman

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is

executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of an Individual Retirement Account (the "IRA"), the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
James A. Johnson

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

_____
Jay I. Applebaum

_____
William Bazant

_____
Daniel H. Bushell

_____
William Figurelli

_____
Jeff Frantz

_____
David Grove

_____
John D. Kennedy

_____
James Lyon

_____
Duane J. Ratay

_____
Glenn E. Stephens

26

_____
Craig Zupke

27

PAT INVESTMENTS

By:_____
Name:
Title:

28

_____
Daniel J. Good

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of an Individual Retirement Account (the "IRA"), the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee") has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Daniel H. Bushell

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

The Beneficiary hereby acknowledges that this Amendment Agreement is executed below on the Beneficiary's behalf. If the Beneficiary owns Common Stock as beneficiary of an Individual Retirement Account (the "IRA"), the Beneficiary further acknowledges that the trustee of the IRA (the "IRA Trustee")

has been instructed by the Beneficiary to execute this Amendment Agreement and that the Beneficiary approves, as IRA beneficiary, the execution by IRA Trustee of this Amendment Agreement.

BENEFICIARY

_____
Duane J. Ratay

FOR SIGNATURE BY TRUSTEE OF BENEFICIARY'S IRA, IF APPLICABLE:

IRA TRUSTEE:

_____

By:_____
Name:
Title:

Address:

_____
_____

EXHIBIT 9.3

ASSOCIATED HOLDINGS, INC.
1075 Hawthorn Drive
Itasca, Illinois 60143

March 29, 1995

BOISE CASCADE CORPORATION
1111 West Jefferson Street
Boise, Idaho 83702
Attention: Matthew Broad

Ladies and Gentlemen:

Reference is made to that certain Voting Trust Agreement, dated as of January 31, 1992 (the "Agreement"), among Associated Holdings, Inc. (the "Company"), the voting trustees named therein and the beneficiaries named therein (including Boise Cascade Corporation ("Boise")). The Company intends to merge (the "Merger") with and into United Stationers Inc. ("USI"), with USI surviving the Merger (as such, the "Surviving Corporation"). As a result of the Merger, the Class A Common Stock, par value $0.01 per share, of the Company will be converted into shares of Common Stock, par value $0.10 per share ("Surviving Corporation Common Stock"), of the Surviving Corporation in accordance with the Agreement and Plan of Merger, dated as of February 13, 1995, between the Company and USI.

Each party hereto hereby acknowledges and agrees that (i) the term "Common Stock" in the Agreement shall include Surviving Corporation Common Stock (and any securities issued in respect of or in exchange for such shares of Surviving Corporation Common Stock, including any securities into which such shares may be converted), (ii) the term "Company" shall include the Surviving Corporation, as successor-in-interest to the Company, and (iii) Boise's rights and obligations under the Agreement shall terminate on the second anniversary of the effective time of the Merger.

Each party hereto hereby represents and warrants to each other party hereto that the execution, delivery and performance of this letter agreement and any and all documents executed and/or delivered in connection herewith have been authorized by all requisite corporate or other action on the part of such party and will not violate its respective charter, bylaws or other governing document (if any), or any material agreement to which it is a party.

THIS LETTER AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCLUDING ANY CHOICE OF LAW RULES THEREOF.

This letter agreement and the documents referred to herein contain the complete agreement and understanding of the parties hereto with respect to the matters covered hereby and they rescind and supersede any prior agreements, negotiations, commitments, writings and understandings which may have in any way related to the subject matter hereof and thereof. This letter agreement may be executed in any number of counterparts each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this letter agreement in one or more counterparts, each of which shall be deemed to be one and the same instrument, as of the date first above written.

ASSOCIATED HOLDINGS, INC.

By:_____
Name:_____
Title:_____

BOISE CASCADE CORPORATION

By:_____
Name:_____
Title:_____

EXHIBIT 10.2

EXECUTION COPY

WAIVER AND AMENDMENT NO. 1

WAIVER AND AMENDMENT NO. 1 dated as of April 13, 1995, between UNITED STATIONERS SUPPLY CO., a corporation duly organized and validly existing under the laws of the State of Illinois (the "Company"); UNITED STATIONERS INC., a corporation duly organized and validly existing under the laws of the State of Delaware ("the Guarantor" and, together with the Company, the "Obligors"); each of the lenders that is a signatory hereto; and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), a national banking association, as agent for the Lenders under the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the "Agent").

The Company, the Guarantor, certain lenders and the Agent are parties to a Credit Agreement dated as of March 30, 1995 (as heretofore modified and supplemented and in effect on the date hereof, the "Credit Agreement"), providing, subject to the terms and conditions thereof, for extensions of credit (by making of loans and issuing letters of credit) to be made by said lenders to the Company in an aggregate principal or face amount not exceeding $500,000,000. The Company, the Guarantor, certain lenders and the Agent wish to amend the Credit Agreement in certain respects, and accordingly, the parties hereto hereby agree as follows:

Section 1. Definitions. Except as otherwise defined in this Waiver and Amendment No. 1, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Waivers. Notwithstanding anything to the contrary contained in Section 9.07, 9.09 or 9.16 of the Credit Agreement and subject to Section 5 below, but effective as of the date hereof,

(a) the Lenders hereby agree and consent to the issuance of the Take-Out Notes in an aggregate principal amount not to exceed $150,000,000, provided that the proceeds of such issuance are applied as follows (and the Lenders hereby consent to such application):

(i) First, an amount of such proceeds equal to (x) $130,000,000 plus (y) accrued interest on the Bridge Loans as of the date of such

issuance shall be applied to the payment in full of the Bridge Loans;

(ii) Second, $6,500,000 of such proceeds shall be applied to the prepayment of the Term Loans in accordance with Section 2.09 of the Credit Agreement; and

(iii) Finally, the remaining amount of such proceeds shall be applied to the prepayment of the Revolving Credit Loans; and

(b) the Lenders hereby agree and consent to the redemption in full (but not any partial redemption) or repurchase of all (but not less than all) of the Guarantor's Class B Preferred Stock at any time, unless a Default has occurred and is continuing at the time the Guarantor has committed so to repurchase or redeem such Class B Preferred Stock, provided that (i) such redemption or repurchase is for an aggregate price of not more than $7,500,000, (ii) the Guarantor shall have received all applicable consents thereto (other than any such consent required under the Credit Agreement waived hereby), (iii) any such Class B Preferred Stock so repurchased shall be immediately retired, (iv) such redemption or repurchase shall be permitted only if the Take-Out Notes are issued in the aggregate principal amount of $150,000,000 and (v) such redemption or repurchase shall have taken place not more than 60 days after the Guarantor has committed to such repurchase or redemption.

Section 3. Amendments. Subject to the satisfaction of the conditions precedent specified in Section 5 below, but effective as of the date hereof, the Credit Agreement shall be amended as follows:

3.01. References in the Credit Agreement (including references to the Credit Agreement as amended hereby) to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein" and "hereof") shall be deemed to be references to the Credit Agreement as amended hereby.

3.02. Section 9.10 of the Credit Agreement shall be amended by adding immediately after clause (b) thereto the following:

"minus (c) at any time after the redemption in full or repurchase and retirement of all of the Class B Preferred Stock of the Guarantor, $3,750,000."

Section 4. Representations and Warranties. Each of the Guarantor and

the Company represents and warrants to the Lenders that (a) no Default has occurred and is continuing and

(b) the representatives and warranties set forth in Section 8 of the Credit Agreement and in each other Basic Document to which the Guarantor or the Company is a party are true and complete on the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date) and as if each reference in said Section 8 to "this Agreement" included reference to this Waiver and Amendment No. 1.

Section 5. Effectiveness. As provided in Sections 2 and 3 above, the waivers of and amendments to the Credit Agreement set forth in said Sections 2 and 3 shall become effective, as of the date hereof, upon the execution and delivery hereof.

Section 6. Miscellaneous. Except as herein provided, the Credit Agreement shall remain unchanged and in full force and effect. This Waiver and Amendment No. 1 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Waiver and Amendment No. 1 by signing any such counterpart. This Waiver and Amendment No. 1 shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Waiver and Amendment No. 1 to be duly executed and delivered as of the day and year first above written.

UNITED STATIONERS SUPPLY CO.

By /s/ ^SIGNATURE APPEARS HERE^

Title: CFO

UNITED STATIONERS INC.

By /s/ ^SIGNATURE APPEARS HERE^

Title: CFO

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION)

By /s/ John J. Coyle

Title: Vice President

ARAB BANKING CORPORATION
(B.S.C.)

By /s/ Grant E. McDonald

Title: Vice President

BANK OF AMERICA ILLINOIS

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

THE BANK OF NEW YORK

By /s/ ^SIGNATURE APPEARS HERE^

Title: Assistant Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

THE LONG-TERM CREDIT BANK OF JAPAN,
LTD., CHICAGO BRANCH

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President & Deputy General Manager

NATIONSBANK, N.A. (CAROLINAS)

By /s/ Louise C. Comiskey

Title: Vice President

VAN KAMPEN MERRITT PRIME RATE INCOME TRUST

By /s/ Jeffrey W. Malliet

Title: Vice Pres. & Portfolio Mgr.

BANK OF AMERICA ILLINOIS

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

BANK ONE, MILWAUKEE, NA

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

THE CIT GROUP/BUSINESS CREDIT, INC.

By /s/ ^SIGNATURE APPEARS HERE^

Title: Assistant Secretary

NATIONAL CANADA FINANCE CORPORATION

By /s/ C.F. Martin, Jr.

Title: Vice President & Branch Mgr.

By /s/ Leroy A. Irvin

Title: Vice President

SANWA BUSINESS CREDIT CORPORATION

By /s/ ^SIGNATURE APPEARS HERE^

Title: 1st Vice President

TRANSAMERICA BUSINESS CREDIT CORPORATION

By /s/ ^SIGNATURE APPEARS HERE^

Title: Senior Account Executive

BANK OF SCOTLAND

By /s/ Elizabeth Wilson

Title: Vice President & Branch Manager

THE NORTHERN TRUST COMPANY

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

CORESTATES BANK, N.A.

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

COMERICA BANK

By /s/ ^SIGNATURE APPEARS HERE^

Title: Assistant Vice President

THE FIRST NATIONAL BANK OF MARYLAND

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

THE MITSUBISHI TRUST AND BANKING CORPORATION CHICAGO BRANCH

By /s/ ^SIGNATURE APPEARS HERE^

Title: Chief Manager

NBD BANK

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

BANQUE PARIBAS

By /s/ Pierre Jean de Filippis

Title: General Manager

By /s/ Rosemary Davis

Title: Vice President

SOCIETY NATIONAL BANK

By /s/ ^SIGNATURE APPEARS HERE^
Title: Assistant Vice President

THE BANK OF TOKYO TRUST COMPANY

By /s/ John P. Judge
Title: ^TO COME^

UNION BANK

By /s/ ^SIGNATURE APPEARS HERE^
Title: Vice President

MICHIGAN NATIONAL BANK

By /s/ ^SIGNATURE APPEARS HERE^
Title: Vice President

CREDITANSTALT CORPORATE FINANCE, INC.

By /s/ Christina T. Schoen
Title: Vice President

By /s/ Gregory F. Mathis
Title: Vice President

KEYPORT LIFE INSURANCE COMPANY

By /s/ Stewart R. Morrison

Title: V.P. and Chief Investment Officer

STICHTING RESTRUCTURED OBLIGATIONS BACKED BY SENIOR ASSETS 2 (ROSA2)

By CHANCELLOR SENIOR SECURED MANAGEMENT, INC., as Portfolio Advisor

By /s/^SIGNATURE APPEARS HERE^

Title: Vice President

RESTRUCTURED OBLIGATIONS BACKED BY SENIOR ASSETS B.V.

By CHANCELLOR SENIOR SECURED MANAGEMENT, INC., as Portfolio Advisor

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

CERES FINANCE, LTD.

By CHANCELLOR SENIOR SECURED MANAGEMENT, INC., as Financial Managager

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

STRATA FUNDING LTD.

By CHANCELLOR SENIOR SECURED MANAGEMENT, INC., AS Financial Manager

By /s/ ^SIGNATURE APPEARS HERE^

Title: Vice President

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION),
as Agent

By /s/ JOHN J. BOYLE

Title: JOHN J. BOYLE
VICE PRESIDENT

EXHIBIT 10.9

- ---

Registration Rights Agreement

Dated as of May 3, 1995

among

United Stationers Inc.,

United Stationers Supply Co.

and

Chase Securities, Inc.

- ---

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into May 3, 1995 among UNITED STATIONERS SUPPLY CO., an Illinois corporation (the "Company"), UNITED STATIONERS INC. ("United"), a Delaware corporation, and CHASE SECURITIES, INC. (the "Initial Purchaser").

This Agreement is made in connection with the Purchase Agreement dated April 26, 1995 among the Company, United and the Initial Purchaser (the "Purchase Agreement"), which provides for the sale by the Company to the Initial Purchaser of an aggregate of $150,000,000 principal amount of the Company's 12 3/4% Senior Subordinated Notes due 2005 (the "Securities"). In order to induce the Initial Purchaser to enter into the Purchase Agreement, the Company has agreed to provide to the Initial Purchaser and its direct and indirect transferees the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Closing Date" shall mean the Closing Date as defined in the Purchase Agreement.

"Company" shall have the meaning set forth in the preamble and also includes the Company's successors.

"Depositary" shall mean The Depository Trust Company, or any other depositary appointed by the Company; provided, however, that such depositary must have an address in the Borough of Manhattan, in the City of New York.

"Exchange Offer" shall mean the exchange offer by the Company of Exchange Securities for Registrable Securities pursuant to Section 2(a) hereof.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all amendments and supplements to such registration statement, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Exchange Securities" shall mean 12 3/4% Senior Subordinated Notes due 2005 issued by the Company under the Indenture containing terms identical to the Securities (except that (i) interest thereon shall accrue from the last date on which interest was paid on the Securities or, if no such interest has been paid, from the date of their original issue, (ii) the transfer restrictions thereon shall be eliminated and (iii) certain

provisions relating to an increase in the stated rate of interest thereon shall be eliminated), to be offered to Holders of Securities in exchange for Securities pursuant to the Exchange Offer.

"Holders" shall mean the Initial Purchaser, for so long as it owns any Registrable Securities, and each of its successors, assigns and direct and indirect transferees who become registered owners of Registrable Securities under the Indenture.

"Indenture" shall mean the Indenture relating to the Securities dated as of May 3, 1995 between the Company, United and The Bank of New York, as trustee, as the same may be amended from time to time in accordance with the terms thereof.

"Initial Purchaser" shall have the meaning set forth in the preamble.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of outstanding Registrable Securities; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage or amount.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and

supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble.

"Registrable Securities" shall mean the Securities; provided, however,

that Securities shall cease to be Registrable Securities when (i) a Registration Statement with respect to such Securities shall have been declared effective under the 1933 Act and such Securities shall have been disposed of pursuant to such Registration Statement, (ii) such Securities shall be entitled to be sold to the public pursuant to Rule 144(k) (or any similar provision then in force, but not Rule 144A) under the 1933 Act, (iii) such Securities shall have ceased to be outstanding or (iv) such Securities have been exchanged for Exchange Securities upon consummation of the Exchange Offer.

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Company and United with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. ("NASD") registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws and compliance with the rules of the NASD (including reasonable fees and disbursements of one counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities), (iii) all printers' fees and expenses with respect to word processing, printing and distributing any Registration Statement, any Prospectus and any amendments or supplements thereto, (iv) all rating agency fees, (v) all fees and disbursements relating to the qualification of the Indenture under applicable securities laws; (vi) the fees and disbursements of the Trustee and its counsel and any escrow agent or custodian; (vii) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Securities on any securities exchange or exchanges, (viii) the fees and disbursements of counsel for the Company and, in the case of a Shelf Registration statement required to be filed under Section 2(b)(i), (ii) or (iii), the reasonable fees and disbursements of one counsel for the Holders (which counsel shall be selected by the Majority Holders and which counsel may also be counsel for the Initial Purchaser); (ix) the fees and disbursements of the independent public accountants of the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, and (x) in the case of a Shelf Registration statement required to be filed under Section 2(b)(i), (ii) or (iii), any reasonable disbursements of the underwriters customarily required to be paid by issuers or sellers of securities and the reasonable fees and expenses of any special experts retained by the Company in connection with any Registration Statement, but excluding fees of counsel to the underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders (other than fees and expenses set forth in clause

(viii) above) and underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" shall mean any registration statement of the

Company which covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"SEC" shall mean the Securities and Exchange Commission.

"Shelf Registration" shall mean a registration effected pursuant to Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company pursuant to the provisions of Section 2(b) hereof which covers all of the Registrable Securities on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Trustee" shall mean the trustee with respect to the Securities under the Indenture.

2. Registration Under the 1933 Act. (a) Exchange Offer Registration. To the extent not prohibited by any applicable law or applicable interpretation of the Staff of the SEC, the Company shall use its best efforts (i) to file within 30 days after the Closing Date an Exchange Offer Registration Statement covering the offer by the Company to the Holders to exchange all of the Registrable Securities for Exchange Securities, (ii) to cause such Exchange Offer Registration Statement to be declared effective by the SEC within 120 days after the Closing Date, (iii) to cause such Registration Statement to remain effective until the closing of the Exchange Offer and (iv) to consummate the Exchange Offer within 150 days following the Closing Date. The Exchange Securities will be issued under the Indenture. Upon the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Exchange Offer, it being the objective of such Exchange Offer to enable each Holder (other than Participating Broker-Dealers (as defined in Section 3(f) hereof) eligible and electing to exchange Registrable Securities for Exchange Securities (assuming that such Holder is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, acquires the Exchange Securities in the ordinary course of such Holder's business and has no arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing the Exchange Securities) to

trade such Exchange Securities from and after their receipt without any limitations or restrictions under the 1933 Act.

In connection with the Exchange Offer, the Company shall:

(i) mail to each Holder, at its address reflected on the security register, a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal (a "Letter of Transmittal") and related documents;

(ii) keep the Exchange Offer open for not less than 30 calendar days after the date notice thereof is mailed to the Holders (or longer if required by applicable law);

(iii) permit Holders to withdraw tendered Registrable Securities at any time prior to the close of business, New York City time, on the last business day on which the Exchange Offer shall remain open, by sending to the institution specified in the notice, a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange, and a statement that such Holder is withdrawing his election to have such Securities exchanged; and

(iv) otherwise comply in all respects with all applicable laws relating to the Exchange Offer.

As soon as practicable after the close of the Exchange Offer, the Company shall:

(i) accept for exchange Registrable Securities duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the Letter of Transmittal;

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Securities so accepted for exchange by the Company; and

(iii) cause the Trustee promptly to authenticate and deliver Exchange Securities to, or upon the instructions of, each Holder of Registrable Securities equal in principal amount to the Registrable Securities of such Holder so accepted for exchange.

Interest on each Exchange Security will accrue from the last date on which interest was paid on the Registrable Securities surrendered in exchange therefor or, if no interest has been paid on the Registrable Securities, from the date of its original issue. The

Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer, or the making of any exchange by a Holder, does not violate applicable law or any applicable interpretation of the Staff of the SEC. Each Holder of Registrable Securities (other than Participating Broker-Dealers) who wishes to exchange such Registrable Securities for Exchange Securities in the Exchange Offer will be required to represent that (i) it is not an affiliate of United or the Company, (ii) any Exchange Securities to be received by it were acquired in the ordinary course of its business and (iii) at the time of the commencement of the Exchange Offer, it has no arrangement with any person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Securities. The Company shall inform the Initial Purchaser of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchaser shall have the right to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

(b) Shelf Registration. (i) If, because of any change in law or applicable interpretations thereof by the Staff of the SEC, the Company is not permitted to effect the Exchange Offer as contemplated by Section 2(a) hereof, (ii) upon the request of the Initial Purchaser (with respect to any Registrable Securities which it acquired directly from the Company) within 30 calendar days after the Closing Date if the Initial Purchaser shall hold Registrable Securities which it acquired directly from the Company and if the Initial Purchaser is not permitted, in the opinion of counsel to the Initial Purchaser addressed to the Company (which counsel shall be reasonably acceptable to the Company), pursuant to applicable law or applicable interpretation of the Staff of the SEC to participate in the Exchange Offer, or (iii) if any Holder other than the Initial Purchaser is not eligible to participate in the exchange offer due to a change in law or the applicable interpretation of the staff of the Commission and such holder so notifies the Company, the Company shall, at its cost,

(A) as promptly as practicable, file with the SEC a Shelf Registration Statement relating to the offer and sale of the Registrable Securities (limited solely to the Initial Purchaser if clause (ii) alone applies) by the Holders from time to time in accordance with the methods of distribution elected by the Majority Holders of such Registrable Securities and set forth in such Shelf Registration Statement, and use its best efforts to cause such Shelf Registration Statement to be declared effective by the SEC by the later of (1) 120 days after the Closing Date and (2) 45 days after publication of the change in law or interpretation. In the event that the Company is required to file a Shelf Registration Statement upon the request of the Initial Purchaser pursuant to clause (ii) above, the Company shall file and have declared effective by the SEC both an Exchange Offer Registration Statement pursuant to Section 2(a) hereof with respect to all Registrable Securities and a Shelf Registration Statement (which may be a combined Registration Statement with the Exchange Offer Registration Statement) with respect to offers and sales of Registrable Securities held by the Initial Purchaser after completion of the Exchange Offer;

(B) use its best efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming part thereof to be usable by Holders for a period of (i), in the case of clause 2(b)(i) above, three years from the date the Shelf Registration Statement is declared effective by the SEC, or (ii) in the case of clauses 2(b)(ii) and 2(b)(iii) above, three years after the closing date, or in any case such shorter period which will terminate when all of the Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be outstanding; and

(C) notwithstanding any other provisions hereof, use its best efforts to ensure that (i) any Shelf Registration Statement complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement if reasonably requested by the Majority Holders with respect to information relating to the Holders and otherwise as required by Section 3(b) below, to use all reasonable efforts to cause any such amendment to become effective and such Shelf Registration to become usable as soon as thereafter practicable and to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(c) Expenses. The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) or 2(b).

(d) Effective Registration Statement. An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Registrable Securities pursuant to a Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have been effective during the period of such interference, until the offering of Registrable Securities pursuant to such Registration Statement may legally resume.

(e) Increase in Interest Rate. In the event that (i) the Exchange Offer Registration Statement is not filed with the SEC on or prior to the 30th calendar day after the

Closing Date (unless changes in law or the applicable interpretation of the staff of the Commission do not permit the Company to effect the Exchange Offer, in which case clause (iv) shall apply), (ii) the Exchange Offer Registration Statement is not initially declared effective on or prior to the 120th calendar day after the Closing Date (unless changes in law or the applicable interpretation of the staff of the Commission do not permit the Company to effect the Exchange Offer, in which case clause (iv) shall apply) or (iii) the Exchange Offer is not consummated on or prior to the 150th day after the Closing Date (unless changes in law or the applicable interpretation of the staff of the Commission do not permit the Company to effect the Exchange Offer, in which case clause (iv) shall apply) or (iv) a Shelf Registration Statement required under Section 2(b)(i) hereof with respect to the Registrable Securities is not initially declared effective on or prior to the later of 120th calendar day after the Closing Date or the 45th calendar day after the publication of the change in law or interpretation, the interest rate borne by the Securities shall be increased by one-half of one percent per annum following such 30-day period in the case of clause (i) above, such 120-day period in the case of clause (ii) above, such 150-day period in the case of clause (iii) above or such 120-day or 45-day period in the case of clause (iv) above (as applicable); provided that the aggregate increase in such interest rate will in no event exceed one-half of one percent per annum. Immediately upon (A) the filing of the Exchange Offer Registration Statement after the 30-day period described in clause (i) above, (B) the effectiveness of the Exchange Offer Registration Statement after the 120-day period described in clause (ii) above, (C) the consummation of the Exchange Offer after the 150-day period described in clause (iii) above or (D) the effectiveness of a Shelf Registration Statement after such 120-day or 45-day period described in clause (iv) above (as applicable), the interest rate borne by the Securities from the date of such filing, effectiveness or consummation, as the case may be, will be reduced to the original interest rate.

(f) Specific Enforcement. Without limiting the remedies available to the Initial Purchaser and the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Section 2(a) and Sections 2(b) hereof may result in material irreparable injury to the Initial Purchaser or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchaser or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Section 2(a) and Section 2(b) hereof.

(g) Acknowledgment of Holders. Each Holder shall be deemed to have

agreed that any broker-dealer and any such Holder using the Exchange Offer to participate in a distribution of the securities to be acquired in the Exchange Offer must comply with the registration and prospectus delivery requirements of the 1933 Act in connection with secondary resale transactions and that such secondary resale transactions should be covered by an effective registration statement.

3. Registration Procedures. In connection with the obligations of the Company with respect to the Registration Statements pursuant to Sections 2(a) and 2(b) hereof, the Company shall:

(a) prepare and file with the SEC a Registration Statement, within the time period specified in Section 2 hereof, on the appropriate form under the 1933 Act, which form (i) shall be selected by the Company, (ii) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof and (iii) shall comply as to form in all material respects with the requirements of the applicable form and include or incorporate by reference all financial statements required by the SEC to be filed therewith, and use its best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed if required pursuant to Rule 424 under the 1933 Act; comply with the provisions of the 1933 Act with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holders thereof; and keep each Prospectus current during the period described under Section 4(3) and Rule 174 under the 1933 Act that is applicable to transactions by brokers or dealers with respect to Exchange Securities or Registrable Securities;

(c) in the case of a Shelf Registration, (i) notify each Holder of Registrable Securities, at least five days prior to filing, that a Shelf Registration Statement with respect to the Registrable Securities is being filed and advising such Holders that the distribution of Registrable Securities will be made in accordance with the method elected by the Majority Holders; and (ii) furnish to each Holder of Registrable Securities, to counsel for the Initial Purchaser, to counsel for the Holders and to each underwriter of an underwritten offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request, including financial statements and schedules and, if the Holder so requests, all exhibits (including those incorporated by reference) in order to facilitate the public sale or other disposition of the Registrable Securities; and (iii) subject to the last paragraph of Section 3 hereof, hereby consent to the use of the Prospectus or any amendment or supplement thereto by

each of the selling Holders of Registrable Securities in connection with the offering and sale in accordance with applicable law of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto;

(d) use its best efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Securities shall reasonably request in writing by the time the applicable Registration Statement is declared effective by the SEC, to cooperate with the Holders in connection with any filings required to be made with the NASD, and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d) or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction if it is not then so subject;

(e) in the case of a Shelf Registration, notify each Holder of Registrable Securities and counsel for the Initial Purchaser promptly and, if requested by such Holder or counsel, confirm such advice in writing promptly (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Registration Statement and Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) if, between the effective date of a Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to such offering cease to be true and correct in all material respects, (v) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (vi) of the happening of any event or the discovery of any facts during the period a Shelf Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein not misleading and (vii) of any determination by the Company that a post-effective amendment to a Registration Statement would be appropriate;

(f) a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus or any document which is to be

incorporated by reference into a Registration Statement or a Prospectus after initial filing of a Registration Statement, provide copies of such document to the Initial Purchaser and its counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) and make representatives of the Company as shall be reasonably requested by the Initial Purchaser and their counsel (and, in

the case of a Shelf Registration Statement, the Holders or their counsel) available for discussion of such document and shall not at any time file or make any amendment to the Registration Statement, any Prospectus or any amendment of or supplement to a Registration Statement or a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus, of which the Initial Purchaser and its counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) shall not have previously been advised and furnished a copy or to which the Initial Purchaser or its counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) shall reasonably object unless counsel for the Company advises the Company that such filing by the Company is required under applicable law;

(g) (i) in the case of an Exchange Offer, furnish counsel for the Initial Purchaser and (ii) in the case of a Shelf Registration, furnish counsel for the Holders of Registrable Securities copies of any request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(h) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement as soon as practicable and provide immediate notice to each Holder of the withdrawal of any such order;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and cause such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request at least two business days prior to the closing of any sale of Registrable Securities;

(k) in the case of a Shelf Registration, upon the occurrence of any event or the discovery of any facts, each as contemplated by Section 3(e)(vi) hereof, use its best efforts to prepare a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such

Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company agrees to notify each Holder to suspend use of the Prospectus as promptly as practicable after

the occurrence of such an event, and each Holder hereby agrees to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission. At such time as such public disclosure is otherwise made or the Company determines that such disclosure is not necessary, in each case to correct any misstatement of a material fact or to include any omitted material fact, the Company agrees promptly to notify each Holder of such determination and to furnish each Holder such numbers of copies of the Prospectus, as amended or supplemented, as such Holder may reasonably request;

(l) obtain a CUSIP number for all Exchange Securities, or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with printed certificates for the Exchange Securities or the Registrable Securities, as the case may be, in a form eligible for deposit with the Depositary;

(m) (i) cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), in connection with the registration of the Exchange Securities, or Registrable Securities, as the case may be, (ii) cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and (iii) execute, and use its best efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(n) in the case of a Shelf Registration, enter into agreements (including customary underwriting agreements) and take all other customary and appropriate actions (including those reasonably requested by the Majority Holders) in order to expedite or facilitate the disposition of such Registrable Securities and in such connection whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration:

(i) to the extent possible, make such representations and warranties to the Holders of such Registrable Securities and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings as may be reasonably requested by them;

(ii) obtain opinions of counsel to the Company and, subject to the proviso in the first sentence of the last paragraph of this clause (n), updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and

the Majority Holders of the Registrable Securities being sold) addressed to each selling Holder and the underwriters, if any, covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(iii) obtain "cold comfort" letters and, subject to the proviso in the first sentence of the last paragraph of this clause (n), updates thereof from the Company's independent certified public accountants addressed to the underwriters, if any, and use reasonable best efforts to have such letter addressed to the selling Holders of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters to underwriters in connection with similar underwritten offerings;

(iv) enter into a securities sales agreement with the Holders and an agent of the Holders providing for, among other things, the appointment of such agent for the selling Holders for the purpose of soliciting purchases of Registrable Securities, which agreement shall be in form, substance and scope customary for similar offerings;

(v) if an underwriting agreement is entered into, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 6 hereof with respect to the underwriters and all other parties to be indemnified pursuant to said Section; and

(vi) deliver such other documents and certificates as may be reasonably requested and as are customarily delivered in similar offerings.

The above shall be done at (i) the effectiveness of such Registration Statement (and, if appropriate, each post-effective amendment thereto) and (ii) each closing under any underwriting or similar agreement as and to the extent required thereunder; provided that the updates referred to in clauses (ii) and (iii) of this paragraph (n) shall only be required in the case of (A) any closing with respect to sales under such Shelf Registration Statement of Securities having a principal amount of $7.5 million or more or, if the Initial Purchaser shall waive such updates under clause (A), then (B) in the case of up to three such closings. In the case of any underwritten offering, the Company shall provide written notice to the Holders of all Registrable Securities of such underwritten offering at least 30 days prior to the filing of a prospectus supplement for such underwritten offering. Such notice shall (x) offer each such Holder the right to participate in such underwritten offering, (y) specify a date, which shall be no earlier than 10 days following the date of such notice, by which such Holder must inform the Company of its intent to participate in such underwritten offering and (z) include the instructions such Holder must follow in order to participate in such underwritten offering;

(o) in the case of a Shelf Registration, make available for inspection

by one representative appointed by the Majority Holders of the Registrable Securities and any underwriters participating in any disposition pursuant to a Shelf Registration Statement and one counsel or accountant retained by such Holders or underwriters, all financial and other records, pertinent corporate documents and properties of the Company reasonably requested by any such persons, and cause the respective officers, directors, employees, and any other

agents of the Company to supply all information reasonably requested by any such representative, underwriter, special counsel or accountant in connection with a Registration Statement; provided, however, that any records, information or documents that are designated by the Company as confidential at the time of delivery of such records, information or documents shall be kept confidential by such persons, unless (i) such records, information or documents are in the public domain or otherwise publicly available; (ii) disclosure of such records, information or documents is required by court or administrative order, provided that such person will, promptly upon learning that disclosure of such information is sought in a court of competent jurisdiction, give notice to the Company so that the Company may at its expense undertake appropriate action to prevent disclosure of the information deemed to be confidential, (iii) disclosure of such records, information or documents, in the opinion of counsel to such person, is otherwise required by law (including, without limitation, pursuant to the requirements of the 1933 Act) or (iv) upon the advice of counsel, disclosure of such records, information or documents is necessary to avoid or correct a misstatement or omission in the Registration Statement;

(p) in the case of a Shelf Registration, use its best efforts to cause all Registrable Securities to be listed on any securities exchange on which similar debt securities issued by the Company are then listed if requested in writing by the Majority Holders or by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(q) in the case of a Shelf Registration, use its best efforts to cause the Registrable Securities to be rated with the appropriate rating agencies, if so requested by the Majority Holders or by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any, unless the Registrable Securities are already so rated;

(r) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 thereunder; and

(s) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter and its counsel.

In the case of a Shelf Registration Statement, the Company may (as a condition to such Holder's participation in the Shelf Registration) require each

Holder of Registrable Securities to furnish to the Company such information regarding such Holder and the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing.

In the case of a Shelf Registration Statement, each Holder agrees that, upon receipt of any notice from the Company of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(ii)-(vi) hereof, such Holder will

forthwith discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at its expense) all copies in its possession or certify in writing that such copies have been destroyed, in each case other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. If the Company shall give any such notice to suspend the disposition of Registrable Securities pursuant to a Shelf Registration Statement as a result of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(vi) hereof, the Company shall be deemed to have used its best efforts to keep the Shelf Registration Statement effective during such period of suspension provided that the Company shall use its best efforts to file and have declared effective (if an amendment) as soon as practicable an amendment or supplement to the Shelf Registration Statement and shall extend the period during which the Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions.

4. Underwritten Registrations. If any of the Registrable Securities covered by any Shelf Registration are to be sold in an underwritten offering as contemplated by Section 3 hereof, the investment banker or investment bankers and manager or managers (and their counsel) that will manage the offering will be agreed to by the Company and the Majority Holders of such Registrable Securities included in such offering.

No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (b) completes, executes and delivers all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required of such Holder under the terms of such underwriting arrangements.

5. Participation of Broker-Dealers in Exchange Offer

(a) The Staff of the SEC has taken the position that any broker-dealer that receives Exchange Securities for its own account in the Exchange Offer in exchange for Registrable Securities that were acquired by such broker-dealer as a result of market-making or other trading activities (a "Participating Broker-Dealer") may be deemed to be an "underwriter" within the meaning of the 1933 Act in connection with any resale of such Exchange Notes.

The Company understands that it is the Staff's position that if the Prospectus contained in the Exchange Offer Registration Statement includes a plan of distribution

containing a statement to the above effect and the means by which Participating Broker-Dealers may resell the Exchange Securities owned by them, such Prospectus may be delivered by Participating Broker-Dealers to satisfy their prospectus delivery obligations under the 1933 Act in connection with resales of Exchange Securities for their own accounts, so long as the Prospectus otherwise meets the requirements of the 1933 Act.

(b) In light of the above, notwithstanding any other provision of this Agreement, the Company agrees (x) that the provisions of this Agreement as they relate to a Shelf Registration shall also apply to an Exchange Offer Registration to the extent, and with such modifications thereto as may be, reasonably requested by the Initial Purchaser or one or more Participating Broker-Dealers, in each case as provided in clause (ii) below, in order to expedite or facilitate the disposition of any Exchange Securities by Participating Broker-Dealers consistent with the positions of the Staff recited in Section 5(a) above and (y) without limiting the preceding clause (x), to maintain the effectiveness of the Registration Statement for such purposes for the earlier of one year or until such Participating Broker Dealers have sold all Exchange Securities (as determined in accordance with FIFO accounting), but in any event only if applicable interpretations of the Staff continue to require Prospectus delivery; provided that:

(i) the Company shall not be required to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement, as would otherwise be contemplated by Section 3(k), for a period exceeding 180 days after the last Exchange Date (as such period may be extended pursuant to the last paragraph of Section 3 of this Agreement) and Participating Broker-Dealers shall not be authorized by the Company to deliver and shall not deliver such Prospectus after such period in connection with the resales contemplated by this Section 5; and

(ii) the application of the Shelf Registration procedures set forth in Section 3 of this Agreement to an Exchange Offer Registration, to the extent not required by the positions of the Staff of the SEC or the 1933 Act and the rules and regulations thereunder, will be in conformity with the reasonable request to the Company by the Initial Purchaser or with the reasonable request in writing to the Company by one or more broker-dealers who certify to the Initial Purchaser and the Company in writing that they

anticipate that they will be Participating Broker-Dealers; and provided
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further that, in connection with such application of the Shelf Registration
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procedures set forth in Section 3 to an Exchange Offer Registration, the Company shall be obligated (x) to deal only with one entity representing the Participating Broker-Dealers, which shall be the Initial Purchaser unless it elects not to act as such representative, (y) to pay the fees and expenses of only one counsel representing the Participating Broker-Dealers, which shall be counsel to the Initial Purchaser unless such counsel elects not to so act and (z) to cause to be delivered only one, if any, "cold comfort" letter with respect to the Prospectus in the form existing on the last

Exchange Date and with respect to each subsequent amendment or supplement, if any, effected during the period specified in clause (i) above.

(c) The Initial Purchaser shall have no liability to the Company or any Holder with respect to any request that it may make pursuant to this Section 5.

Section 6. Indemnification. (a) The Company and United each agree
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jointly and severally to indemnify and hold harmless the Initial Purchaser, each Holder, including Participating Broker Dealers, each underwriter who participated in an offering of the Registrable Securities and each person, if any, who controls such parties within the meaning of Section 15 of the 1933 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto) or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of an untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including

fees and disbursements of counsel chosen by you), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company or United by the Initial Purchaser expressly for use in the Registration Statement (or any amendment thereto) or any preliminary prospectus or the

Prospectus (or any amendment or supplement thereto); and provided, further, that the Company will not be liable to the Initial Purchaser or any person controlling the Initial Purchaser with respect to any such untrue statement or omission made in any preliminary prospectus that is corrected in the Prospectus (or any amendment or supplement thereto) if the person asserting any such loss, claim, damage or liability purchased Securities from the Initial Purchaser in reliance upon a preliminary prospectus but was not sent or given a copy of the Prospectus (as amended or supplemented) at or prior to the written confirmation of the sale of such Securities to such person in any case where such delivery of the Prospectus (as so amended or supplemented) is required by the 1933 Act, unless such failure to deliver the Prospectus (as amended or supplemented) was a result of noncompliance by the Company with Section 3 of this Agreement.

(b) The Initial Purchaser agrees to indemnify and hold harmless each of the Company, United and each person, if any, who controls the Company or United within the meaning of Section 15 of the 1933 Act, against any and all loss, liability, claim, damage and expense described in the indemnity agreement in Section (a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company or United by the Initial Purchaser expressly for use in the Registration Statement (or any amendment thereto), or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) In the case of a Shelf Registration, each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, United, the Initial Purchaser, each underwriter who participates in an offering of Registrable Securities and the other selling Holders and each person, if any, who controls such persons within the meaning of Section 15 of the 1933 Act, against any and all losses, liabilities, claims, damages and expenses described in the indemnity contained in (a) hereof, as incurred, but only with respect to untrue statements

or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company or United by such Holder, expressly for use in the Registration Statement (or any amendment thereto), or the Prospectus (or any amendment or supplement thereto); provided, however, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Shelf Registration Statement.

(d) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying

party may participate at its own expense in the defense of such action. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

(e) In order to provide for just and equitable contribution in circumstances under which the indemnity provided for in this Section 6 is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company, United and the Initial Purchaser shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity incurred by the Company, United and the Initial Purchaser, as incurred, in such proportions that the Initial Purchaser is responsible for that portion represented by the percentage that the initial purchaser's discount appearing on the cover page of the Prospectus bears to the price to investors appearing thereon, and the Company and United are responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 1(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls the Initial Purchaser within the meaning of Section 5 of the 1933 Act shall have the same rights to contribution as the Initial Purchaser, and each director of the Company or United, each officer of the Company or United who signed the Registration Statement, and each person, if any, who controls the Company or United within the meaning of Section 5 of the 1933 Act shall have the same rights to contribution as the Company or United.

7. Miscellaneous. (a) Rule 144 and Rule 144A. Regardless of whether the Company is subject to the reporting requirements of Section 13 or 15 of the 1934 Act, the Company covenants that it will file the reports that would be required to be filed by it under Section 13(a) or 15(d) of the 1934 Act and

the rules and regulations adopted by the SEC thereunder if such Sections were applicable to it, and that if it ceases to be permitted to file such reports, it will upon the request of any Holder of Registrable Securities (i) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act and (ii) deliver such information to a prospective purchaser as is reasonably necessary to permit sales pursuant to Rule 144A under the 1933 Act, in each case, to the extent required from time to time to enable such Holder to sell its Registrable Securities without registration under the 1933 Act within the limitation of the exemptions provided by (x) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (y) Rule 144A under the 1993 Act, as such Rule may be amended from time to time, or (z) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

(b) No Inconsistent Agreements. Neither the Company or United has
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entered into nor will the Company or United on or after the date of this Agreement enter into, any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The Company and United represent and warrant that the rights granted to the Holders hereunder do not conflict with and are not inconsistent with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

(c) Amendments and Waivers. The provisions of this Agreement,
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including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or departure; provided, however, that no amendment, modification,
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supplement or waiver or consent to any departure from the provisions of Section 6 hereof shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder.

(d) Notices. All notices and other communications provided for or
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permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 7(d), which address initially is, with respect to the Initial Purchaser, the address set forth in the Purchase Agreement and (ii) if to the Company, initially at the Company's address set forth in the Purchase Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 7(d).

All such notices and communications shall be deemed to have been duly given at the time delivered by hand, if personally delivered; three business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Trustee, at the address specified in the Indenture.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms hereof or of the Purchase

Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities, such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(f) Third Party Beneficiary. The Initial Purchaser shall be third party beneficiary to the agreements made hereunder between the Company, on the one hand, and the Holders, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

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

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

(i) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS PERFORMED ENTIRELY IN THAT STATE.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

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

UNITED STATIONERS INC.

By: _____
Name:
Title:

UNITED STATIONERS SUPPLY CO.

By: _____
Name:
Title:

Confirmed and accepted as of the date first above written:

CHASE SECURITIES, INC.

By: _____
Name:
Title:

EXHIBIT 10.10

UNITED STATIONERS SUPPLY CO.
$150,000,000 Senior Subordinated Notes due 2005

_____

Purchase Agreement

April 26, 1995

Chase Securities, Inc.
One Chase Manhattan Plaza
New York, New York 10081

Ladies and Gentlemen:

United Stationers Supply Co., an Illinois corporation (the "Company"), a wholly-owned subsidiary of United Stationers Inc., a Delaware corporation (the "Guarantor"), proposes to issue and sell to you (the "Initial Purchaser") an aggregate of $150,000,000 principal amount of its 12 3/4% Senior Subordinated Notes due 2005 (the "Securities"). The securities will be unconditionally guaranteed by the Guarantor (the "Guarantee"). The Securities are to be issued pursuant to an indenture to be dated as of May 3, 1995 (the "Indenture") among the Company, the Guarantor, and The Bank of New York, as trustee (the "Trustee"). The Securities and the Indenture are more fully described in the Offering Memorandum referred to below. Capitalized terms used herein and not otherwise defined herein have the respective meanings specified in the Offering Memorandum.

The Securities will be offered and sold to you without being registered under the Securities Act of 1933, as amended (the "1933 Act"), in reliance on an exemption therefrom. The Company has prepared a preliminary offering memorandum, dated April 5, 1995 (such preliminary offering memorandum being hereinafter referred to as the

"Preliminary Offering Memorandum"), and an offering memorandum, dated April 26, 1995 (such offering memorandum, in the form first furnished to the Initial Purchaser for use in connection with the offering of the Securities, being hereinafter referred to as the "Offering Memorandum"), setting forth information

regarding the Company and the Securities. The Company hereby confirms that it has authorized the use of the Preliminary Offering Memorandum and the Offering Memorandum in connection with the offering and resale of the Securities to such potential purchasers as specified therein.

The Company understands that you propose to make an offering of the Securities on the terms set forth in the Offering Memorandum, as soon as you deem advisable after this Agreement has been executed and delivered only (i) to persons in the United States whom you reasonably believe to be qualified institutional buyers ("Qualified Institutional Buyers") as defined in Rule 144A under the 1933 Act, as such rule may be amended from time to time ("Rule 144A"), in transactions under Rule 144A, (ii) to a limited number of other institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under Regulation D of the 1933 Act ("Accredited Investors")) in private sales exempt from registration under the 1933 Act and/or (iii) to non-U.S. persons outside the United States to whom offers and sales of the Securities may be made in reliance upon Regulation S under the 1933 Act.

The holders of the Securities will be entitled to the benefits of a Registration Rights Agreement, in substantially the form attached hereto as Exhibit A with such changes as shall be agreed to by the parties hereto (the "Registration Rights Agreement"), pursuant to which the Company has agreed to use its best efforts to file within 30 days of the date of original issue of the Securities a registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") registering the Securities or the Exchange Securities referred to in the Registration Rights Agreement under the 1933 Act.

Section 1. Representations and Warranties. (a) The Company represents and warrants to, and agrees with, the Initial Purchaser that:

(i) As of the date of each of the Preliminary Offering Memorandum and the Offering Memorandum, and at all times subsequent thereto up to the Time of Delivery, none of the Preliminary Offering Memorandum, the Offering Memorandum nor any amendment or supplement thereto prepared by the Company and delivered to the Initial Purchaser for use prior to the Time of Delivery included or will include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Initial Purchaser expressly for use therein.

(ii) The Preliminary Offering Memorandum, the Offering Memorandum and the amendments or supplements thereto prepared by the Company and delivered to the Initial Purchaser for use prior to the Time of Delivery,

as of their respective dates, collectively contain all the information specified in, and meet the requirements of, Rule 144A(d)(4).

(iii) Arthur Andersen LLP, who are reporting upon the audited financial statements included in the Registration Statement, are independent public accountants as required by the 1933 Act and the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations").

(iv) This Agreement has been duly authorized, executed and delivered by each of the Company and the Guarantor.

(v) The consolidated financial statements included in the Offering Memorandum present fairly the consolidated financial position of each of the Guarantor and its subsidiaries and Associated Holdings, Inc. ("Associated") and its subsidiaries as of the dates indicated and the consolidated results of operations and the consolidated cash flows of the Guarantor and its subsidiaries and Associated and its subsidiaries for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved other than the change in accounting for inventories to the LIFO method effective January 1, 1995. The selected financial data included in the Offering Memorandum present fairly the information shown therein and have been compiled on a basis consistent with that of the audited consolidated financial statements included in the Offering Memorandum. The pro forma financial statements and other pro forma financial information included in the Offering Memorandum present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements, have been properly compiled on the pro forma bases described therein, and, in the opinion of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein.

(vi) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in the Offering Memorandum; and the Company is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect

on the Company, the Guarantor and the Subsidiaries (as defined herein), considered as one enterprise.

(vii) The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in the Offering Memorandum; and the Guarantor is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company, the Guarantor and the Subsidiaries, considered as one enterprise.

(viii) The Guarantor's only direct subsidiary is the Company. The Company's only subsidiaries are United Business Computers, Inc. ("UBC"), United Stationers Hong Kong Limited ("USHK"), United Worldwide Limited ("UW"), CJS/GT Corporation ("CJS") and 4303 Pleasantville Road Associates, L.P. ("4303" and, together with UBC, USHK, UW and CJS, the "Subsidiaries"). Each Subsidiary is a corporation or limited partnership, as applicable, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation with corporate power and authority under such laws to own, lease and operate its properties and conduct its business; and each Subsidiary is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company, the Guarantor and the Subsidiaries, considered as one enterprise. All of the outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable. All of the outstanding shares of capital stock of the Company are owned by the Guarantor free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, except as disclosed in the Preliminary Offering Memorandum and the Offering Memorandum. Schedule 1(a)(viii) attached hereto sets forth the Company's ownership of capital stock of each Subsidiary. The Company owns such capital stock of each such Subsidiary free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, except as disclosed in the Preliminary Offering Memorandum and the Offering Memorandum or as set forth in Schedule 1(a)(viii) attached hereto.

(ix) The table in the Offering Memorandum under the caption "Capitalization," under "Pro Forma at December 31, 1994," sets forth the pro forma

consolidated capitalization of the Guarantor as of the date indicated therein, as adjusted to give effect to the consummation of the Mergers.

(x) The Indenture has been duly authorized by the Company and by

the Guarantor, will be substantially in the form heretofore delivered to you and, when duly executed and delivered by the Company, the Guarantor and the Trustee, will constitute a valid and binding obligation of the Company and the Guarantor, enforceable against the Company and the Guarantor in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent conveyances or transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law); and the Indenture conforms in all material respects to the description thereof in the Offering Memorandum.

(xi) The Securities have been duly authorized by the Company, and the Guarantee has been duly authorized by the Guarantor. When executed, authenticated, issued and delivered by the Company in the manner provided for in the Indenture and sold and paid for as provided in this Agreement, the Securities will constitute valid and binding obligations of the Company entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent conveyances or transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and the Guarantee, when the Indenture has been duly executed and delivered by the Guarantor, will constitute a valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent conveyances or transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law); and each of the Securities and the Guarantee conforms in all material respects to the descriptions thereof in the Offering Memorandum.

(xii) The Registration Rights Agreement has been duly authorized by the Company and the Guarantor, will be substantially in the form heretofore delivered to you and, when duly executed and delivered by the Company, the Guarantor and the Initial Purchaser, will constitute a valid and binding obligation of the Company and

the Guarantor, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent conveyances or transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether

enforcement is considered in a proceeding in equity or at law); and the Registration Rights Agreement conforms in all material respects to the description thereof in the Offering Memorandum.

(xiii) All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; all of the outstanding shares of capital stock of the Guarantor have been duly authorized and validly issued and are fully paid and non-assessable; no holder thereof is or will be subject to personal liability by reason of being such a holder; and none of the outstanding shares of capital stock of the Guarantor was issued in violation of the preemptive rights of any stockholder of the Guarantor.

(xiv) Since the respective dates as of which information is given in the Offering Memorandum, except as otherwise stated therein or contemplated thereby, there has not been (A) any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise, (B) any transaction entered into by the Company, the Guarantor or any Subsidiary, other than in the ordinary course of business, that is material to the Company, the Guarantor and the Subsidiaries, considered as one enterprise, or (C) any dividend or distribution of any kind declared, paid or made by the Company or the Guarantor on their capital stock except for dividends declared on the Guarantor's Series A, B and C Preferred Stock effective April 30, 1995.

(xv) None of the Company, the Guarantor nor any Subsidiary is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound or to which any of its properties may be subject, except for such defaults that are disclosed in the Offering Memorandum or that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise. The execution and delivery of the Indenture by the Company and the Guarantor, the execution and delivery of this Agreement by the Company and the Guarantor, the issuance and delivery by the Company of the Securities, the consummation by each of the Company, the Guarantor and each Subsidiary of the transactions contemplated in this Agreement and in the Offering Memorandum, and the compliance by each of the

Company and the Guarantor with the terms of the Indenture have been duly authorized by all necessary corporate action on the part of each of the Company and the Guarantor and do not and will not result in any violation of the charter or by-laws of the Company, the Guarantor or any Subsidiary, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property

or assets of the Company, the Guarantor or any Subsidiary under (A) any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company, the Guarantor or any Subsidiary is a party or by which it may be bound or to which any of its properties may be subject (except for such violations, conflicts, breaches or defaults or liens, charges or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise) or (B) any existing applicable law, rule, regulation (other than the securities or blue sky laws of any states), judgment, order or decree of any government, governmental authority or court, domestic or foreign, having jurisdiction over the Company, the Guarantor or any Subsidiary or any of their respective properties (except for such violations, conflicts, breaches or defaults or liens, charges or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise).

(xvi) No authorization, approval, consent, order, registration or qualification of or with any government, governmental instrumentality or court, domestic or foreign (other than under the securities or blue sky laws of the various states), except such authorizations, approvals, consents, orders, registrations or qualifications as have already been obtained, is required for the consummation by the Company, the Guarantor or any Subsidiary of the transactions contemplated in this Agreement and in the Offering Memorandum, and the valid authorization, issuance, sale and delivery of the Securities by the Company, or for the execution, delivery or performance of the Indenture by the Company and the Guarantor.

(xvii) Except as disclosed in the Offering Memorandum, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, domestic or foreign, now pending or, to the knowledge of the Company, threatened against or affecting the Company, the Guarantor or any Subsidiary that is required to be disclosed in the Offering Memorandum or that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise, or that could reasonably be expected to materially and adversely affect the properties or assets of the

Company, the Guarantor and the Subsidiaries, considered as one enterprise, or that could reasonably be expected to adversely affect the consummation of the transactions contemplated by this Agreement, or that seeks to enjoin, invalidate or obtain any award or damages in respect of, the Acquisition; the aggregate of all pending legal or governmental proceedings that are not described in the Offering Memorandum to which the Company, the Guarantor or any Subsidiary is a party or which affect any of their

respective properties, including ordinary routine litigation incidental to the business of the Company, the Guarantor or any Subsidiary, would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise.

(xviii) The Company, the Guarantor and the Subsidiaries each have good and marketable title to all properties and assets described in the Offering Memorandum as owned by it, free and clear of all liens, charges, encumbrances or restrictions, except such as (A) are described in the Offering Memorandum or (B) are neither material in amount nor materially significant in relation to the business of the Company, the Guarantor and the Subsidiaries, considered as one enterprise; all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company, the Guarantor and the Subsidiaries hold properties described in the Offering Memorandum, are in full force and effect, and none of the Company, the Guarantor nor any Subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company, the Guarantor or any Subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of such corporation to the continued possession of the leased or subleased premises under any such lease or sublease.

(xix) The Company, the Guarantor and the Subsidiaries each owns, possesses or has obtained all material governmental licenses, permits, certificates, consents, orders, approvals and other authorizations necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, and none of the Company, the Guarantor nor any Subsidiary has received any notice of proceedings relating to revocation or modification of any such licenses, permits, certificates, consents, orders, approvals or authorizations.

(xx) The Company, the Guarantor and the Subsidiaries each owns or possesses, or can acquire on reasonable terms, adequate patents, patent licenses, trademarks, service marks and trade names necessary to carry on its business as presently conducted, and none of the Company, the Guarantor nor any Subsidiary has received any notice of infringement of or conflict with asserted rights of others with respect to any patents, patent licenses, trademarks, service marks or trade names that

in the aggregate, if the subject of an unfavorable decision, ruling or finding, could materially adversely affect the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise.

(xxi) To the best knowledge of the Company, no labor problem exists with its employees or with employees of the Subsidiaries or is imminent that could reasonably be expected to adversely affect the Company, the

Guarantor and the Subsidiaries, considered as one enterprise, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or the Subsidiaries' principal suppliers, contractors or customers that could reasonably be expected to materially adversely affect the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise.

(xxii) The Company has not taken and will not take, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in stabilization or manipulation of the price of the Securities.

(xxiii) All United States federal income tax returns of the Company, the Guarantor and the Subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided. The United States federal income tax returns of the Company through the fiscal year ended August 31, 1990 and of Stationers Distributing Company, Inc. through December 31, 1991 have been settled and no assessment in connection therewith has been made against the Company. The Company, the Guarantor and the Subsidiaries each has filed all other tax returns that are required to have been filed by it pursuant to applicable foreign, state, local or other law except insofar as the failure to file such returns would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise, and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company, the Guarantor and the Subsidiaries, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise.

(xxiv) The Company, the Guarantor and the Subsidiaries each maintains a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the

recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xxv) No event of default exists under any material contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument constituting Senior Indebtedness (as defined in the Indenture).

(xxvi) The Company is, and immediately after the Closing Time will be, Solvent. As used herein, the term "Solvent" means, with respect to the Company on a particular date, that on such date (A) the fair market value of the assets of the Company is greater than the total amount of liabilities (including contingent liabilities) of the Company, (B) the present fair salable value of the assets of the Company is greater than the amount that will be required to pay the probable liabilities of the Company on its debts as they become absolute and matured, (C) the Company is able to pay its debts and other liabilities, including contingent obligations, as they mature and (D) the Company does not have an unreasonably small capital.

(xxvii) Except as would not individually or in the aggregate have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise, (A) each of the Company, the Guarantor and each Subsidiary is in material compliance with all applicable Environmental Laws, (B) each of the Company, the Guarantor and each Subsidiary has all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or, to the knowledge of the Company, threatened Environmental Claims against the Company, the Guarantor or any Subsidiary, and (D) there are no conditions with respect to any property or operations of the Company, the Guarantor or any Subsidiary that could reasonably be expected to form the basis of an Environmental Claim against the Company, the Guarantor or any Subsidiary.

For purposes of this Agreement, the following terms shall have the following meanings: "Environmental Law" means any applicable United States (or other applicable jurisdiction's) federal, state, provincial, local or municipal statute, law, rule, regulation, ordinance, code, legally binding policy or rule of common law and

any applicable judicial or administrative interpretation thereof including any applicable and binding judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or any hazardous chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority. "Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating in any way to any Environmental Law.

(xxviii) Assuming the accuracy of your representations contained in Section 2(d) hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Initial Purchaser under, or in connection with the initial resale of such Securities by the Initial Purchaser in accordance with, this Agreement and the Offering Memorandum to register the Securities under the 1933 Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(xxix) None of the Company or any affiliate (as such term is defined in Rule 501(b) of Regulation D under the 1933 Act) of the Company, or any person acting on behalf thereof (other than you, as to whom the Company makes no representation), has engaged in any directed selling efforts (as such term is defined in Regulation S ("Regulation S") under the 1933 Act) with respect to any Securities offered and sold in reliance on Rule 903 of Regulation S, and the Company and such affiliates, and such other persons acting on behalf thereof (other than you and any initial purchasers of the Securities from you), have complied with the offering restrictions requirement of Regulation S with respect to such Securities if any are imposed prior to the Time of Delivery.

(xxx) The Company has complied and will comply with all the provisions of Florida H.B. 1771, codified as Section 517.075 of the Florida statutes, and all regulations promulgated thereunder relating to issuers doing business in Cuba.

(xxi) The Company and each Subsidiary maintain reasonably adequate insurance covering their respective properties, operations, personnel and business.

(xxxii) Neither the Company nor the Guarantor is an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

(b) Any certificate signed by any officer of the Company, the Guarantor or any Subsidiary and delivered to the Initial Purchaser or to counsel for the Initial Purchaser

shall be deemed a representation and warranty by the Company to the Initial Purchaser as to the matters covered thereby.

Section 2. Sale and Delivery to the Initial Purchaser; Closing. (a) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Initial Purchaser, and the Initial Purchaser agrees to purchase from the Company, at a purchase price of 97% of the principal amount thereof, plus

accrued interest, if any, from May 3, 1995 to the Time of Delivery hereunder, $150,000,000 aggregate principal amount of Securities.

(b) Securities to be purchased by the Initial Purchaser hereunder, in such authorized denominations and registered in such names as the Initial Purchaser may request upon at least forty-eight hours prior notice to the Company, shall be delivered by or on behalf of the Company to you for the account of the Initial Purchaser, against payment by the Initial Purchaser or on its behalf of the purchase price therefor by wire transfer to the Company's account at The Chase Manhattan Bank (National Association), all at the office of Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, at 10:00 a.m., New York time, on May 3, 1995 or at such other time and date as the Initial Purchaser and the Company may agree upon in writing, such time and date being herein called the "Time of Delivery." Such certificates will be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery.

(c) Upon the authorization by the Initial Purchaser of the release of the Securities, the Initial Purchaser proposes to offer the Securities for sale only upon the terms and conditions set forth in the Offering Memorandum.

(d) The Initial Purchaser represents and warrants that it is an Accredited Investor. The Initial Purchaser agrees with the Company that it (a) will not solicit offers for, or offer or sell, the Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) and (b) will offer and sell the Securities only upon the terms and conditions set forth in the Offering Memorandum. The Initial Purchaser represents and warrants to and agrees with the Company that the Securities have been and will be offered for sale and will be sold by the Initial Purchaser solely to (i) persons reasonably believed by it to be "qualified institutional buyers" within the meaning of Rule 144A under the Act and/or (ii) a limited number of persons who are institutional "accredited investors" within the meaning of Rule 501(a) (1), (2), (3) or (7) under the Act, and that the Initial Purchaser has not and will not offer the Securities for sale by means of any general solicitation or general advertising within the meaning of Rule 502(c) under the Act. The Initial Purchaser agrees that, prior to or simultaneously with the confirmation of sale by the Initial Purchaser to any purchaser of any of the Securities purchased by it from the Company pursuant hereto, it shall furnish to that purchaser a copy of the Offering

Memorandum (and any amendment thereof or supplement thereto that the Company shall have furnished to you prior to the date of such confirmation of sale).

Section 3. Certain Covenants of the Company. The Company covenants with the Initial Purchaser as follows:

(a) to furnish the Initial Purchaser with copies of the Offering Memorandum in such quantities as the Initial Purchaser may from time to time

reasonably request, and if at any time prior to the completion of the sale of the Securities by the Initial Purchaser to third parties any event shall have occurred as a result of which the Offering Memorandum as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made when such Offering Memorandum is delivered, not misleading, to promptly inform the Initial Purchaser and prepare and furnish without charge to the Initial Purchaser and to any dealer in securities as many copies as the Initial Purchaser may from time to time reasonably request of an amended Offering Memorandum or a supplement to the Offering Memorandum which will correct such statement or omission or effect such compliance and to which the Initial Purchaser shall not have reasonably objected after being furnished copies thereof;

(b) before amending or supplementing either the Preliminary Offering Memorandum or the Offering Memorandum, to furnish to you a copy of each such proposed amendment and not to use any such proposed amendment or supplement to which you reasonably object.

(c) promptly from time to time to take such action as the Initial Purchaser may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as the Initial Purchaser may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the placement of the Securities, provided that in connection therewith
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the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(d) none of the Company or any of its affiliates (as such term is defined in Rule 501(b) of Regulation D under the 1933 Act) will offer, sell or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the 1933 Act) which could be integrated with the sale of the Securities in a manner that would require the registration of any of the Securities under the 1933 Act;

(e) during the period from the Time of Delivery to the earlier of (i) three years after the Time of Delivery or (ii) the date of effectiveness of the Registration Statement, the Company will not, and will not permit any of its affiliates (as such term is

defined in Rule 144 under the 1933 Act) to, resell any of the Securities that have been reacquired thereby, except for Securities purchased by the Company or any of its affiliates and resold in a transaction registered under the 1933 Act;

(f) the Company will, so long as any Securities issued by it are outstanding, file on a timely basis with the Commission, to the extent such filings are accepted by the Commission and whether or not the Company has a class of securities registered under the 1934 Act, the annual reports, quarterly

reports and other documents that the Company would be required to file if it were subject to Section 13 or Section 15 of the 1934 Act. For a period of five years after the Time of Delivery, the Company will furnish to you copies of all such reports and information, together with such other documents, reports and information as shall be furnished by the Company to the holders of the Securities issued by it;

(g) each Security will bear the following legend until, in the opinion of counsel for the Company, such legend shall no longer be necessary or advisable because such Security is no longer subject to the restrictions on transfer described therein:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE WHICH IS THREE YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER OF THIS SECURITY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE

TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (A)(1), (A)(2), (A)(3) OR (A)(7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL "ACCREDITED INVESTOR," FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO THE COMPANY AND THE TRUSTEE AND (ii) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE

TRANSFEROR TO THE TRUSTEE;

(h) except following the effectiveness of the Registration Statement, none of the Company or any affiliate (as such term is defined in Rule 501(b) of Regulation D under the 1933 Act) of the Company, or any person acting on behalf thereof (other than you), will engage in any directed selling efforts (as such term is defined under Regulation S) with respect to any Security, and each of the Company and such affiliates, and such other persons acting on behalf thereof, will comply with the offering restrictions requirement of Regulation S, if any have been imposed;

(i) not to solicit any offer to buy or offer or sell any Securities by means of any form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933 Act) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act;

(j) for a period of five years following the date hereof, to furnish promptly to the Initial Purchaser copies of each report provided by the Company to the holders of the Securities;

(k) to comply with all of its agreements set forth in the Registration Rights Agreement and all of its agreements set forth in the representation letter of the Company to DTC relating to the approval of the Securities by DTC for book-entry transfer;

(l) to use its reasonable best efforts to effect the inclusion of the Securities in PORTAL;

(m) until completion of the Exchange Offer, to furnish at its expense, upon the request of holders of Securities and prospective purchasers of Securities, information satisfying the requirement of Rule 144A(d)(4);

(n) The Company has complied and will comply with all the provisions of Florida H.B. 1771, codified as Section 517.075 of the Florida statutes, and all regulations promulgated thereunder relating to issuers doing business in Cuba.

(o) neither it nor the Guarantor will be or become, at any time prior to the expiration of three years after the Time of Delivery, an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under the Investment Company Act;

(p) to apply the net proceeds from the sale of the Securities for the purposes set forth in the Offering Memorandum; and

(q) to supply to the Initial Purchaser a solvency letter from Valuation Research Corp. to the effect of Section 1(a)(xxvi) hereof in form and substance reasonably satisfactory to the Initial Purchaser.

Section 4. Payment of Expenses. The Company and Guarantor will jointly and severally pay and bear all costs and expenses incident to the performance of their obligations under this Agreement, including (a) the preparation and printing of the Preliminary Offering Memorandum and the Offering Memorandum and any amendments or supplements thereto, and the cost of furnishing copies thereof to the Initial Purchaser, (b) the preparation, printing and distribution of this Agreement, the Indenture, the Registration Rights Agreement, the Securities, the Blue Sky Survey and the Legal Investment Survey, (c) the delivery of the Securities to the Initial Purchaser, (d) the fees and disbursements of the Company's counsel and accountants, (e) the qualification of the Securities under the applicable securities laws in accordance with Section 3(b) and any filing for review of the offering with the National Association of Securities Dealers, Inc., including filing fees and fees and disbursements of counsel for the Initial Purchaser in connection therewith and in connection with the Blue Sky Survey and the Legal Investment Survey, (f) any fees charged by rating agencies for rating the Securities, (g) the fees and expenses of the Trustee, including the fees and disbursements of counsel for the Trustee, in connection with the

Indenture and the Securities, (h) all fees and expenses in connection with the registration of the Securities in accordance with the Registration Rights Agreement, (i) all fees and expenses in connection with the designation of the Securities as PORTAL securities, (j) fees and disbursements of Valuation Research Corp. in connection with the solvency letter required by Section 5(g), and (k) all other costs and expenses incident to the performance of their obligations hereunder which are not otherwise specifically provided for in this Section.

If this Agreement is terminated by the Initial Purchaser in accordance with the provisions of Section 5 or 9(a)(i), the Company shall reimburse the Initial Purchaser for all its out-of-pocket expenses, including the fees and disbursements of counsel for the Initial Purchaser.

Section 5. Conditions of Initial Purchaser's Obligations. The obligations of the Initial Purchaser to purchase and pay for the Securities that it has agreed to purchase hereunder are subject to the accuracy of the representations and warranties of the Company contained herein or in certificates of any officer of the Company, the Guarantor or any Subsidiary delivered pursuant to the provisions hereof, to the performance by the Company and the Guarantor of their respective obligations hereunder, and to the following further conditions:

(a) At the Closing Time, you shall have received a signed opinion of Weil, Gotshal & Manges, counsel for the Company and the Guarantor, dated as of the Closing Time, in form and substance satisfactory to counsel for the Initial Purchaser, to the effect that:

(i) The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(ii) All of the outstanding shares of the Guarantor's capital stock are duly authorized, validly issued, fully paid and nonassessable, with no personal liability attaching to the ownership thereof, and have not been issued in violation of any preemptive rights of any stockholder of the Guarantor.

(iii) The execution, delivery and performance of the Indenture, the Registration Rights Agreement and this Agreement by the Guarantor have been duly authorized by all necessary corporate action on the part of the Guarantor. Each of the Indenture, the Registration Rights Agreement and this Agreement has been duly and validly executed and delivered by the Guarantor and (assuming the due authorization, execution and delivery thereof by each of the other parties thereto, including the Company) constitutes the legal, valid and

binding obligation of the Guarantor and the Company, as applicable, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors rights and remedies generally, and subject as to enforceability to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) and except that rights to indemnification and contribution under this Agreement and the Registration Rights Agreement may be limited by federal or state securities laws or public policy relating thereto and subject to the qualification that such counsel expresses no opinion as to the effect on the Indenture or this Agreement of the laws of any jurisdiction other than federal law and the laws of the States of New York and Texas wherein any purchaser of the Securities may be located or wherein enforcement of the Indenture or the Purchase Agreement may be sought which limits the rate of interest legally chargeable or collectible.

(iv) Assuming the due authorization and execution of the Securities by the Company, the Securities, when duly authenticated by the Trustee in accordance with the terms of the Indenture and duly delivered against receipt of payment therefor in accordance with the terms of this Agreement, will constitute the legal, valid and binding obligation of the Company, enforceable against it in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to

enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) and subject to the qualification that such counsel expresses no opinion as to the effect on the Securities of the laws of any jurisdiction other than federal law and the laws of the States of New York and Texas wherein any purchaser of the Securities may be located or wherein enforcement may be sought which limits the rate of interest legally chargeable or collectible.

(v) The execution and delivery of this Agreement, the Indenture and the Registration Rights Agreement by the Company and the Guarantor, the issuance and delivery of the Securities by the Company and the consummation by the Company and the Guarantor of the transactions contemplated thereby and compliance by the Company and the Guarantor with any of the provisions thereof will not (a) conflict with, constitute a default under or violate (i) any of the terms, conditions or provisions of the certificate of incorporation or by-laws of the Guarantor, United Business Computers, Inc. or the Subsidiaries,

(ii) any of the terms, conditions or provisions of any document, agreement or other instrument to which the Guarantor, the Company or any Subsidiary is a party or by which it is bound of which we are aware (except for such conflicts, defaults or violations that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise), (iii) any New York, Delaware corporate or federal law or regulation (other than federal and state securities or blue sky laws, as to which such counsel expresses no opinion) or (iv) any judgment, writ, injunction, decree, order or ruling of any court or government authority binding on the Company, the Guarantor or any Subsidiary of which such counsel is aware or (b) result in the creation of any lien on any of the material assets or properties of the Company, the Guarantor or any Subsidiary pursuant to any material agreement to which the Company, the Guarantor or any Subsidiary is a party of which we are aware.

(vi) The Indenture, the Securities, the Registration Rights Agreement, the Credit Agreement, dated as of March 30, 1995, among the Company, the Guarantor, The Chase Manhattan Bank (National Association), and the lenders party thereto, and Article Fourth of the Restated Certificate of Incorporation of the Guarantor, as amended to the date hereof, conform in all material respects to the descriptions thereof in the Offering Memorandum.

(vii) No consent, approval, waiver, license or authorization or other action by or filing with any New York, Delaware corporate or

federal governmental authority is required in connection with the execution and delivery by the Company of the Securities or for the execution, delivery or performance of the Indenture by the Company and the Guarantor, except for federal and state securities or blue sky laws, as to which such counsel expresses no opinion in this paragraph (vii).

(viii) Except as disclosed in the Offering Memorandum, to our knowledge, there is no litigation, proceeding or governmental investigation pending or overtly threatened against the Company or the Guarantor or any of the Subsidiaries that relates to any of the transactions contemplated by the Agreement, the Indenture, the Securities and the Registration Rights Agreement or which, if adversely determined, would have a material adverse effect on the business, assets or financial condition of the Guarantor, the Company and the Subsidiaries taken as a whole or on the ability of either the Guarantor or the Company to perform its respective obligations under the Agreement, the Indenture, the Securities and the Registration Rights

Agreement to which it is a party or to consummate the transactions contemplated by the Offering Memorandum.

(ix) Such counsel has participated in conferences with officers and other representatives of the Guarantor and the Company and representatives of the independent public accountants for the Guarantor and the Company in connection with the preparation of the Offering Memorandum and although such counsel has not independently verified and is not passing upon and assumes no responsibility for the accuracy, completeness or fairness of the statements contained in the Offering Memorandum (except to the extent specified in the foregoing opinion) no facts have come to such counsel's attention which lead such counsel to believe that the Offering Memorandum, at any time from the date thereof through the Time of Delivery, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading (it being understood that such counsel expresses no view with respect to the financial statements and related notes, the projections and the other financial, statistical and accounting data included in or appended as exhibits to the Offering Memorandum).

Such opinion shall be to such further effect with respect to other legal matters relating to this Agreement and the sale of the Securities pursuant to this Agreement as counsel for the Initial Purchaser may reasonably request no less than two business days prior to the Time of Delivery. Such counsel may also state that, insofar as such opinion involves factual matters, such counsel has relied, to the extent such counsel deems proper, upon certificates of officers of the Company, the Guarantor and the

Subsidiaries and certificates of public officials; provided that copies of such certificates have been delivered to the Initial Purchaser.

(b) At the Closing Time, you shall have received a signed opinion of Altheimer & Gray, local counsel for the Company and the Guarantor, dated as of the Closing Time, in form and substance satisfactory to counsel for the Initial Purchaser, to the effect that:

(i) The Company is a corporation organized, validly existing, and in good standing under the laws of the State of Illinois with the corporate power and authority to own, lease and operate its properties and conduct its business as described in the Offering Memorandum.

(ii) The Company is qualified to transact business as a foreign corporation in good standing in the states listed on Schedule 1 thereto.

(iii) All of the outstanding shares of stock of the Company are held by the Guarantor and have been duly authorized, validly issued, fully paid and non-assessable.

(iv) Each of the Indenture, the Securities, the Registration Rights Agreement and this Agreement have been duly authorized and executed by the Company.

(v) No authorization, approval, consent or license of any government or government instrumentality (other than under any securities or blue sky laws) is required for the valid authorization, issuance, sale and delivery of the Securities.

(vi) The execution and delivery of this Agreement, the Indenture and the Registration Rights Agreement by the Company, the issuance and delivery of the Securities, the consummation by the Company of the transactions contemplated thereby in the Offering Memorandum and compliance by the Company with the terms of this Agreement, the Indenture and the Registration Rights Agreement do not and will not result in any violation of the charter or by-laws of the Company.

(c) At the Closing Time, you shall have received the favorable opinion of Shearman & Sterling, counsel for the Initial Purchaser, dated as of the Closing Time, to the effect that the opinion delivered pursuant to Sections 5(a) appears on its face to be appropriately responsive to the requirements of this Agreement except, specifying the same, to the extent waived by you, and with respect to the incorporation and legal existence of the Company, the incorporation and legal existence of the Guarantor, the Securities, this Agreement, the Indenture, the Registration Rights Agreement, the Preliminary Offering Memorandum, the Offering Memorandum and such other related matters as you may require. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions

other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to you. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company, the Guarantor and the Subsidiaries and certificates of public officials; provided that such certificates have been delivered to the Initial Purchaser.

(d) At the Closing Time, (i) the Offering Memorandum, as it may then be amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) there shall not have been, since the respective

dates as of which information is given in the Offering Memorandum, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, (iii) no action, suit or proceeding shall be pending or, to the knowledge of the Company, threatened against the Company, the Guarantor or any Subsidiary that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise other than as set forth in the Offering Memorandum and no proceedings shall be pending or, to the knowledge of the Company, threatened against the Company, the Guarantor or any Subsidiary before or by any government, governmental instrumentality or court, domestic or foreign, that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise, other than as set forth in the Offering Memorandum, (iv) the Company and the Guarantor shall have complied with all agreements and satisfied all conditions on their respective parts to be performed or satisfied at or prior to the Closing Time, (v) no event of default shall exist under any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument constituting Senior Indebtedness (as defined in the Indenture) and (vi) the other representations and warranties of the Company set forth in Section 1(a) shall be accurate as though expressly made at and as of the Closing Time. At the Closing Time, you shall have received a certificate of the President or a Vice President, and the Chief Financial Officer, Treasurer or Controller, of the Company and the Guarantor, dated as of the Closing Time, to such effect.

(e) You shall have received on each of the date hereof and the Closing Date a letter, dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to you, from Arthur Andersen LLP,

the Company's independent public accountants, containing statements and information of the type ordinarily included in accountants "comfort letters" to underwriters with respect to the financial statements and certain financial information (other than pro forma financial information) contained in the Offering Memorandum;

(f) You shall have received on each of the date hereof and the Closing Date a letter, dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to you, from Ernst & Young LLP, the Company's independent public accountants, containing statements and information of the type ordinarily included in accountants "comfort letters" to underwriters with respect to the pro forma financial information contained in the Offering Memorandum;

(g) You shall have received a solvency letter from Valuation Research Corp. to the effect of Section 1(a)(xxvi) hereof in form and substance reasonably satisfactory to you.

(h) at the Time of Delivery, the Registration Rights Agreement shall have been duly executed and delivered by the Company and the Guarantor.

(i) At the Closing Time, counsel for the Initial Purchaser shall have been furnished with all such documents, certificates and opinions as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the Securities as contemplated in this Agreement and the matters referred to in Section 5(d) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company at or prior to the Closing Time in connection with the authorization, issuance and sale of the Securities as contemplated in this Agreement shall be reasonably satisfactory in form and substance to the Initial Purchaser and to counsel for the Initial Purchaser.

Section 6. Indemnification. (a) The Company and the Guarantor each agree jointly and severally to indemnify and hold harmless the Initial Purchaser and each person, if any, who controls the Initial Purchaser within the meaning of Section 15 of the 1933 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of or based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum or the Offering Memorandum (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company or the Guarantor; and

(iii) against any and all expense whatsoever, as incurred (including fees and disbursements of counsel chosen by you), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any

governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Initial Purchaser expressly for use in the Preliminary Offering Memorandum or the Offering Memorandum (or any amendment or supplement thereto); and provided, further, that the Company will not be liable to the Initial Purchaser or any person controlling the Initial Purchaser with respect to any such untrue statement or omission made in any preliminary prospectus that is corrected in the Prospectus (or any amendment or supplement thereto) if the person asserting any such loss, claim, damage or liability purchased Securities from the Initial Purchaser in reliance upon a preliminary prospectus but was not sent or given a copy of the Prospectus (as amended or supplemented) at or prior to the written confirmation of the sale of such Securities to such person in any case where such delivery of the Prospectus (as so amended or supplemented) is required by the 1933 Act, unless such failure to deliver the Prospectus (as amended or supplemented) was a result of noncompliance by the Company with Section 3 of this Agreement.

(b) The Initial Purchaser agrees to indemnify and hold harmless the Company and the Guarantor, and each person, if any, who controls the Company or the Guarantor within the meaning of Section 15 of the 1933 Act, against any and all loss, liability, claim, damage and expense described in the indemnity agreement in Section (a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in any preliminary offering memorandum or the Offering Memorandum (or any amendment or supplement thereto) in reliance upon and in conformity with written information

furnished to the Company by the Initial Purchaser expressly for use in such preliminary offering memorandum or the Offering Memorandum (or any amendment or supplement thereto).

(c) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

Section 7. Contribution. In order to provide for just and equitable contribution in circumstances under which the indemnity provided for in Section 6 is for any

reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company and the Guarantor on the one hand and the Initial Purchaser on the other shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity incurred by the Company and the Initial Purchaser, as incurred, in such proportions that the Initial Purchaser is responsible for that portion represented by the percentage that the Initial Purchaser's discount appearing on the cover page of the Offering Memorandum bears to the price to investors appearing thereon, and the Company and the Guarantor are responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 1(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls the Initial Purchaser within the meaning of Section 5 of the 1933 Act shall have the same rights to contribution as the Initial Purchaser, and each person, if any, who controls the Company or the Guarantor within the meaning of Section 5 of the 1933 Act shall have the same rights to contribution as the Company and the Guarantor.

Section 8. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, indemnities, agreements and other statements of the Company, the Guarantor, the Initial Purchaser, or their respective officers set forth in or made pursuant to this Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the Company, the Guarantor, the Initial Purchaser or any person who controls the Company, the Guarantor or the Initial Purchaser within the

meaning of Section 5 of the 1933 Act and will survive delivery of and payment for the Securities.

Section 9. Termination of Agreement. (a) The Initial Purchaser may terminate this Agreement, by notice to the Company, at any time at or prior to the Closing Time (i) if there has been, since the respective dates as of which information is given in the Offering Memorandum, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company, the Guarantor and the Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or any outbreak of hostilities or escalation thereof or other calamity or crisis the effect of which on the financial markets of the United States is such as to make it, in the Initial Purchaser's judgment, impracticable to market the Securities or enforce contracts for the sale of the Securities or (iii) if trading in any securities of the Company or the Guarantor has been suspended by the Commission or the National Association of Securities Dealers, Inc., or if trading generally on either the American Stock Exchange or the New York Stock Exchange or in the over-the-counter market has been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by such exchange or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority or (iv) if a banking moratorium has been declared by either federal, New York or Illinois authorities.

(b) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party, except to the extent provided in Section 4. Notwithstanding any such termination, the provisions of Sections 6, 7 and 8 shall remain in effect.

Section 10. Notices. All statements, requests, notices, and agreements hereunder shall be in writing, and if to the Initial Purchaser shall be delivered or sent by mail, telex or facsimile transmission to Chase Securities, Inc., at One Chase Manhattan Plaza, New York, New York 10081, Attention: Syndicate Desk; if to the Company or the Guarantor shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company and the Guarantor set forth in the Offering Memorandum, Attention: Secretary.

Section 11. Parties. This Agreement is made solely for the benefit of the Initial Purchaser, the Company, the Guarantor and, to the extent expressed, any person who controls the Company, the Guarantor or the Initial Purchaser within the meaning of Section 15 of the 1933 Act, and their respective executors, administrators, successors and assigns and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser,

from the Initial Purchaser of the Securities.

Section 12. Governing Law and Time. This Agreement shall be governed by the laws of the State of New York. Specified times of the day refer to New York City time.

Section 13. Counterparts. This Agreement may be executed in one or more counterparts and when a counterpart has been executed by each party, all such counterparts taken together shall constitute one and the same agreement.

If the foregoing is in accordance with your understanding, please sign and return to us eight counterparts hereof, and upon the acceptance hereof by the Initial Purchaser, this instrument will become a binding agreement among the Company, the Guarantor and the Initial Purchaser in accordance with its terms.

Very truly yours,

UNITED STATIONERS SUPPLY CO.

By:

Name:
Title:

UNITED STATIONERS INC.

By:

Name:
Title:

Accepted as of the date hereof:

CHASE SECURITIES, INC.

By:

Name:
Title:

Schedule 1(a)(viii)

The Company owns all of the outstanding capital stock of each of USHK,

UWL and CJS. The Company owns 55 shares of UBC common stock directly of record, as well as 22 shares of UBC common stock subject to the right of T.J. Crayne, the other holder of UBC common stock, to receive such shares in the event that UBC meets certain performance criteria. As of April 26, 1995, 122 shares of UBC common stock were outstanding. CJS owns an 83% interest in 4303.

EXHIBIT A

FORM OF REGISTRATION RIGHTS AGREEMENT

Registration Rights Agreement

Dated as of _____, 1995

among

United Stationers Inc.,

United Stationers Supply Co.

and

Chase Securities, Inc.

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into May 3, 1995 among UNITED STATIONERS SUPPLY CO., an Illinois corporation (the "Company"), UNITED STATIONERS INC. ("United"), a Delaware corporation, and CHASE SECURITIES, INC. (the "Initial Purchaser").

This Agreement is made in connection with the Purchase Agreement dated April 26, 1995 among the Company, United and the Initial Purchaser (the

"Purchase Agreement"), which provides for the sale by the Company to the Initial Purchaser of an aggregate of $150,000,000 principal amount of the Company's 12 3/4% Senior Subordinated Notes due 2005 (the "Securities"). In order to induce the Initial Purchaser to enter into the Purchase Agreement, the Company has agreed to provide to the Initial Purchaser and its direct and indirect transferees the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Closing Date" shall mean the Closing Date as defined in the Purchase Agreement.

"Company" shall have the meaning set forth in the preamble and also includes the Company's successors.

"Depositary" shall mean The Depository Trust Company, or any other depositary appointed by the Company; provided, however, that such depositary must have an address in the Borough of Manhattan, in the City of New York.

"Exchange Offer" shall mean the exchange offer by the Company of Exchange Securities for Registrable Securities pursuant to Section 2(a) hereof.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all amendments and supplements to such registration statement, in each case

including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Exchange Securities" shall mean ___% Senior Subordinated Notes due 2005 issued by the Company under the Indenture containing terms identical to the Securities (except that (i) interest thereon shall accrue from the last date on which interest was paid on the Securities or, if no such interest has been paid, from the date of their original issue, (ii) the transfer restrictions thereon shall be eliminated and (iii) certain provisions relating to an increase in the stated rate of interest thereon shall be eliminated), to be offered to Holders of Securities in exchange for Securities pursuant to the Exchange Offer.

"Holders" shall mean the Initial Purchaser, for so long as it owns any Registrable Securities, and each of its successors, assigns and direct and indirect transferees who become registered owners of Registrable Securities under the Indenture.

"Indenture" shall mean the Indenture relating to the Securities dated as of April ___, 1995 between the Company, United and The Bank of New York, as trustee, as the same may be amended from time to time in accordance with the terms thereof.

"Initial Purchaser" shall have the meaning set forth in the preamble.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of outstanding Registrable Securities; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage or amount.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any

portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble.

"Registrable Securities" shall mean the Securities; provided, however,
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that Securities shall cease to be Registrable Securities when (i) a Registration Statement with respect to such Securities shall have been declared effective under the 1933 Act

and such Securities shall have been disposed of pursuant to such Registration Statement, (ii) such Securities shall be entitled to be sold to the public pursuant to Rule 144(k) (or any similar provision then in force, but not Rule 144A) under the 1933 Act, (iii) such Securities shall have ceased to be outstanding or (iv) such Securities have been exchanged for Exchange Securities upon consummation of the Exchange Offer.

"Registration Expenses" shall mean any and all expenses incident to
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performance of or compliance by the Company and United with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. ("NASD") registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws and compliance with the rules of the NASD (including reasonable fees and disbursements of one counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities), (iii) all printers' fees and expenses with respect to word processing, printing and distributing any Registration Statement, any Prospectus and any amendments or supplements thereto, (iv) all rating agency fees, (v) all fees and disbursements relating to the qualification of the Indenture under applicable securities laws; (vi) the fees and disbursements of the Trustee and its counsel and any escrow agent or custodian; (vii) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Securities on any securities exchange or exchanges, (viii) the fees and disbursements of counsel for the Company and, in the case of a Shelf Registration statement required to be filed under Section 2(b)(i), (ii) or (iii), the reasonable fees and disbursements of one counsel for the Holders (which counsel shall be selected by the Majority Holders and which counsel may also be counsel for the Initial Purchaser); (ix) the fees and disbursements of the independent public accountants of the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, and (x) in the case of a Shelf Registration statement required to be filed under Section 2(b)(i), (ii) or (iii), any reasonable disbursements of the underwriters

customarily required to be paid by issuers or sellers of securities and the reasonable fees and expenses of any special experts retained by the Company in connection with any Registration Statement, but excluding fees of counsel to the underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders (other than fees and expenses set forth in clause (viii) above) and underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" shall mean any registration statement of the Company which covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"SEC" shall mean the Securities and Exchange Commission.

"Shelf Registration" shall mean a registration effected pursuant to Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company pursuant to the provisions of Section 2(b) hereof which covers all of the Registrable Securities on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Trustee" shall mean the trustee with respect to the Securities under the Indenture.

2. Registration Under the 1933 Act. (a) Exchange Offer Registration. To the extent not prohibited by any applicable law or applicable interpretation of the Staff of the SEC, the Company shall use its best efforts (i) to file within 30 days after the Closing Date an Exchange Offer Registration Statement covering the offer by the Company to the Holders to exchange all of the Registrable Securities for Exchange Securities, (ii) to cause such Exchange Offer Registration Statement to be declared effective by the SEC within 120 days after the Closing Date, (iii) to cause such Registration Statement to remain

effective until the closing of the Exchange Offer and (iv) to consummate the Exchange Offer within 150 days following the Closing Date. The Exchange Securities will be issued under the Indenture. Upon the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Exchange Offer, it being the objective of such Exchange Offer to enable each Holder (other than Participating Broker-Dealers (as defined in Section 3(f) hereof) eligible and electing to exchange Registrable Securities for Exchange Securities (assuming that such Holder is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, acquires the Exchange Securities in the ordinary course of such Holder's business and has no arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing the Exchange Securities) to trade such Exchange Securities from and after their receipt without any limitations or restrictions under the 1933 Act.

In connection with the Exchange Offer, the Company shall:

(i) mail to each Holder, at its address reflected on the security register, a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal (a "Letter of Transmittal") and related documents;

(ii) keep the Exchange Offer open for not less than 30 calendar days after the date notice thereof is mailed to the Holders (or longer if required by applicable law);

(iii) permit Holders to withdraw tendered Registrable Securities at any time prior to the close of business, New York City time, on the last business day on which

the Exchange Offer shall remain open, by sending to the institution specified in the notice, a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange, and a statement that such Holder is withdrawing his election to have such Securities exchanged; and

(iv) otherwise comply in all respects with all applicable laws relating to the Exchange Offer.

As soon as practicable after the close of the Exchange Offer, the Company shall:

(i) accept for exchange Registrable Securities duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the Letter of Transmittal;

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Securities so accepted for exchange by the

Company; and

(iii) cause the Trustee promptly to authenticate and deliver Exchange Securities to, or upon the instructions of, each Holder of Registrable Securities equal in principal amount to the Registrable Securities of such Holder so accepted for exchange.

Interest on each Exchange Security will accrue from the last date on which interest was paid on the Registrable Securities surrendered in exchange therefor or, if no interest has been paid on the Registrable Securities, from the date of its original issue. The Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer, or the making of any exchange by a Holder, does not violate applicable law or any applicable interpretation of the Staff of the SEC. Each Holder of Registrable Securities (other than Participating Broker-Dealers) who wishes to exchange such Registrable Securities for Exchange Securities in the Exchange Offer will be required to represent that (i) it is not an affiliate of United or the Company, (ii) any Exchange Securities to be received by it were acquired in the ordinary course of its business and (iii) at the time of the commencement of the Exchange Offer, it has no arrangement with any person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Securities. The Company shall inform the Initial Purchaser of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchaser shall have the right to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

(b) Shelf Registration. (i) If, because of any change in law or applicable interpretations thereof by the Staff of the SEC, the Company is not permitted to effect the Exchange Offer as contemplated by Section 2(a) hereof, (ii) upon the request of the Initial Purchaser (with respect to any Registrable Securities which it acquired directly from the Company) within 30 calendar days after the Closing Date if the Initial Purchaser shall hold Registrable Securities which it acquired directly from the Company and if the Initial Purchaser is not permitted, in the opinion of counsel to the Initial Purchaser addressed to the

Company (which counsel shall be reasonably acceptable to the Company), pursuant to applicable law or applicable interpretation of the Staff of the SEC to participate in the Exchange Offer, or (iii) if any Holder other than the Initial Purchaser is not eligible to participate in the exchange offer due to a change in law or the applicable interpretation of the staff of the Commission and such holder so notifies the Company, the Company shall, at its cost,

(A) as promptly as practicable, file with the SEC a Shelf Registration Statement relating to the offer and sale of the Registrable Securities (limited solely to the Initial Purchaser if clause (ii) alone applies) by the Holders from time to time in accordance with the methods of distribution elected by the Majority Holders of such Registrable Securities

and set forth in such Shelf Registration Statement, and use its best efforts to cause such Shelf Registration Statement to be declared effective by the SEC by the later of (1) 120 days after the Closing Date and (2) 45 days after publication of the change in law or interpretation. In the event that the Company is required to file a Shelf Registration Statement upon the request of the Initial Purchaser pursuant to clause (ii) above, the Company shall file and have declared effective by the SEC both an Exchange Offer Registration Statement pursuant to Section 2(a) hereof with respect to all Registrable Securities and a Shelf Registration Statement (which may be a combined Registration Statement with the Exchange Offer Registration Statement) with respect to offers and sales of Registrable Securities held by the Initial Purchaser after completion of the Exchange Offer;

(B) use its best efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming part thereof to be usable by Holders for a period of (i), in the case of clause 2(b)(i) above, three years from the date the Shelf Registration Statement is declared effective by the SEC, or (ii) in the case of clauses 2(b)(ii) and 2(b)(iii) above, three years after the closing date, or in any case such shorter period which will terminate when all of the Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be outstanding; and

(C) notwithstanding any other provisions hereof, use its best efforts to ensure that (i) any Shelf Registration Statement complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement if reasonably requested by the Majority Holders with respect to information relating to the Holders and otherwise as required by Section 3(b) below, to use all reasonable efforts to cause any such amendment to become effective and such Shelf

Registration to become usable as soon as thereafter practicable and to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(c) Expenses. The Company shall pay all Registration Expenses in

connection with the registration pursuant to Section 2(a) or 2(b).

(d) Effective Registration Statement. An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Registrable Securities pursuant to a Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have been effective during the period of such interference, until the offering of Registrable Securities pursuant to such Registration Statement may legally resume.

(e) Increase in Interest Rate. In the event that (i) the Exchange Offer Registration Statement is not filed with the SEC on or prior to the 30th calendar day after the Closing Date (unless changes in law or the applicable interpretation of the staff of the Commission do not permit the Company to effect the Exchange Offer, in which case clause (iv) shall apply), (ii) the Exchange Offer Registration Statement is not initially declared effective on or prior to the 120th calendar day after the Closing Date (unless changes in law or the applicable interpretation of the staff of the Commission do not permit the Company to effect the Exchange Offer, in which case clause (iv) shall apply) or (iii) the Exchange Offer is not consummated on or prior to the 150th day after the Closing Date (unless changes in law or the applicable interpretation of the staff of the Commission do not permit the Company to effect the Exchange Offer, in which case clause (iv) shall apply) or (iv) a Shelf Registration Statement required under Section 2(b)(i) hereof with respect to the Registrable Securities is not initially declared effective on or prior to the later of 120th calendar day after the Closing Date or the 45th calendar day after the publication of the change in law or interpretation, the interest rate borne by the Securities shall be increased by one-half of one percent per annum following such 30-day period in the case of clause (i) above, such 120-day period in the case of clause (ii) above, such 150-day period in the case of clause (iii) above or such 120-day or 45-day period in the case of clause (iv) above (as applicable); provided that the aggregate increase in such interest rate will in no event exceed one-half of one percent per annum. Immediately upon (A) the filing of the Exchange Offer Registration Statement after the 30-day period described in clause (i) above, (B) the effectiveness of the Exchange Offer Registration Statement after the 120-day period described in clause (ii) above, (C) the consummation of the Exchange Offer after the 150-day period described in clause (iii) above or (D) the effectiveness of a Shelf Registration Statement after such 120-day or 45-day period described in clause (iv) above (as applicable), the interest rate borne by the Securities from the date of such filing, effectiveness or consummation, as the case may be, will be reduced to the original interest rate.

(f) Specific Enforcement. Without limiting the remedies available to

the Initial Purchaser and the Holders, the Company acknowledges that any failure by the

Company to comply with its obligations under Section 2(a) and Sections 2(b) hereof may result in material irreparable injury to the Initial Purchaser or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchaser or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Section 2(a) and Section 2(b) hereof.

(g) Acknowledgment of Holders. Each Holder shall be deemed to have agreed that any broker-dealer and any such Holder using the Exchange Offer to participate in a distribution of the securities to be acquired in the Exchange Offer must comply with the registration and prospectus delivery requirements of the 1933 Act in connection with secondary resale transactions and that such secondary resale transactions should be covered by an effective registration statement.

3. Registration Procedures. In connection with the obligations of the Company with respect to the Registration Statements pursuant to Sections 2(a) and 2(b) hereof, the Company shall:

(a) prepare and file with the SEC a Registration Statement, within the time period specified in Section 2 hereof, on the appropriate form under the 1933 Act, which form (i) shall be selected by the Company, (ii) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof and (iii) shall comply as to form in all material respects with the requirements of the applicable form and include or incorporate by reference all financial statements required by the SEC to be filed therewith, and use its best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed if required pursuant to Rule 424 under the 1933 Act; comply with the provisions of the 1933 Act with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holders thereof; and keep each Prospectus current during the period described under Section 4(3) and Rule 174 under the 1933 Act that is applicable to transactions by brokers or dealers with respect to Exchange Securities or Registrable Securities;

(c) in the case of a Shelf Registration, (i) notify each Holder of Registrable Securities, at least five days prior to filing, that a Shelf Registration Statement with respect to the Registrable Securities is being filed and advising such Holders that the distribution of Registrable Securities will be made in accordance with the method elected by the Majority Holders; and (ii) furnish to each Holder of Registrable Securities, to counsel for the Initial Purchaser, to counsel for the Holders and to each underwriter of an underwritten offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other

documents as such Holder or underwriter may reasonably request, including financial statements and schedules and, if the Holder so requests, all exhibits (including those incorporated by reference) in order to facilitate the public sale or other disposition of the Registrable Securities; and (iii) subject to the last paragraph of Section 3 hereof, hereby consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Securities in connection with the offering and sale in accordance with applicable law of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto;

(d) use its best efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Securities shall reasonably request in writing by the time the applicable Registration Statement is declared effective by the SEC, to cooperate with the Holders in connection with any filings required to be made with the NASD, and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the
Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d) or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction if it is not then so subject;

(e) in the case of a Shelf Registration, notify each Holder of Registrable Securities and counsel for the Initial Purchaser promptly and, if requested by such Holder or counsel, confirm such advice in writing promptly (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Registration Statement and Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) if, between the effective date of a

Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to such offering cease to be true and correct in all material respects, (v) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (vi) of the happening of any event or the discovery of any facts during the period a Shelf Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein not misleading and (vii) of any determination by the Company that a post-effective amendment to a Registration Statement would be appropriate;

(f) a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a

Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus after initial filing of a Registration Statement, provide copies of such document to the Initial Purchaser and its counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) and make representatives of the Company as shall be reasonably requested by the Initial Purchaser and their counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) available for discussion of such document and shall not at any time file or make any amendment to the Registration Statement, any Prospectus or any amendment of or supplement to a Registration Statement or a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus, of which the Initial Purchaser and its counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) shall not have previously been advised and furnished a copy or to which the Initial Purchaser or its counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) shall reasonably object unless counsel for the Company advises the Company that such filing by the Company is required under applicable law;

(g) (i) in the case of an Exchange Offer, furnish counsel for the Initial Purchaser and (ii) in the case of a Shelf Registration, furnish counsel for the Holders of Registrable Securities copies of any request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(h) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement as soon as practicable and provide immediate notice to each Holder of the withdrawal of any such order;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, without charge, at least one conformed copy of each

Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and cause such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request at least two business days prior to the closing of any sale of Registrable Securities;

(k) in the case of a Shelf Registration, upon the occurrence of any event or the discovery of any facts, each as contemplated by Section 3(e)(vi) hereof, use its best efforts to prepare a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company

agrees to notify each Holder to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and each Holder hereby agrees to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission. At such time as such public disclosure is otherwise made or the Company determines that such disclosure is not necessary, in each case to correct any misstatement of a material fact or to include any omitted material fact, the Company agrees promptly to notify each Holder of such determination and to furnish each Holder such numbers of copies of the Prospectus, as amended or supplemented, as such Holder may reasonably request;

(l) obtain a CUSIP number for all Exchange Securities, or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with printed certificates for the Exchange Securities or the Registrable Securities, as the case may be, in a form eligible for deposit with the Depositary;

(m) (i) cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), in connection with the registration of the Exchange Securities, or Registrable Securities, as the case may be, (ii) cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and (iii) execute, and use its best efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable

the Indenture to be so qualified in a timely manner;

(n) in the case of a Shelf Registration, enter into agreements (including customary underwriting agreements) and take all other customary and appropriate actions (including those reasonably requested by the Majority Holders) in order to expedite or facilitate the disposition of such Registrable Securities and in such connection whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration:

(i) to the extent possible, make such representations and warranties to the Holders of such Registrable Securities and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings as may be reasonably requested by them;

(ii) obtain opinions of counsel to the Company and, subject to the proviso in the first sentence of the last paragraph of this clause (n), updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and the Majority Holders of the Registrable Securities being sold) addressed to each selling Holder and the underwriters, if any, covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(iii) obtain "cold comfort" letters and, subject to the proviso in the first sentence of the last paragraph of this clause (n), updates thereof from the Company's

independent certified public accountants addressed to the underwriters, if any, and use reasonable best efforts to have such letter addressed to the selling Holders of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters to underwriters in connection with similar underwritten offerings;

(iv) enter into a securities sales agreement with the Holders and an agent of the Holders providing for, among other things, the appointment of such agent for the selling Holders for the purpose of soliciting purchases of Registrable Securities, which agreement shall be in form, substance and scope customary for similar offerings;

(v) if an underwriting agreement is entered into, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 6 hereof with respect to the underwriters and all other parties to be indemnified pursuant to said Section; and

(vi) deliver such other documents and certificates as may be

reasonably requested and as are customarily delivered in similar offerings.

The above shall be done at (i) the effectiveness of such Registration Statement (and, if appropriate, each post-effective amendment thereto) and (ii) each closing under any underwriting or similar agreement as and to the extent required thereunder; provided that the updates referred to in clauses (ii) and (iii) of this paragraph (n) shall only be required in the case of (A) any closing with respect to sales under such Shelf Registration Statement of Securities having a principal amount of $7.5 million or more or, if the Initial Purchaser shall waive such updates under clause (A), then (B) in the case of up to three such closings. In the case of any underwritten offering, the Company shall provide written notice to the Holders of all Registrable Securities of such underwritten offering at least 30 days prior to the filing of a prospectus supplement for such underwritten offering. Such notice shall (x) offer each such Holder the right to participate in such underwritten offering, (y) specify a date, which shall be no earlier than 10 days following the date of such notice, by which such Holder must inform the Company of its intent to participate in such underwritten offering and (z) include the instructions such Holder must follow in order to participate in such underwritten offering;

(o) in the case of a Shelf Registration, make available for inspection by one representative appointed by the Majority Holders of the Registrable Securities and any underwriters participating in any disposition pursuant to a Shelf Registration Statement and one counsel or accountant retained by such Holders or underwriters, all financial and other records, pertinent corporate documents and properties of the Company reasonably requested by any such persons, and cause the respective officers, directors, employees, and any other agents of the Company to supply all information reasonably requested by any such representative, underwriter, special counsel or accountant in connection with a Registration Statement; provided, however, that any records, information or documents that are designated by the Company as confidential at the time of delivery of such records, information or documents shall be kept confidential by such persons, unless (i) such records, information or documents are in the public domain or otherwise publicly available;

(ii) disclosure of such records, information or documents is required by court or administrative order, provided that such person will, promptly upon learning that disclosure of such information is sought in a court of competent jurisdiction, give notice to the Company so that the Company may at its expense undertake appropriate action to prevent disclosure of the information deemed to be confidential, (iii) disclosure of such records, information or documents, in the opinion of counsel to such person, is otherwise required by law (including, without limitation, pursuant to the requirements of the 1933 Act) or (iv) upon the advice of counsel, disclosure of such records, information or documents is necessary to avoid or correct a misstatement or omission in the Registration Statement;

(p) in the case of a Shelf Registration, use its best efforts to cause all Registrable Securities to be listed on any securities exchange on which similar debt securities issued by the Company are then listed if requested in writing by the Majority Holders or by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(q) in the case of a Shelf Registration, use its best efforts to cause the Registrable Securities to be rated with the appropriate rating agencies, if so requested by the Majority Holders or by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any, unless the Registrable Securities are already so rated;

(r) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 thereunder; and

(s) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter and its counsel.

In the case of a Shelf Registration Statement, the Company may (as a condition to such Holder's participation in the Shelf Registration) require each Holder of Registrable Securities to furnish to the Company such information regarding such Holder and the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing.

In the case of a Shelf Registration Statement, each Holder agrees that, upon receipt of any notice from the Company of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(ii)-(vi) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at its expense) all copies in its possession or certify in writing that such copies have been destroyed, in each case other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. If the Company shall give any such notice to suspend the disposition of Registrable Securities pursuant to a Shelf Registration Statement as a result of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(vi) hereof, the Company shall be deemed to have used its best

efforts to keep the Shelf Registration Statement effective during such period of suspension provided that the Company shall use its best efforts to file and have declared effective (if an amendment) as soon as practicable an amendment or

supplement to the Shelf Registration Statement and shall extend the period during which the Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions.

4. Underwritten Registrations. If any of the Registrable Securities covered by any Shelf Registration are to be sold in an underwritten offering as contemplated by Section 3 hereof, the investment banker or investment bankers and manager or managers (and their counsel) that will manage the offering will be agreed to by the Company and the Majority Holders of such Registrable Securities included in such offering.

No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (b) completes, executes and delivers all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required of such Holder under the terms of such underwriting arrangements.

5. Participation of Broker-Dealers in Exchange Offer

(a) The Staff of the SEC has taken the position that any broker-dealer that receives Exchange Securities for its own account in the Exchange Offer in exchange for Registrable Securities that were acquired by such broker-dealer as a result of market-making or other trading activities (a "Participating Broker-Dealer") may be deemed to be an "underwriter" within the meaning of the 1933 Act in connection with any resale of such Exchange Notes.

The Company understands that it is the Staff's position that if the Prospectus contained in the Exchange Offer Registration Statement includes a plan of distribution containing a statement to the above effect and the means by which Participating Broker-Dealers may resell the Exchange Securities owned by them, such Prospectus may be delivered by Participating Broker-Dealers to satisfy their prospectus delivery obligations under the 1933 Act in connection with resales of Exchange Securities for their own accounts, so long as the Prospectus otherwise meets the requirements of the 1933 Act.

(b) In light of the above, notwithstanding any other provision of this Agreement, the Company agrees (x) that the provisions of this Agreement as they relate to a Shelf Registration shall also apply to an Exchange Offer Registration to the extent, and with such modifications thereto as may be, reasonably requested by the Initial Purchaser or one or more Participating Broker-Dealers, in each case as provided in clause (ii) below, in order to expedite or facilitate the disposition of any Exchange Securities by Participating Broker-Dealers consistent with the positions of the Staff recited in Section 5(a) above and (y) without limiting the preceding clause (x), to maintain the effectiveness of the Registration Statement

for such purposes for the earlier of one year or until such Participating Broker Dealers have sold all Exchange Securities (as determined in accordance with FIFO accounting), but in any event only if applicable interpretations of the Staff continue to require Prospectus delivery; provided that:

(i) the Company shall not be required to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement, as would otherwise be contemplated by Section 3(k), for a period exceeding 180 days after the last Exchange Date (as such period may be extended pursuant to the last paragraph of Section 3 of this Agreement) and Participating Broker-Dealers shall not be authorized by the Company to deliver and shall not deliver such Prospectus after such period in connection with the resales contemplated by this Section 5; and

(ii) the application of the Shelf Registration procedures set forth in Section 3 of this Agreement to an Exchange Offer Registration, to the extent not required by the positions of the Staff of the SEC or the 1933 Act and the rules and regulations thereunder, will be in conformity with the reasonable request to the Company by the Initial Purchaser or with the reasonable request in writing to the Company by one or more broker-dealers who certify to the Initial Purchaser and the Company in writing that they anticipate that they will be Participating Broker-Dealers; and provided further that, in connection with such application of the Shelf Registration procedures set forth in Section 3 to an Exchange Offer Registration, the Company shall be obligated (x) to deal only with one entity representing the Participating Broker-Dealers, which shall be the Initial Purchaser unless it elects not to act as such representative, (y) to pay the fees and expenses of only one counsel representing the Participating Broker-Dealers, which shall be counsel to the Initial Purchaser unless such counsel elects not to so act and (z) to cause to be delivered only one, if any, "cold comfort" letter with respect to the Prospectus in the form existing on the last Exchange Date and with respect to each subsequent amendment or supplement, if any, effected during the period specified in clause (i) above.

(c) The Initial Purchaser shall have no liability to the Company or any Holder with respect to any request that it may make pursuant to this Section 5.

Section 6. Indemnification. (a) The Company and United each agree jointly and severally to indemnify and hold harmless the Initial Purchaser, each Holder, including Participating Broker Dealers, each underwriter who participated in an offering of the Registrable Securities and each person, if any, who controls such parties within the meaning of Section 15 of the 1933 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto) or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of an untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto)

or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including fees and disbursements of counsel chosen by you), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company or United by the Initial Purchaser expressly for use in the Registration Statement (or any amendment thereto) or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); and provided, further, that the Company will not be liable to the Initial Purchaser or any person controlling the Initial Purchaser with respect to any such untrue statement or omission made in any preliminary prospectus that is corrected in the Prospectus (or any amendment or supplement thereto) if the person asserting any such loss, claim, damage or liability purchased Securities from the Initial Purchaser in reliance upon a preliminary prospectus but was not sent or given a copy of the Prospectus (as amended or supplemented) at or prior to the written confirmation of the sale of such Securities to such person in any case where such delivery of the Prospectus (as so amended or supplemented) is required by the 1933 Act, unless such failure

to deliver the Prospectus (as amended or supplemented) was a result of noncompliance by the Company with Section 3 of this Agreement.

(b) The Initial Purchaser agrees to indemnify and hold harmless each of the Company, United and each person, if any, who controls the Company or United within the meaning of Section 15 of the 1933 Act, against any and all loss, liability, claim, damage and expense described in the indemnity agreement in Section (a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company or United by the Initial Purchaser expressly for use in the Registration Statement (or any amendment thereto), or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) In the case of a Shelf Registration, each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, United, the Initial Purchaser, each underwriter who participates in an offering of Registrable Securities and the other selling Holders and each person, if any, who controls such persons within the meaning of Section 15 of the 1933 Act, against any and all losses, liabilities, claims, damages and expenses described in the indemnity contained in (a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company or United by such Holder, expressly for use in the Registration Statement (or any amendment thereto), or the Prospectus (or any amendment or supplement thereto); provided, however, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Shelf Registration Statement.

(d) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

(e) In order to provide for just and equitable contribution in circumstances under which the indemnity provided for in this Section 6 is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company, United and the Initial

Purchaser shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity incurred by the Company, United and the Initial Purchaser, as incurred, in such proportions that the Initial Purchaser is responsible for that portion represented by the percentage that the initial purchaser's discount appearing on the cover page of the Prospectus bears to the price to investors appearing thereon, and the Company and United are responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 1(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls the Initial Purchaser within the meaning of Section 5 of the 1933 Act shall have the same rights to contribution as the Initial Purchaser, and each director of the Company or United, each officer of the Company or United who signed the Registration Statement, and each person, if any, who controls the Company or United within the meaning of Section 5 of the 1933 Act shall have the same rights to contribution as the Company or United.

7. Miscellaneous. (a) Rule 144 and Rule 144A. Regardless of whether the Company is subject to the reporting requirements of Section 13 or 15 of the 1934 Act, the Company covenants that it will file the reports that would be required to be filed by it

under Section 13(a) or 15(d) of the 1934 Act and the rules and regulations adopted by the SEC thereunder if such Sections were applicable to it, and that if it ceases to be permitted to file such reports, it will upon the request of any Holder of Registrable Securities (i) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act and (ii) deliver such information to a prospective purchaser as is reasonably necessary to permit sales pursuant to Rule 144A under the 1933 Act, in each case, to the extent required from time to time to enable such Holder to sell its Registrable Securities without registration under the 1933 Act within the limitation of the exemptions provided by (x) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (y) Rule 144A under the 1993 Act, as such Rule may be amended from time to time, or (z) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

(b) No Inconsistent Agreements. Neither the Company or United has entered into nor will the Company or United on or after the date of this Agreement enter into, any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The Company and United represent and warrant that the rights granted to the Holders hereunder do not conflict with and are not inconsistent with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

(c) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or departure; provided, however, that no amendment, modification, supplement or waiver or consent to any departure from the provisions of Section 6 hereof shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder.

(d) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 7(d), which address initially is, with respect to the Initial Purchaser, the address set forth in the Purchase Agreement and (ii) if to the Company, initially at the Company's address set forth in the Purchase Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 7(d).

All such notices and communications shall be deemed to have been duly given at the time delivered by hand, if personally delivered; three business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Trustee, at the address specified in the Indenture.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities, such Person shall be conclusively deemed to

have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(f) Third Party Beneficiary. The Initial Purchaser shall be third party beneficiary to the agreements made hereunder between the Company, on the one hand, and the Holders, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

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

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

(i) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS PERFORMED ENTIRELY IN THAT STATE.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

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

UNITED STATIONERS INC.

By: _____

Name:

Title:

UNITED STATIONERS SUPPLY CO.

By:

Name:
Title:

Confirmed and accepted as of
the date first above
written:

CHASE SECURITIES, INC.

By:

Name:
Title:

EXHIBIT 10.12

AMENDMENT NO. 1 dated as of March 30, 1995, between CHASE MANHATTAN HOLDINGS, INC., certain other holders of Registrable Securities under the Registration Rights Agreement referred to below and ASSOCIATED HOLDINGS, INC., a Delaware corporation (the "Issuer").

The parties are parties to a Registration Rights Agreement dated as of January 31, 1992 (as heretofore modified and supplemented and in effect on the date hereof, the "Registration Rights Agreement"), providing, subject to the terms and conditions thereof, for the registration of certain securities under the Securities Act of 1933, as amended. The parties wish to expand the definition of Registrable Securities under the Agreement and to amend the Registration Rights Agreement in certain other respects, and accordingly, hereby agree as follows:

Section 1. Definitions. Except as otherwise defined in this Amendment No. 1, terms defined in the Registration Rights Agreement are used herein as defined therein.

Section 2. Amendments. The Registration Rights Agreement shall be amended as follows:

2.01. Section 1 shall be amended by adding the following paragraph at the end thereof:

> "(f) Anything in this Agreement (including Section 1(b)) to the contrary notwithstanding, the Issuer will use its best efforts to effect a "shelf" registration of all Registrable Securities on Form S-3 pursuant to Rule 415 under the Securities Act as promptly as practicable following the 60th day after the merger of the Issuer into United Stationers Inc. (upon which merger United Stationers Inc. will become the Issuer under this Agreement). The registration statement shall permit resale by the holders thereof in any manner including in an underwritten offering."

2.02. Section 3(b) shall be amended by adding at the end thereof the words "or in the case of the registration statement referred to in Section 1(f), three years from the effective date of the merger referred to therein".

2.03. The definition of "Registrable Securities" in Section 9 is hereby amended in its entirety to read as follows:

"Registrable Securities" means (i) shares of Common Stock or Other
Securities issued or issuable upon exercise of the Warrants or conversion of non-voting stock of Issuer issued pursuant to certain Subscription Agreements or issued in consideration of the arrangement of certain loans

pursuant to the letter agreement dated March 30, 1995 between the Issuer and the Investor and (ii) any securities issued or issuable with respect to any securities referred to in clause (i) by way of stock dividend, stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (x) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (y) they shall have been distributed to the public pursuant to Rule 144, or (z) they shall have eased to be outstanding. Securities beneficially owned by Issuer or any Affiliate (other than an institutional investor) shall not be deemed Registrable Securities.

Section 2.04. The definition of Requesting Holders in Section 9 is hereby amended by adding at the end thereof the words "or included in the shelf registration referred to in Section 1(f)".

Section 3. Miscellaneous. Except as herein provided, the Registration Rights Agreement shall remain unchanged and in full force and effect. This Amendment No. 1 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Amendment No. 1 by signing any such counterpart. This Amendment No. 1 shall be governed by, and construed in accordance with, the law of the State of New York.

CHASE MANHATTAN INVESTMENT
HOLDINGS, INC.

By /s/ ^SIGNATURE APPEARS HERE^

Name:

Title:

ASSOCIATED HOLDINGS, INC.

By

Name:
Title:

pursuant to the letter agreement dated March 30, 1995 between the Issuer and the Investor and (ii) any securities issued or issuable with respect to any securities referred to in clause (i) by way of stock dividend, stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (x) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (y) they shall have been distributed to the public pursuant to Rule 144, or (z) they shall have ceased to be outstanding. Securities beneficially owned by Issuer or any Affiliate (other than an institutional investor) shall not be deemed Registrable Securities.

Section 2.04. The definition of Requesting Holders in Section 9 is hereby amended by adding at the end thereof the words "or included in the shelf registration referred to in Section 1(f)".

Section 3. Miscellaneous. Except as herein provided, the Registration Rights Agreement shall remain unchanged and in full force and effect. This Amendment No. 1 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Amendment No. 1 by signing any such counterpart. This Amendment No. 1 shall be governed by, and construed in accordance with, the law of the State of New York.

CHASE MANHATTAN INVESTMENT HOLDINGS, INC.

By

Name:

Title:

ASSOCIATED HOLDINGS, INC.

By /s/ Daniel H. Bushell

Name: Daniel H. Bushell
Title: Chief Financial Officer

THE PROVIDENT BANK

By:

Name:
Title:

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Grant E. McDonald

Name: Grant E. McDonald
Title: Vice President

THE LONG-TERM CREDIT BANK OF JAPAN, LTD., CHICAGO BRANCH

By:

Name:
Title:

WHIRLPOOL FINANCIAL CORPORATION

By:

Name:
Title:

THE PROVIDENT BANK

By

Name:
Title:

ARAB BANKING CORPORATION (B.S.C.)

By

Name:
Title:

THE LONG-TERM CREDIT BANK OF JAPAN, LTD., CHICAGO BRANCH

By /s/ Brady S. Sadek

Name: Brady S. Sadek
Title: Vice President & Deputy General Manager

WHIRLPOOL FINANCIAL CORPORATION

By

Name:
Title:

THE PROVIDENT BANK

By

Name:
Title:

ARAB BANKING CORPORATION (B.S.C.)

By

Name:
Title:

THE LONG-TERM CREDIT BANK OF
JAPAN, LTD., CHICAGO BRANCH

By

Name:
Title:

WHIRLPOOL FINANCIAL CORPORATION

By /s/ David Kleinman

Name: David Kleinman
Title: VP & Managing Director

EXHIBIT 10.13

UNITED STATIONERS INC.

AMENDED AND RESTATED
REGISTRATION RIGHTS AGREEMENT

This AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT (this "Agreement") dated as of March __, 1995 is made and entered into by and among UNITED STATIONERS INC., a Delaware corporation and successor-in-interest to Associated (as hereinafter defined) (the "Issuer"), each party hereto whose name appears on the signature pages hereto (each an "Initial Holder" and collectively the "Initial Holders"), and each other person or entity who may execute this Agreement in the future or who may execute a separate agreement to be bound by the terms hereof (each Initial Holder and each such other person or entity a "Holder", and collectively the "Holders"). This Agreement amends and restates in its entirety that certain Registration Rights Agreement, dated as of January 31, 1992 (the "Existing Registration Rights Agreement"), among the Holders and Associated Holdings, Inc., a Delaware corporation that has merged (the "Merger") with and into the Issuer as of the date hereof. Capitalized terms not otherwise defined herein have the meanings set forth in Section 8.

WHEREAS, in connection with the Merger, the parties to the Existing Registration Rights Agreement deem it desirable to amend and restate the Existing Registration Rights Agreement, effective as of the effective time of the Merger, pursuant to Section 9(c) thereof as set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Requested Registrations.

(a) Registration Requests. From and after the date hereof, upon the written request of a Holder of at least 20% of the Registrable Securities requesting that Issuer effect a registration under the Securities Act of all or part of such Holder's Registrable Securities and specifying the number of Registrable Securities to be registered and the intended method of disposition thereof (a "Registration Request"), Issuer will promptly, and in no event more than ten (10) Business Days after receipt of such Registration Request, give written notice (a

"Notice of Requested Registration") of such request to all other Holders of Registrable Securities, and thereupon will use all commercially reasonable efforts to effect the registration under the Securities Act of:

(A) the Registrable Securities which Issuer has been so requested to register by such Requesting Holder, and

(B) all other Registrable Securities the Holders of which have made written requests to Issuer for registration thereof within twenty (20) days after the giving of the Notice of Requested Registration (which requests shall specify the intended method of disposition thereof),

all to the extent requisite to permit the disposition (in accordance with the intended methods thereof) of the Registrable Securities so to be registered. If requested by the Holders of a majority of the Registrable Securities requested to be included in any Requested Registration, the method of disposition of all Registrable Securities included in such registration shall be an underwritten offering effected in accordance with Section 4(a). Subject to subsection (e) below, Issuer may include in such registration other securities for sale for its own account or for the account of any other Person.

(b) Limitations on Requested Registrations. Notwithstanding anything herein to the contrary, Issuer shall not be required to honor a request for a Requested Registration if:

(i) such request is received by Issuer less than three hundred sixty-five (365) days after the date hereof;

(ii) in the case of a Long-Form Registration, Issuer has previously effected two (2) Effective Long-Form Registrations;

(iii) in the case of a Short-Form Registration, Issuer has previously effected three (3) Effective Short-Form Registrations;

(iv) in the case of either a Long-Form Registration or a Short-Form Registration, Issuer has previously effected three (3) Effective Short-Form Registrations and/or Long-Form Registrations; or

(v) such request is received by Issuer less than three hundred (300) days following the effective date of any previous registration statement filed in connection with a

Requested Registration, regardless of whether any Holder of Registrable Securities exercised its rights under this Agreement with respect to such registration, unless such previous registration constituted a Cutback Registration.

(c) Registration Statement Form. Requested Registrations shall be on such appropriate registration form promulgated by the Commission as shall be selected by Issuer, and shall be reasonably acceptable to the Holders of a majority of the Registrable Securities to which such registration relates, and shall permit the disposition of such Registrable Securities in accordance with the intended method or methods specified in their request for such registration,

provided, that such registration form is available under the terms of this Agreement. Notwithstanding the forgoing, if Issuer selects a Form S-3 and the use of such form is available under the terms of this Agreement and is permitted by law, the Holders of a majority of the Registrable Securities to which such registration relates may notify Issuer in writing that, in the judgment of such holders (or, if applicable, the Managing Underwriter), the inclusion of some or all of the information required in a more detailed form specified in such notice is of material importance to the success of the Public Offering of such Registrable Securities, in which case Issuer shall supplement or amend the Form S-3 to include such information.

(d) Registration Expenses. Issuer will pay all Registration Expenses incurred in connection with any Requested Registration.

(e) Priority in Cutback Registrations. If a Requested Registration becomes a Cutback Registration, Issuer will include in any such registration, to the extent of the number which the Managing Underwriter advises Issuer can be sold in such offering, (i) first, the securities of Issuer proposed to be included in such registration in accordance with the priorities then existing among Issuer and the holders of such securities pursuant to any agreement between such holders and Issuer, including the Other Registration Rights Agreement, and (ii) second, any other securities of Issuer, including Registrable Securities, proposed to be included in such registration pro rata among the holders thereof, including the Holders. Any securities excluded from such registration shall be withdrawn from and shall not be included in such Requested Registration.

2. Piggyback Registrations.

(a) Right to Include Registrable Securities. Notwithstanding any limitation contained in Section 1, if Issuer at any time proposes after the date

hereof to effect a Piggyback Registration, it will each such time give prompt written notice (a "Notice of Piggyback Registration") to all Holders of Registrable Securities of its intention to do so and of such Holders' rights under this Section 2, which Notice of Piggyback Registration shall include a description of the intended method of disposition of such securities. Upon the written request of any such Holder made within fifteen (15) days after receipt of a Notice of Piggyback Registration (which request shall specify the Registrable Securities intended to be disposed of by such holder and the intended method of disposition thereof), Issuer will use all commercially reasonable efforts to include in the registration statement relating to such Piggyback Registration all Registrable Securities which Issuer has been so requested to register. Notwithstanding the foregoing, if, at any time after giving a Notice of Piggyback Registration and prior to the effective date of the registration statement filed in connection with such registration, Issuer shall determine for any reason not to register or to delay registration of such securities, Issuer may, at its election, give written notice of such determination to each holder of Registrable Securities and, thereupon, (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of any Requesting Holder entitled to do so to request that such registration be effected as a Requested Registration under Section 1, and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities for the same period as the delay in registering such other securities. No registration effected under this Section 2 shall relieve Issuer of its obligations to effect a Requested Registration under Section 1.

(b) Registration Expenses. Issuer will pay all Registration Expenses incurred in connection with each Piggyback Registration.

(c) Priority in Cutback Registrations. If a Piggyback Registration becomes a Cutback Registration, Issuer will include in such registration to the extent of the amount of the securities which the Managing Underwriter advises Issuer can be sold in such offering:

(i) if such registration involves a primary offering of Issuer's securities, (x) first, the securities proposed by Issuer to be sold for its own account, and (y) second any other securities of Issuer, including Registrable Securities, proposed to be included in such registration pro

rata among the holders thereof, including the Holders; and

(ii) if such registration does not involve a primary offering, (X)

first, any securities of Issuer proposed to be included in such
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registration in accordance with the priorities then existing among Issuer and such holders thereof pursuant to any agreement between such holders and Issuer, including securities under the Other Registration Rights Agreement, and (y) second, any other securities of Issuer to be included in such
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registration shall be allocated among the holders thereof pro rata on the
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basis of the number of securities, including Registrable Securities, requested to be included by such holders, including the Holders.

Any securities excluded from such registration shall be withdrawn from and shall not be included in such Piggyback Registration.

3. Registration Procedures. If and whenever Issuer is required to
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use all commercially reasonable efforts to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 1 or Section
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2, Issuer will use all commercially reasonable efforts to effect the
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registration and sale of such Registrable Securities in accordance with the intended methods of disposition thereof specified by the Requesting Holders. Without limiting the foregoing, Issuer in each such case will, as expeditiously as possible:

(a) prepare and file with the Commission the requisite registration statement to effect such registration and use commercially reasonable efforts to cause such registration statement to become effective as soon as practicable,

provided that as far in advance as practical before filing such registration
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statement or any amendment or supplement thereto, Issuer will furnish to the Requesting Holders copies of reasonably complete drafts of all such documents proposed to be filed (including exhibits);

(b) prepare and file with the Commission such amendments and supplements to such registration statement and any prospectus used in connection therewith as may be necessary to maintain the effectiveness of such registration statement and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such

registration statement, in accordance with the intended methods of disposition

thereof, until the earlier of (i) such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement and (ii) two hundred and seventy (270) days after such registration statement becomes effective;

(c) promptly notify each Requesting Holder and the underwriter or underwriters, if any:

(i) when such registration statement or any prospectus used in connection therewith, or any amendment or supplement thereto, has been filed and, with respect to such registration statement or any post effective amendment thereto, when the same has become effective;

(ii) of any written request by the Commission for amendments or supplements to such registration statement or prospectus;

(iii) of the notification to Issuer by the Commission of its initiation of any proceeding with respect to the issuance by the Commission of, or of the issuance by the Commission of, any stop order suspending the effectiveness of such registration statement; and

(iv) of the receipt by Issuer of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction;

(d) furnish to each seller of Registrable Securities covered by such registration statement such number of conformed copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits and documents incorporated by reference), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 promulgated under the Securities Act relating to such holder's Registrable Securities, and such other documents, as such seller may reasonably request to facilitate the disposition of its Registrable Securities;

(e) use all commercially reasonable efforts to register or qualify all Registrable Securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as each holder thereof shall reasonably request, to

keep such registration or qualification in effect for so long as such registration statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder, except that Issuer shall not for any such purpose be required (i) to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this paragraph (e) be obligated to be so qualified, (ii) to subject itself to taxation in any such jurisdiction

or (iii) to consent to general service of process in any jurisdiction;

(f) use all commercially reasonable efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable each Holder thereof to consummate the disposition of such Registrable Securities;

(g) upon the request of (a) the Managing Underwriter, or (b) those Requesting Holders who hold at least a majority of the Registrable Securities to be included in a Requested Registration, effect a stock split in respect of the Common Stock by means of a stock dividend on the Common Stock or a subdivision of the Common Stock, or a combination of the Common Stock, such stock split or combination to be in form, scope and substance satisfactory to the Managing Underwriter or such Requesting Holders, as the case may be;

(h) use all commercially reasonable efforts to obtain a comfort letter or comfort letters from the Issuer's independent public accountants in customary form and covering such matters of the type customarily covered by comfort letters as the Requesting Holders who hold at least a majority of the Registrable Securities to be included in a Requesting Registration or the Managing Underwriter reasonably request;

(i) notify each holder of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which any prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at the request of any such holder promptly prepare and furnish to such holder a reasonable number of copies of a supplement to or an

amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) otherwise use all commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its securityholders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first full calendar month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(k) make available for inspection by any Requesting Holder, any

underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of Issuer (collectively, the "Records") as shall be reasonably necessary to enable them to exercise any due diligence responsibility, and cause Issuer's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such registration statement, and permit the Inspectors to participate in the preparation of such registration statement and any prospectus contained therein and any amendment or supplement thereto.

(l) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement; and

(m) use all commercially reasonable efforts to cause all Registrable Securities covered by such registration statement to be listed, upon official notice of issuance, on any securities exchange on which any of the securities of the same class as the Registrable Securities are then listed.

Issuer may require each Holder of Registrable Securities as to which any registration is being effected to, and each such Holder, as a condition to including Registrable Securities in such registration, shall, furnish Issuer with such information and affidavits regarding such Holder and the distribution of such securities as Issuer may from time to time reasonably request in

writing in connection with such registration; provided, however, that Issuer will not file any registration statement under the Securities Act which refers to any Holder of any Registrable Securities by name or otherwise as the Holder of any securities of Issuer, unless it shall first have given to such Holder the right to require (a) the insertion therein of language, in form and substance satisfactory to such Holder, to the effect that the holding by such Holder of such securities does not make such holder a "controlling person" of Issuer within the meaning of the Securities Act and is not to be construed as a recommendation by such holder of the investment quality of the Issuer's debt or equity securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of Issuer, or

(b) in the event that such reference to such Holder by name or otherwise is not required by the Securities Act or any rules and regulations promulgated thereunder, the deletion of the reference to such Holder; provided that such Holder shall furnish to Issuer an opinion of counsel reasonably acceptable to Issuer to such effect.

Each Holder of Registrable Securities agrees by acquisition of such Registrable Securities that upon receipt of any notice from Issuer of the

happening of any event of the kind described in paragraph (b), such Holder will forthwith discontinue such Holder's disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (b) and, if so directed by Issuer, will deliver to Issuer (at Issuer's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. In the event Issuer shall give any such notice, the period referred to in paragraph (b) shall be extended by a number of days equal to the number of days during the period from and including the giving of notice pursuant to paragraph (c) and to and including the date when each Holder of any Registrable Securities covered by such registration statement shall receive the copies of the supplemented or amended prospectus contemplated by paragraph (b).

4. Underwritten Offerings.

(a) Underwritten Requested Offerings. In the case of any underwritten Public Offering being effected pursuant to a Requested Registration, the Managing Underwriter and any other underwriter or underwriters with respect to such offering shall be selected, after consultation with Issuer, by the Holders of a majority of the Registrable Securities to be included in such

underwritten offering with the consent of Issuer, which consent shall not be unreasonably withheld. Issuer shall enter into an underwriting agreement in customary form with such underwriter or underwriters, which shall include, among other provisions, indemnities to the effect and to the extent provided in Section 6. The Holders of Registrable Securities to be distributed by such underwriters shall be parties to such underwriting agreement and may, at their option (if permitted by the underwriters), require that any or all of the representations and warranties by, and the other agreements on the part of, Issuer to and for the benefit of such underwriters also be made to and for their benefit and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also be conditions precedent to their obligations. No Holder of Registrable Securities shall be required to make any representations or warranties to or agreements with Issuer or the underwriters other than representations, warranties or agreements regarding such Holder and its ownership of the securities being registered on its behalf and such Holder's intended method of distribution and any other representation required by law. No Requesting Holder may participate in such underwritten offering unless such Holder agrees to sell its Registrable Securities on the

basis provided in such underwriting agreement and completes and executes all questionnaires, powers of attorney, indemnities and other documents reasonably required under the terms of such underwriting agreement. If any Requesting Holder disapproves of the terms of an underwriting, such Holder may elect to withdraw therefrom and from such registration by notice to Issuer and the Managing Underwriter, and each of the remaining Requesting Holders shall be entitled to increase the number of Registrable Securities being registered to the extent of the Registrable Securities so withdrawn in the proportion which the number of Registrable Securities being registered by such remaining Requesting Holder bears to the total number of Registrable Securities being registered by all such remaining Requesting Holders.

(b) Underwritten Piggyback Offerings. If Issuer at any time proposes to register any of its securities in a Piggyback Registration and such securities are to be distributed by or through one or more underwriters, Issuer will, subject to the provisions of Section 2(c), use its all commercially reasonable efforts to arrange for such underwriters to include the Registrable Securities to be offered and sold by Requesting Holders among the securities to be distributed by such underwriters, and such Holders shall be obligated to sell their Registrable Securities in such Piggyback Registration through such underwriters on the same terms and conditions as apply to the other Issuer securities to be sold by such underwriters in

connection with such Piggyback Registration. The holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between Issuer and such underwriter or underwriters and may, at their option (if permitted by the underwriters), require that any or all of the representations and warranties by, and the other agreements on the part of, Issuer to and for the benefit of such underwriters also be made to and for their benefit and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also be conditions precedent to their obligations. No Requesting Holder may participate in such underwritten offering unless such Holder agrees to sell its Registrable Securities on the basis provided in such underwriting agreement and completes and executes all questionnaires, powers of attorney, indemnities and other documents reasonably required under the terms of such underwriting agreement. If any Requesting Holder disapproves of the terms of an underwriting, such Holder may elect to withdraw therefrom and from such registration by notice to Issuer and the Managing Underwriter, and each of the remaining Requesting Holders shall be entitled to increase the number of Registrable Securities being registered to the extent of the Registrable Securities so withdrawn in the proportion which the number of Registrable Securities being registered by such remaining Requesting Holder bears to the total number of Registrable Securities being registered by all such remaining Requesting Holders.

5. Holdback Agreements By Issuer and Other Securityholders and Right

to Defer Filing.
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(a) Holdbacks. Unless the Managing Underwriter otherwise agrees,
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Issuer and each Holder of Registrable Securities agrees not to effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the fourteen (14) days prior to and the one hundred and eighty (180) days after the effective date of the registration statement filed in connection with an underwritten offering made pursuant to a Requested Registration (or for such shorter period of time as is sufficient and appropriate, in the opinion of the Managing Underwriter, in order to complete the sale and distribution of the securities included in such registration), except as part of such underwritten registration and except pursuant to registrations on Form S-4 or Form S-8 promulgated by the Commission or any successor or similar forms thereto.

(b) Deferral of Filing. The Issuer may defer the filing of a
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registration statement required by Section 1 hereunder

for a period of 180 days if (i) at the time the Issuer receives a Registration Request, the Issuer or any of its subsidiaries are engaged in confidential negotiations or other confidential business activities, disclosure of which would be required in such registration statement (but would not be required if such registration statement were not filed), and the Board of Directors of the Issuer determines in good faith that such disclosure would be materially detrimental to the Issuer and its stockholders, or (ii) Issuer had received, prior to receiving the Registration Request, a request to register securities of the Issuer from a different holder thereof having priority as to registration over the Holders of Registrable Securities (a "preferred request") and is proceeding with reasonable diligence to comply with the preferred request, or (iii) prior to receiving the Registration Request, the Board of Directors had determined to effect a registered underwritten public offering of the Issuer's equity securities for the Issuer's account and the Issuer had taken substantial steps (including, without limitation, selecting and entering into a letter of intent with the managing underwriter for such offering) and is proceeding with reasonable diligence to effect such offering. A deferral of the filing of a registration statement pursuant to this Section 5(b) shall be lifted, and the requested registration statement shall be filed forthwith, if, in the case of a deferral pursuant to clause (i) of the preceding sentence, the negotiations or other activities are disclosed or terminated, or, in the case of a deferral pursuant to clause (ii) of the preceding sentence, the preferred request is withdrawn, or in the case of a deferral pursuant to clause (iii) of the preceding sentence, the proposed registration for the Issuer's account is abandoned. In order to defer the filing of a registration statement pursuant to this Section 5(b), the Issuer shall promptly, upon determining to seek such deferral, deliver to each Requesting Holder a certificate signed by the President of the Issuer stating that the Issuer is deferring such filing

pursuant to this Section 5(b) and the basis therefor in reasonable detail. Within 20 days after receiving such certificate the Holders of a majority of the Registrable Securities held by the Requesting Holders and for which registration was previously requested may withdraw such request by giving notice to the Issuer. If withdrawn, the Registration Request shall be deemed not to have been made for all purposes of this Agreement.

6. Indemnification.

(a) Indemnification by Issuer. Issuer shall, to the full extent permitted by law, indemnify and hold harmless each seller of Registrable Securities included in any registration statement filed in connection with a Requested Registration or a

Piggyback Registration, its directors and officers, and each other Person, if any, who controls any such seller within the meaning of the Securities Act, against any losses, claims, damages, expenses or liabilities, joint or several (together, "Losses"), to which such seller or any such director or officer or controlling Person may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, and Issuer will reimburse such seller and each such director, officer and controlling Person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such Loss (or action or proceeding in respect thereof); provided that Issuer shall not be liable in any such case to the extent that any such Loss (or action or proceeding in respect thereof) arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to Issuer through an instrument duly executed by such seller specifically stating that it is for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such seller or any such director, officer or controlling Person, and shall survive the transfer of such securities by such seller. Issuer shall also indemnify each other Person who participates (including as an underwriter) in the offering or sale of Registrable Securities, their officers and directors and each other Person, if any, who controls any such participating Person within the meaning of the Securities Act to the same extent as provided above with respect to sellers of Registrable Securities.

(b) Indemnification by the Sellers. Each Holder of Registrable Securities which are included or are to be included in any registration statement filed in connection with a Requested Registration or a Piggyback Registration, as a condition to including Registrable Securities in such registration statement, shall, to the full extent permitted by law, indemnify and hold harmless Issuer, its directors and officers, and each other Person, if any, who controls Issuer within the meaning of the

Securities Act, against any Losses to which Issuer or any such director or officer or controlling Person may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, if such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to Issuer through an instrument duly executed by such seller specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement; provided, however, that the obligation to provide indemnification pursuant to this Section 6(b) shall be several, and not joint and several, among such Indemnifying Parties and the aggregate amount which may be recovered from any holder of Registrable Securities pursuant to the indemnification provided for in this Section 6(b) in connection with any registration and sale of Registrable Securities shall be limited to the total proceeds received by such holder from the sale of such Registrable Securities. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Issuer or any such director, officer or controlling Person and shall survive the transfer of such securities by such seller. Such holders shall also indemnify each other Person who participates (including as an underwriter) in the offering or sale of Registrable Securities, their officers and directors and each other Person, if any, who controls any such participating Person within the meaning of the Securities Act to the same extent as provided above with respect to Issuer.

(c) Notices of Claims, etc. Promptly after receipt by an Indemnified Party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding paragraph (a) or (b) of this Section 6, such

Indemnified Party will, if a claim in respect thereof is to be made against an Indemnifying Party pursuant to such paragraphs, give written notice to the latter of the commencement of such action, provided that the failure of any
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Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under the preceding paragraphs of this

Section 6, except to the extent that the Indemnifying Party is actually
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prejudiced by such failure to give notice. In case any such action is brought against an Indemnified Party, the Indemnifying Party shall be entitled to participate in and, unless, in the reasonable judgment of any Indemnified Party, a conflict of interest between such Indemnified Party and any Indemnifying Party exists with respect to such claim, to assume the defense thereof, jointly with any other Indemnifying Party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of its election so to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation; provided that the Indemnified Party may participate in such
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defense at the Indemnified Party's expense; and provided further that the
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Indemnified Party or Indemnified Parties shall have the right to employ one counsel to represent it or them if, in the reasonable judgment of the Indemnified Party or Indemnified Parties, it is advisable for it or them to be represented by separate counsel by reason of having legal defenses which are different from or in addition to those available to the Indemnifying Party, and in that event the reasonable fees and expenses of such one counsel shall be paid by the Indemnifying Party. If the Indemnifying Party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel for the Indemnified Parties with respect to such claim, unless in the reasonable judgment of any Indemnified Party a conflict of interest may exist between such Indemnified Party and any other Indemnified Parties with respect to such claim, in which event the Indemnifying Party shall be obligated to pay the fees and expenses of such additional counsel for the Indemnified Parties or counsels. No Indemnifying Party shall consent to entry of any judgment or enter into any settlement without the consent of the Indemnified Party which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. No Indemnifying Party shall be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld.

(d) Contribution. If the indemnity and reimbursement obligation
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provided for in any paragraph of this Section 6 is unavailable or insufficient
to hold harmless an Indemnified Party in respect of any Losses (or actions or proceedings in respect thereof) referred to therein, then the Indemnifying Party shall contribute to the amount paid or payable by the Indemnified Party as a result of such Losses (or actions or proceedings in respect

thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand in connection with statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this paragraph were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the first sentence of this paragraph. The amount paid by an Indemnified Party as a result of the Losses referred to in the first sentence of this paragraph shall be deemed to include any legal and other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any Loss which is the subject of this paragraph.

No Indemnified Party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Indemnifying Party if the Indemnifying Party was not guilty of such fraudulent misrepresentation.

(e) Other Indemnification. Indemnification similar to that specified in the preceding paragraphs of this Section 6 (with appropriate modifications) shall be given by Issuer and each seller of Registrable Securities with respect to any required registration or other qualification of securities under any federal or state law or regulation of any governmental authority other than the Securities Act. The provisions of this Section 6 shall be in addition to any other rights to indemnification or contribution which an Indemnified Party may have pursuant to law, equity, contract or otherwise.

(f) Indemnification Payments. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Losses

are incurred.

7. Covenants Relating to Rule 144 and 144A. If at any time Issuer is required to file reports in compliance with either Section 13 or Section 15(d) of the Exchange Act, Issuer will file

reports in compliance with the Exchange Act, will comply with all rules and regulations of the Commission applicable in connection with the use of Rule 144 and take such other actions and furnish such holder with such other information as such Holder may request in order to avail itself of such rule or any other rule or regulation of the Commission allowing such holder to sell any Registrable Securities without registration, and will, at its expense, forthwith upon the request of any Holder of Registrable Securities, deliver to such holder a certificate, signed by Issuer's principal financial officer, stating (a) Issuer's name, address and telephone number (including area code), (b) Issuer's Internal Revenue Service identification number, (c) Issuer's Commission file number, (d) the number of shares of each class of Stock outstanding as shown by the most recent report or statement published by Issuer, and (e) whether Issuer has filed the reports required to be filed under the Exchange Act for a period of at least ninety (90) days prior to the date of such certificate and in addition has filed the most recent annual report required to be filed thereunder. If at any time Issuer is not required to file reports in compliance with either Section 13 or Section 15(d) of the Exchange Act, Issuer at its expense will, forthwith upon the written request of the holder of any Registrable Securities, make available adequate current public information with respect to Issuer within the meaning of paragraph (c)(2) of Rule 144.

With a view to making available to each Holder of Registrable Securities the benefits of certain rules and regulations of the Commission which may permit the sale of the Registrable Securities to the public without registration, Issuer agrees that so long as a Holder owns any Registrable Securities, each Holder of Registrable Securities and each prospective Holder of Registrable Securities who may consider acquiring Registrable Securities in reliance upon Rule 144A shall have the right to request from Issuer, and Issuer will provide upon request, such information regarding Issuer and its business, assets and properties, if any, as is at the time required to be made available by Issuer under Rule 144A so as to enable such Holder to transfer Registrable Securities to such prospective Holder in reliance upon Rule 144A.

8. Definitions.

(a) In addition to other terms defined elsewhere in this Agreement, except as otherwise specifically indicated, the following terms will have the following meanings for all purposes of this Agreement:

"Agreement" means this Registration Rights Agreement, as the same shall be amended from time to time.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois are authorized and required by law to close.

"Common Stock" means the Common Stock, par value $0.10 per share, of the Issuer and any voting trust certificates representing shares of Common Stock issued pursuant to the Voting Trust Agreement.

"Commission" means the Securities and Exchange Commission or any successor governmental agency.

"Cutback Registration" means any Requested Registration or Piggyback Registration to be effected as an underwritten Public Offering in which the Managing Underwriter with respect thereto advises Issuer and the Requesting Holders in writing that, in its opinion, the number of securities requested to be included in such registration (including securities of Issuer which are not Registrable Securities) exceed the number which can be sold in such offering without a reduction in the selling price anticipated to be received for the securities to be sold in such Public Offering.

"Effective Long-Form Registration" means a Long-Form Registration that results in an Effective Registration.

"Effective Registration" means a Requested Registration which (a) has been declared or ordered effective in accordance with the rules of the Commission, (b) has been kept effective for the period of time contemplated by

Section 3(b) and (c) has resulted in the Registrable Securities requested to be - included in such registration actually being sold (except by reason of some act or omission on the part of the Requesting Holders); provided that a Cutback Registration shall not be an Effective Registration for purposes of this Agreement; and provided, further, that a Requested Registration in which Issuer includes securities for sale for the account of Issuer shall not be an Effective Registration for purposes of this Agreement. Notwithstanding the foregoing, a registration that does not become effective after it has been filed with the Commission solely by reason of the refusal to proceed of the Requesting Holders shall be deemed to be an Effective Registration for purposes of this Agreement.

"Effective Short-Form Registration" means a Short-Form Registration
 ----
that results in an Effective Registration.

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

"Form S-1" means Form S-1 promulgated by the Commission under the
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Securities Act, or any successor or similar long-form registration statement.

"Form S-2" means Form S-2 promulgated by the Commission under the
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Securities Act, or any successor or similar short-form registration statement.

"Form S-3" means Form S-3 promulgated by the Commission under the
 ----
Securities Act, or any successor or similar short-form registration statement.

"Holder" has the meaning ascribed to it in the preamble.

"Indemnified Party" means a party entitled to indemnity in accordance
 ----
with Section 6.

"Indemnifying Party" means a party obligated to provide indemnity in
 ----
accordance with Section 6.

"Initial Holder" has the meaning ascribed to it in the preamble.

"Inspectors" has the meaning ascribed to it in Section 3(k).
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"Issuer" has the meaning ascribed to it in the preamble.

"Long-Form Registration" means a Requested Registration effected by
 ----
the filing of a registration statement on Form S-1 with the Commission.

"Losses" has the meaning ascribed to it in Section 6(a).
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"Managing Underwriter" means, with respect to any Public Offering, the
 ----
underwriter or underwriters managing such Public Offering.

"NASD" means the National Association of Securities Dealers, Inc.

"Nonvoting Common Stock" means the Nonvoting Common Stock, par value
 ----
$0.01 per share, of the Issuer and any voting

trust certificates representing shares of Nonvoting Common Stock issued pursuant to the Voting Trust Agreement.

"Notice of Piggyback Registration" has the meaning ascribed to it in
 ----
Section 2(a).
- ------------

"Notice of Requested Registration" has the meaning ascribed to it in
 ----
Section 1(a).
- ------------

"Other Registration Rights Agreement" means the Amended and Restated
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Registration Rights Agreement dated of even date herewith entered into between the Issuer and Chase Manhattan Investment Holdings, Inc., as the same may be amended from time to time.

"Person" means an individual, partnership, limited partnership,
 ------
corporation, business trust, joint stock company, trust, unincorporated association, joint venture or other entity of whatever nature.

"Piggyback Registration" means any registration of equity securities
 ----
of the Issuer under the Securities Act (other than a registration in respect of a dividend reinvestment or similar plan for stockholders of Issuer or on Form S-4 or Form S-8 promulgated by the Commission, or any successor or similar forms thereto, whether for sale for the account of the Issuer or for the account of any holder of securities of Issuer (other than Registrable Securities).

"Public Offering" means any offering of Common Stock to the public,
 ----
either on behalf of Issuer or any of its securityholders, pursuant to an effective registration statement under the Securities Act.

"Records" has the meaning ascribed to it in Section 3(k).

"Registrable Securities" means Common Stock held by a Holder, including shares of Common Stock represented by voting trust certificates, and any other securities of Issuer held by a Holder and issued or issuable with respect to Common Stock by way of a stock dividend or stock split or in connection with a combination of shares or recapitalization. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (x) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (y)

they shall have been distributed to the public pursuant to Rule 144, or (z) they shall have ceased to be outstanding.

"Registration Expenses" means all expenses incident to Issuer' s performance of or compliance with its obligations under this Agreement to effect the registration of Registrable Securities in a Requested Registration or a Piggyback Registration, including, without limitation, all registration, filing, securities exchange listing and NASD fees, all registration, filing, qualification and other fees and expenses of complying with securities or blue sky laws, all word processing, duplicating and printing expenses, messenger and delivery expenses, the fees and disbursements of counsel for Issuer and of its independent public accountants, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, the reasonable fees and disbursements of a single counsel and single firm of accountants retained by the holders of a majority of the Registrable Securities being registered, premiums and other costs of policies of insurance against liabilities arising out of the Public Offering of the Registrable Securities being registered, but excluding underwriting fees, discounts and commissions and transfer taxes, if any, in respect of Registrable Securities, and fees and disbursements of counsel for any underwriter, which shall be payable by each Holder thereof.

"Registration Request" has the meaning ascribed to it in Section 1(a).

"Requesting Holders" means, with respect to any Requested Registration or Piggyback Registration, the holders of Registrable Securities requesting to have Registrable Securities included in such registration in accordance with this Agreement.

"Requested Registration" means any registration of Registrable Securities under the Securities Act effected in accordance with Section 1.

"Rule 144" means Rule 144 promulgated by the Commission under the Securities Act, and any successor provision thereto.

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

"Short-Form Registration" means a Requested Registration effected by the filing of a registration statement on Form S-2 or Form S-3 with the Commission.

"Subdebt Offer" means the offer and sale by Issuer or United Stationers Supply Co., an Illinois corporation and wholly-owned subsidiary of the Issuer, after the date hereof of approximately $130,000,000 aggregate principal amount of debt securities (together with shares of Common Stock or Nonvoting Common Stock or warrants or other rights exercisable for shares of Common Stock or Nonvoting Common Stock).

"Voting Trust Agreement" means that certain Voting Trust Agreement, dated as of January 31, 1992, among the Issuer and the voting trustees and beneficiaries named therein, as amended, modified, or supplemented from time to time.

(b) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; and (iv) the term "Section" refers to the specified Section of this Agreement. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

9. Miscellaneous.

(a) Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient, sent to the recipient by facsimile or by reputable express courier service (charge prepaid) or mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, such notices, demands and other communications will be sent to each party to this Agreement at the address indicated on the signature pages hereto, or to such other address or

to the signature pages hereto, or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

(b) Entire Agreement. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof, and contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

(c) Amendment. This Agreement may be amended, supplemented or modified only by a written instrument (which may be executed in any number of counterparts) duly executed by or on

behalf of each of Issuer and Persons owning two-thirds or more of the Registrable Securities; provided however, that any amendment or modification of this Section 9(c) shall be duly executed by or on behalf of each of the Issuer and each holder of Registrable Securities; and further provided that no such amendment, supplement or modification that materially and adversely affects the rights of a party hereunder shall be enforceable against such party until such party has consented in writing to such amendment, supplement or modification (provided that any amendment, supplement or modification made for the purpose of adding an additional party hereto shall not be deemed to materially or adversely affect the rights of any party hereto).

(d) Waiver. Subject to paragraph (e) of this Section, any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same term or condition of this Agreement on any future occasion.

(e) Consents and Waivers by Holders of Registrable Securities. Any consent of the Holders of Registrable Securities pursuant to this Agreement, and any waiver by such Holders of any provision of this Agreement, shall be in writing (which may be executed in any number of counterparts) and may be given or taken by Persons owning two-thirds or more of the Registrable Securities, and any such consent or waiver so given or taken will be binding on all the Holders of Registrable Securities.

(f) No Third Party Beneficiary. The terms and provisions of this

Agreement are intended solely for the benefit of each party hereto, their respective successors or permitted assigns and any other holder of Registrable Securities, and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person other than any Person entitled to indemnity under Section 6.

(g) Successors and Assigns. This Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

(h) Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

(i) Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

(j) Remedies. Except as otherwise expressly provided for herein, no remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by any party hereto shall not constitute a waiver by any such party of the right to pursue any other available remedies.

Damages in the event of breach of this Agreement by a party hereto or any other Holder of Registrable Securities would be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof and Issuer and each Holder of Registrable Securities, by its acquisition of such Registrable Securities, hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity which such Person may have.

(k) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

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

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

UNITED STATIONERS INC.,
a Delaware corporation

By:_____
Thomas W. Sturgess
Chairman of the Board

Address:
1075 Hawthorne Drive
Itasca, IL 60143
Telecopy No.: 708-773-6491

With a copy to:

WINGATE PARTNERS, L.P.
750 N. St. Paul, Suite 1200
Dallas, TX 75201
Telecopy No.: 214-871-8799

WINGATE PARTNERS, L.P.,
a Delaware limited partnership

By: WINGATE MANAGEMENT COMPANY,
L.P., a Delaware limited
partnership, its general partner

By:_____
Thomas W. Sturgess,
General Partner

Address:
750 North St. Paul
Suite 1200
Dallas, TX 75201
Telecopy No.: 214-871-8799

CUMBERLAND CAPITAL CORPORATION, a Delaware corporation

Address:
301 Commerce Street

Suite 3300
Fort Worth, TX 76102
Telecopy No.: 817-870-2685

By:_____
Gary G. Miller,
President

ASI PARTNERS, L.P.,
a Delaware limited partnership

By: CUMBERLAND CAPITAL CORPORATION,
a Delaware
corporation, its general partner

Address:

301 Commerce Street
Suite 3300
Fort Worth, TX 76102
Telecopy No.: 817-870-2685

By:_____
Gary G. Miller,
President

GOOD CAPITAL CO., INC.,
a Delaware corporation

Address:
1211 Lake Road
Lake Forest, IL 60045
Telecopy No.: 708-234-8663

By:_____
Daniel J. Good
President

BOISE CASCADE CORPORATION,
a Delaware corporation

Address:
One Jefferson Square
Boise, ID 83702
Attn: General Counsel
Telecopy No.: 208-384-7945

By:_____
Name:_____
Title:_____

Address:
2370 Sonnington Drive
Dublin, OH 43017
Telecopy No.: 614-87-4922

_____
Michael D. Rowsey

Address:
20 The Landing
Atlanta, GA 30350
Telecopy No.:_____

_____
Daniel J. Schleppe

Address:
6907 Huntfield Drive

Charlotte, NC 28270
Telecopy No.:_____

_____
Robert W. Eberspacher

Address:

415 Sterling Road
Kenilworth, IL 60043
Telecopy No.:_____

_____
Lawrence E. Miller

STERLING TRUST COMPANY, TRUSTEE
f/b/o Michael D. Rowsey IRA

By:_____

STERLING TRUST COMPANY, TRUSTEE
f/b/o Daniel J. Schleppe IRA

By:_____

STERLING TRUST COMPANY, TRUSTEE
f/b/o Robert D. Eberspacher IRA

By:_____

STERLING TRUST COMPANY, TRUSTEE
f/b/o Lawrence E. Miller IRA

By:_____

EXHIBIT 10.14

==========

WARRANT AGREEMENT

Among

ASSOCIATED HOLDINGS, INC.

and

CHASE MANHATTAN INVESTMENT HOLDINGS, INC.

and, for certain purposes

ASSOCIATED STATIONERS, INC.

Dated as of January 31, 1992

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WARRANT AGREEMENT

WARRANT AGREEMENT dated as of January 31, 1992, among ASSOCIATED HOLDINGS, INC., a corporation duly organized and validly existing under the laws of the State of Delaware ("Issuer") and CHASE MANHATTAN INVESTMENT HOLDINGS, INC., a corporation duly organized and validly existing under the laws of the State of Delaware (the "Investor"), and for purposes of Section 7 only, ASSOCIATED STATIONERS, INC., a corporation duly organized and validly existing under the laws of the State of Delaware (the "Operating Company").

Issuer and certain of the Subsidiaries (as hereinafter defined), certain banks and The Chase Manhattan Bank (National Association), as agent for said banks, are parties to a Credit Agreement or even date herewith (as originally executed, the "Credit Agreement"; references to the Credit Agreement herein shall apply whether or not the Credit Agreement is then in force and without regard to amendments thereto), providing, subject to the terms and conditions thereof, for extensions of credit to be made by said banks thereunder in an aggregate amount not exceeding, initially, $95,000,000 at any one time outstanding. To induce The Chase Manhattan Bank (National Association), which is an Affiliate of the Investor, to enter into the Credit Agreement and to make the extensions of credit thereunder, and for other good and valuable consideration (including the payment of $13.00 by the Investor), the receipt and sufficiency of which are hereby acknowledged, Issuer has agreed to issue Warrants (as hereinafter defined) to the Investor providing for the purchase of shares of Common Stock (as hereinafter defined) of Issuer, in the manner hereinafter provided. Accordingly, the parties hereto agree as follows:

SECTION 1. Definitions; Accounting Terms and Determinations.

1.01 Definitions.

"Accruing Liability" shall have the meaning assigned to such term in Section 7.02(c).

"Acquisition Costs" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Affiliate" shall mean, as to any Person (the "Relevant Person"), any other Person that directly or indirectly controls, or is under common control with, or is controlled by, the Relevant Person and, if such Person is an individual, an member

of the immediate family (including parents, spouse and children) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any Person who is controlled by any such member or trust. As used in this Agreement, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event, any Person that owns or has the right to acquire directly or indirectly (including as part of a group) 5% or more of the Voting Capital Stock in a corporation or 5% or more of a partnership or other ownership interests of any other Person, other than as a limited partner of such other Person, will be deemed to control such corporation or other Person. In addition, any Person in whom an Affiliate of a Relevant Person has a 10% or greater equity interest shall also be deemed an Affiliate of such Relevant Person. Notwithstanding the foregoing, (a) no individual shall be deemed to be an Affiliate of a Relevant Person, solely by reason of his or her being a director, officer or employee of such Relevant Person or any Subsidiary, (b) none of the Subsidiaries shall be Affiliates of Issuer or any other Subsidiary, (c) Issuer shall not be an Affiliate of any Subsidiary, (d) neither

Investor nor any bank, bank holding company or subsidiary of either shall be an Affiliate of Issuer or any Subsidiary, and (e) Boise Cascade Office Products and Boise Cascade shall be Affiliates of Issuer and each Subsidiary.

"Annual Management Fees" shall have the meaning assigned to such term in Section 12.05(e).

"Applicable Earn Back Percentage" shall have the meaning assigned to such term in Section 11.04.

"Bank Holding Company Affiliate" shall mean, with respect to any Holder subject to the provisions of Regulation Y, (i) if such Holder is a bank holding company, any company directly or indirectly controlled by such bank holding company, and (ii) otherwise, the bank holding company that controls such Holder and any Person (other than such Holder) directly or indirectly controlled by such bank holding company.

"Base Rate" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Board" shall mean the Board of Directors of Issuer.

"Boise Cascade" shall mean Boise Cascade Corporation, a Delaware corporation.

"Boise Warrants" shall mean the warrants issued to Boise Cascade covering 23,129 shares of Class A Common Stock pursuant to the Other Warrant Agreement.

"Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York City.

"Calculation Date" shall have the meaning assigned to such term in Section 11.04.

- ------------

"Call Notice" shall have the meaning assigned to such term in
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Section 8.01(b).
- ---------------

"Call Notice Data" shall mean the date on which a Call Notice shall
 ----
be received by the Holders.

"Call Right" shall mean the right of Issuer to purchase Warrants and
 ----
Warrant Stock pursuant to, and in accordance with, Section 8.01.

"Change in Control" shall mean the earliest to occur of: (i) the date
 ----
on which Wingate shall have sold, transferred or otherwise disposed of full power to vote, dispose of and receive the pecuniary benefit of, at least 53,524 shares of Common Stock other than the Employee Shares; (ii) the date on which Wingate shall cease to have the power to vote a majority of Issuer's Voting Capital Stock, and (iii) the date after which any two of James T. Callier, Jr., Thomas W. Sturgess and Frederick B. Hegi, Jr. shall have ceased to be general partners of Wingate Management Company, L.P. or Wingate Management Company, L.P. shall have ceased to be directly or indirectly the general partner of Wingate Partners, L.P.

"Class A Common Stock" shall have the meaning assigned to such term
 ----
in Section 3.07.

"Class B Common Stock" shall have the meaning assigned to such term
 ----
in Section 3.07.

"Closing Date" shall have the meaning assigned to such term in
 ----
Section 1.01 of the Credit Agreement.

"Commission" shall mean the Securities and Exchange Commission or any
 ----
other similar or successor agency of the

Federal government administering the Securities Act and/or the Exchange Act.

"Commitments" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Common Stock" shall mean Issuer's authorized Class A Common Stock and Class B Common Stock as constituted on the date of original issuance of the Warrants and any stock into which such Common Stock may thereafter be converted or changed, and also shall include any other stock of Issuer of any other class, which is not preferred as to dividends or assets over any other class of any other stock of Issuer. References herein and in the Warrants to the Common Stock outstanding "on a fully diluted basis" at any time shall mean the number of Common Stock then issued and outstanding, assuming full conversion, exercise and exchange of all Convertible Securities and Options that are (or may become) exchangeable for, or exercisable or convertible into, Common Stock, including the Warrants, provided, that the number of shares of Common Stock deemed to be outstanding "on a fully diluted basis" shall be reduced by the number of shares of Common Stock purchasable or issuable upon exercise, conversion or exchange of Options or Convertible Securities at the time of calculation which are Out of the Money.

"Company Notice Date" shall have the meaning assigned to such term in Section 7.01(b).
- ---------------

"Company Permitted Financing" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Control" for purposes of Section 5.02 shall mean, with respect to any Person, the power to exercise, directly or indirectly, a controlling influence over the management or policies of such Person.

"Convertible Securities" shall mean evidences of indebtedness, shares of stock or other securities or rights which are exchangeable for or exercisable or convertible into a specified security of Issuer either immediately or upon the arrival of a specified date or the occurrence of a specified event.

"Credit Agreement" shall have the meaning set forth at the head of this Agreement.

"Cumberland" shall mean Cumberland Capital Corporation, a Delaware corporation and, so long as Cumberland is its general partner, ASI Partners, L.P.

"Date of Issuance" shall have the meaning assigned to such term in Section 2.03(c).

"Defaults" shall have the meaning assigned to such term in Section 7.02(b).

"Earn Back" shall have the meaning assigned to such term in Section 11.01.

"EBITD" shall mean, at any date of determination, the sum, for Issuer and the Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP), of the following: (a) net profits after taxes for the most recent 12 months, plus (b) Interest Expense for such period, together with any pay-in-kind interest paid on the Exchange Notes and any accrued but unpaid interest on the Exchange Notes and any original issue discount to the extent deducted in calculating net profits, plus (c) income taxes for such period, plus (d) extraordinary and unusual items of loss for such period, plus (e) losses attributable to equity in Affiliates for such period, plus (f) depreciation and amortization (to the extent deducted in computing net profits after taxes) for such period, plus (g) management fees for such period, minus (h) extraordinary and unusual items of income or gain for such period, minus (i) gains attributable to equity in Affiliates for such period, plus (j) all Monitoring Costs for such period, plus (k) all non-cash charges related to

employee compensation to the extent deducted in calculating net profits.

"EBITDA" for purposes of Section 12.05, shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Election Notice" shall have the meaning assigned to such term in Section 12.08.

"Employee Shares" shall mean 56,935 shares of Common Stock owned by Wingate and 21,725 shares of Common Stock owned by Cumberland on the date hereof, which in their discretion may be sold to certain yet to be identified management employees of the Operating Company.

"Equity Value" shall mean, as at any date of determination, with respect to Issuer and the Subsidiaries (determined on

a consolidated basis without duplication in accordance with GAAP), the sum of (i) the product of 5.0 and EBITD, minus (ii) such amount of non-convertible indebtedness of Issuer and the Subsidiaries at such date as would appear in a balance sheet, except in the case of revolving loans, the amount which would appear in such balance sheet shall be replaced by an amount which is equal to the average outstanding balances for all revolving loans of Issuer and the Subsidiaries during the preceding 12 months, minus (iii) the value of outstanding shares of Preferred Stock of Issuer as would appear in a balance sheet, plus (iv) the amount of cash and cash equivalents (assuming receipt of applicable consideration for conversion, exchange or exercise of any Convertible Securities or Options which are convertible or exercisable into or exchangeable for Common Stock unless they are Out of the Money) of Issuer and the Subsidiaries outstanding at such date (including inter-company receivables). References to "balance sheet" in (ii) through (iv) above are to balance sheets prepared in accordance with GAAP; and amounts to be determined in (ii) through (iv) above shall be determined in accordance with GAAP.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as

amended, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Exchange Notes" shall mean the Class A Exchange Notes, the Class B Exchange Notes and the Class C Exchange Notes all as set forth in Issuer's certificate of incorporation which is attached as Annex 4 hereto.

"Executive Stock Purchase Agreements" shall mean the Associated Holdings, Inc. Executive Stock Purchase Agreements among Issuer, Wingate, Cumberland and each Key Executive dated January 31, 1992.

"Exercise Price" shall have the meaning assigned to such term in the form of Warrant attached as Annex 1 hereto.

"Expiration Date" shall mean the date 10 years from the Closing Date.

"Fair Market Value" shall mean, as at any Put Notice Date, Call Notice Date or Subsequent Asset Sale Date, as the case may be, the price for which all the outstanding shares of Common Stock (on a fully diluted basis, assuming receipt of applicable consideration for any conversion, exchange or exercise of any Convertible Securities or Options which are exchangeable for or

convertible or exercisable into Common Stock unless they are Out of the Money) could be sold in an arm's length transaction to a third party which is not an Affiliate within 12 months after such Put Notice Date, Call Notice Date or Subsequent Asset Sale Date, as the case may be, treating Issuer and the Subsidiaries as a going concern and without regard to (i) the lack of liquidity of the Common Stock due to any restrictions or other limitations contained in this Agreement, the Registration Rights Agreement, the Warrants or otherwise, (ii) any discount for minority interests, (iii) the fact that some of the issued and outstanding shares of the Common Stock may not have any voting rights or may not have full voting rights, (iv) the fact that one or more of the holders of the Common Stock may be unable to exercise in full any of its voting rights due to regulatory, contractual or other restrictions, or (v) the fact that contractual or regulatory approvals, consents, waivers, licenses, permits or notifications may need to be obtained in connection with such sale and the

time required to obtain the same. For purposes of determining the Fair Market Value, it shall be assumed that, in such an arm's length transaction, (A) the seller would not be under any compulsion to sell, and (B) the purchaser would not be under any compulsion to purchase. The Fair Market Value shall be determined by agreement or appraisal in accordance with the procedures described below.

If the Fair Market Value is being determined in connection with the exercise of a Put Right, within 20 days after the applicable Company Notice Date, Issuer and the Holders of a majority of the Warrant Stock issued or issuable upon exercise of the Warrants who have given Put Notices in connection with such Put Right (the "Majority Put Holders") shall each designate a
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representative and such representatives will meet and use their best efforts to reach an agreement on the Fair Market Value. If the Fair Market Value is being determined in connection with the exercise by Issuer of a Call Right, within 20 days after the applicable Call Notice Date, Issuer and the Majority Warrant Stockholders shall each designate a representative and such representatives will meet and use their best efforts to reach an agreement on the Fair Market Value. If the Fair Market Value is being determined in connection with the occurrence of any Subsequent Asset Sale, within 20 days after the applicable Subsequent Asset Sale Date, Issuer and the Holders of a majority of the Warrant Stock sold in the applicable Prior Sale, including Warrant Stock issuable upon the exercise of Warrants sold in such Prior Sale (the "Majority Look Back Holders"), shall
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each designate a representative and such representatives will meet and use their best efforts to reach an agreement on the Fair Market Value. The Majority Put Holders (in the case of the exercise of

a Put Right), the Majority Warrant Stockholders (in the case of the exercise by Issuer of a Call Right) and the Majority Look Back Holders (in the case of any Subsequent Asset Sale), as the case may be, are herein called the "Relevant
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Majority Holders". The Company Notice Date (in the case of the exercise of a Put
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Right), the Call Notice Date (in the case of the exercise by Issuer of a Call Right) and the Subsequent Asset Sale Date (in the case of a Subsequent Asset Sale) is each herein called the "Relevant Notice Date".

If the representatives designated by Issuer and the Relevant Majority Holders are unable to reach such agreement within 15 days after the date on which the later of the two representatives are designated, then (A) the Relevant Majority Holders shall immediately designate one Independent Appraiser; (B)

Issuer shall immediately designate one Independent Appraiser; (C) the two Independent Appraisers so selected shall, within 20 days after the date on which the later of the two Independent Appraisers are appointed, determine independently the Fair Market Value using the parameters established in the first paragraph of this definition; (D) if the lesser of the two appraised values exceeds or is equal to 90% of the other appraised value, then the Fair Market Value will be the average of the two, which average amount shall be conclusive and binding upon all the applicable parties; (E) if the lesser of the two appraised values is less than 90% of the other appraised value, then the two appraisers shall, within 20 days of the date of the later of the two appraisals appoint a third Independent Appraiser; and (F) the third Independent Appraiser so selected shall, within 15 days of its appointment, determine independently the Fair Market Value using the parameters established in the first paragraph of this definition, which determination shall be conclusive and binding upon all the applicable parties.

Issuer will provide each Independent Appraiser with all information about Issuer and the Subsidiaries which such Independent Appraiser reasonably deems necessary for determining the Fair Market Value. The fees and expenses of the appraisal process (including those of the Independent Appraisers) will be paid by Issuer, provided, however, that half of the fees and expenses of the
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third Independent Appraiser, if any, shall be paid, in the event that Fair Market Value is being determined for the purpose of determining a Put Price Per Share, by the Holders of the Warrant Stock and Warrants who have given Put Notices. Issuer may require that the Independent Appraisers keep confidential any non-public information received as a result of this paragraph pursuant to reasonable confidentiality arrangements.

Warrant Agreement

"Fair Price" shall have the meaning assigned to such term in Section
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10.04.
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"Financing" shall mean the borrowing of money by Issuer (including in
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connection with any refinancing of existing indebtedness of Issuer), the sale or issuance of Additional Shares of Common Stock (as defined in the Warrant), a recapitalization of Issuer, a revaluation of Issuer's assets (to the extent permitted under Delaware corporate law and GAAP), transfers by Issuer from its capital to its surplus accounts, effecting the sale of the Warrants and/or the Warrant Stock required to be purchased by Issuer under Section 7 to one or more
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third parties or any other transaction (other than a sale of a majority of the assets of Issuer) pursuant to which Issuer makes available funds in an amount

sufficient to satisfy in cash all its obligations under Section 7.

"GAAP" shall mean generally accepted accounting principles,
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consistently applied throughout the specified period.

"Go-Along Notice Date" shall mean the date on which the Go-Along
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Notice is given.

"Go-Along Sale" shall have the meaning assigned to such term in
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Section 10.04.
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"Good Capital" shall mean Good Capital Co., Inc., a Delaware
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corporation.

"Governmental Authority" shall mean any nation or government, any
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state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled (whether through ownership of securities or other ownership interests, by contract or otherwise) by any of the foregoing.

"Holder" shall mean any Person who acquires Warrants or Warrant Stock
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pursuant to the provisions of this Agreement, including any transferees of Warrants or Warrant Stock, provided, however, that a holder of Warrant Stock
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purchased pursuant to an effective registration statement or in an ordinary brokerage transaction pursuant to Rule 144 shall not be deemed a Holder.

"include" and "including" shall be construed as if followed by the
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phrase "without being limited to".

"Indebtedness" shall have the meaning assigned to such term in
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Section 1.01 of the Credit Agreement.

"Independent Appraiser" shall mean an appraiser which is a recognized

independent expert (including any Investment Banking Firm) experienced in valuing businesses similar or related to the principal business of Issuer and the Subsidiaries.

"Interest Expense" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Interim Dividends" shall have the meaning assigned to such term in Section 8.02(a)(iii).

"Investment" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Investment Banking Firm" shall mean a nationally recognized investment banking firm.

"Investor" shall have the meaning set forth at the head of this Agreement.

"IPO" shall mean the initial public offering of any equity securities (including Convertible Securities and Options that are (or may become) exchangeable for or convertible or exerciseable into equity securities) of Issuer under an effective registration statement under the Securities Act.

"IRR" shall have the meaning assigned to such term in Section 11.04.

"Issuer" shall have the meaning set forth at the head of this Agreement.

"Joinder Agreement" shall mean a Joinder Agreement between Issuer and a Stockholder, which shall be substantially in the form attached as Annex 5 hereto.

"Key Executives" shall mean Michael D. Rowsey, Robert B. Eberspacher, Daniel J. Schleppe and Lawrence E. Miller.

"Key Executive Options" shall mean the options which may be granted

to the Key Executives under the MAnagement Stock Option Plan, which, upon exercise will give such Key Executives the right to purchase, in the aggregate, a maximum of 21,684 shares of Class A Common Stock.

Warrant Agreement

"Lender" shall have the meaning set forth at the head of the Credit Agreement.

"Lien" shall mean, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Loans" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Look Back Event" shall have the meaning assigned to such term in Section 8.02(b).

"Look Back Holder" shall have the meaning assigned to such term in Section 8.02(a).

"Look Back Period" shall have the meaning assigned to such term in Section 8.02(a).
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"Majority Look Back Holders" shall have the meaning assigned to such term in the definition of Fair Market Value in this Section 1.

"Majority Put Holders" shall have the meaning assigned to such term in the definition of Fair Market Value in this Section 1.

"Majority Warrant Stockholders" shall mean the Holders of a majority
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of the Warrant Stock issued or issuable upon exercise of the Warrants. For purposes of giving notices, waivers and consents hereunder, Holders of Warrants shall be deemed holders of Common Stock issued on exercise thereof.

"Management Options" shall mean the options which may be granted to
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certain managers of the Operating Company under the Management Stock Option Plan, and which, upon exercise, will give such managers the right to purchase, in the aggregate, a maximum of 65,051 shares of Class A Common Stock.

"Management Stock Option Plan" shall mean the Associated Holdings,
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Inc. 1992 Management Stock Option Plan in effect on January 31, 1992.

"Marketable Securities" shall mean any security that is listed or
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admitted to trading on a national securities exchange or quoted by NASDAQ or at least three market makers, and can be sold by the recipient within 30 days of receipt without incurring a significant discount from the average of the bid and asked prices for such shares of stock or other securities at the time of receipt.

"Monitoring Costs" shall have the meaning assigned to such term in
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Section 1.01 of the Credit Agreement.

"Monthly Management Fees" shall have the meaning assigned to such
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term in Section 12.05(e).

"NASDAQ" shall mean the National Association of Securities Dealer
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automated quotation system.

"Net Consideration" shall have the meaning assigned to such term in
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Section 8.02(b).
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"New Securities" shall mean any capital stock of Issuer (including

any Common Stock or Preferred Stock), all Convertible Securities or Options that are (or may become) exchangeable for, or exerciseable or convertible into, such capital stock, any voting security, and any Participating Security; provided, however, that New Securities shall not include the Warrants, the Warrant Stock and the Other Equity Securities.

"Notes" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Notice of Non-Acceptance" shall have the meaning assigned to such term in Section 2.03(e).

"Observer" shall have the meaning assigned to such term in Section 12.09.

"Offeree" shall have the meaning assigned to such term in Section 12.08.

"Offer Notice" shall have the meaning assigned to such term in Section 12.08.

"Offer Period" shall have the meaning assigned to such term in Section 12.08.

"Operating Company" shall have the meaning set forth at the head of this Agreement.

"Option" shall mean any warrant, option or other right to subscribe for or purchase a specified security of Issuer.

"Other Equity Documents" shall mean the Stockholders Registration Rights Agreement, the Management Stock Option Plan and options thereunder, the Other Warrant Agreement and the warrants issued thereunder, the Executive Stock Purchase Agreement, the Stockholders Agreement, the Transition Services Agreement, the Preferred Stock Purchase Agreements, the Securities Purchase Agreement and the Voting Trust Agreement.

"Other Equity Securities" shall mean the Key Executive Options, the Management Options, the Boise Warrants, the Employee Shares and the shares of Common Stock purchased or purchaseable by the holders of the Other Equity Securities upon the exercise thereof.

"Other Securities" shall mean any stock (other than Warrant Stock) and other securities of Issuer or any other Person (corporate or otherwise) which the holders at any time shall be entitled to receive, or shall have received, upon the exercise of the Warrants or pursuant to Section 5 thereof, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Warrant Stock or Other Securities received in an earlier exchange, exercise or replacement of Warrant Stock.

"Other Warrant Agreement" shall mean the Warrant Agreement dated as of January 31, 1992, between Boise Cascade and Issuer.

"Out of the Money" shall mean (a) in the case of an Option, that the fair market value of the shares of Common Stock which the holder thereof is entitled to purchase or subscribe for is less than the exercise price of such Option and (b) in the case of a Convertible Security, that the quotient resulting from dividing the fair market value of such Convertible Security by the number of shares of Common Stock into or for which such Convertible Security is exerciseable, convertible or exchangeable is greater than the fair market value of a share of Common Stock.

"Participating Securities" shall mean any security the rights of the holders of which are not limited to a fixed sum or percentage of liquidation preference or principal amount, a sum determined by reference to a formula based on a published index of interest rates, an interest rate publicly announced by a financial institution or a similar index of interest rates in

respect of interest or dividends, and to a fixed sum or percentage of principle amount or liquidation preference in any distribution of assets.

"Person" shall mean a corporation, an association, a partnership, a joint venture, an organization, a business, an individual or a Governmental Authority.

"Preferred Stock" shall mean, as to any Person, any capital stock of such Person which is preferred as to dividends or assets over any other class of any other stock of such Person.

"Preferred Stock Purchase Agreements" shall mean the Preferred Stock Purchase Agreement dated January 31, 1992, between Issuer and Boise Cascade and the Purchase Agreement dated January 31, 1992, between Issuer and Affiliated Computer Services, Inc.

"Prior Amount" shall have the meaning assigned to such term in Section 8.02(a)(i).

"Prior Sale" shall have the meaning assigned to such term in Section 8.02(a).

"Proportionate Share" shall have the meaning assigned to such term in Section 2.03(e).

"Proposed Purchaser" shall have the meaning assigned to such term in Section 9.02.

"Proposed Sale" shall have the meaning assigned to such term in Section 12.08.

"Purchasing Offeree" shall have the meaning assigned to such term in Section 12.08.

"Put Notice" shall have the meaning assigned to such term in

Section 7.01(b).

"Put Notice Date" shall mean, with respect to a Put Notice, the date on which such Put Notice is given or deemed given, as the case may be, to Issuer.

"Put Postponement" shall have the meaning assigned to such term in Section 7.02(c).

"Put Price Per Share" shall mean, as at any date, (i) the greater of Fair Market Value or Equity Value, divided by

(ii) the number of shares of Common Stock then outstanding on a fully diluted basis.

"Put Reactivation Date" shall have the meaning assigned to such term in Section 7.02(c).

"Put Response Notice" shall have the meaning assigned to such term in Section 7.02(b).

"Put Right" shall mean the right of a Holder to require Issuer to purchase Warrants and Warrant Stock pursuant to, and in accordance with, Section 7.

"Put Withdrawal Notice" shall have the meaning assigned to such term in Section 7.02(b).

"Qualified Public Offering" shall mean an offering or offerings of Common Stock under one or more effective registration statements under the

Securities Act such that, after giving effect thereto, (i) at least 20% of the outstanding Common Stock (on a fully diluted basis) has been sold pursuant to such offerings, and (ii) such offerings result in aggregate cash proceeds being received by Issuer and any selling Stockholders of at least $37,500,000 exclusive of underwriter's discounts and other expenses, as a result of which Common Stock is listed or admitted to trading on a national securities exchange or quoted by NASDAQ.

"Registration Rights Agreement" shall mean the Registration Rights Agreement of even date herewith, between Issuer and the Investor, relating to the registration of the Registrable Securities (as defined therein) under and pursuant to the Securities Act, which shall be in the form attached as Annex 2 hereto, as said Registration Rights Agreement shall be modified and supplemented and in effect from time to time.

"Regulation Y" shall mean Regulation Y promulgated by the Board of Governors of the Federal Reserve System (12 C.F.R. (S) 225) or any successor regulation.

"Relevant Majority Holders" shall have the meaning assigned to such term in the definition of Fair Market Value in this Section 1.

"Repurchase Notice" shall have the meaning assigned to such term in Section 6.01.

"Repurchase Notice Date" shall mean the date on which a Repurchase Notice shall be received by the Holders.

"Repurchase Price" shall mean (a) prior to the day which is six months following the Closing Date, $10.81 per Stock Unit, and (b) thereafter and until the first anniversary of the Closing Date, $17.29 per Stock Unit.

"Repurchase Right" shall have the meaning assigned to such Term in Section 6.01(a).

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"Restricted Certificate" shall mean a certificate for shares of
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Warrant Stock or Warrants bearing or required to bear the restrictive legend set forth in Section 4.04.

"Restricted Securities" shall mean Restricted Stock and Restricted
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Warrants.

"Restricted Stock" shall mean Warrant Stock evidenced by a Restricted
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Certificate.

"Restricted Warrants" shall mean Warrants evidenced by a Restricted
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Certificate.

"Revolving Credit Loans" shall have the meaning assigned to such term
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in Section 1.01 of the Credit Agreement.

"Rule 144" shall mean Rule 144 promulgated by the Commission under the
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Securities Act (or any successor or similar rule then in force).

"Rule 144A" shall mean Rule 144A promulgated by the Commission under
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the Securities Act (or any successor or similar rule then in force).

"Securities Act" shall mean the Securities Act of 1933, as amended, or
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any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Securities Purchase Agreement" shall mean the Securities Purchase
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Agreement dated January 31, 1992, among Wingate, Cumberland, Good Capital and Issuer.

"Selling Stockholder" shall have the meaning assigned to such term in Section 9.01.

"Sponsor Management Fees" shall have the meaning assigned to such
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term in Section 12.05(e).

"Stockholder" shall mean any Person who directly or indirectly owns
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any shares of Common Stock (including any shares of Warrant Stock).

"Stockholders Agreement" shall mean the Associated Holdings, Inc.

Stockholders Agreement dated January 31, 1992, among Wingate, Cumberland, Good Capital and the other Persons whose names appear on the signature pages thereto.

"Stockholders Registration Rights Agreement" shall mean the

Associated Holdings, Inc. Registration Rights Agreement dated as of January 31, 1992 by and among Issuer and the Persons whose names appear on the signature pages thereto.

"Stock Unit" shall have the meaning assigned to such term in the form
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of Warrant attached as Annex 1 hereto.

"Subject Holder" shall have the meaning assigned to such term in
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Section 11.04.
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"Subsequent Asset Sale" shall have the meaning assigned to such term
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in Section 8.02(b).

"Subsequent Asset Sale Date" shall mean the date upon which a
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Subsequent Asset Sale shall occur.

"Subsequent Share Value" shall have the meaning assigned to such term
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in Section 8.02(b).

"Subsequent Stock Sale" shall have the meaning assigned to such term
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in Section 8.02(b).

"Subsidiary" shall mean any Person in which Issuer, directly or
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indirectly through Subsidiaries or otherwise, beneficially owns more than 50% of either the equity interests in or the Voting Capital Stock of such Person. "Wholly-Owned Subsidiary" shall have the meaning assigned to such term under the definition of "Subsidiary" in Section 1.01 of the Credit Agreement.

"Tag-Along Purchase Offer" shall have the meaning assigned to such term in Section 9.02.

"Tag-Along Sale" shall have the meaning assigned to such term in Section 9.01(a).

Warrant Agreement

"Term Loans" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Third Party" shall have the meaning assigned to such term in Section 10.04.

"Tranche B Term Loans" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Tranche B Term Loan Commitment" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Tranche B Term Loan Lenders" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Tranche B Warrants" shall have the meaning assigned to such term in Section 2.03(a).

"Tranche B Warrant Repurchase Right" shall have the meaning assigned to such term in Section 2.03(d).

"Tranche B Warrant Stock" shall mean (i) the shares of Common Stock
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purchased or purchasable by the Holders of the Tranche B Warrants upon the exercise thereof, including any Common Stock into which such Common Stock may thereafter be changed or converted, and (ii) any additional shares of Common Stock issued or distributed by way of a dividend, stock split or other distribution in respect of the Common Stock referred to in clause (i) above, or
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acquired by way of any rights offering or similar offering made in respect of the Common Stock referred to in clause (i) above. Any Tranche B Warrant Stock
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purchased by Issuer shall, upon such purchase, except for purposes of Section 6
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cease to be Tranche B Warrant Stock, cease to be outstanding and Issuer, upon such purchase, shall not be deemed a Holder.

"Transition Services Agreement" shall mean the Transition Services
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Agreement among Boise Cascade, Boise Cascade Office Products Corporation, the Operating Company and Issuer dated January 31, 1992.

"Triggering Event" shall mean the earliest to occur of: (i) the fifth
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anniversary of the Closing Date; (ii) a merger, share exchange or consolidation involving Issuer, unless Issuer is the survivor and the shares of capital stock outstanding immediately prior to such merger, share exchange or consolidation are not subject to purchase, redemption, exchange, cancellation or any other change, as a result thereof; (iii) a sale, lease or

other disposition in a single transaction or series of related transactions of all or a majority of the assets of Issuer, including, without limitation, by or through the sale, lease or other disposition of the capital stock or assets of, or a merger or consolidation involving, any Subsidiary or a liquidation or distribution, but excluding a sale/leaseback of, or the creation of a Lien on, such assets in connection with a Company Permitted Financing; (iv) any Change in Control; and (v) repayment in full of the Tranche B Term Loans, unless such repayment occurs within one year of the Closing Date.

"Underwriting Warrants" shall have the meaning assigned to such term
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in Section 2.02(a).

"Undistributed Warrants" and "Undistributed Warrant Repurchase Notice" shall have the respective meanings assigned to such terms in Section 2.03(d).

"Voting Capital Stock" with respect to any corporation shall mean its common stock and Preferred Stock entitled to vote generally for the election of directors.

"Voting Trust Agreement" shall mean that certain Voting Trust Agreement, of even date herewith, among Issuer, Daniel J. Good, Gary G. Miller, Thomas W. Sturgess, Frederick B. Hegi, Jr. and either of James A. Johnson or James T. Callier, Jr. and the beneficial owners of shares of Common Stock whose names are set forth on the signature pages thereto.

"Warrant Income" shall have the meaning assigned to such term in Section 11.04.

"Warrant Purchase Notice" shall have the meaning assigned to such term in Section 2.03(b).

"Warrant Purchase Right" shall have the meaning assigned to such term in Section 2.03(a).

"Warrant Stock" shall mean (i) the shares of Common Stock purchased or purchasable by the Holders of the Warrants upon the exercise thereof, including any Common Stock into which such Common Stock may thereafter be changed or converted, and (ii) any additional shares of Common Stock issued or distributed by way of a dividend, stock split or other distribution in respect of the Common Stock referred to in clause (i) above, or acquired by way of any rights offering or similar offering made in respect of the Common Stock referred to in clause (i) above. Any Warrant Stock purchased by Issuer shall, upon such purchase,

cease to be Warrant Stock, cease to be outstanding and Issuer, upon such purchase, shall not be deemed a Holder.

"Warrants" shall have the meaning assigned to such term in Section 2.01.

"Wingate" shall mean Wingate Partners, L.P., and Wingate Management Company, L.P., so long as it is a general partner of Wingate Partners, L.P., and Wingate Affiliates L.P., so long as Wingate Partners, L.P. is a general partner thereof.

1.02 Accounting Terms and Determinations. Except as otherwise may be expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Holders hereunder and under the Warrants shall be prepared, in accordance with GAAP. All calculations made for the purposes of determining compliance with the terms of this Agreement and the Warrants shall (except as otherwise may be expressly provided herein) be made by application of GAAP.

SECTION 2. Purchase and Sale of Warrants.

2.01 Authorization and Issuance of Shares and Warrants. Issuer has authorized: (a) the issuance of warrant certificates covering the purchase of Stock Units representing shares of Common Stock in the form of Annex 1 to this Agreement (such certificates, together with the rights to purchase Common Stock provided thereby and all warrant certificates covering such stock issued upon transfer, division or combination of, or in substitution for, any thereof, sometimes called the "Warrants") for issuance to the Investor pursuant to this Agreement; and (b) the issuance of such number of shares of Class A and Class B Common Stock as shall be necessary to permit Issuer to comply with its obligations to issue Common Stock pursuant to the Warrants and Class A Common Stock upon conversion of the Class B Common Stock.

2.02 The Purchase of the Underwriting Warrants.

(a) On the date hereof:

(i) Issuer shall issue to the Investor Warrants covering 34,694 Stock Units, which represents 3% of the outstanding shares of Common Stock on a fully diluted basis (the "Underwriting

Warrants") on the date of original issuance of the Underwriting Warrants;

(ii) The Investor shall pay Issuer $3.00 for the Underwriting Warrants;

(iii) Issuer shall deliver to the Investor a single certificate for the Underwriting Warrants to be acquired by the Investor hereunder, registered in the name of the Investor, except that, if the Investor shall notify Issuer in writing prior to such issuance that it desires certificates for Warrants to be issued in other denominations or registered in the name or names of any Affiliate, nominee or nominees of the Investor for its or their benefit, then the certificates for Warrants shall be issued to the Investor in the denominations and registered in the name or names specified in such notice; and

(iv) Issuer shall deliver to the Investor a legal opinion from counsel to Issuer in the form attached as Annex 3 hereto.

(b) On or before the date hereof, Issuer shall have adopted a certificate of incorporation substantially in the form of Annex 4 hereto.

2.03 Right to Purchase the Tranche B Warrants.

(a) On or prior to the first anniversary of the Closing Date, the Investor shall have the right to purchase, on one or more occasions, such number of Warrants covering such number of Stock Units as is equal to 10% of the outstanding shares of Common Stock on a fully diluted basis (the "Tranche B Warrants") on the Date of Issuance (the "Warrant Purchase Right").

(b) The Investor may exercise the Warrant Purchase Right by delivering a notice to Issuer indicating that the Investor wishes to purchase the Tranche B Warrants (the "Warrant Purchase Notice").

(c) The purchase and sale of the Tranche B Warrants pursuant to the

Warrant Purchase Right shall be consummated on a date selected by the Investor by giving Issuer at least two days' prior written notice thereof, which date shall be not later than 30 days after delivery of the Warrant Purchase Notice to the Issuer (the "Date of Issuance"). On the Date of Issuance:

(i) Issuer shall deliver to the Investor a single certificate for the Tranche B Warrants, registered in

the name of the Investor, except that, if the Investor shall notify Issuer in writing prior to such issuance that it desires certificates for the Tranche B Warrants to be issued in other denominations or registered in the name or names of any Affiliate of the Investor, any Tranche B Lender or any Affiliate of a Tranche B Lender or any nominee or nominees for its or their benefit, then the certificates for the Tranche B Warrants shall be issued to the Investor in the denominations and registered in the name or names specified in such notice.

(ii) The Investor shall pay $10.00 in total for the Tranche B Warrants;

(iii) Issuer will deliver to each Person that receives a certificate for Tranche B Warrants a favorable legal opinion from D'Ancona & Pflaum or Weil, Gotshal & Manges or other counsel to Issuer acceptable to the Investor, covering the matters set forth in the opinion of counsel to Issuer attached hereto as Annex 3;

(iv) The Investor and each other Person that receives a certificate for Tranche B Warrants will deliver a certificate to Issuer affirming the representations and warranties contained in Section 2.04 as of the Tranche B Warrant Issuance Date; and

(v) Issuer will deliver a certificate to each Person that receives a certificate for Tranche B Warrants affirming the representations and warranties contained in Section 3 as of the Date of Issuance.

(d) In the event that any Tranche B Term Loan Lender declines to accept its proportionate share of the Tranche B Warrants, based upon the ratio of the dollar amount of such Tranche B Term Loan Lender's Tranche B Term Loan Commitment to the total dollar amount of the Tranche B Term Loans

("Proportionate Share"), Issuer shall have the right ("Tranche B Warrant Repurchase Right") to repurchase such Tranche B Term Loan Lender's Proportionate Share of the Tranche B Warrants from the Investor (the "Undistributed Warrants"). Within 30 days after the first anniversary of the Closing Date, the Investor shall give Issuer a written notice identifying each Tranche B Loan Lender which has declined to accept its Proportionate Share of the Tranche B Warrants ("Notice of Non-Acceptance"). Issuer may exercise the Tranche B Warrant Repurchase Right by delivering a written notice to the Investor within 30 days after receipt of

the Notice of Non-Acceptance indicating that Issuer wishes to repurchase the Undistributed Warrants ("Undistributed Warrant Repurchase Notice"). The purchase and sale of the Undistributed Warrants shall be consummated on a date selected by Issuer by giving the Investor at least 10 days' prior written notice thereof, which date shall be not later than 30 days after receipt of the Undistributed Warrant Repurchase Notice by the Investor. Issuer shall purchase from the Investor, and Investor shall sell to Issuer, the Undistributed Warrants at a purchase price equal to $.0000865 per Stock Unit covered thereby. Payment of the purchase price for the Undistributed Warrants so purchased by Issuer shall be made in immediately available funds.

2.04 Purchase for the Investor's Account. The Investor represents and warrants to Issuer as follows:

(a) The Investor is purchasing and shall purchase the Warrants for its own account, without a view to the distribution thereof, all without prejudice, however, to the right of the Investor at any time, in accordance with this Agreement or the Registration Rights Agreement, lawfully to sell or otherwise to dispose of all or any part of the Warrants or the Warrant Stock held by it.

(b) The Investor is an "accredited investor" within the meaning of Regulation D under the Securities Act.

2.05 Securities Act Compliance. The Investor understands that Issuer has not registered the Warrants or the Warrant Stock under the Securities Act, and the Investor agrees that neither the Warrants nor the Warrant Stock shall be sold or transferred or offered for sale or transfer without registration under

the Securities Act or the availability of an exemption therefrom, all as more fully provided in Section 4.

SECTION 3. Representations and Warranties. Issuer represents and warrants as follows:

3.01 Existence; Qualification. Each of Issuer and the Operating Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of Issuer and the Operating Company is duly qualified, licensed or admitted to do business and is in good standing as a foreign corporation in every jurisdiction where the failure to be so qualified would have a material adverse effect on the business, financial condition, operations or assets of Issuer and the Operating Company taken as a whole and has all

requisite corporate power and authority to transact its business in all such jurisdictions.

3.02 No Breach. The execution, delivery and performance of this Agreement, the Warrants and the Registration Rights Agreement by Issuer and the consummation by it of the transactions contemplated hereby and thereby and the execution, delivery and performance of this Agreement by the Operating Company and the consummation by it of the transactions contemplated hereby will not (a) violate the certificate of incorporation or by-laws of Issuer or the Operating Company, (b) violate any loan or credit agreement to which Issuer or the Operating Company is a party or is bound, or result in a breach of or default under any other instrument or agreement to which Issuer or the Operating Company is a party or is bound in a way which could reasonably be expected to have a material adverse effect on (i) the property, business, operations, financial condition, prospects, liabilities or capitalization of Issuer and the Subsidiaries taken as a whole, (ii) the ability of either Issuer or the Operating Company to perform its obligations under any of this Agreement, the Warrant and the Registration Rights Agreement to which it is a party, (iii) the validity or enforceability of this Agreement, the Warrant and the Registration Rights Agreement, or (iv) the rights and remedies of the Holders under any of this Agreement, the Warrant, and the Registration Rights Agreement, (c) violate any judgment, order, injunction, decree or award against or binding upon Issuer or the Operating Company, (d) result in the creation of any material Lien upon any of the properties or assets of Issuer or the Operating Company, or (e) violate any law, rule or regulation relating to Issuer or the Operating Company.

3.03 Corporate Action. Each of Issuer and the Operating Company has all necessary corporate power and authority to execute, deliver and perform its respective obligations under this Agreement, the Warrants and the Registration Rights Agreement; the execution, delivery and performance by Issuer of this Agreement, the Warrants and the Registration Rights Agreement and by the Operating Company and this Agreement have been duly authorized by all necessary corporate action (including all stockholder action) on the part of Issuer and the Operating Company, respectively; this Agreement, the Underwriting Warrant and the Registration Rights Agreement have been duly executed and delivered by Issuer and this Agreement has been duly executed and delivered by the Operating Company and constitute, the legal, valid and binding obligations of Issuer and the Operating Company, respectively, enforceable against Issuer and the Operating Company in accordance with their respective terms, except as enforceability

may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights of creditors generally as applicable to Issuer, or in the case of the Operating Company, as applicable to it, and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); the Tranche B Warrants when executed, issued and delivered pursuant to this Agreement will constitute the legal, valid and binding obligations of Issuer, enforceable against Issuer in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights of creditors generally as applicable to Issuer or in the case of the Operating Company, as applicable to it, and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); the Class A Common Stock and Class B Common Stock constituting the Warrant Stock initially covered by the Warrants have been duly and validly authorized and reserved for issuance and shall, when paid for, issued and delivered in accordance with the Warrants, and the Class A Common Stock when issued on conversion of Class B Common Stock will be, be duly and validly issued, fully paid and nonassessable and free and clear of any Liens; and none of the Warrant Stock issued pursuant to the terms hereof will be in violation of any preemptive rights of any Stockholder.

3.04 Approvals. Except in connection with the registration of the Warrant Stock pursuant to the Registration Rights Agreement and for the filing of Form D with the Commission in connection with the issuance of the Warrants pursuant to this Agreement (which Issuer will duly file), no authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority or any other Person are necessary for (i) the execution, delivery or performance by Issuer of this Agreement, the Warrants or the Registration Rights

Agreement or for the validity or enforceability thereof, or (ii) the execution, delivery or performance by the Operating Company of this Agreement. Any such action required to be taken as a condition to the execution and delivery of this Agreement and the Registration Rights Agreement, or the execution, issuance and delivery of the Warrants, has been duly taken by all such Governmental Authorities or other Persons, as the case may be.

3.05 Investment Company Act. Issuer is not an "investment company", or a company "controlled by" an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

3.06 Public Utility Holding Company Act. Issuer is not a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

3.07 Capitalization.

(a) On the date hereof, the total number of shares of capital stock which Issuer has authority to issue is 10,245,000 shares, consisting of (i) 15,000 shares of Class A Preferred Stock, par value $.01 per share; (ii) 15,000 shares of Class B Preferred Stock, par value $.01 per share; (iii) 15,000 shares of Class C Preferred Stock, par value $.01 per share; (iv) 200,000 shares of other Preferred Stock, par value of $.01 per share, as to which the Board shall have the authority set forth in Article Five of the certificate of incorporation of Issuer; and (v) 10,000,000 shares of Common Stock, of which 5,000,000 shares shall be Class A Common Stock, par value $.01 per share ("Class A Common Stock"), and 5,000,000 shares shall be Class B Common Stock, par value $.01 per share ("Class B Common Stock"). Schedule I hereto correctly sets forth the capital stock and equity securities owned of record and the names of the owners of record on the date hereof. Upon the issuance of the Warrants under this Agreement, other than (A) the Warrants to be issued pursuant to this Agreement, (B) the Boise Warrants, (C) the Key Employee Options, (D) the Management Options, and (E) pursuant to this Agreement or the Other Equity Documents and (F) Class B Common Stock which may be issued pursuant to this Agreement, Issuer shall not have outstanding any Convertible Securities or Options exercisable or convertible into or exchangeable for any shares of capital stock or Participating Securities of Issuer, nor shall it have outstanding any agreements providing for the issuance (contingent or otherwise) of, or any calls,

commitments or claims of any character relating to, any capital stock or Participating Securities of Issuer or Convertible Securities exercisable or convertible into or exchangeable for any capital stock or Participating Securities of Issuer, or obligations of the type specified in Section 12.06(d)(iii).

(b) Other than the Other Equity Documents, there is not in effect on the date hereof any agreement by Issuer pursuant to which any holders of securities of Issuer have a right to cause Issuer to register such securities under the Securities Act, other than the Registration Rights Agreement, or any agreement to which Issuer or (to its knowledge) any of its stockholders are a party relating to the voting, transfer or sale of such securities.

(c) On the date hereof, none of the Subsidiaries has any equity security, Participating Security or obligation of the type referred to in Section 12.06(d)(iii) outstanding other than capital stock owned by Issuer.

(d) As of the date hereof, all certificates representing issued and outstanding shares of Common Stock which have been issued to Wingate, Cumberland and Good Capital bear the legend set forth in Section 9.03 on the reverse side thereof.

3.08 Private Offering.

(a) Assuming the truth and accuracy of the Investor's representations and warranties contained in Section 2.04, the issuance and sale of the Warrants to the Investor hereunder are exempt from the registration and prospectus delivery requirements of the Securities Act.

(b) All stock and securities of Issuer heretofore issued and sold by Issuer were and all securities of Issuer issued and sold by Issuer on the date hereof are being issued and sold in accordance with, or were exempt from, the registration and prospectus delivery requirements of the Securities Act.

(c) Issuer agrees that neither Issuer nor any Person acting on its behalf has offered or will offer the Warrants or shares of Warrant Stock or any part thereof or any similar securities for issue or sale to, or has solicited or will solicit any offer to acquire any of the same from, any Person so as to bring the issuance and sale of the Warrants or shares of Warrant Stock within

the provisions of the registration and prospectus delivery requirements of the Securities Act.

3.09 No Litigation.

(a) There is no action, suit, proceeding or investigation pending or, to the best of Issuer's knowledge after due inquiry, threatened against Issuer before any Governmental Authority seeking to enjoin the transactions contemplated by this Agreement, the Warrants or the Registration Rights Agreement.

(b) There are no legal or arbitral proceedings or any proceedings by or before any Governmental Authority, now pending or (to the knowledge of Issuer) threatened against Issuer or any of the Subsidiaries which, if adversely determined, could have a material adverse effect on Issuer's business, financial condition, operations or assets.

3.10 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Issuer directly with Investor without the intervention of any Person on behalf of Issuer in such manner as to give rise to any valid claim by any Person against Investor or any Holder for a finder's fee, brokerage commission or similar payment.

SECTION 4. Restrictions on Transferability.

4.01 Transfers Generally. Except as otherwise provided in Section 5, the Restricted Securities shall be transferable only upon the conditions specified in this Section 4 and in the Registration Rights Agreement, which conditions are intended to insure compliance with the provisions of the Securities Act and applicable state securities laws in respect of the transfer of any Restricted Securities.

4.02 Transfers of Restricted Securities Pursuant to Registration Statements, Rule 144 and Rule 144A. The Restricted Securities may be offered or sold by the Holder thereof pursuant to (a) an effective registration statement under the Securities Act, or (b) to the extent applicable, Rule 144 or Rule 144A.

4.03 Notice of Certain Private Transfers. If any Holder of any Restricted Security desires to transfer such Restricted Security other than pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 or Rule 144A, then such Holder shall deliver, at such Holder's expense, to Issuer a notice with respect to the proposed transfer, together with an opinion of Milbank, Tweed, Hadley & McCloy, or other counsel reasonably satisfactory to Issuer, to the effect that an exemption from registration under the Securities Act is available.

4.04 Restrictive Legends. Until otherwise permitted by Section 4.05, each certificate for Warrants issued under this Agreement, each certificate for any Warrants issued to any subsequent transferee of any such certificate, each certificate for any Warrant Stock issued upon exercise of any Warrant and each certificate for any Warrant Stock issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN THAT CERTAIN WARRANT AGREEMENT DATED AS OF JANUARY 31, 1992 (THE

Warrant Agreement

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"WARRANT AGREEMENT"), BETWEEN ASSOCIATED HOLDINGS, INC., A DELAWARE CORPORATION ("ISSUER"), AND CHASE MANHATTAN INVESTMENT HOLDINGS, INC., A DELAWARE CORPORATION, AS THE WARRANT AGREEMENT MAY BE MODIFIED AND SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME, AND NO TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE SHALL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. A COPY OF THE FORM OF THE WARRANT AGREEMENT IS ON FILE AND MAY BE INSPECTED AT THE PRINCIPAL EXECUTIVE OFFICE OF ISSUER. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY THE PROVISIONS OF THE WARRANT AGREEMENT."

4.05 Termination of Restrictions. All the restrictions imposed by this Section 4 upon the transferability of the Restricted Securities shall cease and terminate as to any particular Restricted Security when such Restricted Security shall have been effectively registered under the Securities Act and applicable state securities laws and sold by the Holder thereof in accordance with such registration or sold under and pursuant to Rule 144 or is eligible to be sold

under and pursuant to paragraph (k) of Rule 144. Whenever the restrictions imposed by this Section 4 shall terminate as to any Restricted Security as hereinabove provided, the Holder thereof shall be entitled to receive from Issuer, without expense, a new certificate evidencing such Restricted Security not bearing the restrictive legend otherwise required to be borne by a certificate evidencing such Restricted Security.

SECTION 5. Certain Dispositions of Securities; Regulation Y Matters.

5.01 Certain Dispositions of Securities.

(a) Notwithstanding anything in this Agreement or the Warrants to the contrary, but subject to compliance with the Securities Act, applicable state securities laws and the requirement as to placement of a legend on certificates for Restricted Securities specified in Section 4.04, any Holder shall have the right to transfer any or all of its Restricted Securities:

(i) to any Person who at the time owns (directly or indirectly) at least a majority of the Voting Capital Stock of such Holder;

(ii) to any Person at least a majority of whose Voting Capital Stock shall at the time be owned (directly or indirectly) by such Holder or by any Person who owns

(directly or indirectly) at least a majority of the Voting Capital Stock of such Holder;

(iii) to another Holder; or

(iv) in the case of any Holder which is an insurance company, pension fund, bank, bank holding company or a subsidiary of an insurance company, pension fund, bank or bank holding company, to a third party, if, in the reasonable judgment of such Holder, such transfer is required to be effected by such Holder because (A) its investment in Warrants or shares of Warrant Stock may exceed any limitation to which it is subject, or is otherwise not permitted, under any law, rule or regulation of any Governmental Authority, or (B) restrictions are imposed on such Holder under any law, rule or regulation which, in the reasonable judgment of such Holder, make it illegal or unduly burdensome to continue to hold such Warrants or shares of Warrant Stock or a portion thereof.

The party to which Restricted Securities are transferred pursuant to the immediately preceding sentence shall be deemed to be a Holder of such Restricted

Securities and bound by the provisions of this Agreement applicable to Holders so long as he, she or it continues to own any of the Restricted Securities so transferred to such transferee.

(b) If the circumstances described in clause (iv) of Section 5.01(a) arise, Issuer shall assist such Holder in disposing of its Warrants and Warrant Stock in a prompt and orderly manner.

(c) In the event of any underwritten public offering of Restricted Securities in which a Holder which is subject to the provisions of Regulation Y is participating pursuant to the Registration Rights Agreement or otherwise, Issuer shall use its best efforts to assist the underwriter in ensuring that any Warrants or Warrant Stock sold by such Holder are widely disseminated.

5.02 Regulation Y Restrictions. Notwithstanding anything in this Agreement or the Warrants to the contrary, no Holder subject to the provisions of Regulation Y shall, and no such Holder shall permit any of its Bank Holding Company Affiliates to, transfer any Warrants or shares of Warrant Stock held by it, if, by virtue of such transfer or the right to effect such transfer, such Holder, together with its Bank Holding Company Affiliates, would Control Issuer (and, for purposes of

this restriction, a reasoned opinion of counsel to such Holder based on facts and circumstances deemed appropriate by such counsel to the effect that such Holder does not so Control Issuer shall be conclusive).

5.03 Cancellation and Issuance. If any Holder or any of its Affiliates assigns or otherwise transfers all or any of its Loans and/or Commitments (including by selling participation therein), or assigns or otherwise transfers any of its rights or obligations under the Credit Agreement or the Notes, to any Person, such Holder may request (upon 10 days' prior notice to Issuer) that a number of Warrants held by such Holder be canceled on the date of such assignment and transfer and that a like number of Warrants be issued by Issuer to the Person to whom such Loans and/or Commitments, or such rights or obligations, are being assigned or otherwise transferred. Upon the date specified in such request:

(a) Issuer shall issue, and the Holder shall surrender for cancellation, such number of Warrants as aforesaid, provided that such issuance shall not violate the Securities Act or any applicable state securities laws;

(b) Issuer will deliver to each Person that receives a certificate for Warrants a favorable legal opinion from D'Ancona & Pflaum or Weil, Gotshal & Manges or other counsel to Issuer acceptable to such Person, covering the matters set forth in the opinion of counsel to Issuer attached hereto as Annex 3;

(c) Each Person that receives a certificate for Warrants will deliver a certificate to Issuer affirming the representations and warranties contained in Section 2.04 as of such date; and

(d) Issuer will deliver a certificate to each Person that receives a certificate for Warrants affirming the representations and warranties contained in Section 3 as of such date.

SECTION 6. Issuer's Right of Repurchase.

6.01 Repurchase Right.

(a) At the time of a Company Permitted Financing, Issuer shall have the right to repurchase on a pro rata basis from each holder of Tranche B Warrants and Tranche B Warrant Stock up to one-half (the "Buy-back Amount") of the Tranche B

Warrants and Tranche B Warrant Stock held by such holder, based on the ratio of the number of shares of Tranche B Warrant Stock (including Tranche B Warrant Stock issuable upon the exercise of Tranche B Warrants) owned by each such Holder to the number of shares of Tranche B Warrant Stock (including Tranche B Warrant Stock issuable upon the exercise of Tranche B Warrants) owned by all of the Holders (the "Repurchase Right"), provided, however, that in the event that the Tranche B Term Loans are not repaid in full at the time of a Company Permitted Financing, the Buy-back Amount shall be reduced to an amount equal to the product of (i) one minus the quotient resulting from dividing the amount of the Tranche B Term Loan which remains unpaid immediately after the Company Permitted Financing by $10,000,000, and (ii) the Buy-back Amount.

(b) Issuer may exercise the Repurchase Right by delivering an

irrevocable notice to the Holders indicating that Issuer will purchase the Tranche B Warrants and/or the Tranche B Warrant Stock specified in such notice and stating that a Company Permitted Financing will occur (a "Repurchase Notice").

6.02 Procedures. The purchase and sale of the Tranche B Warrants and/or the Tranche B Warrant Stock pursuant to the Repurchase Right shall be consummated on a date selected by Issuer by giving the Holders at least 10 days' prior written notice thereof, which date shall be set forth in the Repurchase Notice and which in no event shall be earlier than the date of the closing for the Company Permitted Financing nor later than three Business Days thereafter. Issuer shall purchase from the Holders, and each Holder shall sell to Issuer, Tranche B Warrants and/or Tranche B Warrant Stock: (i) in the case of each share of Tranche B Warrant Stock so purchased, at a price equal to the Repurchase Price on such date; and (ii) in the case of a Tranche B Warrant, at a purchase price equal to (A) the product of (1) the Repurchase Price and (2) the number of shares of Tranche B Warrant Stock for which such Tranche B Warrant is exercisable as of the Repurchase Notice Date, minus (B) an amount equal to the aggregate Exercise Price as of the Repurchase Notice Date for such number of Shares of Tranche B Warrant Stock. Payment of the purchase price for the Tranche B Warrants and/or the Tranche B Warrant Stock so purchased by Issuer shall be made by wire transfer in immediately available funds.

SECTION 7. Put Rights.

7.01 Put Rights.

(a) At any time on or after the occurrence of the Triggering Event, but prior to the earlier to occur of (i) the Expiration Date and (ii) the consummation of a Qualified Public Offering, each Holder will have the right to require Issuer to purchase all of the Warrants and the Warrant Stock owned by such Holder.

(b) A Holder may exercise a Put Right by delivering a notice to Issuer stating that such Holder will require Issuer to purchase the Warrants or Warrant Stock specified in such notice (a "Put Notice"). Within five days after receipt of a Put Notice by Issuer, Issuer shall give a notice to the Holders (other than

the Holder who gave such Put Notice) advising them of the receipt by Issuer of such Put Notice, together with a copy of such Put Notice. The date upon which Issuer shall so advise the other Holders is herein called the "Company Notice Date". Within 15 days after the Company Notice Date, each other Holder also may give a Put Notice to Issuer and each such Put Notice shall be deemed given as of the date of the Put Notice given by the Holder initially exercising the Put Right. The failure so to give a Put Notice by a Holder within such 15-day period shall be without prejudice to the right of such Holder to give thereafter a Put Notice pursuant to this Section 7.

7.02 Procedures.

(a) The purchase and sale of the Warrants and the Warrant Stock pursuant to a Put Right shall be consummated on a date selected by Issuer upon at least five days' prior written notice to such Holders, which date in no event shall be earlier than the date five days, nor later than the date 10 days, after the determination of Fair Market Value (the "Put Closing Date"). On the Put Closing Date, Issuer shall purchase from the Holder which has given such Put Notice, and such Holder shall sell to Issuer, the Warrants and/or the Warrant Stock specified in such Put Notice: (i) in the case of each share of Warrant Stock so purchased, at a purchase price equal to the Put Price Per Share as of the Put Notice Date; and (ii) in the case of each Warrant, at a purchase price equal to (A) the product of (1) the Put Price Per Share as of the Put Notice Date and (2) the number of shares of Warrant Stock for which such Warrant is exercisable as of the Put Notice Date, minus (B) an amount equal to the aggregate Exercise Price as of the Put Notice Date for such number of shares of Warrant Stock. Payment of the purchase price for the

Warrants and/or the Warrant Stock so purchased by Issuer shall be made by wire transfer in immediately available funds.

(b) If Issuer is prohibited from purchasing all Warrants and Warrant Stock put to it pursuant to a Put Notice because (i) a default is then existing under the provisions of the Credit Agreement in respect of the Term Loans or the Revolving Credit Loans, or (ii) such purchase would result in any default under the Credit Agreement in respect of the Term Loans or the Revolving Credit Loans (the defaults described in clauses (i) and (ii) being herein referred to as "Defaults"), or (iii) Issuer does not have sufficient funds legally available

therefor under Delaware corporate law, then Issuer shall give notice (a "Put Response Notice") to each Holder which has delivered such Put Notice of (x) the reason that it is unable to purchase all Warrants and Warrant Stock put to it pursuant to a Put Notice, including (1) if due to a deficiency, the computation thereof, and/or (2) if due to a Default, the nature of the covenants which have been or would be breached and if such provisions are financial covenants, a computation of the amounts or ratios setting forth the deficiencies with respect to such covenants, and (y) the aggregate amount of such Warrants and Warrant Stock, if any, which it will be able to purchase, which Put Response Notice shall be delivered within five days of the determination of Fair Market Value and shall be given together with the notice of the Put Closing Date, if any, given by Issuer pursuant to the first sentence of Section 7.02(a). Each such Holder shall have the right to withdraw its Put Notice by delivering a notice (a "Put Withdrawal Notice") to Issuer at any time prior to the Put Closing Date or if none is set in the Put Response Notice, prior to the last day on which a Put Closing could occur pursuant to the first sentence of Section 7.02(a). If any such Holders have not timely delivered Put Withdrawal Notices, unless prohibited by a Default which has not been waived by the Lenders, Issuer thereupon shall purchase from such Holders the aggregate amount of Warrants and Warrant Stock, if any, it may purchase on such date with funds legally available under Delaware corporate law for such purpose. Such purchase shall be allocated among the Holders which have not timely delivered Put Withdrawal Notices pro rata, based on the ratio of the number of shares of Warrant Stock put to Issuer (including Warrant Stock issuable upon the exercise of Warrants put to Issuer) by each such Holder to the number of shares of Warrant Stock put to Issuer (including Warrant Stock issuable upon the exercise of Warrants put to Issuer) by all such Holders.

If Issuer is prohibited from purchasing any Warrants and/or Warrant Stock upon the exercise by a Holder of a Put Right

for any of the reasons described in the first sentence of this Section 7.02(b), then Issuer shall use its best efforts to increase its legally available funds under Delaware law to an amount sufficient to enable it to purchase legally all Warrants and Warrant Stock put to it pursuant to a Put Notice and to obtain relief from the Defaults in order to enable it to make the required payments, including through effecting a Financing, obtaining the requisite consent of the Lenders and/or the Agent under the Credit Agreement or otherwise, in each case,

as soon as possible.

(c) If Issuer is prohibited from purchasing some of or all Warrants and/or Warrant Stock upon the exercise by a Holder of a Put Right for any of the reasons described in the first sentence of Section 7.02(b) and such Holder shall not have timely delivered a Put Withdrawal Notice, then: (i) the Put Price Per Share for such Holder with respect to such unpurchased Warrants and/or Warrant Stock shall become an accruing liability of Issuer with interest thereon commencing on the date of exercise of such Put Right through the date on which the related Warrants and/or Warrant Stock are purchased by Issuer at a rate per annum equal to the Base Rate in effect from time to time plus 6%, compounded quarterly (such liability and interest being herein called the "Accruing Liability"); and (ii) such obligation of Issuer to purchase shall otherwise be deemed suspended for so long as and only to the extent that Issuer is unable to repurchase such Warrants and/or Warrant Stock after taking all the action described in the last paragraph of Section 7.02(b) (a "Put Postponement"). On any Put Reactivation Date, the Put Price Per Share for such Warrants and Warrant Stock shall be deemed to be the Accruing Liability. As used herein, "Put Reactivation Date" shall mean a date when the Put Postponement lapses in whole or in part and the obligation of Issuer to purchase Warrants and Warrant Stock shall no longer be deemed suspended to the same extent pursuant to clause (ii) of this Section 7.02(c).

(d) If on the Expiration Date any Holder is prevented from exercising its rights under this Section 7 for any of the reasons described in the first sentence of Section 7.02(b), Issuer's obligation to purchase Warrants and/or Warrant Stock shall be extended until 5:00 p.m., New York City time, on the last day of the calendar month next following by at least 120 days the date upon which Issuer shall notify the Holders that such reason or reasons no long exist.

(e) Each Holder agrees, for the benefit of the Lenders, that any Accruing Liability shall be subordinated in right of payment to the prior payment in full of all the Loans

and that no payment shall be made in respect of the principal of or interest on the Accruing Liability until the earliest to occur of: (i) the date on which

the Loans have been fully paid; (ii) the date on which the requisite consent of the Lenders and/or the Agent under the Credit Agreement to such payment has been given; and (iii) the first date on which such payment is permitted under this Agreement.

(f) Notwithstanding the foregoing, at any time prior to the Put Closing Date, the Majority Warrant Stockholders shall have the right to countermand the Put Notices of all Holders. Issuer shall give notice as soon as practicable to all Holders whose Put Notices were countermanded pursuant hereto.

(g) The calculations of the Put Price Per Share and Equity Value under this Section 7, other than with respect to the determination of Fair Market
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Value, shall be subject to the reasonable approval of the applicable Majority Put Holders.

7.03 Guarantee of the Operating Company.

(a) The Operating Company irrevocably and unconditionally guarantees to the Holders and their successors and permitted assigns, the full and punctual payment, performance, satisfaction and discharge in full when due of all of the obligations and liabilities of Issuer under and in accordance with Sections 7
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and 8, including without limitation all amounts payable hereunder or in
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connection herewith. The Operating Company agrees that its obligations hereunder shall be unconditional, absolute and independent, irrespective of the value, genuineness, validity, regularity or enforceability of this Agreement, the Warrants or any other agreement or instrument referred to herein or therein, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 7.03 that the obligations of the Operating Company hereunder shall
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be absolute and unconditional under any and all circumstances, and that this guaranty may be enforced against it without first pursuing of exhausting any remedies or claims against Issuer or any other Person.

(b) The Operating Company waives promptness, diligence, notice of acceptance, presentment, protest and dishonor with respect to obligations and liabilities of Issuer under and in accordance with Sections 7 and 8 and notice
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thereof and any other notice with respect to this guaranty and the obligations guaranteed hereby.

(c) The guarantees set forth herein are continuing guarantees and shall remain in full force and effect until all obligations of Issuer guaranteed hereby have been paid, performed, satisfied, and discharged in full and shall inure to the benefit of and be enforceable by the Holders or their respective successors and permitted assigns. No failure to exercise, and no delay in exercising, any right hereunder, shall operate as a waiver thereof. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

(d) The obligations of the Operating Company under this Section 7.03 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Issuer in respect of the guaranteed obligations is rescinded or must be otherwise restored by any Holder, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Operating Company agrees that it will indemnify each Holder on demand for all reasonable costs and expenses (including, without limitation, fees of counsel) incurred by such Holder in connection with such rescission or restoration.

(e) The Operating Company hereby agrees that until the payment and satisfaction in full of all guaranteed obligations hereunder of the Holders it shall not exercise any right or remedy arising by reason of any performance by it of its guarantee in Section 7.03 hereof, whether by subrogation or otherwise, against Issuer.

SECTION 8. Call Rights; Look Back.

8.01 Call Rights.

(a) At any time or from time to time after the seventh anniversary of the Closing Date, but prior to the earlier to occur of (i) the Expiration Date and (ii) a Qualified Public Offering, Issuer shall have the right to purchase all or any part of the Warrants and Warrant Stock owned by the Holders.

(b) Issuer may exercise a Call Right by delivering an irrevocable notice to the Holders indicating that Issuer wishes to purchase the Warrants and/or the Warrant Stock specified in such notice (a "Call Notice").

(c) The purchase and sale of the Warrants and/or the Warrant Stock pursuant to a Call Right shall be consummated on a date selected by Issuer by giving the Holders at least 10 days' prior written notice thereof, which date in no event shall be

earlier than the date five days, nor later than the date 10 days, after the determination of the Fair Market Value pursuant to the procedure described in the definition of such term in Section 1. Issuer shall purchase from the Holders, and each Holder shall sell to Issuer, Warrants and Warrant Stock: (i) in the case of each share of Warrant Stock so purchased, at a price equal to the Put Price Per Share; and (ii) in the case of a Warrant, at a purchase price equal to (A) the product of (1) the Put Price Per Share and (2) the number of shares of Warrant Stock for which such Warrant is exercisable as of the Call Notice Date, minus (B) an amount equal to the aggregate Exercise Price as of the Call Notice Date for such number of shares of Warrant Stock. Payment of the purchase price for the Warrants and the Warrant Stock so purchased by Issuer shall be made by wire transfer in immediately available funds.

(d) In connection with an exercise of a Call Right, if Issuer elects to purchase less than all of the Warrants and Warrant Stock then outstanding, Issuer shall purchase Warrants and Warrant Stock from the Holders on a pro rata basis, based on the ratio of the number of shares of Warrant Stock (including Warrant Stock issuable upon the exercise of Warrants) owned by each such Holder to the number of shares of Warrant Stock (including Warrant Stock issuable upon the exercise of Warrants) owned by all of the Holders.

(e) The calculations of the Put Price Per Share and Equity Value under this Section 8.01, other than with respect to the determination of Fair Market Value, shall be subject to the reasonable approval of the Majority Warrant Stockholders.

8.02 Look Back Events.

(a) If, within the 12-month period (a "Look Back Period") following each date on which the Holders (each, a "Look Back Holder") shall have sold Warrants or Warrant Stock to Issuer pursuant to Section 8.01 (the "Prior Sale"), Issuer, the Subsidiaries, or any holder of Common Stock or Options or Convertible Securities with respect to such Common Stock shall have entered into any contract, arrangement or understanding relating to a Look Back Event, then upon occurrence of such Look Back Event Issuer shall forthwith pay to each Look Back Holder, by wire transfer in immediately available funds:

(i) in the case of a Subsequent Asset Sale, an amount equal to the excess (if any) of (A) the product of (1) the Subsequent Share Value on the date of such Subsequent Asset Sale and (2) the number of shares of Warrant Stock sold in

the Prior Sale (assuming that all Warrants sold in the Prior Sale by such Look Back Holder had been exercised immediately before the Prior Sale and were sold in the Prior Sale as Warrant Stock), over (B) the sum of (1) the aggregate amount received by such Look Back Holder in the Prior Sale ("Prior Amount") and (2) the product of (I) the Prior Amount (II) the Base Rate and (III) the quotient determined by dividing the number of days lapsed from the Prior Sale through and including the date of the Look Back Event by 360; or

(ii) in the case of a Subsequent Stock Sale, an amount equal to the excess (if any) if (A) the highest aggregate amount that such Look Back Holder would have been entitled to receive in the Subsequent Stock Sale had the Warrants or Warrant Stock sold in the Prior Sale been held by such Look Back Holder at the time of the Subsequent Stock Sale and sold in the Subsequent Stock Sale (assuming that all Warrants sold in the Prior Sale by such Look Back Holder had been exercised immediately before the Prior Sale and were sold in the Prior Sale as Warrant Stock) plus, all other consideration to which such Look Back Holder would have been entitled in connection with the Subsequent Stock Sale, over (B) the sum of (1) the aggregate amount received by such Look Back Holder in the Prior Sale and (2) the product of (I) the Prior Amount, (II) the Base Rate and (III) the quotient determined by dividing the number of days lapsed from the Prior Sale through and including the date of the Look Back Event by 360; and

(iii) an amount equal to all dividends and distributions paid on any date after the Prior Sale and to and including the date of the Look Back Event to which such Look Back Holder would have been entitled pursuant to Section 5.02 of the Warrant or otherwise if such Look Back Holder had been a Holder of Warrants and/or Warrant Stock (the "Interim Dividends"), plus, an amount equal to the product of (A) the Interim Dividends, (B) the Base Rate and (C) the quotient determined by dividing the number of days lapsed from the date each such dividend or distribution would have been received through and including the date of the Look Back Event by 360.

For purposes of this Section 8.02, it shall be assumed that (x) all adjustments required by the provisions of Section 4 and Section 5 of the form of Warrant attached as Annex 1 to this Agreement will have been made in respect of Warrants (whether or not outstanding) through and including the date of the relevant Look Back Event, (y) appropriate adjustments will have been made

in respect of the number of shares of Warrant Stock (and their character and terms) through and including the date of the relevant Look Back Event by reason of any stock dividend, subdivision, combination, consolidation, merger, sale, lease, transfer or recapitalization, any amendment to the certificate of incorporation of Issuer or any similar event effected on or after the Call Notice Date; and (z) Issuer was in compliance through the Look Back Event with the covenants set forth in Section 12. If the Issuer would have been in default of any such covenants in such a way as to adversely affect the rights of the Look Back Holders then, in each such case, the computations and adjustments provided for in this Section 8.02(c) shall be made as nearly as possible in the manner so provided except that any additional adjustments required to protect the Holders against such adverse effects in accordance with the intent and principles of this Agreement shall be made.

(b) As used herein, the following terms shall have the following respective meanings:

(i) "Look Back Event" shall mean the occurrence (whether in one transaction or in a series of related transactions) of any Subsequent Asset Sale or Subsequent Stock Sale.

(ii) "Subsequent Asset Sale" shall mean: (A) any merger, consolidation or share exchange of Issuer with any other Person (whether or not Issuer is the surviving entity), and any reclassification or material change in Issuer's capitalization, in which any Stockholder receives any distribution in respect of his, her or its Common Stock; (B) any sale, lease or other disposition of all or a majority of the assets of Issuer (including by or through the issuance, sale, lease or other disposition of the capital stock or assets of, or a merger or consolidation involving, any Subsidiary of Issuer but excluding a sale/leaseback approved in good faith by the Board so long as there is no distribution to the Stockholders of the proceeds

thereof) or any liquidation.

(iii) "Subsequent Share Value" shall mean, with respect to each share of Common Stock on any Subsequent Asset Sale Date, an amount equal to the result obtained by dividing (A) the sum of (1) the aggregate fair market value of all consideration received by Issuer and the Subsidiaries and Stockholders in connection with the related Subsequent Asset Sale and all other consideration received by Wingate, Cumberland, their respective Affiliates or any limited

partners of Cumberland in connection with such Subsequent Asset Sale which is properly attributable to their ownership interests in Issuer, net of ordinary and customary transaction expenses (including taxes) for a transaction of such size and nature (the "Net Consideration"), plus (2) the greater of Fair Market Value or Equity Value as at such Subsequent Asset Sale Date (after giving effect to the related Subsequent Asset Sale and excluding the Net Consideration) by (B) the total number of shares (determined on a fully diluted basis) of all Common Stock outstanding on such Subsequent Asset Sale Date (after giving effect to the related Subsequent Asset Sale).

(iv) "Subsequent Stock Sale" shall mean: (A) any repurchase, redemption or other direct or indirect acquisition by Issuer of any Common Stock or Options or Convertible Securities exercisable for or convertible or exchangeable into Common Stock which equals or exceeds 25% of the Common Stock (on a fully diluted basis), (B) any sale, disposition or other transfer of any equity securities of Issuer or any Subsidiary of any class through a public offering involving the Issuer, (C) any sale, disposition or other transfer of any outstanding Common Stock or Options or Convertible Securities exercisable for or convertible or exchangeable into Common Stock which equals or exceeds 25% of the Common Stock (on a fully diluted basis).

(c) Promptly following its execution (or the execution by one of its Affiliates or a Subsidiary) of an agreement pursuant to which, if the transaction contemplated thereby is consummated, a Look Back Event would occur, and, if different, the date of occurrence of a Look Back Event, Issuer shall deliver a notice to the Look Back Holders of the execution of such agreement (describing in reasonable detail the contents thereof and the contemplated schedule for its consummation) and of the occurrence of such Look Back Event.

(d) The calculations of Subsequent Share Value under this Section 8.02

shall be subject to the reasonable approval of the Majority Warrant Stockholders.

SECTION 9. Right to Join in Sale.

9.01 Tag-Along Rights.

(a) Notwithstanding anything herein to the contrary, but subject to the provisions of Section 9.01(b), if Wingate, Cumberland, Boise Cascade, Good Capital or any controlling stockholder of Issuer who purchases shares directly from Issuer or any of their respective transferees (other than pursuant to an underwritten public offering or in an ordinary brokerage transaction under Rule 144) proposes, in a single transaction or a series of related transactions, to sell, dispose of or otherwise transfer, directly or indirectly, any shares of Common Stock then outstanding in any manner, other than (i) the Employee Shares, (ii) pursuant to a registration statement filed pursuant to the Securities Act in which the Holders may participate pursuant to the terms of the Registration Rights Agreement, or (iii) in an ordinary brokerage transaction pursuant to Rule 144 (each, a "Tag-Along Sale"), then Issuer shall cause such Stockholder (the "Selling Stockholder") to refrain from effecting such transaction unless, prior to the consummation thereof, the Holders shall have been afforded the opportunity to join in such transfer as provided in Section 9.02 (it being understood that such Holders shall pay their own expenses in connection therewith).

(b) The provisions of Section 9.01(a) shall not apply in connection with any sale, disposition or other transfer of (i) up to 25% of the shares of Common Stock beneficially owned by Cumberland as of the date hereof to Wingate and its majority-owned subsidiaries, (ii) any shares of Common Stock beneficially owned (on a fully diluted basis) by Boise Cascade to Wingate and its majority-owned subsidiaries, (iii) any shares of Common Stock beneficially owned (on a fully diluted basis) by Good Capital to Wingate and its majority-owned subsidiaries and (iv) any shares of Common Stock beneficially owned (on a fully diluted basis) by Wingate to any of the Persons listed on Schedule II; provided, however, that any further sale, disposition or transfer by such

transferee shall be subject to the provisions of this Section 9.

(c) On the date hereof, Issuer shall deliver to Investor a Joinder Agreement in the form of Annex 5, executed by Wingate, Boise Cascade, Good Capital, Cumberland and Issuer.

(d) As a condition to the validity of any sale, disposition or other transfer of any Common Stock (i) by any of the Persons who have executed and delivered Joinder Agreements pursuant to Section 9.01(c) or this Section 9.01(d) to any other

Person, or (ii) by Issuer to any Person in a transaction in which such Person would become a controlling stockholder of Issuer, other than pursuant to an underwritten public offering or in an ordinary brokerage transaction under Rule 144, the transferee thereof shall execute and deliver to Issuer and each Holder a Joinder Agreement.

9.02 Procedures. Prior to the consummation of any transaction subject to Section 9.01, the Person or group of Persons that proposes to acquire shares of Common Stock in a Tag-Along Sale (the "Proposed Purchaser") shall make a written offer to the Holders (the "Tag-Along Purchase Offer") which offer shall describe in reasonable detail the Common Stock and Warrants proposed to be purchased, the price to be paid and all other terms of the Tag-Along Sale. The Holders shall have 15 days after the making of the Tag-Along Purchase Offer in which to accept the Tag-Along Purchase Offer. If any Holder accepts the Tag Along Purchase Offer ("Participating Holder"), such Participating Holder shall be entitled to sell in the Tag-Along Sale a number of shares of Warrant Stock (including Warrant Stock issuable upon the exercise of Warrants) equal to the product of (i) the quotient determined by dividing (x) the number of shares of Warrant Stock owned by such Participating Holder (including Warrant Stock issuable upon the exercise of Warrants) by (y) the aggregate number of shares of Common Stock (on a fully diluted basis) owned by the Selling Stockholder and all Participating Holders, and (ii) the aggregate number of shares of Common Stock and Warrants proposed to be purchased by the Proposed Purchaser in the Tag-Along Sale; provided, however, that if the Tag-Along Sale would cause a Change of Control or would cause any controlling stockholder and their respective

Affiliates other than Wingate to own less than a majority of the outstanding Common Stock or less than a majority of the Voting Capital Stock of Issuer, then the Participating Holders shall be entitled to sell 100% of their respective Warrants and Warrant Stock (but not exceeding the aggregate amount of shares of Common Stock proposed to be acquired in the Tag-Along Sale). The Tag-Along Purchase Offer shall be at the same price and on the same terms and conditions as the offer by the Proposed Purchaser to the Selling Stockholder, except that no Participating Holders shall be required to make representations and warranties to or agreements with the Proposed Purchaser other than representations, warranties and agreements regarding such Participating Holder and its ownership of the Warrants and/or Warrant Stock to be sold in the Tag-Along Sale.

9.03 Issuer's Covenants. Issuer will not, on or after the date hereof, either (a) deliver to the persons specified in

Section 9.01(a) a certificate evidencing any shares of Common Stock being sold in a transaction requiring that a Tag-Along Purchase Offer be made unless the Proposed Purchaser shall have in fact made a Tag-Along Purchase Offer in accordance with the provisions of Section 9.02, or (b) deliver to the persons specified in Section 9.01(a) a certificate evidencing any shares of Common Stock in connection with any other transaction without including on the reverse side of such certificate a legend in substantially the following form:

> THE SALE, DISPOSITION OR OTHER TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE PROVISIONS OF SECTIONS 9 AND 10 OF THAT CERTAIN WARRANT AGREEMENT DATED AS OF JANUARY 31, 1992, BETWEEN ASSOCIATED HOLDINGS, INC., A DELAWARE CORPORATION ("ISSUER"), AND CHASE MANHATTAN INVESTMENT HOLDINGS, INC., A DELAWARE CORPORATION, AS SUCH WARRANT AGREEMENT MAY BE MODIFIED AND SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME. A COPY OF THE FORM OF SUCH WARRANT AGREEMENT IS ON FILE AND MAY BE INSPECTED AT THE PRINCIPAL EXECUTIVE OFFICE OF ISSUER. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY THE PROVISIONS OF SECTIONS 9 AND 10 OF SUCH WARRANT AGREEMENT.

SECTION 10. Obligation to Join in Sale.

10.01 Go-Along Obligations. In the event of a Go-Along Sale prior to the earliest of a Change in Control, a Qualified Public Offering and the Expiration Date, each Holder shall be obligated to, and shall, if so requested by Wingate, (a) sell, transfer and deliver, or cause to be sold, transferred and delivered to the Third Party Purchaser, all (but not less than all) Warrants and Warrant Stock owned by it at the same price per share and on the same terms and conditions (except as expressly permitted below) as are applicable to Wingate except that no Holders shall be required to make representations and warranties to or agreements with the Third Party Purchaser other than representations, warranties and agreements regarding such Holder and its ownership of the Warrants and/or Warrant Stock to be sold in the Go-Along Sale; and (b) if stockholder approval of the transaction is required, vote its shares of Warrant Stock entitled to vote thereon in favor thereof (or abstain from voting, unless such abstention would defeat the approval of such transaction) at any meeting of Issuer's stockholders called for the purpose of voting on such transaction (it being understood that such Holders shall not be obligated to pay their pro rata

portion of the transaction costs associated with the sale, transfer or delivery), provided, that if the Majority Warrant Stockholders so request, such Go-Along Sale shall be at a Fair Price.

10.02 Procedures.

(a) Wingate shall deliver a written notice ("Go-Along Notice") to each of the Holders setting forth the consideration per share to be paid by the Third Party Purchaser and the other terms and conditions of the Go-Along Sale. Not later than the later of 20 days following the Go-Along Notice Date or five days following the determination of Fair Price and the cash equivalent of non-cash consideration, if any, each of the Holders shall deliver to Wingate Warrant certificates and certificates representing Warrant Stock, accompanied by duly executed stock powers. At the closing for the Go-Along Sale, Wingate shall remit to each of the Holders the consideration to which they are entitled.

(b) If any Holder should fail to deliver its Warrants or certificates representing Warrant Stock, Issuer shall cause the books and records of Issuer to show that such Warrants and/or Warrant Stock are bound by the provisions of this Section 10 and that such Warrants and/or Warrant Stock shall be transferred only to the Third Party Purchaser upon surrender for transfer by the Holder thereof.

(c) If, within 120 days after Wingate delivers a Go-Along Notice, the Go-Along Sale is not completed, Wingate shall return to each Holder all Warrants and certificates representing Warrant Stock that such Holder delivered for sale pursuant hereto.

10.03 Issuer's Covenants. Issuer will not, on or after the date hereof, deliver a certificate evidencing any shares of Common Stock in connection with any other transaction (other than shares of Common Stock which are being sold, or which have previously been sold, in a Tag-Along Sale, Go-Along Sale, a registered public offering or a sale to the public pursuant to Rule 144) without including on the reverse side of such certificate a legend in substantially the form set forth in Section 9.03.

10.04 Definition of Go-Along Sale. As used herein the following terms shall have the following respective meanings:

"Go-Along Sale" shall mean (i) the sale for cash by Wingate and its Affiliates of 100% of the equity interests in Issuer beneficially owned by them in a private offering, (ii) the

sale for cash of all or substantially all of the assets of Issuer followed immediately by the distribution to the holders of the Common Stock of the net proceeds available for distribution, or (iii) a merger or consolidation involving Issuer, wherein the holders of the Common Stock will receive cash for their Common Stock, in each case in a bona fide arm's length transaction to or with a Third Party (the "Third Party Purchaser"). Notwithstanding the foregoing, "Go-Along Sale" shall also include transactions of the type described above where the consideration is other than cash, provided, that each Holder shall have the option to receive such consideration in an amount of cash equal to the Fair Price of their respective interests in Issuer, but in any event not less than the cash equivalent of the greatest amount of consideration paid to Wingate or any Affiliate in respect of its shares in Issuer, as determined by the Investment Banking Firms in the manner set forth below.

"Fair Price" shall mean that the consideration or net proceeds to be received by Issuer, if applicable, and by the holders of the Common Stock in or

immediately following a Go-Along Sale, is fair from a financial point of view, and shall be determined as follows:

Within five days after the Go-Along Notice Date, Issuer and the Majority Warrant Stockholders shall each designate a representative and such representatives will meet and use their best efforts to reach an agreement on a Fair Price. If the representatives designated by Issuer and the Majority Warrant Stockholders are unable to reach such agreement within 15 days after the date on which the later of the two representatives are designated, then (A) the Majority Stockholders shall immediately designate one Investment Banking Firm; (B) Issuer shall immediately designate one Investment Banking Firm; (C) the two Investment Banking Firms so selected shall, within 20 days after the date on which the later of the two Investment Banking Firms are appointed, determine independently a Fair Price; (D) if the lesser of the two prices exceeds or is equal to 90% of the other price, then the Fair Price will be the average of the two, which average amount shall be conclusive and binding upon all the applicable parties; (E) if the lesser of the two prices is less than 90% of the other price, then the two Investment Banking Firms shall, within 20 days of the date of determination of the later of the two prices appoint a third Investment Banking Firm; and (F) the third Investment Banking Firm so selected shall, within 15 days of its appointment, determine independently a Fair Price, which

determination shall be conclusive and binding upon all the applicable parties.

Issuer will provide each Investment Banking Firm with all information about Issuer and the Subsidiaries which such Investment Banking Firm reasonably deems necessary for determining a Fair Price. The fees and expenses of the determination of Fair Price and the cash equivalent of non-cash consideration as provided herein (including those of the Investment Banking Firms) will be paid by Issuer. Issuer may require that the Investment Banking Firms keep confidential any non-public information received as a result of this paragraph pursuant to reasonable confidentiality arrangements.

In the event that the consideration to be paid by the Third Party Purchaser consists of anything other than cash, the cash equivalent of such non-cash consideration shall be determined by the Investment Banking Firm pursuant to the same procedure and at the same time as a Fair Price is determined.

"Third Party" shall mean a Person or entity not otherwise an

Affiliate of Issuer or a Subsidiary or any of Issuer's stockholders.

SECTION 11. Earn Back.

11.01 Calculation of Earn Back. Following the Calculation DAte for a Subject Holder, such Subject Holder shall surrender or pay to Issuer at the option of the Subject Holder (i) Tranche B Warrants to purchase a number of Stock Units equal to the product of the Applicable Earn Back Percentage and P, (ii) outstanding Stock Units equal to the product of the Applicable Earn Back Percentage and P, or (iii) an amount in cash equal to the product of the Applicable Earn Back Percentage and the Warrant Income (an "Earn Back"). Notwithstanding the foregoing, Issuer will not be entitled to any Earn Back in the event that a Company Permitted Financing has occurred.

11.02 Payment of Earn Back. If an Earn Back payment is due on the Calculation Date, not later than 30 days following such Calculation Date, the Subject Holder shall deliver such Earn Back to Issuer in Warrants, certificates representing outstanding Warrant Stock, or cash, as the case may be, accompanied by a certificate setting forth the calculation of the Earn Back in reasonable detail, including calculation of the Applicable Earn Back Percentage, IRR, Warrant Income and Y. If necessary in connection therewith, Issuer shall simultaneously execute and

deliver to such Subject Holder a new Warrant and/or certificate evidencing outstanding Warrant Stock covering the number of shares owed by or issuable to (as the case may be) such Subject Holder immediately after payment of such Earn Back.

11.03 Applicability of Earn Back Provision. (a) To the extent that the provisions of this Section 11 are applied to any transferee of Tranche B Warrants and/or Tranche B Warrant Stock, Warrant Income with respect to such transferee and the transferred securities will be computed taking into account all Warrant Income received by prior Holders in respect of such transferred securities plus proceeds received on such Calculation Date, and IRR with respect to such transferee will be computed as if such transferee had made a Tranche B Loan at Closing in an amount proportional to the ratio of such Holder's Warrants and Warrant Stock to all such Warrants and Warrant Stock originally issued.

(b) This Section 11 shall become inapplicable to Warrants and/or

Warrant Stock immediately after the purchase of such Warrants and/or Warrant Stock by any Person pursuant to a registered public offering, a sale pursuant to Rule 144 or a Go-Along Sale. The purchaser of any Warrant or Warrant Stock purchased from a Holder in the manner indicated in the preceding sentence shall not be deemed a Subject Holder with respect thereto.

11.04 Special Definitions. For purposes of this Section 11:

"Calculation Date," with respect to each Subject Holder means the first day on or before the seventh anniversary of the Closing Date which is the date on which any of such Holder's Warrants or Warrant Stock are purchased by Issuer pursuant to Sections 7 or 8, or sold pursuant to Sections 9 or 10, in another sale of the entire equity interest in the Company or in an IPO in which any of such Holder's Warrant Stock is sold or could have been sold, provided such first day is after the repayment in full of each Tranche B Loan.

"Subject Holder" means a Holder of Tranche B Warrants and/or Tranche B Warrant Stock which receives Warrant Income.

"Applicable Earn Back Percentage" as of any Calculation Date is the lower of the Earn Back Percentages in the table below corresponding to the applicable IRR and Warrant Income achieved by the Subject Holder as of such Calculation Date. If application of an Earn Back Percentage would reduce the Subject Holder's IRR or Warrant Income to a level below the minimum for the Earn

Back Percentage being applied, the next lower Earn Back Percentage will be applied unless it too would result in reduction below the minimum for such lower Earn Back Percentage, in which case the next lower Earn Back Percentage shall be applied, and so forth. If the application of an Earn Back Percentage would result in an IRR or Warrant Income below the lowest number in the table, the Earn Back Percentage shall be zero.

<TABLE>
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EARN BACK TABLE

	Earn Back

IRR	Warrant Income	Percentage
<S>	<C>	<C>
25%	Y x $5,000,000	10%
30%	Y x $6,000,000	20%
35%	Y x $7,000,000	30%
40%	Y x $9,000,000	40%

</TABLE>

"Y" = P/Q

in which

"P" = the number of Stock Units the Subject Holder and its Affiliates are entitled to purchase.

"Q" = equals the total number of Stock Units which all Holders were entitled to purchase on the Date of Issuance.

"Warrant Income" means all cash and Marketable Securities received by the Subject Holder and its Affiliates in respect of the Tranche B Warrants and Tranche B Warrant Stock or any securities or Property received in exchange therefor, including but not limited to dividends, distributions, interest or principal (but not interest or principal on the Loans or proceeds from sale or transfer thereof). To the extent any Subject Holder chooses to include fewer shares of Warrant Stock in an IPO or Tag-Along Sale than could be accommodated therein (assuming participation in such event by all Holders) without diminution in price, such Subject Holder shall be deemed to have received Warrant Income equal to the amount it would have received had it included the greatest number of shares possible. The value of Marketable Securities shall be computed as the average market price per unit during the 20-day period beginning 10 days before and ending 10 days after the applicable Calculation Date.

"IRR" means internal rate of return with respect to the Tranche B Term Loans for the Subject Holder and its Affiliates, with investment deemed to be pro rata for deemed portion of Tranche B Loans and taking into account Warrant Income, principal and interest on the Tranche B Loans received by the Subject Holder and its Affiliates, computed in accordance with accepted financial practice.

SECTION 12. Holders' Rights.

12.01 Delivery Expenses. If any Holder surrenders any certificate for Warrants or Warrant Stock to Issuer or a transfer agent of Issuer for exchange for instruments of other denominations or registered in another name or names, Issuer shall cause such new instruments to be issued and shall pay the cost of delivering to or from the office of such Holder from or to Issuer or its transfer agent, duly insured, the surrendered instrument and any new instruments issued in substitution or replacement for the surrendered instrument.

12.02 Taxes. Issuer shall pay all taxes (other than Federal, state or local income taxes) which may be payable in connection with the execution and delivery of this Agreement or the Registration Rights Agreement or the issuance of the Warrants and Warrant Stock hereunder or in connection with any modification of this Agreement, the Registration Rights Agreement or the Warrants and shall hold each Holder harmless without limitation as to time against any and all liabilities with respect to all such taxes. The obligations of Issuer under this Section 12.02 shall survive any redemption, repurchase or acquisition of Warrants or Warrant Stock by Issuer, any termination of this Agreement or the Registration Rights Agreement, and any cancellation or termination of the Warrants.

12.03 Replacement of Instruments. Upon receipt by Issuer of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any certificate or instrument evidencing any Warrants or Warrant Stock, and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that, if the owner of the same is the Investor or an institutional lender or investor, its own agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender or cancellation thereof,

Issuer, at its expense, shall execute, register and deliver, in lieu thereof, a new certificate or instrument for (or covering the purchase of) an equal number

of Warrants or Warrant Stock.

12.04 Certain Restrictions. Issuer shall not at any time enter into an agreement or other instrument limiting in any manner its ability to perform its obligations under this Agreement, the Registration Rights Agreement or the Warrants, or making such performance or the issuance of shares of Common Stock upon the exercise of any Warrant a default under any such agreement or instrument other than the Credit Agreement.

12.05 Transactions with Affiliates. Except as expressly permitted by this Agreement, Issuer shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly: (a) make any Investment in an Affiliate; (b) transfer, sell, lease, assign or otherwise dispose of any assets to an Affiliate; (c) merge into or consolidate with or purchase or acquire Property from an Affiliate; (d) enter into any other transaction directly or indirectly with or for the benefit of an Affiliate (including guarantees and assumptions of obligations of an Affiliate); provided, however, that (i) any Affiliate who is an individual may serve as an officer or employee of Issuer or its Subsidiaries and receive reasonable compensation for his or her services in such capacity, and (ii) Issuer and its Subsidiaries may enter into transactions providing for the leasing of Property, the rendering or receipt of services or the purchase or sale of inventory and other assets in the ordinary course of business if the monetary or business consideration arising therefrom would be substantially as advantageous to Issuer and its Subsidiaries as the monetary or business consideration which would obtain in a comparable transaction with a Third Party; or (e) at any time before February 1, 1999, pay to Wingate, Cumberland or any of their respective Affiliates any management, consultant, financial advisor, director or similar fees ("Sponsor Management Fees"), except (i) Sponsor Management Fees of not more than $25,000 in any month (the "Monthly Management Fees") plus (ii) up to an additional $200,000 of Sponsor Management Fees for any fiscal year (the "Annual Management Fees") if, giving effect to the payment of all Monthly Management Fees and to the payment of such Annual Management Fee (solely for which purpose such Annual Management Fee shall be deemed to have been paid in such fiscal year), EBITDA for such fiscal year is not less than the EBITDA set forth opposite such fiscal year in Schedule V of the Credit Agreement; provided that no Annual Management Fees for any fiscal year shall be paid until each Holder has received the financial statements of Issuer for such fiscal year required to

be delivered to such Holder pursuant to Section 12.10(b) hereof; and provided, further, that, in any event, no Annual Management Fee shall be paid if, at the time of such payment and after giving effect thereto, any Default (as such term is defined in the Credit Agreement) or similar event under other agreements relating to indebtedness shall have occurred and be continuing; and provided, further, that any Annual Management Fees that shall not be paid because of the occurrence and continuance of any Default (as such term is defined in the Credit Agreement) shall continue to accrue.

12.06 Certain Covenants.

(a) Issuer shall, at all times prior to the Expiration Date, retain a nationally recognized independent accounting firm as its auditors.

(b) Except as otherwise specifically provided herein, Issuer shall not effect any repurchase, recapitalization, reorganization, reclassification, merger, consolidation, share exchange, liquidation, spin-off, stock split, dividend, distribution or stock consolidation, subdivision or combination that would not afford to each Stockholder and Holder the same type and amount of consideration.

(c) At any time prior to a Qualified Public Offering, Issuer shall afford, and shall cause its Subsidiaries to afford, any Holder of Warrants and/or Warrant Stock or its authorized agents or any prospective purchasers of Warrants and/or Warrant Stock, access, at reasonable times, upon reasonable prior notice, (i) to inspect the books and records of Issuer and its Subsidiaries, (ii) to discuss with management of Issuer and its Subsidiaries the business and affairs of Issuer and its Subsidiaries, and (iii) to inspect the properties of Issuer and its Subsidiaries.

(d) So long as any Warrants or Warrant Stock shall remain outstanding, neither Issuer nor any of its Subsidiaries shall (i) issue any Participating Security, Options for or Convertible Securities convertible into a Participating Security, (ii) issue any class of equity other than Common Stock as presently constituted and Preferred Stock outstanding on the date hereof, (iii) make or agree to make payments to any Person, such as any "phantom" stock payments, where the amount thereof is calculated with reference to fair market or equity value of Issuer or any of the Subsidiaries, or (iv) issue any Common Stock for less than the Exercise Price.

(e) [Intentionally omitted].

(f) Issuer shall afford each Holder and its authorized agents the right to attend all meetings of shareholders of Issuer and the Subsidiaries.

(g) Issuer will, and will cause each of the Subsidiaries to take such action as will be necessary from time to time to ensure that Issuer or a Subsidiary owns at least 80% of each class of capital stock of each Subsidiary.

(h) Issuer shall hold an annual meeting of shareholders in Texas, Illinois or New York.

(i) To enable the ready and consistent determination of the Put Per Share and compliance with the covenants set forth herein, neither Issuer nor any of its Subsidiaries will change the last day of its fiscal year from December 31 of each year, or the last days of the first three fiscal quarters in each of its fiscal years from March 31, June 30 and September 30 of each year, respectively.

(j) Except as otherwise specifically provided herein, Issuer shall not effect any repurchase or redemption of Common Stock and shall cause its Subsidiaries not to effect any repurchase or redemption of Common Stock from any stockholder, other than (a) on a pro rata basis from all stockholders and
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Warrant Holders participating in such repurchase or redemption at the same type and amount of consideration, or (b) from former employees of the Operating Company for an aggregate purchase price of no more than $200,000 in any 12-month period. Any repurchase or redemption of Common Stock shall include Warrant Stock.

(k) Issuer shall provide each Holder with notice of the occurrence of the Triggering Event as soon as possible, but in no event later than the third Business Day following such Triggering Event, together with a brief description of the event.

(l) Issuer shall not amend or consent to any modification, supplement or waiver of any provision of any Other Equity Documents in any manner which would have an adverse effect on the Warrant Stockholders without the prior written consent of the Majority Warrant Stockholders. Without limiting the generality of the foregoing, Issuer shall not amend, or consent to any modification, supplement or waiver of any provision of any Other Equity Documents in a way which would materially increase the benefits of the parties thereto, increase the number of securi-

ties which may be issued or sold thereunder, or materially modify the requirements as to eligibility for participation therein.

12.07 Indemnification. Issuer shall indemnify and hold harmless each of the Investor and the Holders and each of their respective directors, officers, employees, stockholders, Affiliates and agents (each, an "indemnified person") on demand from and against any and all losses, claims, damages, liabilities (or actions or other proceedings commenced or threatened in respect thereof) and expenses that arise out of, result from, or in any way relate to, this Agreement, the Warrants or the Registration Rights Agreement, or in connection with the other transactions contemplated hereby and thereby (other than the mere diminution of the Investment by Holders in the Warrants unaccompanied by any other violation of this Agreement), and to reimburse each indemnified person, upon its demand, for any legal or other expenses incurred in connection with investigating, defending or participating in the defense of any such loss, claim, damage, liability, action or other proceeding (whether or not such indemnified person is a party to any action or proceeding out of which any such expenses arise), other than any of the foregoing claimed by any indemnified person to the extent incurred by reason of the gross negligence or willful misconduct of such indemnified person. No indemnified person shall be responsible or liable to either Issuer or any other Person for any damages which may be alleged as a result of or relating to this Agreement, the Warrants or the Registration Rights Agreement, or in connection with the other transactions contemplated hereby and thereby.

12.08 Preemptive Rights. If, at any time on or after the date hereof and prior to a Qualified Public Offering, Issuer shall propose to sell or issue any New Securities to any Person (other than in connection with business combinations and certain employee stock and stock option plans which in each case have been approved by the Majority Warrant Stockholders) (a "Proposed Sale"), then Issuer shall, at least 30 days prior to the Proposed Sale, give each Holder (an "Offeree") a notice (the "Offer Notice") of the Proposed Sale (it being understood that the Offer Notice also shall contain full particulars of the Proposed Sale, including the identity of the proposed beneficial and record owners of the New Securities and the purchase price per unit of the New Security).

In the Offer Notice, Issuer shall offer to each Offeree, subject to consummation of the Proposed Sale, for 20 Business Days (the "Offer Period") commencing on the date of receipt by such Offeree of the Offer Notice, the

purchase from Issuer: (a) up to that number of units of the New Securities, at the same purchase price per unit (and on the same terms and conditions as offered to the proposed purchaser, under the Proposed Sale), equal to the product of (i) the quotient determined by dividing (A) the number of shares of Warrant Stock held by such Offeree (assuming the exercise by such Offeree of all Warrants held by it) by (B) the number of shares of Common Stock outstanding on a fully diluted basis, and (ii) the number of New Securities to be sold or issued in the Proposed Sale; provided, that if the New Securities shall consist
of voting Common Stock, each Offeree shall have the option to purchase, in lieu of such voting Common Stock, up to an equal number of shares of non-voting Common Stock otherwise identical to and convertible at Offerees option into such voting Common Stock. In the event that an Offeree does not purchase New Securities from Issuer in accordance with this paragraph, each Offeree which has elected to purchase New Securities hereunder (a "Purchasing Offeree") shall be
entitled to purchase out of such unpurchased New Securities the same proportion of the unpurchased units of such New Securities as the total number of shares of Warrant Stock owned by such Purchasing Offeree bears to the total number of shares of Warrant Stock owned by all Purchasing Offerees.

An Offeree may elect to accept the offer to purchase any New Securities pursuant to this Section 12.08 by delivering a notice to Issuer (an
"Election Notice") within the Offer Period indicating the number of the New
Securities which such Offeree elects to purchase. On the date of the Proposed Sale, each Offeree which has delivered an Election Notice shall deliver the purchase price for its New Securities to Issuer in immediately available funds.

If (a) the number of New Securities proposed to be sold or issued in the Proposed Sale is increased, (b) or any of the price, terms or conditions is changed in a manner more favorable to the proposed purchaser under the Proposed Sale after each Offeree has received the Offer Notice, or (c) the Proposed Sale has not been consummated within 120 days of the giving of the Offer Notice, then, whether or not such Offeree previously has accepted the offer to purchase contained in the Offer Notice, Issuer shall notify such Offeree of any such change. Such Offeree thereupon shall have until the later of (1) 10 Business Days after receipt of such notice of change and (2) 20 Business Days after receipt of the original Offer Notice within which to accept the initial offer as so changed.

12.09 Board Observers. Issuer shall afford the Holders the opportunity

to have two representatives (each, an

"Observer") attend as an observer at (but not participate in or vote at) each meeting of the Board and each meeting of the board of directors of each Subsidiary of Issuer. Issuer shall give each Observer notice of all such meetings at the same time and in the same manner as notice is given to members of the Board and of the board of directors of each Subsidiary of Issuer. Each Observer shall be entitled to receive all written materials and other information given to the directors of Issuer and the directors of each Subsidiary of Issuer in connection with such meetings at the same time and in the same manner and form such materials and information are given to the directors, and copies of all minutes and all resolutions adopted by the Board and by the board of directors of each Subsidiary of Issuer (whether at meetings, by written consent or otherwise) promptly after such adoption and (if applicable) approval thereof (it being understood that such copies shall be certified by the Secretary or Assistant Secretary of Issuer or the relevant Subsidiary of Issuer, as the case may be). The Observers shall be appointed by the affirmative vote of the Majority Warrant Stockholders. Issuer shall reimburse each Holder for the reasonable out-of-pocket expenses incurred by such Holder in connection with the exercise of their rights under this Section 12.09.

12.10 Financial Statements, Etc. Issuer shall deliver the information specified below to each Holder of a Warrant or Warrant Stock:

(a) as soon as available and in any event within 45 days after the end of each quarterly fiscal period of each fiscal year of Issuer, consolidated and consolidating statements of income, retained earnings and cash flows of Issuer and the Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated and consolidating balance sheets as at the end of each such period, setting forth in each case in comparative form the corresponding consolidated and consolidating figures for the corresponding period in the preceding fiscal year (if any), accompanied by a certificate of a senior financial officer of Issuer, which certificate shall state that such financial statements fairly present the financial condition and results of operations of Issuer and the Subsidiaries, and said consolidating financial statements fairly present the respective individual unconsolidated financial condition and results of operations of Issuer and of the Subsidiaries, respectively, in each case in accordance with GAAP, as at the end of, and for, such period (subject to normal year-end audit adjustments);

(b) as soon as available and in any event within 90 days after the end of each fiscal year of Issuer, consolidated and consolidating statements of income, retained earnings and cash flow of Issuer and the Subsidiaries, for such fiscal year and the related consolidated and consolidating balance sheets as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated and consolidating figures for the preceding fiscal year, and accompanied (i) in the case of said consolidated statements and balance sheet, by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said consolidated financial statements fairly present the consolidated financial condition and results of operations of Issuer and the Subsidiaries as at the end of, and for, such fiscal year in accordance with GAAP, and a certificate of such accountants stating that, in making the examination necessary for their opinion, they obtained no knowledge, except as specifically stated, of any default under any credit agreement to which Issuer and/or any of the Subsidiaries is a party, and (ii) in the case of said consolidating statements and balance sheets, by a certificate of a senior financial officer of Issuer, which certificate shall state that said consolidating financial statements fairly present the respective individual unconsolidated financial condition and results of operations of Issuer and of each of the Subsidiaries, in each case in accordance with GAAP, as at the end of, and for, such fiscal year;

(c) as soon as available, and in any event within 30 days after the end of each monthly accounting period in each fiscal year of Issuer, a statement of EBITD for the 12 months ended at the end of such monthly accounting period;

(d) promptly upon their becoming available, copies of all registration statements and regular periodic reports, if any, which Issuer or any of the Subsidiaries shall have filed with the Commission (or any Governmental Authority substituted therefor) or any national securities exchange; and

(e) promptly upon the mailing thereof to the shareholders of Issuer or any holder of Indebtedness of Issuer and/or the Subsidiaries generally, copies of all financial statements, reports and proxy statements so mailed.

12.11 Holders' Rights in Case of Other Securities. If the Holders at

any time shall have received or shall be entitled to receive Other Securities, appropriate provision shall be made so that the Holders receive with respect to such Other Securities as nearly as possible the intended benefits of this Agreement with respect thereto.

SECTION 13. Miscellaneous.

13.01 Home Office Payment. Notwithstanding anything to the contrary in this Agreement or the Warrants, so long as the Investor or any nominee designated by the Investor shall be a Holder, Issuer shall punctually pay all amounts which become due and payable with respect to any Warrant or Warrant Stock to the Investor at the address registered on the books of Issuer maintained for such purpose, or at such other place and in such manner as the Investor may designate by notice to Issuer, without presentation or surrender of such Warrant or the making of any notation thereon. The Investor agrees that prior to the sale, transfer or other disposition of a part of any Warrant, it will make notation thereon of the number of Stock Units covered by the part of the Warrant sold, transferred or disposed, or surrender the same in exchange for a Warrant covering the number of Stock Units remaining on the Warrant so surrendered. Issuer agrees that the provisions of this section shall inure to the benefit of any other Holder registered on the books of Issuer.

13.02 Waiver. No failure on the part of the Investor to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement, the Warrants or the Registration Rights Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement, the Warrant or the Registration Rights Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

13.03 Notices.

(a) All notices, requests and other communications provided for herein and the Warrants (including any waivers or consents under, this Agreement and the Warrants) shall be given or made in writing,

(i) if to Issuer:

Associated Holdings, Inc.

1075 Hawthorne Drive
Itasca, Illinois 60143
Attention: President and Chief
Executive Officer

with a copy to:

Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, Texas 75201
Attention: Thomas W. Sturgess and
Frederick B. Hegi, Jr.

Cumberland Capital Corporation
301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
Attention: Gary G. Miller

(ii) if to the Investor:

Chase Manhattan Investment Holdings, Inc.
c/o The Chase Manhattan Bank
(National Association)
1 Chase Manhattan Plaza
New York, New York 10081
Attn: Elliott H. Jones
Vice President

with a copy to:

Chase Manhattan Investment Holdings, Inc.
c/o The Chase Manhattan Bank
(National Association)
802 Delaware Avenue
P.O. Box 15371
Wilmington, Delaware 19850-5371
Attn: Warren Leonard

(iii) if to any other Person who is the registered Holder of any Warrants or Warrant Stock, to the address for such Holder as it appears in the stock or warrant ledger of Issuer;

or, in the case of any Holder, at such other address as shall be designated by such party in a notice to Issuer; or, in the case of Issuer, at such other address as Issuer may designate in a notice to the Investor and all other Holders.

(b) All such notices, requests and other communications shall be: (i) personally delivered, sent by courier guaranteeing overnight delivery or sent by registered or certified mail, return receipt requested, postage prepaid, in each case given or addressed as aforesaid; and (ii) effective upon receipt.

13.04 Expenses, Etc. Issuer agrees to pay or reimburse the Investor and the Holders for: (a) all reasonable out-of-pocket costs and expenses of the Investor and the Holders (including the reasonable fees and expenses of Milbank, Tweed, Hadley & McCloy, special New York counsel to the Investor and other reasonable legal fees and expenses), in connection with (i) the negotiation, preparation, execution and delivery of this Agreement and the Registration Rights Agreement and the issuance of Warrants hereunder, and (ii) any amendment, modification or waiver of (or consents in respect of) any of the terms of this Agreement, the Registration Rights Agreement or the Warrants; and (b) all reasonable costs and expenses of the Investor and the Holders (including reasonable legal fees and expenses) in connection with (i) any default by Issuer hereunder or under the Warrants or the Registration Rights Agreement or any enforcement proceedings resulting therefrom, and (ii) the enforcement of this Section 13.04.
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13.05 Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be amended or modified only by an instrument in writing signed by (a) Issuer and (b) the holders of 51% of the shares of Warrant Stock as a class; provided, however, that (i) the consent of the holders of any such class of shares or Warrants shall not be required with respect to any amendment or waiver which does not affect the rights or benefits of such class under this Agreement, and (ii) no such amendment or waiver shall, without the written consent of all holders of such shares and Warrants at the time outstanding, amend this Section 13.05.

13.06 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

13.07 Survival.

(a) All representations and warranties made by Issuer herein or in any certificate or other instrument delivered by it or on its behalf under this Agreement or the Registration Rights Agreement shall be considered to have been relied upon by the Investor and shall survive the issuance of the Warrants or the Warrant Stock regardless of any investigation made by or on behalf of the Investor. All statements in any such certificate or other instrument so delivered shall constitute representations and warranties by Issuer hereunder.

(b) All representations and warranties made by the Investor herein shall be considered to have been relied upon by Issuer and shall survive the issuance to the Investor of the Warrants or the Warrant Stock regardless of any investigation made by Issuer or on its behalf.

13.08 Specific Performance. Damages in the event of breach of this
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Agreement by a Holder or Issuer would be difficult, if not impossible, to ascertain, and it is therefore agreed that each Holder and Issuer, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof, and each Holder and Issuer hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude the Holders or Issuer from pursuing any other rights and remedies at law or in equity which the Holders or Issuer may have.

13.09 Captions. The captions and section headings appearing herein
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are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

13.10 Counterparts. This Agreement may be executed on counterpart
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signature pages or in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart signature page or counterpart.

13.11 Governing Law. This Agreement shall be governed by, and
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construed in accordance with, the law of the State of New York without giving effect to the conflicts of law principles thereof, except to the extent that New York conflicts of laws

principles would apply the General Corporation Law of the State of Delaware to matters relating to corporations incorporated thereunder.

13.12 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

13.13 Adjustment Of Common Stock. All references to Common Stock herein shall be subject to appropriate adjustment by reason of any stock dividend, split, reverse split, combination, recapitalization or any similar corporate transaction.

13.14 Covenant of Wingate and Cumberland. None of Wingate, Cumberland or any transferee of the Employee Shares shall transfer or sell the Employee Shares to any Person other than a management employee of the Operating Company.

IN WITNESS WHEREOF, the parties hereto have duly executed this Warrant Agreement as of the date first above written.

ASSOCIATED HOLDINGS, INC.,

By /s/

Name: Thomas W. Sturgess
Title: Chairman and Chief Executive Officer

CHASE MANHATTAN INVESTMENT HOLDINGS, INC.,

By /s/

Name: Elliott H. Jones
Title: Vice President

For Purposes of Section 7 Only:

ASSOCIATED STATIONERS, INC.

By /s/

Name: Thomas W. Sturgess
Title: Chairman and Chief
Executive Officer

Warrant Agreement

Schedule I Capital Stock and Equity Securities

SCHEDULE I

HOLDER	CLASS	NO. OF SHARES
WINGATE PARTNERS, L.P.	CLASS A COMMON	592,175
	CLASS A PREFERRED	3,483
ASI PARTNERS, L.P.	CLASS A COMMON	226,345
	A PFRD.	1,332
CUMBERLAND CAPITAL CORPORATION	CLASS A COMMON	23,129

GOOD CAPITAL CO., INC.	CLASS A COMMON	54,609
	CLASS A PREFERRED	185
BOISE CASCADE CORPORATION	CLASS B PREFERRED	5,000
AFFILIATED COMPUTER SERVICES, INC.	CLASS C PREFERRED	7,500

Schedule II Certain Transferees

James T. Callier, Jr.

Frederick B. Hegi, Jr.

Thomas W. Sturgess

James A. Johnson

Dennis Johnson

Sue Goddard

Wallace R. Hawley

Lee Walton

Jay I. Applebaum

Estate of Howard Beasley

Callier Buy-Out Partners, as defined in the Agreement of Limited Partnership of Wingate Partners, L.P.

Peter J. Wodtke

Pension Plans for Benefit of the Above

Annex 1 - Form of Warrant

Annex 1
to
Warrant Agreement

[Form of Warrant]

WARRANT

THE TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN THAT CERTAIN WARRANT AGREEMENT DATED AS OF JANUARY 31, 1992 (THE "WARRANT AGREEMENT"), BETWEEN ASSOCIATED HOLDINGS, INC., A DELAWARE CORPORATION ("ISSUER"), AND CHASE MANHATTAN INVESTMENT HOLDINGS, INC., AS THE WARRANT AGREEMENT MAY BE MODIFIED AND SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME, AND NO TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE SHALL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. A COPY OF THE FORM OF THE WARRANT AGREEMENT IS ON FILE AND MAY BE INSPECTED AT THE PRINCIPAL EXECUTIVE OFFICE OF ISSUER. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY THE PROVISIONS OF THE WARRANT AGREEMENT.

No. of Stock Units: _____ Warrant No. _____

WARRANT

to Purchase Common Stock of

ASSOCIATED HOLDINGS, INC.

Expiring 10 years from the date hereof

THIS IS TO CERTIFY THAT [ ], or it registered assigns, is entitled to purchase in whole or in part from time to time from Associated Holdings, Inc., a Delaware corporation ("Issuer"), at any time on and after the date hereof, but not later than 5:00 p.m., New York time, on the date which is 10 years from the date hereof (as it may be extended pursuant to Section 6.03, the "Expiration Date"), [ ] Stock Units (as hereinafter defined and subject to adjustment as provided herein) at a purchase price of $.01 per Stock Unit provided, that such purchase price shall not be less than the aggregate par value of the capital stock contained in a Stock Unit, (the "Exercise Price"), subject to the terms and conditions hereinbelow provided. Each exercise made hereunder must be of a minimum of the lesser of 100 Stock Units and all of the remaining Stock Units covered by this Warrant.

Warrant

This Warrant is one of the [Underwriting/Tranche B] Warrants originally issued pursuant to the Warrant Agreement dated as of January 31, 1992, between Issuer and Chase Manhattan Investment Holdings, Inc.

SECTION 1. Certain Definitions. (a) Each capitalized term used herein without definition shall have the meaning ascribed thereto (or incorporated by reference) in the Warrant Agreement (as hereinafter defined).

(b) As used in this Warrant, unless the context otherwise requires:

"Additional Shares of Common Stock" shall mean all shares (including treasury shares) of Common Stock issued or sold by Issuer on or after the date hereof, other than (i) the Warrant Stock and Common Stock issuable pursuant to any warrants in an amount equal to the Tranche B Warrants and Tranche B Warrant Stock repurchased by Issuer pursuant to Section 6 of the Warrant Agreement, (ii) the shares of Common Stock which may be issued pursuant to the Other Equity Securities (whether issuable immediately or upon the arrival of a specified date or the occurrence of a specified event) on the date hereof, (iii) shares purchased by Holder pursuant to the exercise of preemptive rights pursuant to Section 12.08 of the Warrant Agreement, and (iv) the shares of Common Stock described as being issued and outstanding in Section 3.07 of the Warrant Agreement.

"Convertible Security Value" shall mean the value of a Convertible Security as computed in accordance with accepted financial practice, taking into account both its fixed income value (determined by discounting future payments at an appropriate rate) and the value of the embedded option (determined using an appropriate option valuation model).

"Current Market Price", per share of Common Stock, for the purposes of any provision of this Warrant at the date herein specified, shall be deemed to be the fair market value per share of Common Stock, as reasonably determined by the Board, or if there shall be a public market for the Common Stock, the average of the daily market prices for each day during the 30 consecutive trading days commencing 45 Business Days before such date as of which such a price can be established in the manner set forth below. The market price for each such Business Day shall be the last sale price on such day as reported in the Consolidated Last Sale Reporting System or as quoted in the National Association of Securities Dealers Automated Quotation System, or if such last sale price is not available, the average of the closing bid and asked prices as reported in either such system, or in any other case the higher bid price quoted for such day as reported by The Wall Street Journal and the National Quotation Bureau pink sheets.

"Current Warrant Price", for the purpose of any provision of this
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Warrant at the date herein specified, shall mean the amount per share of Common Stock equal to the quotient resulting from dividing the Exercise Price per Stock Unit in effect on such date by the number of shares (including any fractional share) of Common Stock comprising a Stock Unit on such date.

"Exercise Notice" shall have the meaning set forth in Section 2.
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"Exercise Price" shall have the meaning set forth at the head of this
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Warrant.

"Expiration Date" shall have the meaning set forth at the head of this
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Warrant as extended under Section 6.03.

"Holder" shall mean the registered holder of this Warrant.

"include" and "including" shall be construed as if followed by the
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phrase ", without being limited to,".

"Issuer" shall have the meaning set forth at the head of this Warrant.

"Stock Unit" shall mean one share of Common Stock, as such Common
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Stock is constituted on the date hereof, and thereafter shall mean such number of shares (including any fractional shares) of Common Stock and other securities, cash or other property as shall result from the adjustments specified in Section 4 and Section 5. At the election of Holder, the Common
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Stock constituting a Stock Unit may be either Class A Common Stock or Class B Common Stock or any combination thereof.

"Warrant Agreement" shall mean the Warrant Agreement dated as of
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January 31, 1992, between Issuer and Chase Manhattan Investment Holdings, Inc., as such Warrant Agreement shall be modified and supplemented and in effect from time to time.

"Warrant Holder" shall mean any Person who acquires Warrants or Warrant Stock pursuant to the provisions of the Warrant Agreement, including any transferees of Warrants or Warrant Stock.

"Warrants" shall mean the Warrants originally issued by Issuer pursuant to the Warrant Agreement, evidencing rights to purchase up to an aggregate of 150,340 Stock Units, and all Warrants issued upon transfer, division or combination of, or in substitution for, any thereof. All Warrants shall at all times be identical as to terms and conditions, except as to the number of Stock Units for which they may be exercised. The Underwriting

Warrants and the Tranche B Warrants shall at all times be dated as of their respective dates of original issuance.

SECTION 2. Exercise of Warrant. On and after the date hereof and until 5:00 p.m., New York time, on the Expiration Date, Holder may exercise this Warrant, on one or more occasions, on any Business Day, in whole or in part, by delivering to Issuer, at its office maintained for such purpose pursuant to Section 11.01, (a) a written notice of Holder's election to exercise this Warrant, which notice shall specify the number of Stock Units to be purchased (the "Exercise Notice"), (b) a certified or bank check or checks payable to Issuer in an aggregate amount equal to the aggregate Exercise Price for the number of Stock Units as to which this Warrant is being exercised, and (c) this Warrant. Such Exercise Notice may be substantially in the form of Annex A hereto. Upon receipt thereof, Issuer shall, as promptly as practicable and in any event within five Business Days thereafter, execute or cause to be executed and deliver or cause to be delivered to Holder a stock certificate or certificates representing the aggregate number of shares of Warrant Stock and other securities issuable upon such exercise and any other property to which such Holder is entitled. The Warrant Stock may be issued as Class A Common Stock or Class B Common Stock, or any combination thereof, at the option of Holder.

The stock certificate or certificates for Warrant Stock so delivered shall be in such denominations as may be specified in the Exercise Notice and shall be registered in the name of Holder or such other name or names as shall be designated in such Exercise Notice. Such stock certificate or certificates

shall be deemed to have been issued and Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such shares, including, to the extent permitted by law, the right to vote such shares or to consent or to receive notice as a Stockholder, as of the date on which the last of the Exercise Notice, payment of the Exercise Price and this Warrant is received by Issuer as aforesaid, and all taxes required to be paid by Holder, if any, pursuant to Section 9 hereof, prior to the issuance of such shares have
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been paid. If this Warrant shall have been exercised only in part, Issuer shall, at the time of delivery of the certificate or certificates representing Warrant Stock and other securities, execute and deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Stock Units called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant, or, at the request of Holder, appropriate notation may be made on this Warrant and the same returned to Holder.

All shares of Common Stock issuable upon the exercise of this Warrant shall, upon payment therefor in accordance here-

with, be duly and validly issued, fully paid and nonassessable and free and clear of any Liens.

Issuer shall not be required to issue a fractional share of Common Stock upon exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, Issuer shall pay a cash adjustment in respect of such final fraction in an amount equal to the same fraction of the Current Market Price per share of Common Stock on the date of exercise.

SECTION 3. Transfer, Division and Combination. Subject to Section
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11.03, transfer of this Warrant and all rights hereunder, in whole or in part,
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shall be registered on the books of Issuer to be maintained for such purpose, upon surrender of this Warrant at the office of Issuer maintained for such purpose pursuant to Section 11.01, together with a written assignment of this
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Warrant, substantially in the form of Annex B hereto, duly executed by Holder or its agent or attorney and payment of funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, Issuer shall, subject to Section 11.03 and the immediately
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following sentence, (a) execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, (b) issue to the assignor a new Warrant evidencing the

portion of this Warrant not so assigned and (c) promptly cancel this Warrant. If and when this Warrant is assigned in blank (in case the restrictions on transferability referred to in Section 11.03 shall have been terminated), Issuer may (but shall not be obliged to) treat the bearer hereof as the absolute owner of this Warrant for all purposes and Issuer shall not be affected by any notice to the contrary. This Warrant, if properly assigned in compliance with this Section 3 and Section 11.03, may be exercised by an assignee for the purchase of shares of Common Stock without having a new Warrant or Warrants issued. Notwithstanding any provision herein to the contrary, Issuer shall not be required to register the transfer of Warrants or Warrant Stock in the name of any Person who acquired this Warrant (or part hereof) or any Warrant Stock otherwise than in accordance with this Warrant and the Warrant Agreement.

Issuer shall maintain at its aforesaid office books for the registration and transfer of the Warrants.

SECTION 4. Adjustment of Stock Unit. The number of shares of Common Stock comprising a Stock Unit shall be subject to adjustment from time to time as set forth in this Section 4. Issuer shall not take any action with respect to its Common Stock of any class requiring an adjustment pursuant to any of Sections 4.01, 4.07 or 5 without at the same time taking like action with respect to its Common Stock of each other class, and Issuer shall not create any class of Common Stock which carries any rights to

dividends or assets differing in any respect from the rights of the Common Stock on the date hereof.

4.01 Stock Dividends, Subdivisions and Combinations. If at any time Issuer shall:

(a) take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend payable in, or other distribution of, Additional Shares of Common Stock, or

(b) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, or

(c) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock,

then the number of shares of Common Stock comprising a Stock Unit immediately after the occurrence of any such event shall be adjusted to equal the number of shares of Common Stock which a record holder of the number of shares of Common Stock comprising a Stock Unit immediately prior to the happening of such event would own or be entitled to receive after the happening of such event.

4.02 Issuance of Additional Shares of Common Stock. If at any time
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Issuer shall (except as hereinafter provided) issue or sell any Additional Shares of Common Stock in exchange for consideration in an amount per Additional Share of Common Stock less than the Current Market Price at the time the Additional Shares of Common Stock are issued, then the number of shares of Common Stock thereafter comprising a Stock Unit shall be adjusted to that number determined by multiplying the number of shares of Common Stock comprising a Stock Unit immediately prior to such adjustment by a fraction (a) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus the number of such Additional Shares of Common Stock so issued, and (b) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus the number
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of shares of Common Stock which the aggregate consideration for the total number of such Additional Shares of Common Stock so issued would purchase at the Current Market Price. For purposes of this Section 4.02, the date as of which
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the Current Market Price shall be computed shall be the earlier of (i) the date on which Issuer shall enter into a firm contract for the issuance of such Additional Shares of Common Stock and (ii) the date of actual issuance of such Additional Shares of Common Stock. Subject to Section 4.05, no further
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adjustment of the number of shares of Common Stock comprising a Stock Unit shall be made under this Section 4.02 upon the issuance of any Additional Shares of
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Common Stock:

Warrant

(a) for which an adjustment is provided under Section 4.01;

(b) which are issued pursuant to the exercise of any Options or the conversion, exchange or exercise of any Convertible Securities, if any such adjustment shall previously have been made upon the issuance of such Options or Convertible Securities (or upon the issuance of any Option therefor) pursuant to Section 4.03 or 4.04; or

(c) as a distribution or a dividend which is distributed or declared and paid in accordance with Section 5.02.

Notwithstanding the foregoing, if any shares are issued pursuant to the Transition Services Agreement, the number of shares of Common Stock comprising a Stock Unit shall be increased by a number which is equal to the quotient resulting from dividing (i) the product of the number of shares of Common Stock issued pursuant to the Transition Services Agreement and .149, by (ii) 150,340.

4.03 Issuance of Options. If at any time Issuer shall issue or sell, or shall fix a record date for the determination of holders of any class of securities entitled to receive, any Options for any Additional Shares of Common Stock or any Convertible Securities, whether or not the rights to purchase thereunder are immediately exercisable, then the number of shares of Common Stock thereafter comprising a Stock Unit shall be adjusted as provided in Section 4.02 on the basis that (a) the maximum number of Additional Shares of Common Stock issuable pursuant to all such Options or necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued as of (and, accordingly, the date as of which the Current Market Price shall be computed shall be) the computation date specified in the penultimate sentence of this Section 4.03, and (b) the aggregate consideration for such maximum number of Additional Shares of Common Stock shall be zero. For purposes of this Section 4.03, the computation date for clause (a) above shall be the earlier of (i) the date on which Issuer shall take a record of the holders of its Common Stock for the purpose of entitling them to receive any such Options and (ii) the date on which Issuer shall enter into a firm contract for the issuance of such Options. No further adjustment of the number of shares of Common Stock comprising a Stock Unit shall be made under this Section 4.03 upon the issuance of any Options to subscribe for or purchase any Additional Shares of Common Stock or any Convertible Securities as a distribution or a dividend which is distributed or declared and paid in accordance with Section 5.02. Notwithstanding the foregoing, any issuance of an Option which is issued together with a debt security of Issuer, as a Unit, shall be treated for the purpose of this Section 4 as the issuance of a Convertible Security.

4.04 Issuance of Convertible Securities. If at any time Issuer shall issue or sell any Convertible Securities, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the cash received by Issuer in payment for such Convertible Securities shall be less than the Convertible Security Value thereof, then the number of shares of Common Stock thereafter comprising a Stock Unit shall be increased to a number of shares of Common Stock having a value immediately following the computation date (as established below) equal to the value of the number of shares comprising such Stock Unit immediately before such increase. For this purpose, the value before the increase will be the Fair Market Value of the Common Stock as reasonably determined by the Board on the basis set forth in the first paragraph of the definition thereof (without reference to the appraisal procedure referred to therein) divided by the number of shares of Common Stock outstanding on a fully diluted basis as determined under the Warrant Agreement, and the value immediately following the computation date shall be the foregoing value, except that the numerator shall be the Fair Market Value plus the cash amount paid to the Company for such Convertible Securities less the Convertible Security Value of such Convertible Securities on issuance and the denominator shall be increased by the number of Additional Shares of Common Stock issuable on exercise of such Convertible Securities. For purposes of this Section 4.04, the computation date for clause (a) above shall be the earliest of (i) the date on which Issuer shall take a record of the holders of its Common Stock for the purpose of entitling them to receive any such Convertible Securities, (ii) the date on which Issuer shall enter into a firm contract for the issuance of such Convertible Securties,and (iii) the date of actual issuance of such Convertable Securities. No further adjustment of the number of shares of Common Stock comprising a Stock Unit shall be made under this Section 4.04 upon of any Convertible Securities:

(a) which are issued pursuant to the exercise of any Option therefor, if any such adjustment shall previously have been made upon the issuance of such Option pursuant to Section 4.03; or

(b) as a distribution or a dividend which is distributed or declared and paid in accordance with Section 5.02.

4.05 Superseding Adjustment of Stock Unit. If, at any time after any adjustment of the number of shares of Common Stock comprising a Stock Unit shall have been made pursuant to Section 4.03 or 4.04 as a result of the issuance of Options or Convertible Securities, or after any new adjustment of the number of shares of Common Stock comprising a Stock Unit shall have been made pursuant to

this Section 4.05, (a) such Options or the right of conversion, exchange or exercise of such Convertible Securities shall expire, and all or a portion of such Options or the

right of conversion, exchange or exercise with respect to all or a portion of such Convertible Securities, as the case may be, shall not have been exercised or treated as having been exercised or otherwise canceled or acquired by the Company in connection with any settlement including, without limitation, any cash settlement, of such Options or the rights of conversion, or exchange or exercise of such Convertible Securities, or (b) there has been any change in the number of shares issuable upon exercise, conversion or exchange of such Options or Convertible Securities (including as a result of the operation of anti-dilution provisions applicable thereto), or a (c) the consideration per share, for which Additional Shares of Common Stock are issuable pursuant to such Options or the terms of any Convertible Securities, or the maturity of any such Convertible Security, shall be changed, then such previous adjustment shall be rescinded and annulled and the Additional Shares of Common Stock which were deemed to have been issued by virtue of the computation made in connection with the adjustment so rescinded and annulled shall no longer be deemed to have been issued by virtue of such computation. Thereupon, a recomputation shall be made of the effect of such Options or Convertible Securities on the basis of

(i) treating the number of Additional Shares of Common Stock, if any, theretofore actually issued or issuable pursuant to the previous exercise of such Options or such right of conversion or exchange, as having been issued on the date or dates of such issuance as determined for purposes of such previous adjustment and for the consideration actually received and receivable therefor,

(ii) treating the maximum number of Additional Shares of Common Stock (A) issuable pursuant to all Options which then remain outstanding and (B) necessary to effect the conversion or exchange of all Convertible Securities which then remain outstanding, as having been issued, and

(iii) making the computations called for in Section 4.04 on the basis of the revised terms of such Convertible Securities as if newly issued at the time of such revision,

and, if and to the extent called for by the foregoing provisions of this Section 4 on the basis aforesaid, a new adjustment of the number of shares of Common Stock comprising a Stock Unit shall be made, such new adjustment shall

supersede the previous adjustment so rescinded and annulled.

4.06 Other Provisions Applicable to Adjustments Under this Section 4.

The following provisions shall be applicable to the making of adjustments of the number of shares of Common Stock comprising a Stock Unit hereinbefore provided for in this Section 4:

(a) Computation of Consideration. To the extent that any Additional Shares of Common Stock or any Convertible Securities shall be issued for a cash consideration, the consideration received by Issuer therefor shall be deemed to be the amount of cash received by Issuer therefor, or, if such Additional Shares of Common Stock or Convertible Securities are offered by Issuer for subscription, the subscription price, or, if such Additional Shares of Common Stock or Convertible Securities are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price, in any such case excluding any amounts paid or receivable for accrued interest or accrued dividends and without deduction of any reasonable compensation, discounts or expenses paid or incurred by Issuer for and in the underwriting of, or otherwise in connection with, the issue thereof. To the extent that such issuance shall be for a consideration other than cash, then, except as herein otherwise expressly provided, the amount of such consideration shall be deemed to be the fair market value of such consideration at the time of such issuance, as reasonably determined by the Board. The consideration for any Additional Shares of Common Stock issuable pursuant to any Options to subscribe for or purchase the same shall be zero. The consideration for any Additional Shares of Common Stock issuable pursuant to the terms of any Convertible Securities shall be the cash consideration paid or payable to Issuer in respect of the subscription for or purchase of such Convertible Securities. In case of the issuance at any time of any Additional Shares of Common Stock in payment or satisfaction of any dividend upon any class of stock other than Common Stock, Issuer shall be deemed to have received for such Additional Shares of Common Stock a consideration equal to the amount of such dividend so paid or satisfied.

(b) When Adjustments to be Made. The adjustments required by this Section 4 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that any adjustment of the number of shares of Common Stock comprising a Stock Unit that would otherwise be required may be postponed (except in the case of a subdivision

or combination of shares of the Common Stock, as provided for in Section 4.01) up to but not beyond the date of exercise if such adjustment either by itself or with other adjustments not previously made adds or subtracts less than both (i) 1/20th of a share to or from the number of shares of Common Stock comprising a Stock Unit immediately prior to the making of such adjustment and (ii) 5% of the number of shares of Common Stock comprising a Stock Unit. Any adjustment representing a change of less than such minimum amount (except as aforesaid) shall be carried forward and made as soon as such adjustment, together with other adjustments required by this Section 4 and not previously made, would result in a minimum adjustment on the date of exercise. For

the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(c) Fractional Interests. In computing adjustments under this Section 4, fractional interests in Common Stock shall be taken into account to the nearest one-thousandth of a share.

(d) When Adjustment Not Required. If Issuer shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights and shall, thereafter and before the distribution thereof to stockholders, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

4.07 Other Dilutive Events. In case any event shall occur, affecting Issuer, the Subsidiaries or any Person in which Issuer or any Subsidiary has a direct or indirect Investment, as to which the provisions of Section 4 or Section 5 are not strictly applicable but the failure to make any adjustment would not fairly protect the purchase rights represented by this Warrant in accordance with the essential intent and principles of such sections then, in each such case, Issuer shall appoint a firm of independent public accountants of recognized national standing (which may be the regular auditors of Issuer),

which shall give their opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles established in Section 4 and 5, necessary to preserve, without dilution, the purchase rights represented by this Warrant. Without limiting the generality of the foregoing, Issuer acknowledges that issuance of any equity security by any Subsidiary or Person in which Issuer has a direct or indirect Investment to any Person other than Issuer or a Wholly-Owned Subsidiary or sale of existing equity securities of Subsidiaries or investees by Issuer or any Subsidiary for a price less than the fair value thereof, and acquisition of less than 100% of the equity interest in a Person for a price greater than the fair market value thereof, would be such events. Upon receipt of such opinion, Issuer will promptly mail a copy thereof to Holder and shall make the adjustments described therein.

SECTION 5. Consolidation, Merger, Share Exchange, ect.; Distributions.

5.01 Consolidation, Merger, Share Exchange, ect. In case a consolidation, merger or share exchange of Issuer shall be effected with another Person on or after the date hereof, or the sale, lease or transfer of all or a majority of its assets to

another Person shall be effected on or after the date hereof, then, as a condition of such consolidation, merger, share exchange, sale, lease or transfer, lawful and adequate provision shall be made whereby Holder shall thereafter have the right to purchase and receive upon the basis and upon the terms and conditions specified herein and in lieu of each Stock Unit immediately theretofore purchasable and receivable upon the exercise of each of the Warrants, such shares of stock, securities, cash or other property receivable upon such consolidation, merger, share exchange, sale, lease or transfer by the holder of the number of shares of Common Stock comprising a Stock Unit immediately prior to such event. In any such case, appropriate and equitable provision also shall be made with respect to the rights and interests of Holder to the end that the provisions hereof (including Section 4) and of the Warrant Agreement and the Registration Rights Agreement shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities, cash or other property thereafter deliverable upon the exercise of any Warrants. Issuer shall not effect any such consolidation, merger, share exchange, sale, lease or transfer unless prior to or simultaneously with the consummation thereof the successor Person (if other than Issuer) resulting from such consolidation, merger or share exchange or the Person purchasing, leasing or otherwise acquiring such assets shall assume, by written instrument mailed to Holder at

its last address appearing on the books of Issuer, the obligation to deliver to Holder such shares of stock, securities, cash or other property as, in accordance with the foregoing provisions, Holder may be entitled to purchase. The above provisions of this Section 5.01 shall similarly apply to successive
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consolidations, mergers, share exchanges, sales, leases or transfers.

5.02 Distributions upon Declaration of Dividend or Other

Distribution. So long as any Warrants remain outstanding, Issuer shall pay,
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upon the declaration and payment of any dividend or distribution (whether such dividend or distribution is in form of cash, debt securities, equity securities or other property) on any class of Common Stock, to Holder the dividend or distribution that such Holder would be otherwise entitled to receive had Holder exercised this Warrant in full immediately prior to the taking of record of those holders of Common Stock entitled to any such dividend or distribution. If such dividend or distribution is in the form of a voting equity security, Holder will be entitled to receive, at its option, in its stead non-voting equity securities otherwise identical to and convertible at Holder's option into the equity securities to which Holder is otherwise entitled thereunder and continuing benefiting from antidilution provisions similar to those herein. This provision shall not apply to stock dividends of Additional Shares of Common stock, provided, that Issuer adjusts the number of shares of Common Stock
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comprising a Stock Unit pursuant to Section 4.01.

Warrant

A reclassification or recapitalization of the Common Stock shall be deemed a distribution by Issuer to the holders of its Common Stock of such shares of such other class of stock within the meaning of this Section 5.02 and,
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if the outstanding shares of Common Stock shall be changed into a larger or smaller number of shares of Common Stock as a part of such reclassification, shall be deemed a subdivision or combination, as the case may be, of the outstanding shares of Common Stock within the meaning of Section 4.01.

5.03 Dilution in Case of Other Securities. In case any other

Securities shall be issued or sold or shall become subject to issue or sale upon the conversion or exchange of any stock (or Other Securities) of Issuer (or any

issuer of Other Securities or any other Person referred to in Section 5.01) or to subscription, purchase or other acquisition pursuant to any rights, options, warrants to subscribe for, purchase or otherwise acquire either Additional Shares of Common Stock or securities directly or indirectly convertible into or exchangeable for Additional Shares of Common Stock, issued or granted by the Company (or any such other issuer or Person) for a consideration such as to dilute, on a basis consistent with the standards established in the other provisions of Section 4, the purchase rights granted by this Warrant, then, and in each such case, the computations, adjustments and readjustments provided for in Section 4 with respect to the Stock Units shall be made as nearly as possible in the manner so provided and applied to determine the amount of Other Securities from time to time receivable upon the exercise of the Warrants, so as to protect the Warrant Holders against the effect of such dilution.

SECTION 6. Notice to Warrant Holders.

6.01 Notice of Adjustment of Stock Unit or Exercise Price. Whenever the number of shares of Common Stock comprising a Stock Unit shall be adjusted pursuant to Section 4, Issuer shall forthwith obtain a certificate signed by the chief financial officer of Issuer and reasonably acceptable to the Holders of a majority of the Warrants, setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment was calculated (including a description of the basis on which the Board determined the fair market value of Additional Shares of Common Stock issued or sold and, if the consideration therefor was other than cash, a description of how such consideration was valued), specifying the number of shares of Common Stock comprising a Stock Unit and (if such adjustment was made pursuant to Section 4.07 or Section 5) describing the number and kind of any other securities comprising a Stock Unit, and any change in the purchase price or prices thereof, after giving effect to such adjustment or change. Issuer shall promptly, and in any case within 10 days after the making of such adjustment, cause a signed copy of such certificate to be delivered to each Warrant Holder in accordance with Section

11.02. Issuer shall keep at its office or agency, maintained for the purpose

pursuant to Section 11.01, copies of all such certificates and cause the same to
be available for inspection at said office during normal business hours by any Warrant Holder or any prospective permitted purchaser or a Warrant designated by a holder thereof. All adjustments set forth in such certificates shall be subject to the reasonable approval of the Majority Warrant Stockholders.

6.02 Notice of Certain Corporate Action. In case Issuer shall propose (a) to pay any dividend to the holders of its Common Stock or to make any other distribution to the holders of its Common Stock, or (b) to offer to the holders of its Common Stock rights to subscribe for or to purchase any Additional Shares of Common Stock or shares of stock of any class or any other securities, rights or options, or (c) to effect any reclassification of its Common Stock (other than a reclassification involving only the subdivision, or combination, of outstanding shares of Common Stock), or (d) to effect any capital reorganization, or (e) to effect any consolidation, merger, share exchange or sale, lease, transfer or other disposition of all or a majority of its property, assets or business (other than the creation of a Lien pursuant to a Company Permitted Financing), or (f) to effect the liquidation, dissolution or winding up of Issuer, then, in each such case, Issuer shall give to each Warrant Holder, in accordance with Section 11.02, a notice of such proposed action, which shall specify the date on which a record is to be taken for the purposes of such stock dividend, distribution or rights, or the date on which such reclassification, reorganization, consolidation, merger, share exchange, sale, lease, transfer, disposition, liquidation, dissolution or winding up is to take place and the date of participation therein by the holders of Common Stock, if any such date is to be fixed, and shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action on the Common Stock, if any, and the number and kind of any other shares of stock which will comprise a Stock Unit, and the purchase price or prices thereof, after giving effect to any adjustment, if any, which will be required as a result of such action. Such notice shall be so given in the case of any action covered by clause (a) or (b) above at least 20 days prior to the record date for determining holders of the Common Stock for purposes of such action, and in the case of any other such action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Common Stock, whichever shall be the earlier.

6.03 Notice of Expiration Date. Issuer shall give to each Warrant Holder notice of the Expiration Date. Such notice may be given by Issuer not less than 30 days but not more than 60 days prior to the Expiration Date; provided, however, that if Issuer fails to give timely notice, the Expiration Date will be

extended to the date which is 30 days after the day on which such notice is given.

SECTION 7. Reservation and Authorization of Common Stock. Issuer shall at all times reserve and keep available for issue upon the exercise or conversion of Warrants such number of its authorized but unissued shares of Common Stock of both classes as will be sufficient to permit the exercise in full of all outstanding Warrants. Issuer shall not amend its certificate of incorporation in any respect relating to the Common Stock other than to increase or decrease the number of shares of authorized capital stock (subject to the provisions of the preceding sentence) or to decrease the par value of any shares of Common Stock. All shares of Common Stock which shall be so issuable, when issued upon exercise of any Warrant and payment of the applicable Exercise Price therefor in accordance with the terms of this Warrant, shall be duly and validly issued, fully paid and nonassessable and free and clear of any Liens.

Before taking any action which would result in an adjustment in the number of shares of Common Stock comprising a Stock Unit or which would cause an adjustment reducing the Current Warrant Price per share of Common Stock below the then par value, if any, of the shares of Common Stock issuable upon exercise of the Warrants, Issuer shall take any corporate action which is necessary in order that Issuer may validly and legally issue fully paid and nonassessable shares of Common Stock free and clear of any Liens upon the exercise of all the Warrants immediately after the taking of such action.

Before taking any action which would result in an adjustment in the number of shares of Common Stock comprising a Stock Unit or in the Current Warrant Price per share of Common Stock, Issuer shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

Issuer will list on each national securities exchange on which any Common Stock may at any time be listed, subject to official notice of issuance upon exercise of the Warrants, and will maintain such listing of, all shares of Common Stock from time to time issuable upon the exercise of the Warrants. Issuer will also so list on each national securities exchange, and will maintain

such listing of, any Other Securities if at the time any securities of the same class shall be listed on such national securities exchange by Issuer.

SECTION 8. Taking of Record; Stock and Warrant Transfer Books. (a) In the case of all dividends or other distributions by Issuer to the holders of its Common Stock with respect to which any provision of Section 4 and Section 5.02 refers to the taking of a record of such holders, Issuer shall in each such case take such a record as of the close of business on a Business Day.

(b) Issuer shall not at any time, except upon complete dissolution, liquidation or winding up, close its stock transfer books or Warrant transfer books so as to result in preventing or delaying the exercise, conversion or transfer of any Warrant, unless otherwise required by any applicable federal, state or local law.

SECTION 9. Expenses, Transfer Taxes and Other Charges. Issuer shall pay any and all expenses, transfer taxes and other charges, including all costs associated with the preparation, issue and delivery of stock or warrant certificates, that are incurred in respect of the issuance or delivery of shares of Common Stock upon exercise or conversion of this Warrant pursuant to Section 2, or in connection with any transfer, division or combination of Warrants pursuant to Section 3. Issuer shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which this Warrant is registered, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to Issuer the amount of any such tax, or has established, to the satisfaction of Issuer, that such tax has been paid.

SECTION 10. No Voting Rights. This Warrant shall not entitle Holder to any voting or other rights as a stockholder of Issuer.

SECTION 11. Miscellaneous.

11.01 Office of Issuer. So long as any of the Warrants remains outstanding, Issuer shall maintain an office in the continental United States of America where the Warrants may be presented for exercise, transfer, division or combination as in this Warrant provided. Such office shall be at Associated Holdings, Inc., 1075 Hawthorne Drive, Itasca, IL 60143, unless and until Issuer shall designate and maintain some other office for such purposes and give notice thereof to all Warrant Holders.

11.02 Notices Generally. Any notices and other communications pursuant to the provisions hereof shall be sent in accordance with Section 13.03 of the Warrant Agreement.

11.03 Restrictions on Transferability. The Warrants and the Warrant Stock shall be transferable only upon compliance with the conditions specified in Section 4 of the Warrant Agreement and the Registration Rights Agreement therein referred to, which conditions are intended to ensure compliance with the provisions of the Securities Act in respect of the transfer of any Warrant or any Warrant Stock, and any Holder shall be bound

by the provisions of (and entitled to the benefits of) said Section 4 and said Registration Rights Agreement.

11.04 Governing Law. This Warrant shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to conflicts of law principles thereof, except to the extent that New York conflicts of laws principles would apply the General Corporation Law of the State of Delaware to matters relating to corporations incorporated thereunder.

11.05 Limitation of Liability. No provision hereof, in the absence of affirmative action by Holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the Exercise Price or as a stockholder of Issuer, whether such liability is asserted by Issuer, by any creditor of Issuer or any other Person.

11.06 Fair Market Value Determinations by the Board, Etc. Whenever

the Board determines fair market value, Convertible Security Value or the Fair Market Value of the Common Stock pursuant to this Warrant, or a firm of independent public accountants opines as to an adjustment pursuant to Section 4.07, any such determination or opinion shall be subject to the reasonable approval of the Majority Warrant Stockholders.

SECTION 12. Conversion of Warrants. On and after the date hereof and prior to the Expiration Date, this Warrant may be converted, in whole or in part, at the option of Holder, into the number of shares of Common Stock, for each Stock Unit evidenced by this Warrant which is being so converted, equal to the product of (a) the number of shares of Common Stock comprising a Stock Unit at the time of such conversion, and (b) the Current Market Price per share of Common Stock at the time of such conversion minus the Exercise Price of the Warrant at the time of such conversion, divided by (c) the Current Market Price per share of Common Stock at the time of such conversion.

SECTION 13. Certain Legal Requirements. If Holder is subject to the provisions of Regulation Y, Holder shall not, and shall not permit any of its Bank Holding Company Affiliates to, permit any of its Bank Holding Company Affiliates to convert this Warrant into shares of Common Stock pursuant to Section 12, or exercise this Warrant, if after giving effect to such conversion or exercise, (i) Holder and its Bank Holding Company Affiliates would own more than 5% of the total issued and outstanding shares of Common Stock or (ii) Holder would Control Issuer (and for purposes of this clause (ii), a reasoned opinion of counsel to Holder (which is based on facts and circumstances deemed appropriate by such counsel) to the effect that Holder does not control Issuer shall be conclusive).

IN WITNESS WHEREOF, Issuer has duly executed this Warrant.

Dated: January 31, 1992

ASSOCIATED HOLDINGS, INC.,

By

Name: Thomas W. Sturgess
Title: Chairman and Chief Executive Officer

Warrant

FORM OF EXERCISE

(To be executed by the registered holder hereof)

The undersigned registered owner of this Warrant irrevocably exercises this Warrant for the purchase of _____ Stock Units of Associated Holdings, Inc., a Delaware corporation, and herewith makes payment therefor, all at the price and on the terms and conditions specified in this Warrant, and requests that (i) certificates and/or other instruments covering such Stock Units be issued in accordance with the instructions given below and (ii) if such Stock Units shall not include all of the Stock Units to which Holder is entitled under this Warrant, that a new Warrant of like tenor and date for the unpurchased balance of the Stock Units issuable hereunder be delivered to the undersigned.

Dated: _____

_____

(Signature of Registered Holder)

Instructions for issuance and
registration of Stock Units:

_____
Name of Registered Holder
(please print)

Social Security or Other Identifying
Number:_____

Please deliver certificate to
the following address:

_____
Street

_____
City, State and Zip Code

Warrant

FORM OF ASSIGNMENT

(To be executed by the registered holder hereof)

FOR VALUE RECEIVED the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the assignee named below all the rights of the undersigned under this Warrant with respect to the number of Stock Units covered thereby set forth hereinbelow unto:

Name of Assignee	Address	Number of Stock Units
- ----------	-------	----------

Dated:

Signature of Registered Holder

Name of Registered Holder
(Please Print)

Witness:

- ---

Warrant

Annex 2-Registration Rights Agreement

Annex 2
to
Warrant Agreement

ASSOCIATED HOLDINGS, INC.

REGISTRATION RIGHTS AGREEMENT

Dated as of January 31, 1992

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ASSOCIATED HOLDINGS, INC.

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT dated as of January 31, 1992 is made and entered into by and between CHASE MANHATTAN INVESTMENT HOLDINGS, INC., a Delaware corporation (the "Investor"), and ASSOCIATED HOLDINGS, INC., a Delaware corporation (the "Issuer"). Capitalized terms not otherwise defined herein have the meanings set forth in Section 9.

WHEREAS, Issuer and the Investor are parties to a Warrant Agreement of even date herewith (as modified and supplemented and in effect from time to time, the "Warrant Agreement"), providing for the issuance by Issuer of Underwriting Warrants and Tranche B Warrants (each as defined in the Warrant Agreement) which entitle the Investor to purchase, from and after the dates of their respective issuance, from Issuer at any time on or prior to the date that is ten years from the date of their respective issuance, Stock Units (as therein defined) representing, initially, an aggregate amount equal to 13% of the issued and outstanding shares of Common Stock of Issuer (on a fully diluted basis); and

WHEREAS, in order to induce the Investor to purchase the Warrants, and as a condition precedent to such purchase, the Investor requires that Issuer enter into this Agreement simultaneously with the Investor's execution of the Warrant Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Requested Registrations. (a) Registration Requests. At any time after the earlier of (i) the date upon which Issuer shall have effected a Public Offering and (ii) in the event that a Put Postponement occurs, the date on which the corresponding Put Response Notice is delivered (the "Trigger Date"), upon the written request of the holders of a majority of the Registrable Securities requesting that Issuer effect the registration under the Securities Act of all or part of such holders' Registrable Securities and specifying the number of Registrable Securities to be registered and the intended method of disposition thereof (a "Registration Request"), Issuer will promptly, and in no event more than ten (10) Business Days after receipt of such Registration Request, give written notice (a "Notice of Requested Registration") of such request to all other holders of Registrable Securities, and thereupon will use its best efforts to effect the registration under the Securities Act of

(A) the Registrable Securities which Issuer has been so requested to register by such Majority Warrant Stockholders, and

(B) all other Registrable Securities the holders of which have made written requests to Issuer for registration thereof within twenty (20) days after the giving of the Notice of Requested Registration (which requests shall specify the intended method of distribution thereof),

all to the extent requisite to permit the disposition (in accordance with the intended methods thereof) of the Registrable Securities so to be registered. If requested by the holders of a majority of the Registrable Securities requested to be included in any Requested Registration, the method of disposition of all Registrable Securities included in such registration shall be an underwritten offering effected in accordance with Section 4 (a). Notwithstanding the foregoing, Issuer may postpone taking action with respect to a Requested Registration for a reasonable period of time after receipt of the original request (not exceeding one hundred twenty (120) days) if, in the reasonable opinion of Issuer's Board of Directors, effecting the registration would adversely affect a material financing, acquisition, disposition of assets or stock, merger or other comparable transaction or would require Issuer to make

public disclosure of information the public disclosure of which would have a material adverse effect upon Issuer, provided that Issuer shall not delay such
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action pursuant to this sentence more than once in any twelve (12) month period. Subject to paragraph (e), Issuer may include in such registration other
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securities for sale for its own account or for the account of any other Person. If any securityholders of Issuer (other than the holders of Registrable Securities in such capacity) register securities of Issuer in a Requested Registration in accordance with this Section, such holders shall pay the fees and expenses of their counsel and their pro rata share, on the basis of the
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respective amounts of the securities included in such registration on behalf of each such holder, of the Registration Expenses if the Registration Expenses for such registration are not paid by Issuer for any reason.

(b) Limitations on Requested Registrations.

Notwithstanding anything herein to the contrary, Issuer shall not be required to honor a request for a Requested Registration if:

(i) the Trigger Date shall not yet have occurred;

(ii) in the case of a Long-Form Registration, (A) Issuer has previously effected two (2) Effective Long-Form Registrations, or (B) in the event that there has been a Put Postponement and the corresponding Put Reactivation Date has not occurred, Issuer has previously effected three (3) Effective Long-Form Registrations;

(iii) in the case of a Short-Form Registration, Issuer has previously effected three (3) Effective Short-Form Registrations;

(iv) such request is received by Issuer less than three hundred (300) days following the effective date of any previous registration statement filed in connection with a Requested Registration, regardless of whether any holder of Registrable Securities exercised its rights under this Agreement with respect to such registration, unless such previous registration constituted a Cutback Registration.

(c) Registration Statement Form. Requested Registrations shall be on
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such appropriate registration form promulgated by the Commission as shall be selected by Issuer, and shall be reasonably acceptable to the holders of a majority of the Registrable Securities to which such registration relates, and shall permit the disposition of such Registrable Securities in accordance with

the intended method or methods specified in their request for such registration, provided, that such registration form is available under the terms of this Agreement. Notwithstanding the forgoing, if Issuer selects a Form S-3 and the use of such form is available under the terms of this Agreement and is permitted by law, the holders of a majority of the Registrable Securities to which such registration relates may notify Issuer in writing that, in the judgment of such holders (or, if applicable, the Managing Underwriter), the inclusion of some or all of the information required in a more detailed form specified in such notice is of material importance to the success of the Public Offering of such Registrable Securities, in which case Issuer shall supplement or amend the Form S-3 to include such information.

(d) Registration Expenses. Issuer will pay all Registration Expenses incurred in connection with any Requested Registration.

(e) Priority in Cutback Registrations. If a Requested Registration becomes a Cutback Registration, Issuer will include in any such registration to the extent of the number which the Managing Underwriter advises Issuer can be sold in such offering (i) first, Registrable Securities requested to be included in such registration by the Requesting Holders, pro rata on the basis of the number of Registrable Securities requested to be included by such holders and (ii) second, other securities of Issuer proposed to be included in such registration, allocated among the holders thereof in accordance with the priorities then existing among Issuer and the holders of such other securities; and any securities so excluded shall be withdrawn from and shall not be included in such Requested Registration.

2. Piggyback Registrations. (a) Right to Include Registrable Securities. Notwithstanding any limitation contained in Section 1, if Issuer at any time proposes after the date hereof to effect a Piggyback Registration, it will each such time give prompt written notice (a "Notice of Piggyback Registration") to all holders of Registrable Securities of its intention to do so and of such holders' rights under this Section 2, which Notice of Piggyback Registration shall include a description of the intended method of disposition

of such securities. Upon the written request of any such holder made within fifteen (15) days after receipt of a Notice of Piggyback Registration (which request shall specify the Registrable Securities intended to be disposed of by such holder and the intended method of disposition thereof), Issuer will use its best efforts to include in the registration statement relating to such Piggyback Registration all Registrable Securities which Issuer has been so requested to register. Notwithstanding the foregoing, if, at any time after giving a Notice of Piggyback Registration and prior to the effective date of the registration statement filed in connection with such registration, Issuer shall determine for any reason not to register or to delay registration of such securities, Issuer may, at its election, give written notice of such determination to each holder of Registrable Securities and, thereupon, (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of any Requesting Holder entitled to do so to request that such registration be effected as a Requested Registration under Section 1, and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities for the same period as the delay in registering such other securities. No registration effected under this Section 2 shall relieve Issuer of its obligations to effect a Requested Registration under Section 1.

(b) Registration Expenses. Issuer will pay all Registration Expenses incurred in connection with each Piggyback Registration.

(c) Priority in Cutback Registrations. If a Piggyback Registration becomes a Cutback Registration, Issuer will include in such registration to the extent of the amount of the securities which the Managing Underwriter advises Issuer can be sold in such offering:

(i) if such registration involves a primary offering of Issuer's securities, (x) first, the securities proposed by Issuer to be sold for its own account, and (y) second, other securities of Issuer proposed to be included in such registration by any Person who is a party to a registration rights agreement (including this Agreement) referred to in

Section 8(a), allocated among the holders thereof, pro rata on the basis of the number of units of such securities requested to be included by such holders; and

(ii) if such registration does not involve a primary offering, all securities requested to be included in such registration by any Person who is a party to a registration rights agreement (including this Agreement) referred to in Section 8(a), pro rata on the basis of the number of securities requested to be included by such holders;

(iii) if there has been a Put Postponement and the corresponding Put Reactivation Date has not occurred, and the Majority Warrant Stockholders have requested that their respective Registrable Securities be included in a Piggyback Registration, the priority of the Registrable Securities requested to be included in such Piggyback Registration in the event that it becomes a Cutback Registration shall be as set forth in Section 1(e); and

and any securities so excluded shall be withdrawn from and shall not be included in such Piggyback Registration.

3. Registration Procedures. If and whenever Issuer is required to use its best efforts to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 1 or Section 2, Issuer will use its best efforts to effect the registration and sale of such Registrable Securities in accordance with the intended methods of disposition thereof specified by the Requesting Holders. Without limiting the foregoing, Issuer in each such case will, as expeditiously as possible:

(a) prepare and file with the Commission the requisite registration statement to effect such registration and use its best efforts to cause such registration statement to become effective as soon as practicable, provided that as far in advance as practical before filing such registration statement or any amendment or supplement thereto, Issuer will furnish to the Requesting Holders copies of reasonably complete drafts of all such documents proposed to be filed (including exhibits), and any such holder shall have the opportunity to object to any information pertaining solely to such holder and its plan of distribution that is contained therein and Issuer will make the corrections reasonably requested by such holder with respect to such information prior to filing any such registration statement or amendment;

(b) prepare and file with the Commission such amendments and supplements to such registration statement and any prospectus used in connection therewith as may be necessary to maintain the effectiveness of

respect to the disposition of all Registrable Securities covered by such registration statement, in accordance with the intended methods of disposition thereof, until the earlier of (i) such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement and (ii) two hundred and seventy (270) days after such registration statement becomes effective;

(c) promptly notify each Requesting Holder and the underwriter or underwriters, if any:

(i) when such registration statement or any prospectus used in connection therewith, or any amendment or supplement thereto, has been filed and, with respect to such registration statement or any post-effective amendment thereto, when the same has become effective;

(ii) of any written request by the Commission for amendments or supplements to such registration statement or prospectus;

(iii) of the notification to Issuer by the Commission of its initiation of any proceeding with respect to the issuance by the Commission of, or of the issuance by the Commission of, any stop order suspending the effectiveness of such registration statement (and Issuer shall promptly attempt to have such order withdrawn);

(iv) of the receipt by Issuer of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction;

(d) furnish to each seller of Registrable Securities covered by such registration statement such number of conformed copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits and documents incorporated by reference), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 promulgated under the Securities Act relating to such holder's Registrable Securities, and such other documents, as such seller may reasonably request to facilitate the disposition of its Registrable Securities;

(e) use its best efforts to register or qualify all Registrable Securities covered by such registration statement under such other securities or blue sky laws of such

jurisdictions as each holder thereof shall reasonably request, to keep such registration or qualification in effect for so long as such registration statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable such holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such holder, except that Issuer shall not for any such purpose be required (i) to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this paragraph (e) be obligated to be so qualified, (ii) to subject itself to taxation in any such jurisdiction or (iii) to consent to general service of process in any jurisdiction;

(f) use its best efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable each holder thereof to consummate the disposition of such Registrable Securities;

(g) upon the request of (a) the Managing Underwriter, or (b) those Requesting Holders who hold at least a majority of the Registrable Securities to be included in a Requested Registration, effect a stock split in respect of the Common Stock by means of a stock dividend on the Common Stock or a subdivision of the Common Stock, or a combination of the Common Stock, such stock split or combination to be in form, scope and substance satisfactory to the Managing Underwriter or such Requesting Holders, as the case may be.

(h) furnish to each Requesting Holder a signed counterpart, addressed to such holder (and the underwriters, if any), of

(i) an opinion of counsel for Issuer, dated the effective date of such registration statement (or, if such registration includes an underwritten Public Offering, dated the date of any closing under the underwriting agreement), reasonably satisfactory in form and substance to such holder, and

(ii) a "comfort" letter, dated the effective date of such registration statement (and, if such registration includes an underwritten Public Offering, dated the date of any closing under the underwriting agreement), signed by the independent public accountants who have certified Issuer's financial statements included in such registration statement,

in each case covering substantially the same matters with respect to such

included therein) and, in the case of the accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to the underwriters in the underwritten Public Offerings of securities and, in the case of the accountants' letter, such other financial matters, as such holder (or the underwriters, if any) may reasonably request;

(i) notify each holder of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which any prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at the request of any such holder promptly prepare and furnish to such holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its securityholders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first full calendar month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(k) make available for inspection by any Requesting Holder, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of Issuer (collectively, the "Records") as shall be reasonably necessary to enable them to exercise any due diligence responsibility, and cause Issuer's officers, directors and employees to supply all information reasonably

participate in the preparation of such registration statement and any prospectus contained therein and any amendment or supplement thereto.

(l) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement; and

(m) use its best efforts to cause all Registrable Securities covered by such registration statement to be listed, upon official notice of issuance, on any securities exchange on which any of the securities of the same class as the Registrable Securities are then listed.

Issuer may require each holder of Registrable Securities as to which any registration is being effected to, and each such holder, as a condition to including Registrable Securities in such registration, shall, furnish Issuer with such information regarding such holder and the distribution of such securities as Issuer may from time to time reasonably request in writing in connection with such registration; provided, however, that Issuer will not file any registration statement under the Securities Act which refers to any holder of any Registrable Securities by name or otherwise as the holder of any securities of Issuer, unless it shall first have given to such holder the right to require (a) the insertion therein of language, in form and substance satisfactory to such holder, to the effect that the holding by such holder of such securities does not make such holder a "controlling person" of Issuer within the meaning of the Securities Act and is not to be construed as a recommendation by such holder of the investment quality of the Issuer's debt or equity securities covered thereby and that such holding does not imply that such holder will assist in meeting any future financial requirements of Issuer, or (b) in the event that such reference to such holder by name or otherwise is not required by the Securities Act or any rules and regulations promulgated thereunder, the deletion of the reference to such holder.

Each holder of Registrable Securities agrees by acquisition of such Registrable Securities that upon receipt of any notice from Issuer of the happening of any event of the kind described in paragraph (i), such holder will forthwith discontinue such holder's disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities

until such holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (i) and, if so directed by Issuer, will deliver to Issuer (at Issuer's expense) all copies, other than permanent file copies, then in such holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. In the event Issuer shall give any such notice, the period referred to in

paragraph (b) shall be extended by a number of days equal to the number of days during the period from and including the giving of notice pursuant to paragraph (i) and to and including the date when each holder of any Registrable Securities covered by such registration statement shall receive the copies of the supplemented or amended prospectus contemplated by paragraph (i).

4. Underwritten Offerings.

(a) Underwritten Requested Offerings. In the case of any underwritten Public Offering being effected pursuant to a Requested Registration, the Managing Underwriter and any other underwriter or underwriters with respect to such offering shall be selected, after consultation with Issuer, by the holders of a majority of the Registrable Securities to be included in such underwritten offering with the consent of Issuer, which consent shall not be unreasonably withheld. Issuer shall enter into an underwriting agreement in customary form with such underwriter or underwriters, which shall include, among other provisions, indemnities to the effect and to the extent provided in Section 6 and shall take all such other actions as are reasonably requested by the Managing Underwriter in order to expedite or facilitate the registration and disposition of the Registrable Securities. The holders of Registrable Securities to be distributed by such underwriters shall be parties to such underwriting agreement and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, Issuer to and for the benefit of such underwriters also be made to and for their benefit and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also be conditions precedent to their obligations. No holder of Registrable Securities shall be required to make any representations or warranties to or agreements with Issuer or the

underwriters other than representations, warranties or agreements regarding such holder and its ownership of the securities being registered on its behalf and such holder's intended method of distribution and any other representation required by law. No Requesting Holder may participate in such underwritten offering unless such holder agrees to sell its Registrable Securities on the basis provided in such underwriting agreement and completes and executes all questionnaires, powers of attorney, indemnities and other documents reasonably required under the terms of such underwriting agreement. If any Requesting Holder disapproves of the terms of an underwriting, such holder may elect to withdraw therefrom and from such registration by notice to Issuer and the Managing Underwriter, and each of the remaining Requesting Holders shall be entitled to increase the number of Registrable Securities being registered to the extent of the Registrable Securities so withdrawn in the proportion which the number of Registrable Securities being registered by such remaining Requesting Holder bears to the total number of

Registrable Securities being registered by all such remaining Requesting Holders.

(b) Underwritten Piggyback Offerings. If Issuer at any time proposes to register any of its securities in a Piggyback Registration and such securities are to be distributed by or through one or more underwriters, Issuer will, subject to the provisions of Section 2(c), use its best efforts to arrange for such underwriters to include the Registrable Securities to be offered and sold by Requesting Holders among the securities to be distributed by such underwriters, and such holders shall be obligated to sell their Registrable Securities in such Piggyback Registration through such underwriters on the same terms and conditions as apply to the other Issuer securities to be sold by such underwriters in connection with such Piggyback Registration. The holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between Issuer and such underwriter or underwriters and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, Issuer to and for the benefit of such underwriters also be made to and for their benefit and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also be conditions precedent to their obligations. No holder of Registrable Securities shall be required to make any representations or warranties to or agreements with Issuer or the underwriters other than representations, warranties or agreements regarding such holder and its ownership of the securities being registered on its behalf and such holder's intended method of distribution and any other representation required by law. No Requesting Holder may participate in such underwritten offering unless such holder agrees to sell its Registrable Securities on the

basis provided in such underwriting agreement and completes and executes all questionnaires, powers of attorney, indemnities and other documents reasonably required under the terms of such underwriting agreement. If any Requesting Holder disapproves of the terms of an underwriting, such holder may elect to withdraw therefrom and from such registration by notice to Issuer and the Managing Underwriter, and each of the remaining Requesting Holders shall be entitled to increase the number of Registrable Securities being registered to the extent of the Registrable Securities so withdrawn in the proportion which the number of Registrable Securities being registered by such remaining Requesting Holder bears to the total number of Registrable Securities being registered by all such remaining Requesting Holders.

5. Holdback Agreements By Issuer and Other Securityholders. Unless the Managing Underwriter otherwise agrees, Issuer and each holder of Registrable Securities agrees not to effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the fourteen (14) days prior to and the

one hundred and eighty (180) days after the effective date of the registration statement filed in connection with an underwritten offering made pursuant to a Requested Registration (or for such shorter period of time as is sufficient and appropriate, in the opinion of the Managing Underwriter, in order to complete the sale and distribution of the securities included in such registration), except as part of such underwritten registration and except pursuant to registrations on Form S-4 or Form S-8 promulgated by the Commission or any successor or similar forms thereto. Issuer also agrees, unless the Managing Underwriter otherwise agrees, to cause each holder of its equity securities which is a party to a registration rights agreement with Issuer entered into on or after the date hereof, and each holder of its equity securities, or of any securities convertible into or exchangeable or exercisable for such securities, in each case purchased from Issuer, and Wingate, Cumberland or their respective Affiliates, at any time after the date of this Agreement (other than in a Public Offering), to agree, to the extent permitted by law, not to effect any such public sale or distribution of such securities (including a sale under Rule 144), during such period, except as part of such underwritten registration.

6. Indemnification. (a) Indemnification by Issuer. Issuer shall, to the full extent permitted by law, indemnify and hold harmless each seller of Registrable Securities included in any registration statement filed in connection with a Requested Registration or a Piggyback Registration, its directors and officers, and each other Person, if any, who controls any such seller within the meaning of the Securities Act, against any losses, claims, damages expenses or liabilities, joint or several (together, "Losses"), to which

such seller or any such director or officer or controlling Person may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, and Issuer will reimburse such seller and each such director, officer and controlling Person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such Loss (or action or proceeding in respect thereof); provided that Issuer shall not be liable in any such case to the extent that any such Loss (or action or proceeding in respect thereof) arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such registration statement, preliminary prospectus, final prospectus, summary prospectus,

amendment or supplement in reliance upon and in conformity with written information furnished to Issuer through an instrument duly executed by such seller specifically stating that it is for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such seller or any such director, officer or controlling Person, and shall survive the transfer of such securities by such seller. Issuer shall also indemnify each other Person who participates (including as an underwriter) in the offering or sale of Registrable Securities, their officers and directors and each other Person, if any, who controls any such participating Person within the meaning of the Securities Act to the same extent as provided above with respect to sellers of Registrable Securities.

(b) Indemnification by the Sellers. Each holder of Registrable Securities which are included or are to be included in any registration statement filed in connection with a Requested Registration or a Piggyback Registration, as a condition to including Registrable Securities in such registration statement, shall, to the full extent permitted by law, indemnify and hold harmless Issuer, its directors and officers, and each other Person, if any, who controls Issuer within the meaning of the Securities Act, against any Losses to which Issuer or any such director or officer or controlling Person may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement

of any material fact contained in any such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, if such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to Issuer through an instrument duly executed by such seller specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement; provided, however, that the obligation to provide indemnification pursuant to this Section 6(b) shall be several, and not joint and several, among such Indemnifying Parties and the aggregate amount which may be recovered from any holder of Registrable Securities pursuant to the indemnification provided for in this Section 6(b) in connection with any registration and sale of Registrable Securities shall be limited to the total proceeds received by such holder from the sale of such Registrable Securities. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Issuer or any such director, officer or controlling Person and shall survive the transfer of such securities by such seller. Such holders shall also indemnify each

other Person who participates (including as an underwriter) in the offering or sale of Registrable Securities, their officers and directors and each other Person, if any, who controls any such participating Person within the meaning of the Securities Act to the same extent as provided above with respect to Issuer.

(c) Notices of Claims, etc. Promptly after receipt by an Indemnified Party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding paragraph (a) or (b) of this Section 6, such Indemnified Party will, if a claim in respect thereof is to be made against an Indemnifying Party pursuant to such paragraphs, give written notice to latter of the commencement of such action, provided that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under the preceding paragraphs of this Section 6, except to

the extent that the Indemnifying Party is actually prejudiced by such failure to give notice. In case any such action is brought against an Indemnified Party, the Indemnifying Party shall be entitled to participate in and, unless, in the reasonable judgment of any Indemnified Party, a conflict of interest between such Indemnified Party and any Indemnifying Party exists or such Indemnified Party has additional defenses available to it with respect to such claim, to assume the defense thereof, jointly with any other Indemnifying Party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of its election so to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation; provided that the
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Indemnified Party may participate in such defense at the Indemnified Party's expense; and provided further that the Indemnified Party or Indemnified Parties
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shall have the right to employ one counsel to represent it or them if, in the reasonable judgment of the Indemnified Party or Indemnified Parties, it is advisable for it or them to be represented by separate counsel by reason of having legal defenses which are different from or in addition to those available to the Indemnifying Party, and in that event the reasonable fees and expenses of such one counsel shall be paid by the Indemnifying Party. If the Indemnifing Party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel (plus appropriate local counsel) for the Indemnified Parties with respect to such claim, unless in the reasonable judgment of any Indemnified Party a conflict of interest may exist between such Indemnified Party and any other Indemnified Parties with respect to such claim, in which event the Indemnifying Party shall be obligated to pay the fees and expenses of such additional counsel for the Indemnified Parties or counsels. No Indemnifying Party shall consent to entry of any judgment or enter into any

settlement without the consent of the Indemnified Party which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. No Indemnifying Party shall be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld.

(d) Contribution. If the indemnity and reimbursement obligation
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provided for in any paragraph of this Section 6 is unavailable or insufficient
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to hold harmless an Indemnified Party in respect of any Losses (or actions or

proceedings in respect thereof) referred to therein, then the Indemnifying Party shall contribute to the amount paid or payable by the Indemnified Party as a result of such Losses (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand in connection with statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this paragraph were to be determined by pro rata allocation or by any other
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method of allocation which does not take account of the equitable considerations referred to in the first sentence of this paragraph. The amount paid by an Indemnified Party as a result of the Losses referred to in the first sentence of this paragraph shall be deemed to include any legal and other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any Loss which is the subject of this paragraph.

No Indemnified Party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Indemnifying Party if the Indemnifying Party was not guilty of such fraudulent misrepresentation.

(e) Other Indemnification. Indemnification similar to that specified
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in the preceding paragraphs of this Section 6 (with appropriate modifications)
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shall be given by Issuer and each seller of Registrable Securities with respect to any required registration or other qualification of securities under any federal or state law or regulation of any governmental authority other than the Securities Act. The provisions of this Section 6 shall be in addition to any
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other rights to indemnification or

contribution which an Indemnified Party may have pursuant to law, equity, contract or otherwise.

(f) Indemnification Payments. The indemnification required by this
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Section 6 shall be made by periodic payments of the amount thereof during the

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course of the investigation or defense, as and when bills are received or Losses are incurred.

7. Covenants Relating to Rules 144 and 144A. If at any time Issuer is required to file reports in compliance with either Section 13 or Section 15(d) of the Exchange Act, Issuer will file reports in compliance with the Exchange Act, will comply with all rules and regulations of the Commission applicable in connection with the use of Rule 144 and take such other actions and furnish such holder with such other information as such holder may request in order to avail itself of such rule or any other rule or regulation of the Commission allowing such holder to sell any Registrable Securities without registration, and will, at its expense, forthwith upon the request of any holder io Registrable Securities, deliver to such holder a certificate, signed by Issuer's principal financial officer, stating (a) Issuer's name, address and telephone number (including area code), (b) Issuer's Internal Revenue Service identification number, (c) Issuer's Commission file number, (d) the number of shares of each class of Stock outstanding as shown by the most recent report or statement published by Issuer, and (e) whether Issuer has filed the reports required to be filed under the Exchange Act for a period of at least ninety (90) days prior to the date of such certificate and in addition has filed the most recent annual report required to be filed thereunder. If at any time Issuer is not required to file reports in compliance with either Section 13 or Section 15(d) of the Exchange Act, Issuer at its expense will, forthwith upon the written request of the holder of any Registrable Securities, make available adequate current public information with respect to Issuer within the meaning of paragraph (c)(2) of Rule 144.

With a view to making available to each holder of Registrable Securities the benefits of certain rules and regulations of the Commission which may permit the sale of the Registrable Securities to the public without registration. Issuer agrees that so long as a holder owns any Registrable Securities, each holder of Registrable Securities and each prospective holder of Registrable Securities who may consider acquiring Registrable Securities in reliance upon Rule 144A shall have the right to request from Issuer, and Issuer will provide upon request, such information regarding Issuer and its business, assets and properties, if any, as is at the time required to be made available by Issuer under Rule 144A so as to enable such holder to transfer Registrable Securities to such prospective holder in reliance upon Rule 144A.

Each holder of Registrable Securities agrees (on behalf of itself and each of its affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with their

customary procedures for handling confidential information of this nature and in accordance with safe and sound practices, any non-public information supplied to it by Issuer pursuant to this Agreement which is identified by Issuer as being confidential at the time the same is delivered to such holder of Registrable Securities, provided, that nothing herein shall limit the disclosure
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of any such information (i) to the extent required by statute, rule, regulation or judicial process, (ii) to counsel for any of the holders of Registrable Securities, (iii) to regulatory personnel, auditors or accountants, (iv) in connection with any litigation to which any one or more of the holders of Registrable Securities is a party, (v) to a Subsidiary or Affiliate of such holder of Registrable Securities as provided in clause (a) above or (vi) to any prospective holder of Registrable Securities so long as such prospective holder of Registrable Securities first executes and delivers to the respective holder of Registrable Securities a Confidentiality Agreement substantially in the form of Annex 1.
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8. Other Registration Rights.

(a) No Existing Agreements. Issuer represents and warrants to the
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Investor that there is not in effect on the date hereof any agreement by Issuer (other than this Agreement) pursuant to which any holders of securities of Issuer have a right to cause Issuer to register or qualify such securities under the Securities Act or any securities or blue sky laws of any jurisdiction other than the Stockholders Registration Rights Agreement.

(b) Future Agreements. Issuer shall not hereafter agree with or
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amend an existing agreement with the holders of any securities issued or to be issued by Issuer to register or qualify such securities under the Securities Act or any securities or blue sky laws of any jurisdiction unless such agreement specifically provides that (i) such holder of such securities may not participate in any Requested Registration except as provided in Section 1; (ii)
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the holder of such securities may not participate in any Piggyback Registration except as provided in Section 2; and (iii) such securities may not be publicly
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offered or sold for the period specified in Section 5 under the circumstances
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described in such Section.

9. Definitions.

(a) Except as otherwise specifically indicated, the following terms will have the following meanings for all purposes of this Agreement:

"Agreement" means this Registration Rights Agreement, as the same shall be amended from time to time.

"Business Day" has the meaning ascribed to it in the Warrant Agreement.

"Common Stock" has the meaning ascribed to it in the Warrant Agreement.

"Commission" has the meaning ascribed to it in the Warrant Agreement.

"Cutback Registration" means any Requested Registration or Piggyback Registration to be effected as an underwritten Public Offering in which the Managing Underwriter with respect thereto advises Issuer and the Requesting Holders in writing that, in its opinion, the number of securities requested to be included in such registration (including securities of Issuer which are not Registrable Securities) exceed the number which can be sold in such offering.

"Effective Long-Form Registration" means a Long-Form Registration that results in an Effective Registration.

"Effective Registration" means a Requested Registration which (a) has been declared or ordered effective in accordance with the rules of the Commission, (b) has been kept effective for the period of time contemplated by Section 3(b) and (c) has resulted in the Registrable Securities requested to be included in such registration actually being sold (except by reason of some act or omission on the part of the Requesting Holders); provided that a Cutback Registration shall not be an Effective Registration for purposes of this Agreement; and provided, further, that a Requested Registration in which Issuer includes securities for sale for the account of Issuer shall not be an Effective Registration for purposes of this Agreement. Notwithstanding the foregoing, a registration that does not become effective after it has been filed with the Commission solely by reason of the refusal to proceed of the Requesting Holders shall be deemed to be an Effective Registration for purposes of this Agreement.

"Effective Short-Form Registration" means a Short-Form Registration that results in an Effective Registration.

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

"Form S-1" means Form S-1 promulgated by the Commission under the Securities Act, or any successor or similar long-form registration statement.

"Form S-2" means Form S-2 promulgated by the Commission under the Securities Act, or any successor or similar short-form registration statement.

"Form S-3" means Form S-3 promulgated by the Commission under the Securities Act, or any successor or similar short-form registration statement.

"Indemnified Party" means a party entitled to indemnity in accordance with Section 6.

"Indemnifying Party" means a party obligated to provide indemnity in accordance with Section 6.

"Inspectors" has the meaning ascribed to it in Section 3(k).

"Investor" has the meaning ascribed to it in the preamble.

"Issuer" has the meaning ascribed to it in the preamble.

"Long-Form Registration" means a Requested Registration effected by the filing of a registration statement on Form S-1 with the Commission.

"Losses" has the meaning ascribed to it in Section 6(a).

"Majority Warrant Stockholders" has the meaning ascribed to it in the Warrant Agreement.

"Managing Underwriter" means, with respect to any Public Offering, the underwriter or underwriters managing such Public Offering.

"NASD" means the National Association of Securities Dealers.

"Notice of Piggyback Registration" has the meaning ascribed to it in Section 2(a).

"Notice of Requested Registration" has the meaning ascribed to it in Section 1(a).

"Person" has the meaning ascribed to it in the Warrant Agreement.

"Piggyback Registration" means any registration of equity securities of Issuer under the Securities Act (other than a registration in respect of a dividend reinvestment or similar plan for stockholders of Issuer or on Form S-4 or Form S-8 promulgated by the Commission, or any successor or similar forms thereto),

whether for sale for the account of Issuer or for the account of any holder of securities of Issuer (other than Registrable Securities).

"Public Offering" means any offering of Common Stock to the public, either on behalf of Issuer or any of its securityholders, pursuant to an effective registration statement under the Securities Act.

"Put Postponement" has the meaning ascribed to it in the Warrant Agreement.

"Put Reactivation Date" has the meaning ascribed to it in the Warrant Agreement.

"Put Response Notice" has the meaning ascribed to it in the Warrant Agreement.

"Records" has the meaning ascribed to it in Section 3(k).

"Registrable Securities" means (i) shares of Common Stock or Other Securities issued or issuable upon exercise of the Warrants and (ii) any securities issued or issuable with respect to any Common Stock or Other Securities referred to in clause (i) by way of stock dividend, stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (x) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (y) they shall have been distributed to the public pursuant to Rule 144, or (z) they shall have ceased to be outstanding. Securities beneficially owned by Issuer or any Affiliate (other than an institutional investor) shall not be deemed Registrable Securities.

"Registration Expenses" means all expenses incident to Issuer's performance of or compliance with its obligations under this Agreement to effect the registration of Registrable Securities in a Requested Registration or Piggyback Registration, including, without limitation, all registration, filing, securities exchange listing and NASD fees, all registration, filing, qualification and other fees and expenses of complying with securities or blue sky laws, all word processing, duplicating and printing expenses, messenger and delivery expenses, the fees and disbursements of counsel for Issuer and of its independent public accountants, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, the reasonable fees and disbursements of a single

counsel retained by the holders of a majority of the Registrable Securities being registered, premiums and other costs of policies of insurance against liabilities arising out of the Public Offering of the Registrable Securities being registered and any fees and disbursements of underwriters customarily paid by issuers of sellers of securities, but excluding underwriting discounts and

commissions and transfer taxes, if any, in respect of Registrable Securities, which shall be payable by each holder thereof.

"Registration Request" has the meaning ascribed to it in Section 1(a).

"Requesting Holders" means, with respect to any Requested Registration or Piggyback Registration, the holders of Registrable Securities requesting to have Registrable Securities included in such registration in accordance with this Agreement.

"Requested Registration" means any registration of Registrable Securities under the Securities Act effected in accordance with Section 1.

"Rule 144" means Rule 144 promulgated by the Commission under the Securities Act, and any successor provision thereto.

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

"Short-Form Registration" means a Requested Registration effected by the filing of a registration statement on Form S-2 or Form S-3 with the Commission.

"Trigger Date" has the meaning ascribed to it in Section 1(a).

"Warrants" has the meaning ascribed to it in the Warrant Agreement.

"Warrant Agreement" has the meaning ascribed to it in the preamble.

"Warrant Stock" has the meaning ascribed to it in the Warrant Agreement.

(b) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; and (iv) the term "Section" refers to the specified Section of this Agreement. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

10. Miscellaneous.

(a) Notices. All notices, requests and other communications
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hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the parties at the following addresses or facsimile numbers:

If to Investor, to:

Chase Manhattan Investment Holdings, Inc,
c/o The Chase Manhattan Bank
(National Association)
1 Chase Manhattan Plaza
New York, New York 10081
Facsimile No.: (212) 552-5529
Attn: Elliott H. Jones - Vice President

with a copy to:

Chase Manhattan Investment Holdings, Inc.
c/o The Chase Manhattan Bank
(National Association)
802 Delaware Avenue
P.O. Box 15371
Wilmington, Delaware 19850-5371
Facsimile No.: (302) 429-0456
Attn: Warren Leonard

If to Issuer, to:

Associated Holdings, Inc.
1075 Hawthorne Drive
Itasca, Illinois 60143
Facsimile No.: (708) 773-6491
Attn: President and Chief
Executive Officer

with a copy to:

Wingate Partners, L.P.

750 North St. Paul
Suite 1200
Dallas, Texas 75201
Facsimile No.: (214) 871-8799
Attn: Thomas W. Sturgess and
Frederick B. Hegi, Jr.

Registration Rights Agreement

Cumberland Capital Corporation
301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
Facsimile No.: (817) 870-2685
Attn: Gary G. Miller

With respect to any other holder of Registrable securities, such notices, requests and other communications shall be sent to the addresses set forth in the stock or Warrant transfer records regularly maintained by Issuer. All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section, be deemed given upon receipt, and (iii) if delivered by mail in the manner described above to the address as provided in this Section, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other parties hereto.

(b) Entire Agreement. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof, and together with the Warrant and the Warrant Agreement contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

(c) Amendment. This Agreement may be amended, supplemented or modified only by a written instrument (which may be executed in any number of counterparts) duly executed by or on behalf of each of Issuer and Persons owning

two-thirds or more of the Registrable Securities; provided, however, that any amendment or modification of this Section 10 (c) shall be duly executed by or on behalf of each of the Issuer and each holder of Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other holders of Registrable Securities may be given by holders of at least a majority in aggregate principal amount of the Registrable Securities being sold by such holders pursuant to such Registration Statement.

(d) Waiver. Subject to paragraph (e) of this Section, any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such

waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same term or condition of this Agreement on any future occasion.

(e) Consents and Waivers by Holders of Registrable Securities. Any consent of the holders of Registrable Securities pursuant to this Agreement, and any waiver by such holders of any provision of this Agreement, shall be in writing (which may be executed in any number of counterparts) and may be given or taken by Persons owning two-thirds or more of the Registrable Securities, and any such consent or waiver so given or taken will be binding on all the holders of Registrable Securities.

(f) No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto, their respective successors or permitted assigns and any other holder of Registrable Securities, and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person other than any Person entitled to indemnity under Section 6.

(g) Successors and Assigns. This Agreement is binding upon, inures

to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

(h) Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

(i) Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

(j) Remedies. Except as otherwise expressly provided for herein, no remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in

addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by any party hereto shall not constitute a waiver by any such party of the right to pursue any other available remedies. As between the parties to this Agreement, in any action or proceeding brought to enforce any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the successful party shall be entitled to recover reasonable attorneys' fees in addition to its costs and expenses and any other available remedy.

Damages in the event of breach of this Agreement by a party hereto or any other holder of Registrable Securities would be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof and Issuer and each holder of Registrable

Securities, by its acquisition of such Registrable Securities, hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity which such Person may have.

(k) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

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

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party hereto as of the date first above written

CHASE MANHATTAN INVESTMENT HOLDINGS, INC.

By: _____
Name: Elliott H. Jones
Title: Vice President

ASSOCIATED HOLDINGS, INC.

By: _____
Name: Thomas W. Sturgess
Title: Chairman and Chief Executive Officer

Annex 1

[Form of Confidentiality Agreement]

[Date]

CONFIDENTIALITY AGREEMENT

[Insert Name and
Address of Prospective
Holder of Registrable Securities]

Re: Registration Rights Agreement dated as of January 31, 1992 between Associated Holdings, Inc. and Chase Manhattan Investment Holdings, Inc.

Dear _____:

As a party to the above-referenced Registration Rights Agreement (the "Agreement"), we have agreed with Associated Holdings, Inc. (the "Company") pursuant to Section 7 of the Agreement to use reasonable precautions to keep confidential, except as otherwise provided therein, all non-public information identified by the Company as being confidential at the time the same is delivered to us pursuant to the Agreement.

As provided in said Section 7, we are permitted to provide you, as a prospective holder of Registrable Securities (as defined in the Agreement), with certain of such non-public information subject to the execution and delivery by you, prior to receiving such non-public information, of a Confidentiality Agreement in this form. Such information will not be made available to you until your execution and return to us of this confidentiality Agreement.

Accordingly, in consideration of the foregoing, you agree (on behalf of yourself and each of your affiliates, directors, officers, employees and representatives) that (A) such information will not be used by you except in connection with the proposed purchase mentioned above and (B) you shall use reasonable precautions, in accordance with your customary procedures for handling confidential information and in accordance with safe and sound practices, to keep such information confidential, provided that nothing herein

shall limit the disclosure of any such information (i) to the extent required by statute, rule,

regulation or judicial process, (ii) to your counsel or to counsel for any of the holders of Registrable Securities, (iii) to regulatory personnel, auditors or accountants, (iv) in connection with any litigation to which you or any one or more of the holders of Registrable Securities is a party; and provided that in no event shall you be obligated to return any materials furnished to you pursuant to this Confidentiality Agreement.

Would you please indicate your agreement to the foregoing by signing, at the place provided below, the enclosed copy of this Confidentiality Agreement.

Very truly yours,

[Insert Name of Holder of Registrable Securities]

By: _____

The foregoing is agreed to
as of the date of this letter.

[Insert Name of Prospective
Holder of Registrable Securities]

By: _____

Registration Rights Agreement

Annex 3 - First Legal Opinion

January 31, 1992

Chase Manhattan Investment
Holdings, Inc.
1 Chase Manhattan Plaza
New York, NY 10081

Ladies and Gentlemen:

We have acted as counsel to Associated Holdings, Inc., a Delaware corporation (the "Issuer"), in connection with the preparation, authorization, execution and delivery of, and the consummation of the transactions contemplated by, (i) the Warrant Agreement, dated as of January 31, 1992 (the "Warrant Agreement"), among the Issuer, Chase Manhattan Investment Holdings, Inc., a Delaware corporation (the "Investor") and, for certain purposes, Associated Stationers, Inc. (the "Operating Company"), (ii) the warrant certificate registered in the name of the Investor, dated as of January 31, 1992 (the "Underwriting Warrant Certificate"), representing the Underwriting Warrants (as defined in the Warrant Agreement), (iii) the form of warrant certificate representing the Tranche B Warrants (as defined in the Warrant Agreement), to be issued within 12 months of the date hereof ("Tranche B Warrant Certificates"; the Tranche B Warrant Certificates and the Underwriting Warrant Certificates herein being collectively referred to as the "Warrant Certificates") and (iv) the Registration Rights Agreement, dated as of January 31, 1992 (the "Registration Rights Agreement"), between the Issuer and the Investor. We also have acted as counsel to the Operating Company in connection with preparation, authorization, execution and delivery of the Warrant Agreement. This opinion is being furnished to you pursuant to Section 2.02(a) of the Warrant Agreement for purposes of Section 7 thereof. Terms defined in the Warrant Agreement, in the Warrant Certificates or in the Registration Rights Agreement and not otherwise defined herein are used herein with the meanings as so defined.

In so acting, we have examined originals or copies, certified or

otherwise identified to our satisfaction, of the Warrant Agreement, the Warrant Certificates, the Registration Rights Agreement, the Joinder Agreement between the Issuer and Wingate Partners, L.P. ("Wingate"), dated as of January 31, 1992 (the "Joinder Agreement") and such corporate records, agreements, documents and other instruments, and such certificates or comparable documents of public officials and of officers and representatives of the Issuer and the Operating Company, and have made such inquiries of such officers and representatives as we have deemed relevant and necessary as a basis for the opinions hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. As to all questions of fact material to this opinion that have not been independently established, we have relied upon certificates or comparable documents of officers and representatives of the Issuer and the Operating Company and upon the representations and warranties of the Issuer contained in the Warrant Agreement and in the Warrant Certificates.

Based on the foregoing, and subject to the qualifications stated herein, we are of the opinion that:

1. Each of the Issuer and the Operating Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

2. The Issuer has all requisite corporate power and authority to execute and deliver the Warrant Agreement, the Warrant Certificates and the Registration Rights Agreement and to perform its obligations thereunder. The execution, delivery and performance of the Warrant Agreement, the Warrant Certificates and the Registration Rights Agreement by the Issuer and the consummation by the Issuer of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Issuer. Each of the Warrant Agreement, the Warrant Certificates and the Registration Rights Agreement has been duly and validly executed and delivered by the Issuer

and (assuming the due authorization, execution and delivery thereof by the other parties thereto and receipt of consideration for issuance of the Warrrants in accordance with the terms of the Warrant Agreement) constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in

accordance with the terms thereof, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) and except to the extent that rights to indemnification and contribution thereunder may be limited by federal or state securities laws or public policy relating thereto.

3. The Operating Company has all requisite corporate power and authority to execute and deliver the Warrant Agreement (for purposes of Section 7 thereof) and to perform its obligations thereunder. The execution, delivery and performance of the Warrant Agreement (for purposes of Section 7 thereof) by the Operating Company and the consummation by the Operating Company of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Operating Company. The Warrant Agreement (for purposes of Section 7 thereof) has been duly and validly executed and delivered by the Operating Company and (assuming the due authorization, execution an delivery thereof by the other parties thereto and receipt of consideration for issuance of the Warrants in accordance with the terms of the Warrant Agreement) constitutes the legal, valid and binding obligation of the Operating Company, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) and except to the extent that rights to indemnification and contribution thereunder may be limited by federal or state securities laws or public policy relating thereto.

4. The execution and delivery of the Warrant Agreement (with respect to the Issuer as to the whole Warrant

Agreement and with respect to the Operating Company for purposes of Section 7 thereof), the Warrant Certificates (with respect to the Issuer) and the Registration Rights Agreement (with respect to the Issuer), the consummation of the transactions contemplated thereby and compliance by each of the Issuer and the Operating Company with any of the provisions thereof applicable to such entity will not conflict with, constitute a default under or violate (i) any of the terms, conditions or provisions of the certificate of incorporation or by-laws of either the Issuer or the Operating Company, (ii) any of the terms, conditions or provisions of any document, agreement or other instrument to which the Issuer or the Operating Company is a party or by which either of them is bound of which we are aware, (iii) any New York, Delaware corporate or federal law or regulation (other than federal and state securities or blue sky laws, as

to which we express no opinion), or (iv) any judgment, writ, injunction, decree, order or ruling of any court or governmental authority binding on the Issuer or the Operating Company of which we are aware.

5. No consent, approval, waiver, license or authorization or other action by or filing with any New York, Delaware corporate or federal governmental authority is required in connection with the execution and delivery by each of the Issuer and the Operating Company, as the case may be, of the Warrant Agreement, the Warrant Certificates and the Registration Rights Agreement or the consummation by the Issuer and the Operating Company of the transactions contemplated thereby, except for filings and other actions required pursuant to the Securities Act of 1933 and the rules and regulations thereunder and federal and state securities or blue sky laws, as to which we express no opinion, and those already obtained.

6. Except as set forth in Schedule IV to the Credit Agreement, to our knowledge, there is no litigation, proceeding or governmental investigation pending or overtly threatened against the Issuer or the Operating Company that relates to any of the transactions contemplated by the Warrant Agreement, the Warrant Certificates and the Registration Rights Agreement.

7. The authorized capital stock of the Issuer consists of 5,000,000 shares of Class A Common Stock, $0.01 par value per share, 5,000,000 of Class B Common Stock, $0.01 par value per share, 15,000 shares of Class A Preferred Stock, $0.01 par value per share, 15,000 shares of Class B Preferred Stock,

$0.01 par value per share, 15,000 shares of Class C Preferred Stock, $0.01 par value per share, and 200,000 shares of Additional Preferred Stock, $0.01 par value per share. As of the date hereof, the Issuer has outstanding (i) 850,000 shares of Common Stock, (ii) 5,000 shares of Class A Preferred Stock; (iii) 5,000 shares of Class B Preferred Stock; and (iv) 7,500 shares of Class C Preferred Stock. All of such outstanding shares of capital stock of the Issuer are duly authorized, validly issued, and, other than with respect to 46,258 shares of Class A Common Stock which at closing will be partly paid shares which are assessable, under the General Corporation Law of the State of Delaware, fully paid and nonassessable, and all shares of Warrant Stock will be, when issued upon exercise of Warrants and upon

receipt of consideration therefor in accordance with the terms of the Warrant Agreement, duly authorized, validly issued, fully paid, and nonassessable. To our knowledge, there are no outstanding securities of the Issuer convertible into or evidencing the right to purchase or subscribe for any shares of capital stock of the Issuer, there are no outstanding or authorized options, warrants, calls, subscriptions, rights, commitments or any other agreements of any character obligating the Issuer to issue any shares of its capital stock or any securities convertible into or evidencing the right to purchase or subscribe for any shares of such capital stock other than (i) in accordance with the certificate of incorporation of the Issuer; (ii) management stock option arrangements pursuant to the Issuer's 1992 Management Stock Option Plan; (iii) Warrants issued pursuant to the Warrant Agreement; and (iv) warrants issued pursuant to that certain warrant agreement, dated as of the date hereof, between the Issuer and Boise Cascade Corporation. Schedule I attached hereto sets forth a list derived from the Issuer's stock records of record holders of Common Stock as of the date hereof, together with the number of shares of Common Stock each such holder is shown to hold on the Issuer's stock records.

8. The Issuer is not an "investment company" or a company "controlled by an investment company", within the meaning of the Investment Company Act of 1940, as amended.

9. The Issuer is not a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

10. The Joinder Agreement has been duly executed and delivered by Wingate and constitutes a valid and legally binding obligation of each of Wingate and the Issuer, enforceable against each of them in accordance with its terms, except to the extent that enforcement thereof may be limited by applicable insolvency, reorganization, moratorium and similar laws affecting the rights of creditors generally and by general principles of equity.

We have not acted as counsel to the Company or the Guarantor in connection with the preparation, authorization, execution and delivery of, and the consummation of the transactions contemplated by:

(i) the Purchase and Sale Agreement, dated as of September 17,

1991, among Boise Cascade Office Products Corporation, a Delaware corporation ("BCOP"), Boise Cascade Corporation, a Delaware corporation ("Boise"), and the Company, as amended by the Extension to Purchase and Sale Agreement dated as of December 17, 1991, among BCOP, Boise and the Company, and as further modified and supplemented and in effect from time to time (the "Purchase Agreement"),

(ii) the Transition Services Agreement to be entered into among Boise, BCOP and the Company (the "Transition Agreement"), and

(iii) the Agreement for Data Processing Services to be entered into between the Company and Affiliated Computer Services, Inc. (the "Technology Agreement")

and any other agreements, instruments, and other documents relating thereto or executed and delivered in connection therewith. Accordingly, we express no opinion as to the Purchase Agreement, the Transition Agreement, the Technology Agreement or as to such other agreements, instruments or other documents, other than the Warrant Agreement, the Warrant Certificates, the Registration Rights Agreement and the Joinder Agreement.

The enforceability of provisions of the Warrant Agreement and the Registration Rights Agreement of the effect that terms may not be waived or modified except in writing may be limited under certain circumstances. We express no opinion as to the enforceability of provisions contained in the Warrant Agreement and the Registration Rights Agreement to the effect that the parties thereto waive defenses based upon the grounds of

lack of jurisdiction or competence of a court to grant an injunction or other equitable relief.

The opinions herein are limited to the laws of the State of New York, the corporate laws of the State of Delaware, and the federal laws of the United States, and we express no opinion on the effect on the matters covered by this opinion of the laws of any other jurisdiction.

This opinion is rendered solely for your benefit in connection with the transactions described above. This opinion may not be used or relied upon by any other person and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent.

Very truly yours,

SCHEDULE I

Record Holders of Common Stock
of Associated Holdings, Inc.
as of January 31, 1992

<TABLE>
<CAPTION>

Record Holders	Shares of Common Stock Held
<S>	<C>
Wingate Partners, L.P.	592,175
ASI Partners, L.P.	226,345
Good Capital Co., Inc.	54,609
Cumberland Capital Corporation	23,129
Total Shares	896,258

</TABLE>

Annex 4 - Certificate of Incorporation of Issuer

CERTIFICATE OF INCORPORATION
OF
ASSOCIATED HOLDINGS, INC.

THE UNDERSIGNED, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, does hereby certify as following:

ARTICLE ONE

The name of the Corporation is Associated Holdings, Inc.

ARTICLE TWO

The registered office of the Corporation is to be located at 1209 Orange Street in the City of Wilmington in the County of New Castle, in the State of Delaware. The name of its registered agent at that address is the Corporation Trust Company.

ARTICLE THREE

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOUR

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 10,245,000 shares, consisting of (a) 15,000 shares of a class designated as Class A Preferred Stock, par value $0.01 per share (the "Class A Preferred Stock"); (b) 15,000 shares of a class designated as Class B Preferred Stock, par value $0.01 per share (the "Class B Preferred Stock"); (c) 15,000 shares of a class designated as Class C Preferred Stock, par value $0.01 per share (the "Class C Preferred Stock"); (d) 200,000 shares of a class of preferred stock, par value of $0.01 per share, as to which the Board of Directors shall have the authority set forth in Article Five (the "Additional Preferred Stock"); (e) 5,000,000 shares of a class designated as Class A Common Stock, par value of $0.01 per share (the "Common Stock"); and (f) 5,000,000 shares of a class designated as Class B Common Stock, par value $0.01 per share (the "Nonvoting Common Stock").

The following is a statement of the designations and the powers, preferences, and rights and the qualifications, limitations, and restrictions of the Class A Preferred Stock, Class B Preferred Stock, Class C Preferred Stock, Common Stock, and Nonvoting Common Stock:

I. Terms Applicable to the Class A Preferred Stock.

1.1 Dividends. (a) Subject to the provisions of Sections 1.1(b), 1.2(f), and 1.2(h) the holders of Class A Preferred Stock shall be entitled to receive, as and when declared by the Board of Directors of the Corporation out of funds legally available for such purpose, dividends on the outstanding shares of Class A Preferred Stock at the Class A Preferred Dividend Rate, payable on each Preferred Dividend Payment Date to holders of record as they appear on the stock transfer books of the Corporation on such record dates, not more than 60 days nor less than 10 days preceding the payment dates for such dividends, as are fixed by the Board of Directors (or, to the extent permitted by applicable law, a duly authorized committee thereof). Such dividends shall be cumulative and shall accrue with respect to each share of Class A Preferred Stock, whether

or not declared, whether or not restricted by the terms of the Debt Agreements or otherwise pursuant to the provisions hereof, and whether or not there are funds legally available for the payment thereof until paid. The dividends on the Class A Preferred Stock may be declared payable in cash or in additional shares of Class A Preferred Stock valued at $1,000 per share, in the discretion of the Board of Directors. No other dividends may be declared or paid to the holders of Class A Preferred Stock. All dividends declared by the Board of Directors upon shares of Class A Preferred Stock in accordance with this Section 1.1(a) shall be declared and paid pro rata with respect to all shares of Class A Preferred Stock then outstanding.

(b) If at any time the Corporation shall have failed to pay any accumulated dividends on any shares of Class A Preferred Stock on any Preferred Dividend Payment Date as provided above, or if at time the Corporation shall have failed to redeem shares of Class A Preferred Stock as required by Section 1.2(a) for any reason, the Corporation shall not

(i) declare or pay any dividend on any Junior Shares or make any payment on account of, or set apart money for, a sinking or other analogous fund for the purchase, redemption or other retirement of any Junior Shares or make any distribution with respect thereto, either directly or indirectly and whether in cash or property or in obligations or shares (other than in Junior Shares) of the Corporation or any Subsidiary,

(ii) purchase any shares of Class A Preferred Stock (except for a consideration payable in Junior Shares) or redeem fewer than all of the shares of Class A Preferred Stock then outstanding, or

(iii) permit any Subsidiary to purchase any Junior Shares or permit any Subsidiary to purchase fewer than all of the shares of Class A Preferred Stock then outstanding,

unless, at the time of any such dividend, payment, distribution, purchase or redemption, all accrued and unpaid dividends on shares of Class A Preferred Stock are contemporaneously paid in full in cash or additional shares of Class A Preferred Stock and all shares of Class A Preferred Stock which the Corporation shall have so failed to redeem are contemporaneously redeemed.

1.2 Redemption.

(a) Scheduled Redemption. Subject to any limitations contained
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elsewhere in this ARTICLE FOUR, the Corporation shall redeem all, but not less than all, shares of Class A Preferred Stock on July 31, 1999, out of funds legally available for such purpose, at a price per share equal to the Redemption

Price.

(b) Mandatory Redemption. Subject to any limitations contained elsewhere in this ARTICLE FOUR, in the event of the occurrence of a Cash-Out Event, the Corporation agrees, at the election of any holder of then outstanding shares of Class A Preferred Stock made as set forth in Section 1.2(i) below, to redeem all, but not less than all, of such holder's shares of Class A Preferred Stock then outstanding, out of funds legally available for such purpose, at a price per share equal to the Redemption Price therefor. If pursuant to such Cash-Out Event the holders of Common Stock of the Corporation receive cash, Marketable Securities or a combination thereof, then, at the option of the Corporation, the Corporation may, in lieu of the cash redemption contemplated in the immediately preceding sentence, redeem such Class A Preferred Stock by converting each such share into such cash, Marketable Securities or a combination thereof, in the same proportions as the holders of Common Stock of the Corporation so receive, the value of which shall equal the Redemption Price.

(c) Redemptions at Option of Corporation. At any time, and from time to time, the Corporation may, at its election, redeem, out of funds legally available for such purpose, any portion or all of the Class A Preferred Stock then outstanding at a price per share equal to the Redemption Price. Any redemption of shares pursuant to this Section 1.2(c) will be made ratably (as nearly as practicable) among the holders of the Class A Preferred Stock based upon the number of shares held by each such holder.

(d) Optional Redemption through Note Exchange.

(i) Subject to the provisions of subdivision (iv) of this Section 1.2(d), at the option of the Corporation, the

Corporation may, at any time out of funds legally available for such purpose, redeem all, but not less than all, shares of the Class A Preferred Stock then outstanding in exchange for, and through the issue by the Corporation in the manner provided in this subdivision of, Class A Exchange Notes to be issued under the Class A Indenture. Such exchange, if any, shall be a redemption of the Class A Preferred Stock in exchange for the Class A Exchange Notes. The Class A Exchange Notes issued to each holder shall be in an aggregate principal amount equal to the Liquidation Value of the shares of Class A Preferred Stock redeemed by the Corporation in exchange therefor.

(ii) Not more than 60 nor less than 30 days prior to the exchange date, the Corporation shall mail irrevocable written notice, by registered mail, postage prepaid and return or certified receipt requested, to each record holder (and, to the extent such holder is a corporation, to the attention of its Chief Executive Officer and its Corporate Secretary), specifying the exchange date and

the time and place where certificates representing shares of Class A Preferred Stock are to be surrendered for Class A Exchange Notes. Upon mailing such notice, the Corporation will be obliged to redeem all shares of Class A Preferred Stock in exchange for the Class A Exchange Notes on the exchange date specified in such notice. Upon surrender in accordance with such notice of the certificates evidencing any shares of Class A Preferred Stock so exchanged (properly endorsed or signed for transfer, if the Corporation shall require and the notice shall so state), the Corporation will cause the Class A Exchange Notes to be authenticated and issued in exchange for such shares of Class A Preferred Stock and to be mailed to the holder of the shares of Class A Preferred Stock at such holder's address of record or such other address as the holder shall specify upon such surrender of such certificates.

(iii) On the exchange date, (A) the shares of Class A Preferred Stock subject to such exchange and redemption shall cease to be entitled to any dividends accruing after the exchange date, (B) all rights of the respective holders of such shares, as stockholders of the Corporation by reason of the ownership of such shares, except the right to receive the Class A Exchange Notes upon surrender (and endorsement, if required by the Corporation) of the respective certificates representing such shares, shall cease, (C) such shares shall cease to be outstanding, and (D) the person or persons entitled to receive the Class A Exchange Notes issuable upon such exchange shall be treated for all purposes as the registered holder or holders of Class A Exchange Notes; provided, however, that interest shall not begin to accrue on any such Class A
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Exchange Note issuable

to a holder of Class A Preferred Stock until such time as such holder surrenders the certificate or certificates evidencing such shares of Class A Preferred Stock.

(iv) The Corporation may redeem shares of Class A Preferred Stock in exchange for Class A Exchange Notes only if, on the Exchange Date, (x) the Corporation has paid all accrued dividends on all outstanding shares of Class A Preferred Stock and (y) the Class A Indenture shall be executed and delivered by the Corporation and the trustee thereunder.

(e) Redemption Price. For each share of Class A Preferred Stock which is to be redeemed for cash the Corporation will be obligated on the Redemption Date to pay to the holder thereof (upon surrender of the certificate representing such share to the Corporation's stock transfer agent, or if none, to the Corporation at its principal office) an amount in cash equal to the Redemption Price. If the funds of the Corporation legally available for redemption of shares of Class A Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares to be redeemed on such date, those funds which are legally available shall be used to redeem the maximum possible number of shares ratably (as nearly as practicable) among the holders of the shares to be redeemed based upon the aggregate Redemption Price of such shares held by each such holder. As and when additional funds of the Corporation are legally available for the redemption of shares, such funds shall as soon as practicable be used to redeem the balance of the shares which the Corporation has become obligated to redeem on any Redemption Date.

(f) Dividends after Redemption Date. Subject to any limitations contained elsewhere in this ARTICLE FOUR, no share of Class A Preferred Stock is entitled to any dividends accruing after the redemption of such share. Subject to any limitations contained elsewhere in this ARTICLE FOUR, on the date of such redemption dividends will cease to accrue, all rights of the holder of such share as such holder will cease, and such shares will be deemed not to be outstanding.

(g) Redeemed or Otherwise Acquired Shares. Any shares of Class A Preferred Stock which are redeemed or otherwise acquired by the Corporation will be retired and cancelled and may not be reissued.

(h) Restrictions on Dividends and Redemptions. Notwithstanding anything in this ARTICLE FOUR to the contrary, no dividend payment or other distribution or redemption may be made with respect to Class A Preferred Stock if such payment or other distribution or redemption will be in contravention of the restrictions or limitations on such payments or other

distributions or redemptions contained in (i) this ARTICLE FOUR, (ii) the Debt Agreements, (iii) the Subordinated Note, or (iv) any and all applicable state or federal laws, rules, and regulations or in any and all orders of any state or federal governmental authority.

(i) Redemption Methods.

(i) In order to effect a redemption under either Section 1.2(a) or

1.2(c) above, the Corporation shall deliver written notice, by registered or certified mail, postage prepaid and return receipt requested, to the holders of record (and, to the extent any such holder is a corporation, to the attention of its Chief Executive Officer and its Corporate Secretary) of the shares to be redeemed, addressed to such holders at their last addresses as shown on the stock transfer books of the Corporation. Each such notice of redemption shall specify the date fixed for redemption (to be a date not less than 30 days from the date of such notice), the Redemption Price, places of payment, that payment will be made upon presentation and surrender of the certificates representing shares to be redeemed and that on and after the date of such redemption (or such earlier date as permitted hereunder) dividends will cease to accumulate on such shares. Any notice which is mailed as herein provided shall be conclusively presumed to have been duly given when mailed, and failure to give such notice by mail, or any defect in such notice, to the holders of any shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares to be redeemed on or after the date fixed for redemption as stated in such notice. Each holder of the shares called for redemption shall surrender its certificate or certificates evidencing such shares to the Corporation at the place designated in such notice and shall thereupon be entitled to receive payment of the Redemption Price in cash, with respect to any redemption under Sections 1.2(a) or 1.2(c). If less than all shares evidenced by any such surrendered certificate are redeemed, a new certificate shall be issued evidencing the unredeemed shares.

(ii) In order to effect a redemption under Section 1.2(b) above, within 30 days after the date of the occurrence of a Cash-Out Event the Corporation shall deliver notice by registered or certified mail, postage prepaid and return receipt requested, to the holders of record (and, to the extent such holder is a corporation, to the attention of its Chief Executive Officer and its Corporate Secretary) of the shares to be redeemed, addressed to such holders at their last addresses as shown on the stock transfer books of the Corporation. Each such notice of redemption shall specify the date fixed for redemption (to be a date not less

than 30 days from the date of such notice), the Redemption Price, places of payment, that payment will be made upon presentation and surrender of the certificates representing shares to be redeemed, a description in reasonable detail of the applicable Cash-Out Event giving rise to the redemption, and a description in reasonable detail of any Marketable Securities to be included, and that on or after the date of such redemption (or such earlier date as permitted hereunder) dividends will cease to accumulate on such shares. Any notice which is mailed as herein provided shall be conclusively presumed to have been duly given when

mailed, and failure to give such notice by mail, or any defect in such notice, to the holders of any shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares to be redeemed on or after the date fixed for redemption as stated in such notice. Each holder of the shares called for redemption who elects to exercise the right of redemption under Section 1.2(b) above must surrender its certificate or certificates evidencing all such shares to the Corporation on or before the date set for redemption and at the place designated in the Corporation's notice and shall thereupon be entitled to receive payment of the Redemption Price in cash, Marketable Securities or a combination thereof, as applicable. Any failure on the part of any holder notified as provided above to surrender such certificate or certificates on or before the date set for redemption at the place designated for redemption as provided above, shall be conclusively deemed to have not elected to redeem such holder's shares under and pursuant to Section 1.2(b) above and shall not be entitled to receive the Redemption Price as provided above.

(iii) Notwithstanding any other provision of this ARTICLE FOUR, if on or after the date on which any notice of redemption is first sent to the holders of shares to be redeemed, funds necessary for the redemption shall be available therefor and shall have been irrevocably deposited or set aside, then, notwithstanding that the certificates evidencing any shares so called for redemption shall not have been surrendered, the dividends with respect to the shares so called shall cease to accrue after the date fixed for redemption, the shares shall no longer be deemed outstanding, holders thereof shall cease to be stockholders, and all rights whatsoever with respect to the shares so called for redemption (except the right of the holders to receive the Redemption Price without interest upon surrender of their certificates therefor) shall terminate.

1.3 Voting Rights. Except as set forth below and as otherwise required by law, holders of shares of Class A Preferred Stock shall have no voting rights. In connection with any right

to vote, each holder of Class A Preferred Stock will have one vote for each share held. Any shares of Class A Preferred Stock held by the Corporation or its subsidiaries shall not have voting rights hereunder and shall not be counted in determining the presence of a quorum. So long as the Class A Preferred Stock is

outstanding, the Corporation shall not, without the affirmative vote or written consent of the holders of at least 51% of all outstanding Class A Preferred Stock voting separately as a class:

(a) amend, alter, modify or repeal any provision of this Certificate of Incorporation or the By-Laws of the Corporation in any manner which affects materially and adversely the relative rights, preferences, qualifications, powers, limitations or restrictions of the Class A Preferred Stock;

(b) increase the authorized number of shares of Preferred Stock of the Corporation, authorize, issue or otherwise create securities convertible into any shares of capital stock of the Corporation other than Junior Shares.

(c) voluntarily effect any reclassification of the Class A Preferred Stock.

Whenever dividends on the Class A Preferred Stock shall be in arrears in an amount equal to at least six quarterly dividends (whether or not consecutive), (i) the number of members of the Board of Directors of the Corporation shall be increased by one, effective as of the election of such directors as hereinafter provided and (ii) the holders of the Class A Preferred Stock (voting separately as a class) will have the exclusive right to vote for and elect such one additional director of the Corporation at any meeting of the stockholders of the Corporation at which directors are to be elected held during the period such dividends remain in arrears. The right of the holders of the Class A Preferred Stock to vote for such one additional director shall terminate when all accrued and unpaid dividends on the Class A Preferred Stock have been declared and paid in cash or in additional shares of Class A Preferred Stock or set apart for payment. The term of office of any director so elected shall terminate immediately upon the termination of the right of the holders of the Class A Preferred Stock to vote for such one additional director.

The foregoing right of the holders of the Class A Preferred Stock with respect to the election of one director may be exercised at any annual meeting of the stockholders of the Corporation or at any special meeting of the stockholders of the Corporation held for such purpose. If the right to elect an additional director shall have accrued to the holders of the Class A Preferred Stock more than 90 days preceding the date established for the next annual meeting of stockholders, the President of the Corporation shall, within 20 days after the

delivery to the Corporation at its principal office of a written request for a special meeting signed by the holders of at least 10% of the Class A Preferred Stock then outstanding, call a special meeting of the holders of the Class A Preferred Stock to be held within 60 days after the delivery of such request for the purpose of electing such additional directors.

The holders of the Class A Preferred Stock voting as a class shall

have the right to remove without cause at any time and replace any director such holders shall have elected pursuant to this Section.

1.4 Liquidation. (a) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of shares of Class A Preferred Stock shall be entitled to receive the Class A Preferred Liquidation Value of such shares held by them in preference to and in priority over any distributions upon Junior Shares. Upon payment in full to the holders of shares of Class A Preferred Stock of the Class A Preferred Liquidation Value of such shares, the holders of shares of Class A Preferred Stock shall not be entitled, as such holders, to any further participation in any distribution of assets of the Corporation. If the assets of the Corporation are not sufficient to pay in full the Class A Preferred Liquidation Value payable to the holders of shares of Class A Preferred Stock, the holders of all such shares shall share ratably (to the exclusion of any other holders of capital stock) in such distribution of assets.

(b) Neither a consolidation or merger of the Corporation with or into any other corporation, nor a sale or transfer of all or part of the Corporation's assets for cash, securities or other property, nor a merger of any other corporation with or into the Corporation shall be considered a liquidation, dissolution or winding-up of the Corporation within the meaning of this Section 1.4.

II. Terms Applicable to Class B and Class C Preferred Stock.

2.1 Identical Rights. Except as otherwise provided in this ARTICLE FOUR, all shares of Class B Preferred Stock and Class C Preferred Stock shall be identical and shall entitle the holders thereof to the same rights and privileges.

2.2 Dividends. (a) Subject to the provisions of Sections 2.2(b), 2.3(f), and 2.3(h), the holders of Class B and Class C Preferred Stock shall be entitled to receive, as and when declared by the Board of Directors of the Corporation out of funds legally available for such purpose, dividends on the outstanding shares of Class B and Class C Preferred Stock at the Class B and Class C Preferred Dividend Rates, payable on each

Preferred Dividend Payment Date to holders of record as they appear on the stock transfer books of the Corporation on such record dates, not more than 60 days nor less than 10 days preceding the payment dates for such dividends, as are fixed by the Board of Directors (or, to the extent permitted by applicable law,

a duly authorized committee thereof). Such dividends shall be cumulative and shall accrue with respect to each share of Class B and Class C Preferred Stock, Whether or not declared, whether or not restricted by the terms of the Debt Agreements or otherwise pursuant to the provisions hereof, and whether or not there are funds legally available for the payment thereof until paid. The dividends on the Class B and Class C Preferred Stock may be declared payable in cash or in additional shares of the same series of Preferred Stock, in the discretion of the Board of Directors; provided that dividends on Class C Preferred Stock may be payable in additional shares of Class C Preferred Stock only for Dividend Payment Dates occurring on or prior to January 31, 1999. No other dividends may be declared or paid to the holders of Class B or Class C Preferred Stock. All dividends declared by the Board of Directors upon shares of Class B or Class C Preferred Stock in accordance with this Section 2.2(a) shall be declared and paid pro rata with respect to all shares of Class B and Class C Preferred Stock then outstanding.

(b) If at any time the Corporation shall have failed to pay any accumulated dividends on any shares of Class B and Class C Preferred Stock on Preferred Dividend Payment Date as provided above, or if at any time the Corporation shall have filed to redeem shares of Class B or Class C Preferred Stock as required by Section 2.3(a) for any reason, the Corporation shall not:

(i) declare or pay any dividend on any Junior Shares or make any payment on account of, or set apart money for, a sinking or other analogous fund for the purchase, redemption or other retirement of any Junior Shares or make any distribution with respect thereto, either directly or indirectly and whether in cash or property or in obligations or shares (other than in Junior Shares) of the Corporation or any Subsidiary,

(ii) purchase any shares of Class B or Class C Preferred Stock (except for a consideration payable in Junior Shares) or redeem fewer than all of the shares of Class B and Class C Preferred Stock then outstanding (except in a manner consistent with the last sentence of Section 2.3(c)), or

(iii) permit any Subsidiary to purchase any Junior Shares or permit any Subsidiary to purchase fewer than all of the shares of Class B and Class C Preferred Stock then outstanding,

unless, at the time of any such dividend payment, distribution, purchase or redemption, all accrued and unpaid dividends on shares of Class B and Class C Preferred Stock are contemporaneously paid in full in cash or additional shares of Class B or Class C Preferred Stock, as applicable, and all shares of Class B or Class C Preferred Stock which the Corporation shall have so failed to redeem are contemporaneously redeemed.

(c) Notwithstanding any other provision in this ARTICLE FOUR, the Corporation shall not, and shall not permit any of its Subsidiaries to, take any

of the actions specified in subsection 2.2(b)(i), (ii) or (iii) above in excess of $1 million in the aggregate for all such actions, unless at the time such action is taken:

(i) the Corporation has redeemed for cash all shares of Class B and Class C Preferred Stock, if any, which have been issued to the holders of Class B and Class C Preferred Stock, respectively, as in-kind dividends on the Class B or Class C Preferred Stock, respectively, pursuant to Section 2.2(a) above;

(ii) the Corporation and its wholly-owned Subsidiaries, on a consolidated basis, have a common equity computed in accordance with generally accepted accounting principles, after giving effect to any purchases, redemptions, payments, distributions of disbursements under subsection 2.2.(b)(i), (ii), or (iii) above, of at least $26 million;

(iii) if any such purchases, redemptions, payments, distributions or disbursements specified in subsection 2.2(b)(i), (ii) or (iii) above are to be made on or after July 31, 1999, then all shares of Class B Preferred Stock shall have been redeemed or otherwise retired; and

(iv) if any such purchases, redemptions, payments, distributions or disbursements specified in subsection 2.2(b)(i), (ii) or (iii) above are to be made on or after the dates required for redemptions of shares of Class C Preferred Stock pursuant to Section 2.3(c) below, then that portion of such Class C Preferred Stock so required to be redeemed as of such dates shall have been redeemed or otherwise retired;

provided, however, nothing in this subsection 2.2(c) shall limit or impair the
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Corporation's obligation to make payments or disbursements for any amount it is obligated to pay under or pursuant to the Warrant Agreement dated January 31, 1992 between the Corporation and Chase Manhattan Investment Holdings, Inc.; and further provided, nothing in this subsection 2.2(c) shall limit the Corporation
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or its Subsidiaries from re-purchasing

Common Stock or options to purchase Common Stock of the Corporation held by any employee of the Corporation or its Subsidiaries in connection with the termination of such employee's employment.

2.3 Redemption.

(a) Scheduled Redemption. Subject to any limitations
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contained elsewhere in this ARTICLE FOUR, the Corporation shall redeem all shares of Class B Preferred Stock on July 31, 1999. The Corporation shall redeem all shares of Class C Preferred Stock by January 31, 2002, such redemption to be made in four equal (as nearly as practicable) quarterly installments of principal on April 30, 2001, July 31, 2001, October 31, 2001, and January 31, 2002. Scheduled redemptions shall be made out of funds legally available for such purpose, at a price per share equal to the Redemption Price.

(b) Mandatory Redemption. Subject to any limitations contained elsewhere in this ARTICLE FOUR, in the event of the occurrence of a Cash-Out Event, the Corporation agrees, at the election of any holder of then outstanding shares of Class B or Class C Preferred Stock, as applicable, made as set forth in Section 2.3(i) below, to redeem all, but not less than all, of such holder's shares of Class B or Class C Preferred Stock, as applicable, then outstanding, out of funds legally available for such purpose, at a price per share equal to the Redemption Price therefor. If pursuant to such Cash-Out Event the holders of Common Stock of the Corporation received cash, Marketable Securities or a combination thereof, then, at the option of the Corporation, the Corporation may, in lieu of the cash redemption contemplated in the immediately preceding sentence, redeem such Class B or Class C Preferred Stock, as applicable, by converting each such share into such cash, Marketable Securities or a combination thereof, in the same proportions received by the holders of Common Stock of the Corporation, the value of which shall equal the Redemption Price.

(c) Redemption at Option of Corporation. At any time, and from time to time, the Corporation may, at its election, redeem, out of funds legally available for such purpose, any portion or all of the Class B and Class C Preferred Stock then outstanding at a price per share equal to the Redemption Price. Any redemption of shares pursuant to this Section 2.3(c) will be made ratably (as nearly as practicable) among the holders of the Class B and Class C Preferred Stock based upon the number of shares held by each such holder without distinction between classes.

(d) Optional Redemption through Note Exchange.

(i) Subject to the provisions of subdivision (iv) of this Section 2.3(d), at the option of the Corporation, the Corporation may, at any time out of funds legally available for such purpose, redeem all, but not less than all shares of the Class B and Class C Preferred Stock then outstanding in exchange for, and through the issue by the Corporation in the manner provided in this subdivision of, Class B Exchange Notes (with respect to exchanges of Class B Preferred Stock) and Class C Exchange Notes (with respect to exchanges of Class C Preferred Stock). The Class B Exchange Notes shall be issued under the Class B Indenture and the Class C Exchange Notes shall be issued under the Class C Indenture. The Class B Exchange Notes or Class C Exchange Notes issued to each holder shall be in an aggregate principal amount equal to the Liquidation Value of the shares of Class B and Class C Preferred Stock redeemed by the Corporation in exchange thereof.

(ii) Not more than 60 nor less than 30 days prior to the exchange date, the Corporation shall mail irrevocable written notice, by registered or certified mail, postage prepaid and return receipt requested, to each record holder (and, to the extent such holder is a corporation, to the attention of its Chief Executive Officer and its Corporate Secretary), specifying the exchange date and the time and place where certificates representing shares of Class B and Class C Preferred Stock are to be surrendered for Class B and Class C Exchange Notes. Upon mailing such notice, the Corporation will be obliged to redeem all shares of Class B and Class C Preferred Stock in exchange for the Exchange Notes on the exchange date specified in such notice. Upon surrender in accordance with such notice of the certificates evidencing the shares of Class B or Class C Preferred Stock so exchanged (properly endorsed or signed for transfer, if the Corporation shall require and the notice shall so state), the Corporation will cause the Class B or Class C Exchange Notes, as applicable, to be authenticated and issued in exchange for such shares of Class B or Class C Preferred Stock and to be mailed to the holders of the shares of Class B or Class C Preferred Stock at such holder's address of record or such other address as the holder shall specify on such surrender of such certificates.

(iii) On the exchange date, (A) the shares of Class B and Class C Preferred Stock subject to such exchange and redemption shall cease to be entitled to any dividends accruing after that date, (B) all rights of the respective holders of such shares, as stockholders of the Corporation by reason of the ownership of such shares, except the right to receive the Class B and Class C Exchange Notes upon

surrender (and endorsement, if required by the Corporation) of the respective certificates representing such shares, shall cease, (C) such shares shall cease to be outstanding, and (D) the person or persons entitled to receive the Class B or Class C Exchange Notes, as applicable, issuable upon such exchange shall be treated for all purposes as the registered holder or holders of Class B or Class C Exchange Notes, as applicable; provided, however, that interest shall not begin to accrue on
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any such Class B or Class C Exchange Notes issuable to a holder of Class B or Class C Preferred Stock, as applicable, until such time as such holder surrenders the certificate or certificates evidencing such shares of Class B or Class C Preferred Stock, as applicable.

(iv) The Corporation may redeem shares of Class B and Class C Preferred Stock in exchange for Class B and Class C Exchange Notes only if, on the Exchange Date, (x) the Corporation has redeemed any outstanding shares of Class A Preferred Stock and, if such redemption of Class A Preferred Stock is effected by the issuance of a Class A Exchange Note, such Class A Exchange Notes shall be senior to any Class B or Class C Exchange Note issued in exchange for Class B or Class C Preferred Stock, (y) the Corporation has paid all accrued dividends on all outstanding shares of Class B or Class C Preferred stock, as applicable, and (z) the Class B Indenture or the Class C Indenture, as applicable, shall be executed and delivered by the Corporation and the applicable trustee thereunder.

(e) Redemption Price. For each share of Class B and Class C

Preferred Stock which is to be redeemed for cash, the Corporation will be obligated on the Redemption Date to pay to the holder thereof (upon surrender of the certificate representing such share to the Corporation's stock transfer agent, or if none, to the Corporation at its principal office) an amount in cash equal to the Redemption Price. If the funds of the Corporation legally available for redemption of shares of Class B and Class C Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares to be redeemed on such date, those funds which are legally available shall be used to redeem the maximum possible number of shares ratably (as nearly as practicable) among the holders of the shares to be redeemed upon the aggregate Redemption Price of such shares held by each such holder. As and when additional funds of the Corporation are legally available for the redemption of shares, such funds shall as soon as practicable be used to redeem the balance of the shares which the Corporation has become obligated to redeem on any Redemption Date.

(f) Dividends after Redemption Date. Subject to any limitations
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contained elsewhere in this ARTICLE FOUR, no share of Class B or Class C Preferred Stock is entitled to any dividends

accruing after the redemption of such share. On the date of such redemption dividends will cease to accrue, all rights of the holder of such share as such holder will cease, and such shares will not be deemed to be outstanding.

(g) Redeemed or Otherwise Acquired Shares. Any shares of Class B or Class C Preferred Stock which are redeemed or otherwise acquired by the Corporation will be retired and cancelled and may not be reissued.

(h) Restrictions on Dividends and Redemptions. Notwithstanding anything in this ARTICLE FOUR to the contrary, no dividend payment or other distribution or redemption may be made with respect to Class B or Class C Preferred Stock if such payment or other distribution or redemption will be in contravention of the restrictions or limitations on such payments or other distributions or redemption contained in (i) this ARTICLE FOUR, (ii) the Debt Agreements, (iii) the Subordinated Note or (iv) any and all applicable state or federal laws, rules, and regulations or in any and all orders of any state or federal governmental authority.

(i) Redemption Methods. Any redemption of shares of Class B or Class C Preferred Stock under and pursuant to Sections 2.3(a), 2.3(b), or 2.3(c) shall be conducted in the same applicable manner as described with respect to the Class A Preferred Stock in Section 1.2(i) above. Notwithstanding any other provision of this ARTICLE FOUR, if on or after the date on which any notice of redemption is first sent to the holders of shares to be redeemed, funds necessary for the redemption shall be available therefor and shall have been irrevocably deposited or set aside, then, notwithstanding that the certificates evidencing the shares so called for redemption shall not have been surrendered, the dividends with respect to the shares so called shall cease to accrue after the date fixed for redemption, shares shall no longer be deemed outstanding, owners thereof shall cease to be stockholders, and all rights whatsoever with respect to the shares so called for redemption (except the right of the holders to receive the Redemption Price without interest thereon upon surrender of their certificates therefor) shall terminate.

2.4 Voting Rights. Except as otherwise set forth below and as otherwise required by law, holders of shares of Class B or Class C Preferred Stock shall have no voting rights. In connection with the right to vote, each holder of Class B Preferred Stock will have one vote for each share held and each holder of Class C Preferred Stock shall have one vote for each share held. Any shares of Class B or Class C Preferred Stock held by the Corporation or its subsidiary shall not have voting rights hereunder and shall not be counted in determining the presence of a quorum. So long as the Class B Preferred Stock or

Class C Preferred Stock is outstanding, the Corporation shall not without the affirmative vote or written consent of the holders of all outstanding Class B and Class C Preferred Stock, each voting as a separate class:

(a) amend, alter, modify or repeal any provision of this Certificate of Incorporation or the By-Laws of the Corporation in any manner which affects adversely the relative rights, preferences, qualifications, powers, limitations or restrictions of that series of Preferred Stock;

(b) increase the authorized number of shares of capital stock of the Corporation, or authorize, issue or otherwise create securities convertible into any shares of capital stock of the Corporation other than shares of Class A (only for purposes of paying dividends in-kind on Class A Preferred Stock), Class B or Class C Preferred Stock, Common Stock and/or Junior Shares; or

(c) voluntarily effect any reclassification of the Class B or Class C Preferred Stock.

Whenever dividends on Class B Preferred Stock shall be in arrears in an amount equal to at least six quarterly dividends (whether or not consecutive), (i) the number of members of the Board of Directors of the Corporation shall be increased by one, effective as of the time of the election of such directors as hereinafter provided and (ii) the holders of Class B Preferred Stock (voting separately as a class) will have the exclusive right to vote for and elect one additional director of the Corporation at any meeting of the stockholders of the Corporation at which directors are to be elected held during the period such dividends remain in arrears. The right of the holders of Class B Preferred Stock to vote for such one additional director shall terminate when all accrued and unpaid dividends on the Class B Preferred Stock have been declared and paid in cash or in-kind or set apart for payment. The term of office of any director so elected shall terminate immediately upon the termination of the right of the holders of the Class B Preferred Stock to vote for such one additional director.

Whenever dividends on Class C Preferred Stock shall be in arrears in an amount equal to at least six quarterly dividends (whether or not consecutive), (i) the number of members of the Board of Directors of the Corporation shall be increased by one, effective as of the time of the election of such directors as hereinafter provided and (ii) the holders of Class C Preferred Stock (voting separately as a class) will have the exclusive right to vote for and elect one additional director of the Corporation at any meeting of the stockholders of the Corporation at which directors are to be elected held during the period such dividends remain in arrears. The right of the holders of Class C

Preferred Stock to vote for such one additional director shall terminate when all accrued and unpaid dividends on the Class B Preferred Stock have been declared and paid in cash or in-kind or set apart for payment. The term of

office of any director so elected shall terminate immediately upon the termination of the right of the holders of the Class C Preferred Stock to vote for such one additional director.

The foregoing right of the holders of Class B and Class C Preferred Stock with respect to the election of one director per class may be exercised at any annual meeting of the stockholders of the Corporation or at any special meeting of the stockholders of the Corporation held for such purpose. If the right to elect an additional director shall have accrued to the holders of Class B Preferred Stock or Class C Preferred Stock more than 90 days preceding the date established for the next annual meeting of stockholders, the President of the Corporation shall, within 20 days after the delivery to the Corporation at its principal office of a written request for a special meeting signed by the holders of at least 10% of the Class B Preferred Stock or Class C Preferred Stock, as applicable, then outstanding, call a special meeting of the holders of the Class B or Class C Preferred Stock, as applicable, to be held within 60 days after the delivery of such request for the purpose of electing such additional directors. The holders of the Class B Preferred Stock voting as a class shall have the right to remove without cause at any time and replace any director such holder shall have elected pursuant to this section. The holders of the Class C Preferred Stock voting as a class shall have the right to remove without cause at any time and replace any director such holder shall have elected pursuant to this section.

2.5 Liquidation. (a) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of shares of Class B and Class C Preferred Stock shall be entitled to receive the Class B or Class C Preferred Liquidation Value of such shares held by them in preference to and in priority over any distributions upon Junior shares. Upon payment in full to the holders of shares of Class B and Class C Preferred Stock of the Class B and Class C Preferred Liquidation Values of such shares, the holders of shares of Class B or Class C Preferred Stock shall not be entitled, as such holders, to any further participation in any distribution of assets of the Corporation. If the assets of the Corporation are not sufficient to pay in full the Class B and Class C Preferred Liquidation Value payable to the holders of shares of Class B or Class C Preferred Stock, the holders of all such shares shall share ratably (the exclusion of any other holders of capital stock) in such distribution of assets.

(b) Neither a consolidation or merger of the Corporation with or into any other corporation, nor a sale or

transfer of all or part of the Corporation's assets for cash, securities or other property, nor a merger of any other corporation with or into the Corporation, shall be considered a liquidation, dissolution or winding-up of the Corporation within the meaning of this Section 2.5.

III. Common stock and Nonvoting Common Stock

3.1 Identical Rights. Except as otherwise provided in this ARTICLE FOUR, all shares of Common Stock and Nonvoting Common Stock shall be identical and shall entitle the holder thereof to the same rights and privileges.

3.2 Dividends. From and after the date of issuance, the holders of outstanding shares of Common Stock and Nonvoting Common Stock shall be entitled to receive dividends on the shares of Common Stock and Nonvoting Common Stock when, as, and if declared by the Board of Directors, out of funds legally available for such purpose. All holders of shares of Common Stock and Nonvoting Common Stock shall share ratably, in accordance with the numbers of shares held by each such holder, in all dividends or distributions on shares of Common Stock payable in cash, in property or in securities of the Corporation (other than shares of Common Stock). All dividends or distributions declared on shares of Common Stock and Nonvoting Common Stock which are payable in shares of Common Stock or Nonvoting Common Stock shall be declared on both classes of shares at the same rate, provided that any such dividend or distribution shall be payable in shares of the class of Common Stock or Nonvoting Common Stock held by the stockholder to whom the dividend or distribution is payable.

3.3 Stock Splits, Etc. The Corporation shall not in any manner subdivide (by stock split, stock dividend or otherwise), or combine (by reverse stock split, or otherwise) the outstanding shares of Common Stock or Nonvoting Common Stock unless the outstanding shares of the other class shall be proportionately subdivided or combined. No reclassification or any other adjustment or modification of the rights or preferences shall be effected (including without limitation pursuant to a merger, consolidation or liquidation involving the Corporation) with respect to either the Common Stock or the Nonvoting Common Stock unless both the Common Stock and Nonvoting Common Stock are reclassified or the rights or preferences are adjusted or modified in exactly the same manner and at the same time. In this regard, and without limiting the generality of the foregoing, in the case of any consolidation or merger of the Corporation with or into any other entity (other than a merger which does not result in any reclassification, conversion, exchange or cancellation of the Common Stock), or in case of any sale or transfer of all or substantially all the assets of the

Corporation, or the reclassification of the Common Stock into any other form of capital stock of the Corporation, whether in whole or in part, the holder of each share of Nonvoting Common Stock shall, after such consolidation, merger, sale or transfer or reclassification, have the right to convert such share of Nonvoting Common Stock into the kind and amount of shares of stock and other securities and property which such holder would have been entitled to receive

upon such consolidation, merger, sale or transfer or reclassification if such holder had held such Common Stock issuable upon the conversion of such share of Nonvoting Common Stock immediately prior to such consolidation, merger, sale or transfer or reclassification.

3.4 Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of shares of Common Stock and Nonvoting Common Stock shall be entitled to share ratably, in accordance with the number of shares held by each such holder, in all of the assets of the Corporation available for distribution to the holders of shares of Common Stock.

3.5 Voting Rights. Except as otherwise provided herein or by law, the entire voting power of the Corporation shall be vested in the holders of shares of Common Stock and each holder of shares of Common Stock shall be entitled to one vote for each share of Common Stock held of record by such holder; provided that, without the consent of the holders of record of at least 51% of Nonvoting Common Stock at the time outstanding (assuming, for the purpose of this provision, that the holders of rights to acquire shares of Nonvoting Common Stock shall be deemed to be the holders of the shares of Nonvoting Common Stock which are at the time issuable upon the full exercise thereof whether or not such holders are then entitled to exercise such rights pursuant to the terms thereof), given in writing or by the vote at any regular or special meeting of stockholders of the Corporation, the Corporation shall not:

(a) amend, alter, modify or repeal any provision of this Certificate of Incorporation or the By-Laws of the Corporation in any manner which adversely affects the relative rights, preferences, qualifications, powers, limitations or restrictions of the Nonvoting Common Stock, or amend, alter, modify or repeal this Section 3.5;

(b) increase or decrease the authorized number of shares of any class of capital stock of the Corporation or authorize, issue or otherwise create securities convertible into or exercisable for any shares of capital stock of the Corporation other than the shares of Class A, Class B, and Class C Preferred Stock and the Common Stock, and the Nonvoting Common Stock authorized hereunder;

(c) voluntarily effect an exchange or reclassification of shares of Nonvoting Common Stock into shares of another class of capital stock of the Corporation; or

(d) effect a merger or consolidation of the Corporation with another corporation, unless the certificate or articles of incorporation of the surviving corporation shall provide that the shares of the capital stock

of such surviving corporation into which the shares of Nonvoting Stock hereunder shall be converted shall have the identical rights and privileges as the shares of capital stock of such surviving corporation into which the shares of Common Stock hereunder shall be converted, other than the voting rights in this Section 3.5 and the conversion and other rights in Section 3.6 below which shall not be adversely affected by such merger or consolidation.

3.6 Conversion

(a) Right to Conversion. Subject to and upon compliance with the
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provisions of this Section 6, any holder of shares of Nonvoting Common Stock shall be entitled at any time and from time to time to convert each share of Nonvoting Common Stock held by such holder into a share of Common Stock at the conversion rate of one share of Common Stock for one share of Nonvoting Common Stock.

(b) Procedure. The conversion of any shares of Nonvoting Common Stock
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into shares of Common Stock, shall be effected by the holder of the shares of Nonvoting Common Stock to be converted surrendering the certificate therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the shares of Common Stock or at such other place as the Corporation is willing to accept such surrender accompanied by written notice to the Corporation at such office or other place that it elects to so convert and stating the number of shares of Nonvoting Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver at such office or other place to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled, registered in the name of such holder or a designee of such holder as specified in such notice. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the shares to be converted in accordance with the procedure set forth in the first sentence of this Section 3(b), and the Person entitled to receive the share issuable upon such conversion shall be treated for all purposes as having become the record holder of such shares at such time. In the event of the conversion of less than all of the shares of Nonvoting Common Stock into shares of Common Stock evidenced by the certificate so surrendered, the Corporation shall execute and deliver to or upon the written order of such holder, without

charge to such holder, a new certificate evidencing the shares of Nonvoting Common Stock not converted.

(c) Reservation. The Corporation shall at all times reserve and keep
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available out of its authorized but unissued shares of Common Stock, or any shares of Common Stock held in its treasury, solely for the purpose of issue

upon conversion of the share of Nonvoting Common Stock as provided herein, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Nonvoting Common Stock. The shares of Common Stock so issuable shall when so issued be duly and validly issued, fully paid and nonassessable.

(d) Certain Legal Requirements. No person subject to the provisions of Regulation Y shall, and no such Person shall permit any of its Bank Holding Company Affiliates to, convert any shares of Nonvoting Common Stock held by it into shares of Common Stock, if after giving effect to such conversion, (i) such Person and its Bank Holding Company Affiliates would own more than 5% of the total issued and outstanding shares of Common Stock or (ii) such Person would Control the Corporation (and, for purposes of this clause (ii), a reasoned opinion of counsel to such Person (which is based on facts and circumstances deemed appropriate by such counsel) to the effect that such Person does not control the Corporation shall be conclusive).

IV. Definitions.

As used in this ARTICLE FOUR, the terms indicated below shall have the following respective meanings:

"Affiliate", with respect to any Person, means any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, by contract or otherwise. Additionally, with respect to Wingate Partners,L.P. the term "Affiliate" for purposes of the definition of Change of Control shall be deemed to include James T. Callier, Jr., Frederick B. Hegi, Jr., Thomas W. Sturgess, James A.Johnson, Dennis J. Johnson, Sue Goddard, Wallace R. Hawley, Lee Walton, Bud Applebaum, Estate of Howard Beasley, Callier Buy-Out Partners, as defined in the Agreement of Limited Partnership of Wingate Partners, L.P., Peter J. Wodtke, and pension plans for the benefit of such individuals or entities.

"Associated" means Associated Stationers, Inc., a Delaware corporation.

"Bank Holding Company Affiliate" shall mean, with respect to any Person subject to the provisions of Regulation Y,

(i) if such Person is a bank holding company, any company directly or indirectly controlled by such bank holding company, and (ii) otherwise, the bank holding

company that controls such Person and any company (other than such Person) directly or indirectly controlled by such bank holding company.

"Business Sale" means a transaction or a series of transactions, whether effected by sale or exchange of securities or assets, merger or consolidation, or otherwise, that results in the sale of the Corporation or its business to an Independent Third Party or group of Independent Third Parties, pursuant to which such Independent Third Party or group of Independent Third Parties would acquire (a) capital stock of the Corporation possessing the voting power under normal circumstances to elect a majority of the Board or (b) all or substantially all of the Corporation's assets determined on a consolidated basis.

"Cash-Out Event" means the occurrence of a Business Sale, a Change in Control, a Qualified Public Offering or a Recapitalization. In the case of Class C Preferred Stock, "Cash-Out Event" shall also include the expiration of the agreement between Associated and Affiliated Computer Services, Inc. providing for the furnishing of information systems services for Associated, or the early termination of such agreement for any reason other than termination of such agreement by Affiliated Computer Services, Inc.

"Change in Control" means an occurrence by which Wingate Partners and its Affiliates and Cumberland Capital Corporation and its Affiliates shall have collectively sold or otherwise disposed of and received the pecuniary benefit of 33-1/3% of the Common Stock legally or beneficially owned by them collectively as of January 31, 1992, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction and excluding any sales or other dispositions made by any of them to employees of the Corporation or of any of its Subsidiaries of up to 10% of such holdings.

"Class A Exchange Notes" means the Class A Subordinated Exchange Notes which may be issued by the Corporation to the holders of the Class A Preferred Stock upon a redemption pursuant to Section 1.2(d). Such Class A Exchange Notes shall have a maturity date of July 31, 1999 and shall bear interest at the rate of 10% for interest paid in cash and 13% for interest paid in-kind in additional Class A Exchange Notes. Such interest shall be payable quarterly in arrears, either in cash or in-kind on the Preferred Dividend Payment Dates. Such Class A Exchange Notes will permit a required prepayment to the same amounts on the same dates as would have applied to an optional or mandatory redemption of the Class A Preferred Stock (assuming that the exchange pursuant to Section 1.2(d) had not occurred), shall not contain any financial covenants by, or other restrictive

covenants (other than limitations imposed by senior debt and applicable law) on, the Corporation, and shall provide for an event of default only upon the Corporation's failure to make payments in accordance with its terms or upon a bankruptcy filing by or against the Corporation which filing is not dismissed within 60 days after filing. The payment of principal, interest, and premium (if any) will be subordinated to senior debt (to be defined as any obligation of the Corporation or its subsidiaries for borrowed money including the obligations under the Subordinated Note).

"Class A Indenture" means an indenture for the Class A Exchange Notes
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that qualifies under and is in compliance with the Trust Indenture Act to be entered into between the Corporation and a trustee acceptable to the Corporation and a majority of the holders of Class A Exchange Notes and containing such terms and provisions as are approved by the Board of Directors of the Corporation.

"Class B and Class C Exchange Notes" means the Class B Subordinated
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Exchange Notes and the Class C Subordinated Exchange Notes which may be issued by the Corporation to the holders of the Class B or Class C Preferred Stock, as applicable, upon a redemption pursuant to Section 2.3(d). Class B Exchange Notes shall have a maturity date of July 31, 1999. The Class C Exchange Notes shall have a maturity date of January 31, 2002, with payments to be made thereon in four equal (as nearly as practicable) installments of principal on April 30, 2001, July 31, 2001, October 31, 2001, and January 31, 2002. Both Class B and Class C Exchange Notes shall bear interest at the rate of 11% for interest paid in cash and 12% for interest paid in-kind in additional Class B or Class C Exchange Notes, as applicable. Such interest shall be payable quarterly in arrears, either in cash or in-kind as would have applied to the Class B and Class C Preferred Stock Dividend on the Preferred Dividend Payment Dates. Such Notes will permit or require prepayments in the same amounts and at the same dates as would have applied to an optional or mandatory redemption of the Class B and Class C Preferred Stock (assuming that the exchange pursuant to Section 2.3(d) had not occurred), shall not contain any financial covenants by, or other restrictive covenants (other than limitations imposed by senior debt and applicable law) on, the Corporation, and shall provide for an event of default only upon the Corporation's failure to make payments in accordance with its terms or upon a bankruptcy filing by or against the Corporation, which filing is not dismissed within 60 days after filing. The payment of principal, interest, and premium (if any) will be subordinated to senior debt (to be defined as any obligation of the Corporation for borrowed money including the obligations under the Subordinated Note) and payments in respect of Class A Exchange Notes.

"Class B Indenture" means an indenture for the Class B Exchange Notes
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that qualifies under and is in compliance with the Trust Indenture Act to be entered into between the Corporation and a trustee acceptable to the Corporation

and a majority of the holders of Class B Exchange Notes and containing such terms and provisions as are approved by the Board of Directors of the Corporation.

"Class A Preferred Dividend Rate" means a rate of 10% per annum, computed on the basis of a 360-day year and twelve 30-day months, to be applied to the Dividend Base for the Class A Preferred Stock as from time to time adjusted; provided that in the event of and during continuance of a failure by the Corporation to pay in cash a dividend on the Class A Preferred Stock on any Preferred Dividend Payment Date or to make any redemption payment when due, the dividend rate shall be increased to 13% per annum, and shall remain at said rate until such failure is cured, such increase to be effective retroactive to the first day of the accrual period for which the dividend was not paid.

"Class A, Class B, and Class C Preferred Liquidation Value" of any share of Class A, Class B or Class C Preferred Stock means as of any particular date an amount equal to the sum of $1,000 plus the aggregate of accrued and unpaid dividends on such share to such date, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction.

"Class B or Class C Preferred Dividend Rate" means a rate of 9% per annum computed on the basis of a 360-day year and twelve 30-day months, to be applied to the Dividend Base for the Class B or Class C Preferred Stock as from time to time adjusted; provided that in the event of and during continuance of a failure by the Corporation to pay in cash a dividend on the Class B or Class C Preferred Stock on any Preferred Dividend Payment Date or to make any redemption payment when due, the dividend rate shall be increased to 10% per annum, and shall remain at said rate until such failure is cured, such increase to be effective retroactive to the first day of the accrual period for which the dividend was not paid.

"Class C Indenture" means an indenture for the Class C Exchange Notes that qualifies under and is in compliance with the Trust Indenture Act to be entered into between the Corporation and a trustee acceptable to the Corporation and a majority of the holders of Class C Exchange Notes and containing such terms and provisions as are approved by the Board of Directors of the Corporation.

"Control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean, with

respect to any Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Debt Agreements" means the Credit Agreement dated as of January 31, 1992 among Associated, the Corporation, The Chase Manhattan Bank (National Association), as Agent, and the lenders which become parties thereto, and the notes and other documents and instruments executed and delivered in connection therewith, as said agreement and notes and other documents and instruments may from time to time be amended or supplemented, and any agreements evidencing any renewal, extension, refinancing, refunding or replacement thereof.

"Dividend Base" of any share of Class A, Class B or Class C Preferred Stock means $1,000, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction.

"Independent Third Party" means any person who, immediately prior to the contemplated transaction, does not own in excess of 5% of the Common Stock on a fully diluted and converted basis (a "5% Owner"), who is not controlling, controlled by or under common control with the Corporation or any such 5% Owner and who is not the spouse or descendant (by birth or adoption) of any such 5% Owner or a trust for the benefit of such 5% Owner and/or such other persons.

"Junior Shares" means with respect to the priority of any class or series of Preferred Stock, shares of Common Stock or shares of any other series or class of Preferred Stock of the Corporation which are designated as junior to such series in this Certificate of Incorporation or any amendment thereto, or in the resolution designating the class or series of such Preferred Stock and any warrants, options or other rights to acquire or purchase such securities. The shares of Class B and Class C Preferred Stock are Junior Shares in relation to the Class A Preferred Stock. Any shares of Additional Preferred Stock, regardless of designation, shall be deemed Junior Shares in relation to the Class A, Class B and Class C Preferred Stock.

"Liquidation Date" means as to any series of Preferred Stock, the first date on which the assets of the Corporation are distributed to the holders of such series of Preferred Stock in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation.

"Marketable Securities" shall mean Common Stock or common stock or other securities of any corporation that is the successor to substantially all of the business or assets of the Corporation or the ultimate parent of such

successor which is (or

will, upon distribution thereof, be) listed in the New York Stock Exchange, the American Stock Exchange or approved for quotation on the NASDAQ National Market System.

"Person" means an individual, partnership, association, joint venture, corporation, business, trust, estate, unincorporated organization or government or any department, agency or subdivision thereof.

"Preferred Dividend Payment Date" shall mean each April 30, July 31, October 31 and January 31, or the next business day following each such date of any year commencing with the initial payment date of April 30, 1992.

"Qualified Public Offering" means a sale in a public offering or series of public offerings, registered under the Securities Act of Common Stock; provided, however, that such offering or series of offerings shall not be deemed to be a Qualified Public Offering unless such offering or offerings shall have resulted in (A)(i) public ownership of not less than 20% of the Common Stock of the Corporation on a fully-diluted basis (which such shares of Common Stock are listed upon the New York Stock Exchange, the American Stock Exchange or are approved for quotation on the NASDAQ National Market System), and (ii) such offering or offerings shall have resulted in receipt by the Corporation of aggregate cash proceeds (after deduction of underwriter discounts and the costs associated with such offering or offerings) of at least $37.5 million, or (B) the holders of Common Stock of the Corporation receive, as a result of such offering or offerings, cash, Marketable Securities or a combination thereof valued at not less than $1 million.

"Recapitalization" means a recapitalization of the Corporation pursuant to which the holders of Common Stock of the Corporation receive cash, securities (other than shares junior to the Class B or Class C Preferred Stock), property or other assets and such consideration is valued at not less than $1 million.

"Redemption Date" as to any share of Class A, Class B or Class C Preferred Stock means the date specified in the notice of any redemption at the Corporation's option or the applicable date specified herein in the case of any other redemption; provided that no such date will be a Redemption Date unless the applicable Redemption Price is actually paid or has been set aside

for payment to such stockholder in full as of such date, and if not so paid or set aside for payment to such stockholder in full, the Redemption Date will be the date on which such Redemption Price is fully paid.

"Redemption Price" of any share of Class A, Class B or Class C Preferred Stock means as of the Redemption Date an amount equal to the sum of $1000 plus the aggregate of accrued and

unpaid dividends on such share to such date, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction.

"Regulation Y" shall mean Regulation 7 promulgated by the Board of Governors of the Federal Reserve system (12 C.F.R. (S) 225) or any successor regulation.

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

"Subordinated Note" means, until January 31, 1994, the form of the Junior Subordinated Note attached as an Exhibit to the Transition Services Agreement which may be issued to Boise Cascade Corporation by Associated pursuant thereto, and thereafter such Junior Subordinated Note as and to the extent so issued.

"Subsidiary" means any corporation, a majority (by number of votes) of the voting securities of which shall, at the time as of which any determination is being made, be owned by the Corporation, directly or indirectly through one or more Subsidiaries.

"Transition Services Agreement" means the Transition Services Agreement dated as of January 31, 1992, among the Corporation, Associated, Boise Cascade Office Products Corporation, and Boise Cascade Corporation, as such agreement may from time to time be amended.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, the rules and regulations promulgated thereunder, and any successor legislation thereto.

ARTICLE FIVE

The Board of Directors of the Corporation is hereby expressly authorized to the full extent now or hereafter permitted by the laws of the State of Delaware, at any time and from time to time to provide for the issuance of some or all of the Additional Preferred Stock in one or more classes or series of a class, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors. Before the Corporation shall issue any Additional Preferred Stock of any classes or series of a class, the Board of Directors shall adopt

a resolution or resolutions fixing the voting powers, designations, preferences and rights of such series, and the qualifications, limitations or restrictions thereof, and the number of shares of Additional Preferred Stock of such series, and appropriate documents shall be executed and filed as required by law.

ARTICLE SIX

The name and address of the Incorporator are as follows:

Name	Address
Suzanne L. Saxman	c/o D'Ancona & Pflaum 30 N. LaSalle Street Suite 2900 Chicago, IL 60602

ARTICLE SEVEN

The Corporation shall indemnify any person who was, is, or is threatened to be made a party to a proceeding (as hereinafter defined) by reason of the fact that he or she (i) is or was a director or officer of the Corporation or (ii)

while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer , partner, venturer, proprietor, trustee (including voting trustee), employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust (including voting trust), employee benefit plan, or other enterprise, to the fullest extent permitted under the Delaware General Corporation Law, as the same exists or may hereafter be amended. Such right shall be a contract right and as such shall run to the benefit of any director or officer who is elected and accepts the position of director or officer of the Corporation or elects to continue to serve as a director or officer of the Corporation while this ARTICLE SEVEN is in effect. Any repeal or amendment of this ARTICLE SEVEN shall be prospective only and shall not limit the rights of any such director or officer or the obligations of the Corporation with respect to any claim arising from or related to the services of such director or officer in any of the foregoing capacities prior to any such repeal or amendment to this ARTICLE SEVEN. Such right shall include the right to be paid by the Corporation expenses incurred in defending any such proceeding in advance of its final disposition to the maximum extent permitted under the Delaware General Corporation Law, as the same exists or may hereafter be amended. If a claim for indemnification or advancement of expenses hereunder is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in

whole or in part, the claimant shall also be entitled to be paid the expenses of prosecuting such claim. It shall be a defense to any such action that such indemnification or advancement of costs of defense are not permitted under the Delaware General Corporation Law, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its board of directors or any committee thereof, independent legal counsel, or stockholders) to have made its determination prior to the commencement of such action that indemnification of, or advancement of costs of defense to, the claimant is permissible in the circumstances nor an actual determination by the Corporation (including its board of directors or any committee thereof, independent legal counsel, or stockholders) that such indemnification or advancement is not permissible shall be a defense to the action or create a presumption that such indemnification or advancement is not permissible. In the event of the death of any person having a right of indemnification under the foregoing provisions, such right shall inure to the benefit of his or her heirs, executors, administrators, and personal representatives. The rights conferred above shall not be exclusive of any other right which any person may have or hereafter acquire under any stature, by-law, resolution of stockholders or directors, agreement, or otherwise,

The Corporation may additionally indemnify any employee or agent of the Corporation to the fullest extent permitted by law.

As used herein, the term "proceeding" means any threatened, pending, or

completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

ARTICLE EIGHT

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or amendment of this ARTICLE EIGHT by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation arising from an act of omission occurring prior to the time of such repeal or amendment. In addition to the circumstances in which a director of the Corporation is not

personally liable as set forth in the foregoing provisions of this ARTICLE EIGHT, a director shall not be liable to the Corporation or its stockholders to such further extent as permitted by any law applicable to the Corporation hereafter enacted, including without limitation any subsequent amendment to the Delaware General Corporation Law.

ARTICLE NINE

The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders.

(1) The number of directors of the Corporation shall be such as from time to time shall be fixed by, or in the manner provided in, the bylaws. Election of directors need not be by ballot unless the bylaws so provide.

(2) The Board of Directors shall have power, subject to the other provisions of this Certificate, without the assent or vote of the stockholders to make, alter, amend, change, add to or repeal the bylaws of the Corporation; to fix and vary the amount to be reserved for any proper purpose; to authorize and cause to be executed mortgages and liens and all or any part of the property of the Corporation; to determine the use and disposition of any surplus or net

profits; and to fix the times for the declaration and payment of dividends.

(3) No contract or transaction between the Corporation and one or more of its directors, officers, or stockholders or between the Corporation and any person (as used herein "person" means other corporation, partnership, association, firm, trust, joint venture, political subdivision, or instrumentality) or other organization in which one or more of its directors, officers, or stockholders are directors, officers, or stockholders, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee which authorizes the contract or transaction, or solely because his, her, or their votes are counted for such purpose, if: (i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board of directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is

specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved, or ratified by the board of directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

(4) In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation; subject, nevertheless, to the provisions of the statutes of Delaware, of this Certificate, and to any bylaws from time to time made by the stockholders; provided, however, that no bylaws so made shall invalidate any prior act of the directors which would have been valid if such bylaw had not been made.

ARTICLE TEN

The Corporation expressly elects not to be governed by Section 203 of the General Corporation Law of Delaware.

ARTICLE ELEVEN

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or

hereafter prescribed by law, and all rights and powers conferred herein on stockholders, directors and officers are subject to this reserved power.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of January, 1992.

Suzanne L. Saxman

Annex 5 - Joinder Agreement

Annex 5
to
Warrant Agreement

JOINDER AGREEMENT

JOINDER AGREEMENT, dated the date set forth below, between ASSOCIATED HOLDINGS, INC., a Delaware corporation ("Issuer") and the undersigned
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stockholders of Issuer.

A. Reference is made to that certain Warrant Agreement dated as of January 31, 1992 (as modified and supplemented and in effect from time to time, the "Warrant Agreement"), among Issuer and Chase Manhattan Investment Holdings,
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Inc. a Delaware corporation and, for certain purposes, Associated Stationers, Inc. Each capitalized term used but not defined herein shall have the meaning assigned to such term in the Warrant Agreement.

[B. Section 9.01(c) of the Warrant Agreement requires that Wingate Partners, L.P., ASI Partners, L.P., Cumberland Capital Corporation, Good Capital Co., Inc. and Boise Cascade Corporation execute and deliver to Issuer and each Holder this Joinder Agreement.]

[B. Section 9.01(d) of the Warrant Agreement requires that certain transferees of shares of Common Stock execute and deliver to Issuer and each Holder this Joinder Agreement.]

In consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby agrees that:

1. The undersigned [: (a) is delivering this Joinder Agreement pursuant to Section 9.01(c) of the Warrant Agreement]; and (b) acknowledges

receipt of a copy of the Warrant Agreement.

2. The undersigned hereby agrees: (a) to be bound by the provisions of Sections 9 and 10 of the Warrant Agreement and of Section 5 of Registration Rights Agreement; (b) to be bound by the covenants in the Warrant Agreement applicable to it; and (c) to be treated as a Stockholder for all purposes thereof.

[3. In the case of the Persons delivering this Joinder Agreement pursuant to Section 9.01(c): The undersigned hereby agree to be bound by the provisions of Section 12.06 of the Warrant Agreement.]

IN WITNESS WHEREOF, the undersigned has signed this Joinder Agreement on the date set forth below.

Date:

[Description of transferred securities, name of transferor, and date of transfer:]

Acknowledged and Agreed to as of the date written above:

ASSOCIATED HOLDINGS, INC.

By:

Name:

Title:

Joinder Agreement

EXHIBIT 10.15
[EXECUTION COUNTERPART]

AMENDMENT NO. 1 TO WARRANT AGREEMENT dated as of October 27, 1992 among Associated Holdings, Inc., a Delaware corporation (the "Issuer"), Chase Manhattan Investment Holdings, Inc., Whirlpool Financial Corporation, The Long-Term Credit Bank of Japan, Ltd., Chicago Branch, The Provident Bank, and Arab Banking Corporation (B.S.C.) (collectively, the "Holders"), and Associated Stationers, Inc., a Delaware corporation (the "Operating Company").

WHEREAS, The Chase Manhattan Bank (National Association), Whirlpool Financial Corporation, The Long-Term Credit Bank of Japan, Ltd., Chicago Branch, The Provident Bank, and Arab Banking Corporation (B.S.C.) (collectively, the "Lenders"), The Chase Manhattan Bank (National Association) as Agent, the Operating Company, and the Issuer entered into an Amended and Restated Credit Agreement dated as of January 31, 1992 (the "Credit Agreement");

WHEREAS, LE Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Operating Company (whose name is being changed to "Lynn-Edwards Corp.", the "Subsidiary Borrower"), has agreed to purchase all of the capital stock of Lynn-Edwards Corp., a California corporation (the "Stock Purchase");

WHEREAS, to enable the Subsidiary Borrower to consummate the Stock Purchase and thereafter to borrow revolving credit loans from the Lenders from time to time, the Lenders, The Chase Manhattan Bank (National Association) as Agent, the Operating Company, the Issuer, and the Subsidiary Borrower are amending the Credit Agreement by entering into a Second Amended and Restated Credit Agreement, dated as the date hereof (the "Second Amended Credit Agreement");

WHEREAS, to induce the Lenders to enter into the Second Amended Credit Agreement, the Issuer has agreed to issue certain additional warrants to the Holders, all on the terms and conditions hereinafter provided;

WHEREAS, to enable the Issuer to issue said warrants, the Issuer and the Operating Company have requested, and the Holders are willing, to amend the Warrant Agreement dated as of January 31, 1992 among the Issuer, the Holders,

and the Operating Company (the "Warrant Agreement");

NOW THEREFORE, in consideration of the premises and the mutual agreements contained herein, and for other good and

valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. As used herein, "Amendment Date" shall mean the first date on which each of the conditions to effectiveness set forth in Section 7 hereof shall have been satisfied. Terms used but not defined herein shall have the respective meanings assigned to such terms in the Warrant Agreement as amended hereby.

Section 2. Amendments. Subject to the satisfaction of the conditions to effectiveness specified in Section 7 hereof, the Warrant Agreement shall be amended as follows:

(a) Section 1.01 of the Warrant Agreement shall be amended by adding the following definition in their appropriate alphabetic locations:

"'Additional Tranche B Warrants' shall have the meaning assigned to such term in Section 2.06.

'Additional Tranche B Warrant Stock' shall mean (i) the shares of Common Stock purchased or purchasable by the Holders of the Additional Tranche B Warrants upon the exercise thereof, including any Common Stock into which such Common Stock may thereafter be changed or converted, and (ii) any additional shares of Common Stock issued or distributed by way of a dividend, stock split, or other distribution in respect of the Common Stock referred to in clause (i) above, or acquired by way of any rights offering or similar offering made in respect of the Common Stock referred to in clause (i) above. Any Additional Tranche B Warrant Stock purchased by the Issuer shall cease to be Additional Tranche B Warrant Stock and shall cease to be outstanding, and the Issuer, upon such purchase, shall not be deemed a Holder.

'Amendment Date' shall have the meaning assigned to such term in Amendment No. 1.

'Amendment No. 1' shall mean Amendment No. 1 to Warrant Agreement dated as of October 27, 1992 among the Issuer, the Holders, and the Operating Company.

(b) The definition of "Warrants" in Section 1.01 of the Warrant Agreement shall be amended by adding the following clause directly after "Section 2.01":

", including the Additional Tranche B Warrants described in Section 2.06".

Amendment No. 1

(c) The definition of "Tranche B Warrants" in Section 1.01 of the Warrant Agreement shall be amended by adding the following clause directly after "Section 2.03(a)":

", including the Additional Tranche B Warrants described in Section 2.06".

(d) The following subsection shall be added at the end of Section 2 of the Warrant Agreement:

"2.06 Authorization and Issuance of Additional Tranche B Shares and Warrants. The Issuer has authorized: (a) the issuance of additional warrant certificates, substantially in the form of Annex 1 to this Agreement, covering the purchase of Stock Units representing shares of Common Stock equal, on the Amendment Date, to 3.3% of the shares of Common Stock (such certificates, together with the rights to purchase Common Stock provided thereby and all warrant certificates covering such stock issued upon transfer, division, or combination of, or in substitution for, any thereof, sometimes called the "Additional Tranche B Warrants") for issuance to the Holders or their affiliates pursuant to the terms of this Agreement, provided, however, that said warrant certificates shall be

dated as of the Amendment Date; and (b) the issuance of such number of shares of Class A and Class B Common Stock as shall be necessary to permit the Issuer to comply with its obligations to issue Common Stock pursuant to the Additional Tranche B Warrant and Class A Common Stock upon conversion of the Class B Common Stock. The Issuer shall deliver to the Holders or their affiliates certificates for the Additional Tranche B Warrants issued in the denominations and registered in the names specified in Schedule 1 to Amendment No. 1."

(e) The Earn Back Table in Section 11.04 of the Warrant Agreement shall be amended by replacing "$5,000,000" with "$6,500,000", "$6,000,000" with "$7,000,000", "$7,000,000" with "$9,100,000", and "$9,000,000" with "$11,700,000".

(f) Section 11.04 of the Warrant Agreement shall be amended by deleting the definition of "IRR" and inserting the following therefor:

"'IRR' means internal rate of return with respect to the Tranche B Term Loans for the Subject Holder and its Affiliates, with investment deemed to be pro rata for the deemed portion of (a) Tranche B Loans from the Closing Date and (b) $3,500,000 of the Revolving Credit Loans from the Amendment Date, and taking into account Warrant Income plus (a) principal and interest on the Tranche B Loans received by the Subject Holder and its Affiliates and (b) principal and interest (at the borrowing rate for the Revolving Credit Loans in effect from time to time) on $3,500,000 of the Revolving Credit Loans received by the Subject Holder and its Affiliates, whether or not outstanding or accrued, such principal being deemed to be received upon cancellation of the Revolving Credit Commitment and such interest being deemed to be received at the times provided for payment under the Second Amended Credit Agreement, except that principal and interest with respect to amounts of Revolving Credit Loans actually borrowed will not be deemed to be received until such later time as they are actually received, computed in accordance with accepted financial practice."

Section 3. Representations and Warranties of Holders. Each of the Holders represents and warrants to the Issuer as follows:

(a) Each of the Holders is purchasing the Additional Tranche B Warrants for its own account, without a view to the distribution thereof, all without

prejudice, however, to the right of the Holders at any time, in accordance with the Warrant Agreement or the Registration Rights Agreement, both as amended hereby, lawfully to sell or otherwise to dispose of all or any part of the Additional Tranche B Warrants or the Additional Tranche B Warrant Stock held by it.

(b) Each of the Holders is an "accredited investor" within the meaning of Regulation D under the Securities Act.

(c) Each of the Holders understands that the Issuer has not registered the Additional Tranche B Warrants or the Additional Tranche B Warrant Stock under the Securities Act, and each of the Holders agrees that neither the Additional Tranche B Warrants nor the Additional Tranche B Warrant Stock shall be sold or transferred or offered for sale or transfer without registration under the Securities Act, or the availability of an exemption therefrom, all as more fully provided in Section 4 of the Warrant Agreement.

Section 4. Representation and Warranties of Issuer. The Issuer represents and warrants as follows:

(a) No Branch. The execution, delivery and performance of this Amendment by the Issuer and the Operating Company and the consummation by the Issuer and the Operating

Company of the transactions contemplated hereby will not (a) violate the certificate of incorporation or by-laws of the Issuer or the Operating Company, (b) violate any loan or credit agreement to which the Issuer or the Operating Company is a party or is bound, or result in a breach of or default under any other instrument or agreement to which the Issuer or the Operating Company is a party or is bound in a way which could reasonably be expected to have a material adverse effect on (i) the property, business, operations, financial condition, prospects, liabilities, or capitalization of the Issuer and the Subsidiaries taken as a whole, (ii) the ability of either the Issuer or the Operating Company to perform its obligations under this Amendment, the Warrant Agreement, the Warrant, or the Registration Rights Agreement, or (iii) the validity or enforceability of this Amendment, the Warrant Agreement, the Warrant, or the Registration Rights Agreement, or (iv) the rights and remedies of the Holders under the Warrant Agreement, the Warrant, or the Registration Rights Agreement, (c) violate any judgment, order, injunction, decree, or award against or binding upon the Issuer or the Operating Company, (d) result in the creation of any material lien upon any of the properties or assets of the Issuer or the Operating Company, or (e) violate any law, rule or regulation relating to the Issuer or the Operating Company.

(b) Corporate Action. Each of the Issuer and the Operating Company has all necessary corporate power and authority to execute, deliver, and perform its respective obligations under this Amendment; the execution, delivery and performance by the Issuer and the Operating Company of this Amendment have been duly authorized by all necessary corporate action (including all stockholder action) on the part of the Issuer and the Operating Company, respectively; this Amendment has been duly executed and delivered by the Issuer and the Operating Company and constitutes the legal, valid, and binding obligations of the Issuer and the Operating Company, enforceable against the Issuer and the Operating Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting the rights of creditors generally as applicable to the Issuer, or in the case of the Operating Company, as applicable to it, and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); the Additional Tranche B Warrants when executed, issued, and delivered pursuant to this Amendment will constitute the legal, valid, and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting the rights of creditors generally as applicable to the Issuer or in the case of the Operating Company, as applicable to

it, and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); the Class A Common Stock and Class B Common Stock constituting the Additional Tranche B Warrant Stock covered by the Additional Tranche B Warrants have been duly and validly authorized and reserved for issuance and shall be issued and delivered in accordance with the Additional Tranche B Warrants and, upon issuance and payment therefor in accordance with the provisions of the Additional Tranche B Warrants, shall be duly and validly issued, fully paid and nonassessable and free and clear of any Liens, and the Class A Common Stock when issued on conversion of Class B Common Stock shall be duly and validly issued, fully paid and nonassessable and free and clear of any Liens; and none of the Warrant Stock issued pursuant to the terms hereof will be in violation of any preemptive rights of any Stockholder.

(c) Capitalization. The representations in Section 8.14 of the Second Amended Credit Agreement are complete and correct.

(d) Prior Representations and Warranties. After giving effect to this Amendment, (i) each of the Issuer and the Operating Company is in compliance with its respective obligations under the Warrant Agreement and the Registration

Rights Agreement and (ii) except for the representations made by the Issuer in Section 3.07 of the Warrant Agreement, all representations and warranties made by the Issuer in Section 3 of the Warrant Agreement will be true and correct on and as of the Amendment Date with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

(e) Preemptive Rights. Schedule 2 contains a true and complete list of all parties that have or may have preemptive or similar rights with respect to the issuance of the Additional Tranche B Warrants and the Additional Tranche B Warrant Stock.

Section 5. No Adjustments. The Issuer represents and warrants that, except as may be provided in the Warrant Agreement, the Boise Warrants, the Transition Services Agreement or the Issuer's 1992 Stock Option Plan (including stock options thereunder), no anti-dilution adjustments with respect to any securities issued by the Issuer are required or will be made as a result of the issuance of the Additional Tranche B Warrants or the Additional Tranche B Warrant Stock.

Section 6. Agreement of Operating Company. The Operating Company hereby ratifies and confirms all of its obligations under, and remakes as of the Amendment Date all guaranties and waivers contained in, Section 7.03 of the Warrant Agreement.

Section 7. Conditions To Effectiveness. The amendments to the Warrant Agreement and the Registration Rights Agreement set forth in Section 2 hereof shall become effective upon the satisfaction of all conditions to the effectiveness of the Second Amended Credit Agreement, as set forth therein, and each of the following conditions to effectiveness (including, without limitation, that each document to be received by the Holders shall be in form and substance satisfactory to the Holders):

(a) Amendment No. 1. The Holders shall have received this Amendment, duly executed and delivered by the Issuer and the Operating Company.

(b) Corporate Action. The Holders shall have received certified copies of the charter and by-laws (or equivalent documents) of the Issuer and all corporate action taken by the Issuer (including, without limitation,

resolutions of the Board of Directors of the Issuer) authorizing the execution, delivery and performance of this Amendment.

(c) Representations and Warranties. Each of the representations and warranties made by the Issuer in Sections 4 and 5 hereof shall be true and correct on and as of the Amendment Date with the same force and effect as if made on and as of the Amendment Date, and the Holders shall have received a certificate of a senior officer of the Issuer to that effect, dated the Amendment Date, in substantially the form of Annex A hereto.

(d) Warrant Certificates. The Holders shall have received the warrant certificates as required by Section 2.06 of the Warrant Agreement, as amended hereby.

(e) Waivers. The Holders shall have received waivers of preemptive and similar rights, in substantially the form of Annex B hereto, from all parties (other than Boise Cascade) listed on Schedule 2.

(f) Opinion of Counsel to the Issuer. The Holders shall have received an opinion of counsel to the Issuer, dated the Amendment Date, in substantially the form of Annex C-1 hereto.

(g) Opinion of Counsel to the Holder. The Holders shall have received an opinion of counsel to the Holders, dated the Amendment Date, in substantially the form of Annex C-2 hereto.

(h) Other Documents. The Holders shall have received such other documents as the Holders or special New York counsel to the Holders may reasonably request.

Section 8. Documents Otherwise Unchanged. Except as herein provided, the Warrant Agreement and the Registration Rights Agreement shall remain unchanged and in full force and effect, and each reference to the "Warrant Agreement" and "Registration Rights Agreement" and words of similar import in the Warrant

Agreement and the Registration Rights Agreement, both as amended hereby, and the Second Amended Credit Agreement shall be a reference to the Warrant Agreement and the Registration Rights Agreement, both as amended hereby, and as the same may be further amended, supplemented, and otherwise modified and in effect from time to time.

Section 9. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be identical and all of which, when taken together, shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart.

Section 10. Expenses. Without limiting its obligations under Section 13.04 of the Warrant Agreement, the Issuer agrees to pay, on demand, all reasonable out-of-pocket costs and expenses of the Holders (including the fees and disbursements of Milbank, Tweed, Hadley & McCloy, special New York counsel to Holders) incurred in connection with the negotiation, preparation, execution and delivery of this Amendment.

Section 11. Binding Effect. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 12. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

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

ASSOCIATED HOLDINGS, INC.

By /s/ Michael D. Ramsey

Name: Michael D. Ramsey
Title: President

CHASE MANHATTAN INVESTMENT HOLDINGS, INC.

By

Name:
Title:

THE LONG-TERM CREDIT BANK OF JAPAN, LTD., CHICAGO BRANCH

By

Name:

WHIRLPOOL FINANCIAL CORPORATION

By

Name:

Title:

Title:

ARAB BANKING CORPORATION (B.S.C.)

By

Name:
Title:

THE PROVIDENT BANK

By

Name:
Title:

For purposes of Section 6 only:

ASSOCIATED STATIONERS, INC.

By /s/ Michael D. Ramsey

Name: Michael D. Ramsey
Title: President

Amendment No. 1

ANNEX A

CERTIFICATE

ASSOCIATED HOLDINGS, INC.

I, _____, the duly authorized _____ of Associated Holdings, Inc., a Delaware corporation (the "Issuer"), hereby certify
------
that the representations and warranties made by the Issuer in Sections 4 and 5
----
of Amendment No. 1 to Warrant Agreement dated as of October 27, 1992 among the Issuer, Chase Manhattan Investment Holdings, Inc., Whirlpool Financial Corporation, The Long-Term Credit Bank of Japan, Ltd., Chicago Branch, The Provident Bank, Arab Banking Corporation (B.S.C), and Associated Stationers, Inc. are true and correct in all material respects with the same force and effect as if such representations and warranties were made on and as of the date of this Certificate.

IN WITNESS WHEREOF, I have caused this Certificate to be executed this _____ day of October, 1992.

_____
Printed Name:

ANNEX B

WAIVER

The undersigned hereby waives, and surrenders all claims relating to, any preemptive or similar rights that it has or will have with respect to the issuance of the Additional Tranche B Warrants and the Additional Tranche B Warrant Stock pursuant to Amendment No. 1 to Warrant Agreement dated as of October 27, 1992 among the Associated Holdings, Inc., Chase Manhattan Investment Holdings, Inc., Whirlpool Financial Corporation, The Long-Term Credit Bank of Japan, Ltd., Chicago Branch, The Provident Bank, Arab Banking Corporation (B.S.C.), and Associated Stationers, Inc.

IN WITNESS WHEREOF, the undersigned has caused this Waiver to be executed this _____ day of October, 1992.

_____
Name of Holder of Preemptive Rights

By _____
Name:
Title:

Amendment No. 1

ANNEX C-1

[LETTERHEAD OF ISSUER'S COUNSEL]

October 27, 1992

Chase Manhattan Investment Holdings, Inc.
Whirlpool Financial Corporation
The Long-Term Credit Bank of Japan, Ltd., Chicago Branch

The Provident Bank
Arab Banking Corporation (B.S.C.)

c/o The Chase Manhattan Bank (National Association)
1 Chase Manhattan Plaza
New York, NY 10005

Ladies and Gentlemen:

We have acted as counsel to Associated Holdings, Inc., a Delaware corporation (the "Issuer"), in connection with the preparation, authorization, execution and delivery of, and the consummation of the transactions contemplated by, Amendment No. 1 to Warrant Agreement ("Amendment No. 1"), dated as of October 27, 1992, among the Issuer, Chase Manhattan Investment Holdings, Inc., Whirlpool Financial Corporation, The Long-Term Credit Bank of Japan, Ltd., Chicago Branch, The Provident Bank, and Arab Banking Corporation (B.S.C.) (collectively, the "Holders"), and, for certain purposes, Associated Stationers, Inc. (the "Operating Company"). We also have acted as counsel to the Operating Company in connection with preparation, authorization, execution and delivery of Amendment No. 1. This opinion is being furnished to you pursuant to paragraph (f) of Section 7 of Amendment No. 1. As used herein, the "Warrant Agreement" shall mean (i) the Warrant Agreement dated as of January 31, 1992 among the Issuer, the Holders, and the Operating Company, as amended by Amendment No. 1, and (ii) Amendment No. 1. Terms defined in the Warrant Agreement and not otherwise defined herein are used herein with the meanings as so defined.

In so acting, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Warrant Agreement and such corporate records, agreements, documents and other instruments, and such certificates or comparable documents of public officials and of officers and representatives of the Issuer and the Operating Company, and have made such inquiries of such officers and representatives as we have deemed relevant and necessary as a basis for the opinions hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. As to all questions of fact material to this opinion that have not been independently established, we have relied upon certificates or comparable documents of officers and representatives of the Issuer and the Operating Company and upon

the representations and warranties of the Issuer contained in the Warrant Agreement.

Based on the foregoing, and subject to the qualifications stated herein, we are of the opinion that:

1. The Issuer has all requisite corporate power and authority to execute and deliver the Warrant Agreement, and to perform its obligations thereunder. The execution, delivery and performance of the Warrant Agreement by the Issuer and the consummation by the Issuer of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Issuer. The Warrant Agreement has been duly executed and delivered by the Issuer.

2. The Operating Company has all requisite corporate power and authority to execute and deliver the Warrant Agreement and to perform its obligations thereunder. The execution, delivery and performance of the Warrant Agreement by the Operating Company and the consummation by the Operating Company of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Operating Company. The Warrant Agreement has been duly executed and delivered by the Operating Company.

3. The Additional Tranche B Warrants have been duly executed, issued, and delivered by the Issuer. The Class A Common Stock and Class B Common Stock issuable upon exercise of the Additional Tranche B Warrants have been duly and validly authorized and reserved for issuance and, upon issuance and payment therefore in accordance with the provisions of the Additional Tranche B Warrants, shall be duly and validly issued, fully paid and nonassessable and free and clear of any Liens, and the Class A Common Stock when issued on conversion of Class B Common Stock shall be duly and validly issued, fully paid and nonassessable and free and clear of any Liens. None of the Warrant Stock issued pursuant to the terms of the Additional Tranche B Warrants will be in violation of any preemptive rights of any Stockholder.

4. On the date hereof the authorized capital stock of the Issuer consists of an aggregate of 10,245,000 shares consisting of (i) 5,000,000 shares of Class A Common Stock, par value $0.01 per share, and 5,000,000 shares of Class B Common Stock, par value $0.01 per share and (ii) 15,000 shares of

Class A Preferred Stock, 15,000 shares of Class B Preferred Stock and 15,000 shares of Class C Preferred Stock. Schedule VII to the Second Amended Credit Agreement correctly sets forth a list derived from the Issuer's stock records of the capital stock and equity securities of the Issuer owned of record and the names of the owners of record, in each case as of the date hereof. All of the issued and outstanding shares of Class A Common Stock on the date hereof are duly and validly issued, fully paid and nonassessable, other than with respect

to 46,258 shares of Class A Common Stock (23,129 of which have been issued to Cumberland Capital Corporation and 23,129 of which have been issued to Good Capital Co., Inc.) which on the date hereof are partly-paid shares which are assessable under the General Corporation Law of the State of Delaware. To our knowledge, on the date hereof, (x) except for (1) the Warrants (including the Additional Tranche B Warrants) and rights under the Warrant Documents, (2) the Warrants issued to Boise pursuant to the Warrant Agreement among the Operating Company, the Issuer and Boise, (3) options for 21,684 shares of Class A Common Stock issued to the Management Shareholders, (4) options for 86,735 shares of Common Stock which may be issued pursuant to the Issuer's 1992 Management Stock Option Plan, and (5) the rights under the Registration Rights Agreement, there are no outstanding Equity Rights with respect to the Issuer and (y) except for the Warrants and redemption and exchange rights in respect of the Class A Preferred Stock, Class B Preferred Stock and Class C Preferred Stock, there are no outstanding obligations of the Operating Company or the Issuer or any of their Subsidiaries to repurchase, redeem, or otherwise acquire any shares of capital stock of the Issuer nor are there any outstanding obligations of the Issuer or any of its Subsidiaries (including, without limitation, the Operating Company) to make payments to any Person, such as "phantom stock" payments, where the amount thereof is calculated with reference to the fair market value or equity value of the Issuer or any of its Subsidiaries (including, without limitation, the Operating Company).

5. The execution and delivery of the Warrant Agreement, the consummation of the transactions contemplated thereby and compliance by each of the Issuer and the Operating Company with any of the provisions thereof applicable to such entity will not conflict with, constitute a default under or violate (i) any of the terms, conditions or provisions of the certificate of incorporation or by-laws of either the Issuer or the Operating Company, (ii) any of the terms, conditions or provisions of any document, agreement or other instrument to which the Issuer or the Operating Company is a party or by which either of them is bound of which we are aware, (iii) any Delaware corporate or Federal law or regulation (other than Federal and state securities or blue sky laws, as to which we express no opinion), or (iv) any judgment, writ, injunction, decree, order or ruling of any court or governmental authority binding on the Issuer or the Operating Company of which we are aware.

Amendment No. 1

6. To our knowledge, Schedule 2 to Amendment No. 1 contains a true and complete list of all parties that have or may have preemptive rights with respect to the issuance of the Additional Tranche B Warrants and the Additional Tranche B Warrant Stock.

7. No anti-dilution adjustments with respect to any securities issued by the Issuers are required as a result of the issuance of the Additional Tranche B Warrants or the Additional Tranche B Warrant Stock, except as may be provided in the Warrant Agreement, the Boise Warrants, the Transition Services Agreement

or the Issuer's 1992 Stock Option Plan (including stock options thereunder).

8. Based, as to factual matters, on the representations, warranties and agreements contained in the Warrant Agreement and in the Additional Tranche B Warrants, it is not necessary in connection with the issue and sale of the Additional Tranche B Warrants under the Warrant Agreement to register or qualify such Additional Tranche B Warrants or the Warrant Stock issuable thereunder under the Securities Act.

The opinions herein are limited to the General Corporate Laws of the State of Delaware and the Federal laws of the United States of America, and we express no opinion on the effect on the matters covered by this opinion of the laws of any other jurisdiction.

This opinion is rendered solely for your benefit in connection with the transactions described above. This opinion may not be used or relied upon by any other person and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent.

Very truly yours,

Amendment No. 1

ANNEX C-2

[LETTERHEAD OF HOLDER'S COUNSEL APPEARS HERE]

October 27, 1992

Chase Manhattan Investment Holdings, Inc.
Whirlpool Financial Corporation
The Long-Term Credit Bank of Japan, Ltd.,
Chicago Branch
The Provident Bank
Arab Banking Corporation (B.S.C.)

c/o The Chase Manhattan Bank (National Association)
1 Chase Manhattan Plaza
New York, NY 10005

Ladies and Gentlemen:

We have acted as your counsel in connection with the preparation, authorization, execution and delivery of, and the consummation of the transactions contemplated by Amendment No. 1 to Warrant Agreement ("Amendment No. 1"), dated as of October 27, 1992, among Associated Holdings, Inc. (the "Issuer"), Chase Manhattan Investment Holdings, Inc., Whirlpool Financial Corporation, The Long-Term Credit Bank of Japan, Ltd., Chicago Branch, The Provident Bank, and Arab Banking Corporation (B.S.C.) (collectively, the "Holders"), and Associated Stationers, Inc. (the "Operating Company"). This opinion is being furnished to you pursuant to paragraph (g) of section 7 of Amendment No. 1. As used herein, the "Warrant Agreement" shall mean (i) the Warrant Agreement dated as of January 31, 1992 among the Issuer, the Holders, and the Operating Company, as amended by Amendment No. 1, and (ii) Amendment No. 1. Terms defined in the Warrant Agreement and not otherwise defined herein are used herein with the meanings as so defined.

In so acting, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Warrant Agreement and such corporate records, agreements, documents and other instruments, and such certificates or comparable documents of public officials and of officers and representatives of the Issuer and the Operating Company, and have made such inquiries of such officers and representatives as we have deemed relevant and necessary as a basis for the opinions hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us

as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. As to all questions of fact material to this opinion that have not been independently established, we have relied upon certificates or comparable documents of officers and representatives of the Issuer and the Operating Company and upon the representations and warranties of the Issuer contained in Amendment No. 1.

In rendering the opinions expressed below, we have assumed, with respect to all of the documents referred to in this opinion letter, that:

(i) such documents have been duly authorized by, have been duly executed and delivered by, and (except, to the extent set forth in the opinions expressed below, as to the Issuer and the Operating Company) constitute legal, valid, binding and enforceable obligations of, all of the parties to such documents;

(ii) all signatories to such documents have been duly authorized; and

(iii) all of the parties to such documents are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that:

1. The Warrant Agreement and the Additional Tranche B Warrants constitute the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with the terms thereof, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to the application of general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), including without limitation (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing.

2. The Warrant Agreement (for purposes of Section 6 thereof) constitutes the legal, valid and binding obligation of the Operating Company, enforceable against it in accordance with the terms thereof, subject to applicable bankruptcy, insolvency, fraudulent conveyance,

reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to the application of general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), including without limitation (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing.

The foregoing opinions are subject to the following comments and qualifications:

(a) The foregoing opinions are limited to matters involving the laws of the State of New York and we express no opinion as to the laws of any other jurisdiction.

(b) The enforceability of provisions in the Warrant Agreement and the Additional Tranche B Warrants to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

This opinion is provided to you by us pursuant to Section 7(g) of Amendment No. 1 and may not be used or relied upon by any other person and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent.

Very truly yours,

MLW/CDP

Amendment No. 1

SCHEDULE 1

<TABLE>
<CAPTION>

HOLDERS	CLASS	NO. OF STOCK UNITS
<S>	<C>	<C>
CHASE MANHATTAN INVESTMENT HOLDINGS, INC.	Class B Common Stock	8,395.38
WHIRLPOOL FINANCIAL CORPORATION	Class B Common Stock	16,790.74
THE LONG-TERM CREDIT BANK OF JAPAN, LTD, CHICAGO BRANCH	Class B Common Stock	6,296.52
THE PROVIDENT BANK	Class B Common Stock	4,197.68
ARAB BANKING CORPORATION (B.S.C.)	Class B Common Stock	4,197.68

</TABLE>

Amendment No. 1

SCHEDULE 2

HOLDERS OF PREEMPTIVE RIGHTS

1. Wingate Partners, L.P.

2. Cumberland Capital Corporation

3. ASI Partners, L.P.

4. Good Capital Co., Inc.

Amendment No. 1

EXHIBIT 10.16

AMENDMENT NO. 2 TO WARRANT AGREEMENT dated as of March 30, 1995 among Associated Holdings, Inc., a Delaware corporation (the "Issuer"), Chase Manhattan Investment Holdings, Inc., Whirlpool Financial Corporation, The Long-Term Credit Bank of Japan, Ltd., Chicago Branch, The Provident Bank and Arab Banking Corporation (B.S.C.) (collectively, the "Holders"), and Associated Stationers, Inc., a Delaware corporation (the "Operating Company").

WHEREAS, the Issuer has made a tender offer for the shares of, and has agreed following consummation of the tender offer to merge into, United Stationers Inc. (the "Merger"), and the Operating Company has agreed to merge into a wholly-owned subsidiary of United Stationers Inc.;

WHEREAS, in connection therewith the Loans (as defined in the Warrant Agreement referred to below) will be refinanced by loans under other credit agreements;

WHEREAS, in connection with the foregoing, the Issuer and the Operating Company have requested, and the Holders are willing, to amend the Warrant Agreement dated as of January 31, 1992 among the Issuer, the Holders, and the Operating Company (as heretofore amended, the "Warrant Agreement");

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

Section 1. Definitions. Terms used but not defined herein shall have the respective meanings assigned to such terms in the Warrant Agreement as amended herby.

Section 2. Amendments. The Warrant Agreement shall be amended as follows:

2.00. The preamble to the Warrant Agreement shall be amended by deleting therefrom the parenthetical language beginning in the fourth line thereof.

2.01. The definitions in Section 1 of the Warrant Agreement shall be amended as follows:

(a) The definitions of "Annual Management Fees", "Monitoring Costs", "Monthly Management Fees" and "Sponsor Management Fees" shall be deleted.

(b) The following definitions shall be added in their appropriate places:

"Change of Control" shall have the meaning set forth in the Credit Agreement.

"Class A Common Stock" shall have the meaning assigned to such term in Section 3.07 and shall include the Common Stock, $.10 par value, of United.

"Class B Common Stock" shall have the meaning assigned to such term in Section 3.07 and shall include the Nonvoting Common Stock, $.01 par value, of United.

"Credit Agreement" shall mean the Credit Agreement dated as of March 30, 1995 among the Operating Company, the Issuer, the lenders signatory thereto and The Chase Manhattan Bank (National Association) as Agent, together with any amendments, modifications or supplements thereto or replacements or refinancings thereof except as otherwise indicated.

"Senior Subordinated Credit Agreement" shall have the meaning set forth in the Credit Agreement.

"Senior Subordinated Lenders" shall have the meaning set forth in the Credit Agreement.

"United" shall mean United Stationers Inc.

(c) The following definitions shall be amended as follows:

The phrase "but shall not include Options" shall be added at the end of the definitions of "Convertible Securities".

The phrase "and following the merger shall include United Stationers Supply Co." shall be added at the end of the definition of "Operating Company".

The phrase "including the Common Stock, $.10 par value, and the Nonvoting Common Stock, $.01 par value, of United" shall be added at the end of

the first sentence of the definition of "Common Stock".

The phrase "and following the Merger shall include United" shall be added at the end of the definition of "Issuer".

The phrase "after March 29, 1995" shall be added after the words "Common Stock" on the second line of the definition of "Qualified Public Offering".

The phrase "under the definition of 'Subsidiary'" is deleted from the fifth and sixth lines of the definition of "Subsidiary".

2.02. Section 7.02(b) of the Warrant Agreement is amended to read in its entirety as follows:

"(b) If Issuer is prohibited from purchasing all Warrants and Warrant Stock put to it pursuant to a Put Notice because (i) a default is then existing under the provisions of the Credit Agreement or the Senior Subordinated Credit Agreement, or (ii) such purchase would result in any default under the Credit Agreement or the Senior Subordinated Credit Agreement (the defaults described in clauses (i) and (ii) being herein referred to as "Defaults"), or (iii) neither the Operating Company nor Issuer has sufficient funds legally available therefor under Delaware corporate law, then Issuer shall give notice (a "Put Response Notice") to each Holder which has delivered such Put Notice of (x) the reason that it is unable to purchase all Warrants and Warrant Stock put to it pursuant to a Put Notice, including (1) if due to a deficiency, the computation thereof, and/or (2) if due to a Default, the nature of the covenants which have been or would be breached and if such provisions are financial covenants, a computation of the amounts or ratios setting forth the deficiencies with respect to such covenants, and (y) the aggregate amount of such Warrants and Warrant Stock, if any, which it will be able to purchase, which Put Response Notice shall be delivered within five days of the determination of Fair Market Value and shall be given together with the notice of the Put Closing Date, if any, given by Issuer pursuant to the first sentence of Section 7.02(a). Each such Holder shall have the right to withdraw its Put Notice by delivering a notice (a "Put Withdrawal Notice") to Issuer at any time prior to the Put Closing Date or if none is set in the Put Response Notice, prior to the last day on which a Put Closing could occur pursuant to the first sentence of Section 7.02(a). If any such Holders have not timely delivered Put Withdrawal Notices, unless prohibited by a Default which has not been waived, Issuer thereupon shall purchase from such Holders the aggregate amount of Warrants and Warrant Stock, if any, it may

purchase on such date with funds legally available under Delaware corporate law for such purpose. Such purchase shall be allocated among the Holders which have not timely delivered Put Withdrawal Notices pro rata, based on the ratio of the number of shares of Warrant Stock put to Issuer (including Warrant Stock issuable upon the exercise of Warrants put to Issuer) by each such Holder to the number of shares of Warrant Stock

put to Issuer (including Warrant Stock issuable upon the exercise of Warrants put to Issuer) by all such Holders.

If Issuer is prohibited from purchasing any Warrants and/or Warrant Stock upon the exercise by a Holder of a Put Right for any of the reasons described in the first sentence of this Section 7.02(b), then Issuer shall use its best efforts to increase its legally available funds under Delaware law to an amount sufficient to enable it to purchase legally all Warrants and Warrant Stock put to it pursuant to a Put Notice and to obtain relief from the Defaults in order to enable it to make the required payments, including through effecting a Financing, obtaining the requisite consent under the Credit Agreement or the Senior Subordinated Credit Agreement or otherwise, in each case, as soon as possible."

2.03. Section 7.02(e) of the Warrant Agreement is amended to read in its entirety as follows:

"(e) Each Holder agrees, for the benefit of the Lenders and the Senior Subordinated Lenders, that any Accruing Liability shall be subordinated in right of payment to the prior payment in full of all the Loans and the Subordinated Loans (as defined in the Credit Agreement) and that no payment shall be made in respect of the principal of or interest on the Accruing Liability until the earliest to occur of: (i) the date on which the Loans and the Subordinated Loans have been fully paid; (ii) the date on which the requisite consent of the Lenders and the Senior Subordinated Lenders and/or the respective Agents under the Credit Agreement and the Senior Subordinated Credit Agreement to such payment has been given; and (iii) the first date on which such payment is permitted under this Agreement."

2.04. Paragraph (a) of Section 8.02 of the Warrant Agreement is amended to read in its entirety as follows:

"8.02 Look Back Events.

(a) If, within the 12-month period (a "Look-Back Period") following each date on which the Holders (each, a "Look-Back Holder") shall have sold

Warrants or Warrant Stock to Issuer pursuant to Section 8.01 (the "Prior Sale"), Issuer, the Subsidiaries, or Wingate, Cumberland or Good or their Subsidiaries, Affiliates (but excluding any limited partners of Wingate as such) or associates (as defined in the Exchange Act) shall have entered into any contract, arrangement or understanding relating to a Look Back Event,

then upon occurrence of such Look Back Event Issuer shall forthwith pay to each Look Back Holder, by wire transfer in immediately available funds:"

2.05. Clause (i) of paragraph (a) of Section 8.02 of the Warrant Agreement is amended by adding the words "by such Look Back Holder" after the word "Sale" in the fifth line thereof.

2.06. Clause (iii) of paragraph (b) of Section 8.02 of the Warrant Agreement is amended by adding the words "without duplication" after the "sum" in the fourth line thereof.

2.07. Clause (iv) of paragraph (b) of Section 8.02 of the Warrant Agreement is amended by adding the words "but not the expiration or termination of options or warrants in accordance with their respective terms" at the end of subclause (A) and by adding the words "other than as a result of the exercise of registration rights" at the end of subclause (B) thereof.

2.08. Sections 9.01(a) and 9.01(d) of the Warrant Agreement are amended to read in their entirety as follows:

"(a) Notwithstanding anything herein to the contrary, but subject to the provisions of Section 9.01(b), if Wingate, Cumberland, Boise Cascade, Good Capital or any of their subsidiaries, Affiliates (but excluding any limited partners of Wingate as such) or associates (as defined under the Exchange Act) (other than pursuant to an underwritten public offering or in an ordinary brokerage transaction under Rule 144) proposes, in a single transaction or a series of related transactions, to sell, dispose of or otherwise transfer, directly or indirectly, any shares of Common Stock then outstanding in any manner, other than (i) the Employee Shares, (ii) pursuant to a registration statement filed pursuant to the Securities Act in which the Holders may participate pursuant to the terms of the Registration Rights Agreement, or (iii) in an ordinary brokerage transaction pursuant to Rule 144 (each, a "Tag-Along Sale"), then Issuer shall cause such Stockholder (the "Selling Stockholder") to refrain from effecting such transaction unless, prior to the consummation thereof, the

Holders shall have been afforded the opportunity to join in such transfer as provided in Section 9.02 (it being understood that such Holders shall pay their own expenses in connection therewith)."

"(d) As a condition to the validity of any sale, disposition or other transfer of any Common Stock by any of the Persons who have executed and delivered Joinder

Agreements pursuant to Section 9.01(c) or this Section 9.01(d) to any subsidiary, Affiliate or associate other than pursuant to an underwritten public offering or in an ordinary brokerage transaction under Rule 144, the transferee thereof shall execute and deliver to Issuer and each Holder a Joinder Agreement."

2.10. Section 12.04 is amended by adding at the end thereof the words "and the Senior Subordinated Credit Agreement".

2.11. Section 12.05 is amended to read in its entirety as follows:

"12.05 Transactions with Affiliates. Except as expressly permitted by this Agreement, Issuer shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly: (a) make any Investment in an Affiliate; (b) transfer, sell, lease, assign or otherwise dispose of any assets to an Affiliate; (c) merge into or consolidate with or purchase or acquire Property from an Affiliate; (d) enter into any other transaction directly or indirectly with or for the benefit of an Affiliate (including guarantees and assumptions of obligations of an Affiliate); provided, however, that (i) any Affiliate who is an individual may serve as an officer or employee of Issuer or its Subsidiaries and receive reasonable

compensation for his or her services in such capacity, and (ii) Issuer and its Subsidiaries may enter into transaction providing for the leasing of Property, the rendering or receipt of services or the purchase or sale of inventory and other assets in the ordinary course of business if the monetary or business consideration arising therefrom would be substantially as advantageous to Issuer and its Subsidiaries as the monetary or business consideration which would obtain in a comparable transaction with a Third Party; or (e) pay to Wingate, Cumberland or any of their respective Affiliates any management, consultant, financial advisor, director or similar fees ("Sponsor Management Fees"), except as permitted under the
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Credit Agreement as in effect on the date hereof without giving effect to any modifications or supplements thereto, or termination thereof, after the date hereof."

2.12. Section 12.06(b) is amended by deleting the word "repurchase" in the second line thereof.

2.13. Section 12.06(g) is amended by adding the words "except that Issuer and each Subsidiary may own a percentage of the stock of any Subsidiary not lower than the percentage owned at the effective time of the Merger" at the end thereof.

2.14. Section 12.06(i) is amended by adding the words "it being recognized that the last day of the fiscal year of United following the Merger need not be changed to December 31 before December 31, 1995".

2.15. Section 12.08 is amended by adding at the end of the first paragraph the sentence "This Section shall not apply at the time when the Issuer has securities registered under Section 12(b) or 12(g), or is required to file reports under Section 15(d), of the Exchange Act."

2.16. Section 12.09 is amended by adding at the end thereof the sentence "This Section shall not apply at any time when the Issuer has securities registered under Section 12(b) or 12(g), or is required to file reports under Section 15(d), of the Exchange Act."

Section 3. Representation and Warranties of Issuer. The Issuer
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represents and warrants as follows:

(a) No Breach. The execution, delivery and performance of this
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Amendment by the Issuer and the Operating Company and the consummation by the Issuer and the Operating Company of the transactions contemplated hereby will not (a) violate the certificate of incorporation or by-laws of the Issuer or the Operating Company, (b) violate any loan or credit agreement to which the Issuer

or the Operating Company is a party or is bound, or result in a breach of or default under any other instrument or agreement to which the Issuer or the Operating Company is a party or is bound in a way which could reasonably be expected to have a material adverse effect on (i) the property, business, operations, financial condition, prospects, liabilities, or capitalization of the Issuer and the Subsidiaries taken as a whole, (ii) the ability of either the Issuer or the Operating Company to perform its obligations under this Amendment, the Warrant Agreement, the Warrants, or the Registration Rights Agreement, or (iii) the validity or enforceability of this Amendment, the Warrant Agreement, the Warrants, or the Registration Rights Agreement, or (iv) the rights and remedies of the Holders under the Warrant Agreement, the Warrants, or the Registration Rights Agreement, (c) violate any judgment, order, injunction, decree, or award against or binding upon the Issuer or the Operating Company, (d) result in the creation of any material lien upon any of the properties or assets of the Issuer or the Operating Company, or (e) violate any law, rule or regulation relating to the Issuer or the Operating Company.

(b) Corporate Action. Each of the Issuer and the Operating Company has
all necessary corporate power and authority

to execute, deliver, and perform its respective obligations under this Amendment; the execution, delivery and performance by the Issuer and the Operating Company of this Amendment have been duly authorized by all necessary corporate action (including all stockholder action) on the part of the Issuer and the Operating Company, respectively; and this Amendment has been duly executed and delivered by the Issuer and the Operating Company and constitutes the legal, valid, and binding obligations of the Issuer and the Operating Company, enforceable against the Issuer and the Operating Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting the rights of creditors generally as applicable to the Issuer, or in the case of the Operating Company, as applicable to it, and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) Capitalization. The representations in Section 8.14 of the Credit
Agreement are complete and correct.

(d) Prior Representations and Warranties. After giving effect to this
Amendment, (i) each of the Issuer and the Operating Company is in compliance with its respective obligations under the Warrant Agreement and the Registration Rights Agreement and (ii) except for the representations made by the Issuer in Section 3.07 of the Warrant Agreement, all representations and warranties made by the Issuer in Section 3 of the Warrant Agreement are true and correct on and as of the date hereof with the same force and effect as if made on and as of

such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

Section 4. Agreement of Operating Company. The Operating Company hereby ratifies and confirms all of its obligations under, and remakes as of the date hereof all guaranties and waivers contained in, Section 7.03 of the Warrant Agreement.

Section 5. Documents Otherwise Unchanged. Except as herein provided, the Warrant Agreement shall remain unchanged and in full force and effect, and each reference to the "Warrant Agreement" and words of similar import in the Warrant Agreement, both as amended hereby, shall be a reference to the Warrant Agreement, as amended hereby, and as the same may be further amended, supplemented, and otherwise modified and in effect from time to time.

Section 6. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be identical and all of which, when taken together, shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart.

Section 7. Expenses. Without limiting its obligations under Section 13.04 of the Warrant Agreement, the Issuer agrees to pay, on demand, all reasonable out-of-pocket costs and expenses of the Holders (including the reasonable fees and disbursements of Milbank, Tweed, Hadley & McCloy, special New York counsel to the Investor) incurred in connection with the negotiation, preparation, execution and delivery of this Amendment.

Section 8. Binding Effect. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 9. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

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

ASSOCIATED HOLDINGS, INC. CHASE MANHATTAN INVESTMENT

HOLDINGS, INC.

By /s/ Daniel H. Bushell

Name: Daniel H. Bushell,
Title: Chief Financial Officer

By

Name:
Title:

THE LONG-TERM CREDIT BANK OF JAPAN, LTD., CHICAGO BRANCH

By

Name:
Title:

WHIRLPOOL FINANCIAL CORPORATION

By /s/ David ^??????^

Name: David ??????
Title: VP & Managing Director

ARAB BANKING CORPORATION (B.S.C.)

By

Name:
Title:

THE PROVIDENT BANK

By

Name:
Title:

For purposes of Section 4 only:

ASSOCIATED STATIONERS, INC.

By /s/ Daniel H. Bushell

Name: Daniel H. Bushell,
Title: Chief Financial Officer

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

ASSOCIATED HOLDINGS, INC.

By

Name: Thomas W. Sturgess
Title: Chairman of the Board

CHASE MANHATTAN INVESTMENT HOLDINGS, INC.

By /s/ Elliott H. Jones

Name: Elliott H. Jones
Title: Managing Director

THE LONG-TERM CREDIT BANK OF JAPAN, LTD., CHICAGO BRANCH

WHIRLPOOL FINANCIAL CORPORATION

By /s/ Brady S. Sadek

Name: Brady S. Sadek
Title: Vice President & Deputy General Manager

By

Name:
Title:

ARAB BANKING CORPORATION (B.S.C.)

By

Name:
Title:

THE PROVIDENT BANK

By

Name:
Title:

For purposes of Section 4 only:

ASSOCIATED STATIONERS, INC.

By

Name: Thomas W. Sturgess
Title: Chairman of the Board

EXHIBIT 10.17

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WARRANT AGREEMENT

Between

ASSOCIATED HOLDINGS, INC.

and

BOISE CASCADE CORPORATION

Dated as of January 31, 1992

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WARRANT AGREEMENT

WARRANT AGREEMENT dated as of January 31, 1992, between ASSOCIATED HOLDINGS, INC., a Delaware corporation ("Issuer"), and Boise Cascade Corporation, a Delaware corporation ("Boise Cascade" or the Investor").

In connection with the organization of the Issuer and in consideration of the actions taken by the Investor, Issuer has agreed to issue Warrants (as hereinafter defined) to the Investor providing for the purchase of shares of Class A Common Stock (as hereinafter defined) of Issuer, in the manner hereinafter provided. Accordingly, the parties hereto agree as follows:

SECTION 1. Definitions: Accounting Terms and Determinations.

1.01 Definitions.

"Affiliate" shall mean, as to any Person (the "Relevant Person"), any other Person that directly or indirectly controls, or is under common control with, or is controlled by, the Relevant Person and, if such Person is an individual, any member of the immediate family (including parents, spouse and children) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any Person who is controlled by any such member or trust. As used in this Agreement, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise). Notwithstanding the foregoing, (a) no individual shall be deemed to be an Affiliated of a Relevant Person, solely by reason of his or her being a director, officer or employee of such Relevant Person or any Subsidiary, (b) none of the Subsidiaries shall be Affiliates of Issuer or any other Subsidiary, (c) Issuer shall not be an Affiliate of any Subsidiary, (d) BCOP and Boise Cascade shall be Affiliates of Issuer and each Subsidiary.

"Annual Management Fees" shall have the meaning assigned to such term in Section 9.05(e).

"Board" shall mean the Board of Directors of Issuer.

"BCOP" shall mean Boise Cascade Office Products Corporation, a Delaware corporation.

"Business Day" shall mean any day on which commercial banks are not authorized or required to close in Chicago, Illinois.

"Call Notice" shall have the meaning assigned to such term in Section 6.01(a).

"Call Notice Date" shall meant the date on which a Call Notice shall be received by the Holders.

"Call Price" shall mean the price payable for a redemption of the Investors Warrants under Section 6.01.

"Call Right" shall mean the right of Issuer to purchase Warrants pursuant to, and in accordance with, Section 6.01.

"Change in Control" shall mean the earliest to occur of: (i) the date on which Wingate shall have sold, transferred or otherwise disposed of full

power to vote, dispose of and receive the pecuniary benefit of, at least 53,524 shares of Common Stock other than the Employee Shares; (ii) the date on which Wingate shall cease to have the power to vote a majority of Issuer's Voting Capital Stock, and (iii) the date after which any two of James T. Callier, Jr., Thomas W. Sturgess and Frederick B. Hegi, Jr. shall have ceased to be, directly or indirectly, general partners of Wingate Management Company, L.P. or Wingate Management Company, L.P. shall have ceased to be, directly or indirectly, the general partners of Wingate Partners, L.P.

"Chase" shall mean Chase Manhattan Investment Holdings, Inc., a Delaware corporation and its successors and assigns.

"Chase Registration Rights Agreement" shall mean the Registration Rights Agreement dated as of January 31, 1992 between Issuer and Chase.

"Chase Warrants" shall mean the Warrants issued to Chase covering 150,340 shares of Class B Common Stock pursuant to the Chase Warrant Agreement.

"Chase Warrant Agreement" shall mean the Warrant Agreement dated as of January 31, 1992 between Issuer and Chase and for certain purposes, the Operation Company.

"Class A Common Stock" shall have the meaning assigned to such term in Section 3.07.

"Class B Common Stock" shall have the meaning assigned to such term in Section 3.07.

"Closing Date" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Commission" shall mean the Securities and Exchange Commission or any other similar or successor agency of the Federal government administering the Securities Act and/or the Exchange Act.

"Common Stock" shall mean Issuer's authorized Class A Common Stock and Class B Common Stock as constituted on the date of original issuance of the Investor Warrants and any stock into which such Common Stock may thereafter be converted or changed, and also shall include any other stock of Issuer of any other class, which is not preferred as to dividends or assets over any other class of any other stock of Issuer. References herein and in the Warrants to the Common Stock outstanding "on a fully diluted basis" at any time shall mean the number of shares of Common Stock then issued and outstanding, assuming full conversion, exercise and exchange of all Convertible Securities and Options that are (or may become) exchangeable for, or exercisable or convertible into Common Stock, including the Warrants; provided, that the number of shares of Common Stock deemed to be outstanding "on a fully diluted basis" shall be reduced by the number of shares of Common Stock purchasable or issuable upon exercise, conversion or exchange of Options or convertible Securities at the time of calculation which are Out of the Money.

"Company Permitted Financing" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Convertible Securities" shall mean evidences of Indebtedness, shares of stock or Other Securities or rights which are exchangeable for or exercisable or convertible into a specified security of Issuer either immediately or upon the arrival of a specified date or the occurrence of a specified event.

"Credit Agreement" shall mean the Credit Agreement dated as of

January 31, 1992 among Operation Company, Issuer, the Lenders named therein and The Chase Manhattan Bank (National Association) as agent.

"Cumberland" shall mean Cumberland Capital Corporation, a Delaware corporation, and, so long as Cumberland is a general partner, ASI Partners, L.P., a Delaware limited partnership.

"EBITD" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Election Notice" shall have the meaning assigned to such term in Section 9.08.

"Employee Shares" shall mean 56,935 shares of Class A Common Stock owned by Wingate and 21,725 shares of Class A Common Stock owned by Cumberland on the date hereof which in their discretion any be sold to certain yet to be identified management executives of the Operating Company.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Exchange Notes" shall mean the Class A Exchange Notes, the Class B Exchange Notes and the Class C Exchange Notes issuable upon redemption of the Class A Preferred Stock, the Class B Preferred Stock and the Class C Preferred Stock, respectively, authorized in the issuer's Certificate of Incorporation.

"Executive Stock Purchase Agreements" shall mean the Associated Holdings, Inc. Executive Stock Purchase Agreements among Issuer, Wingate, Cumberland and each Key Executive dated as of January 31, 1992.

"Exercise Price" shall have the meaning assigned to such term in the form of Warrant attached as Annex 1 hereto.

"Expiration Date" shall mean the date 10 years from the Closing Date.

"Fair Price" shall have the meaning assigned to such term in Section 8.04.

"GAAP" shall mean generally accepted accounting principles, consistently applied throughout the specified period.

"Go-Along Notice Date" shall mean the date on which the Go-Along Notice is given.

"Go-Along Sale" shall have the meaning assigned to such term in Section 8.04.

"Good" shall mean Good Capital Co., Inc., a Delaware corporation.

"Governmental Authority" shall mean any nation or government, any

state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled (whether through ownership of securities or other ownership interests, by contract or otherwise) by any of the foregoing.

"Holder" shall mean any Person who acquires Investor Warrants or Warrant Stock pursuant to the provisions of this Agreement, including any transferees of Investor Warrants or Warrant Stock; provided, however, that a holder of Warrant Stock purchased pursuant to an effective registration statement or in an ordinary brokerage transaction pursuant to Rule 144 shall not be deemed a Holder.

"include" and "including" shall be construed as if followed by the phrase "without being limited to".

"Indebtedness" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Interest Expense" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Investment" shall have the meaning assigned to such term in Section 1.01 of the Credit Agreement.

"Investment Banking Firm" shall mean a nationally recognized investment banking firm.

"Investor" shall mean Boise Cascade Corporation, a Delaware corporation.

"Investor Registration Rights Agreement" shall mean the Registration Rights Agreement dated as of January 31, 1992 between Issuer and Investor and other security holders executing said agreement, which shall be in the form attached as Annex 2 hereto, as said Registration Rights Agreement shall be modified and supplemented and in effect from time to time.

"Investor Warrants" shall mean the Warrants being issued hereunder to Investor covering 23,129 shares of Class A Common Stock.

"Issuer" shall have the meaning set forth at the head of this Agreement.

"Joinder Agreement" shall mean a Joinder Agreement between Issuer and a Stockholder, which shall be substantially in the form attached as Annex 5 hereto.

"Key Executives" shall mean Michael D. Rowsey, Robert B. Eberspacher, Daniel J. Schleppe and Lawrence E. Miller.

"Key Executive Options" shall mean the options for the purchase of an aggregate of up to 21,684 shares of Class A Common Stock granted to the Key Executives pursuant to the Issuer's 1992 Management Stock Option Plan.

"Lien" shall mean, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For purposes of this Agreement, a Person shall be deemed to own subject

to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Management Options" shall mean the Options which may be issued to certain managers of the Operating Company pursuant to the Issuer's 1992 Management Stock Option Plan. The total number of shares issuable under said plan, including the Key Executives Options, other options which may be granted to Key Executives or options which may be granted to the managers amounts to 86,735 shares of Class A Common Stock.

"Monthly Management Fees" shall have the meaning assigned to such term in Section 9.05(e).

"NASDAQ" shall mean the National Association of Securities Dealers automated quotation system.

"New Securities" shall mean any capital stock of Issuer (including any Common Stock or Preferred Stock), all Convertible Securities or Options that are (or may become) exchangeable for, or exercisable or convertible into, such capital stock, any voting security, and any Participating Security; provided, however, that New Securities shall not include the Warrants, the Warrant Stock and the Other Equity Securities.

"Observer" shall have the meaning assigned to such term in Section 9.09.

"Offeree" shall have the meaning assigned to such term in Section 9.08.

"Offer Notice" shall have the meaning assigned to such term in Section 9.08.

"Offer Period" shall have the meaning assigned to such term in Section 9.08.

"Operating Company" shall mean Associated Stationers, Inc. a Delaware Corporation.

"Option" shall mean any warrant, option or other right to subscribe for or purchase a specified security of Issuer.

"Other Equity Documents" shall mean the Investor Registration Rights Agreement, Chase Warrant Agreement, Chase Warrants, Chase Registration Rights Agreement, the Voting Trust Agreement, the Stockholders' Agreement, the Issuers' 1992 Management Stock Option Plan, the Executive Stock Purchase Agreements, the Class A Common Stock and Class A Preferred Stock Purchase Agreement, the Class B Preferred Stock Purchase Agreement and the Transition Services Agreement.

"Other Equity Securities" shall mean the Key Executive Options, the Management Options, the Investor Warrants, the Chase Warrants and the shares of Common Stock purchased or purchasable by the holders of such Other Equity Securities upon the exercise thereof.

"Other Securities" shall mean any stock (other than Warrant Stock) and

other securities of Issuer or any other Person (corporate or otherwise) which the Holders at any time shall be entitled to receive, or shall have received, upon the exercise of the Warrants or pursuant to Section 5 thereof, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Warrant Stock or Other Securities received in an earlier exchange, exercise or replacement of Warrant Stock.

"Out of the Money" shall mean (a) in the case of an Option, that the Fair Market Value of the shares of Common Stock which the holder thereof is entitled to purchase or subscribe for is less than the Exercise Price of such Option and (b) in the case of a Convertible Security, that the quotient resulting from

dividing the Fair Market Value of such Convertible Security by the number of shares of Common Stock into or for which such Convertible Security is exercisable, convertible or exchangeable is greater than the Fair Market Value of a share of Common Stock.

"Participating Securities" shall mean any security the rights of the holders of which are not limited to a fixed sum or percentage of liquidation preference or principal amount, a sum determined by reference to a formula based on a published index of interest rates, an interest rate publicly announced by a financial institution or a similar index of interest rates in respect of interest or dividends, and to a fixed sum or percentage of principal amount or liquidation preference in any distribution of assets.

"Person" shall mean a corporation, an association, a partnership, a joint venture, an organization, a business, an individual or a Governmental Authority.

"Preferred Stock" shall mean, as to any Person, any capital stock of such Person which is preferred as to dividends or assets over any other class of any other stock of such Person.

"Proposed Purchaser" shall have the meaning assigned to such term in Section 7.02.

"Proposed Sale" shall have the meaning assigned to such term in Section 9.08.

"Purchasing Offeree" shall have the meaning assigned to such term in Section 9.08.

"Qualified Public Offering" shall mean an offering or offerings of Common Stock under one or more effective registration statements under the Securities Act such that, after giving effect thereto, (i) at least 20% of the outstanding Common Stock (on a fully diluted basis) has been sold pursuant to such offerings, and (ii) such offerings result in aggregate cash proceeds being received by Issuer of at least $25,000,000 exclusive of underwriter's discounts and other expenses, as a result of which Common Stock is listed or admitted to trading on a national securities exchange or quoted by NASDAQ.

"Restricted Certificate" shall mean a certificate for shares of Warrant Stock or Warrants bearing or required to bear the restrictive legend set forth in Section 4.04.

"Restricted Securities" shall mean Restricted Stock and Restricted Warrants.

"Restricted Stock" shall mean Warrant Stock evidenced by a Restricted Certificate.

"Restricted Warrants" shall mean Warrants evidenced by a Restricted Certificate.

"Rule 144" shall mean Rule 144 promulgated by the Commission under the Securities Act (or any successor or similar rule then in force).

"Rule 144A" shall mean Rule 144A promulgated by the Commission under the Securities Act (or any successor or similar rule then in force).

"Securities Act" shall mean the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Selling Stockholder" shall have the meaning assigned to such term in Section 7.01.

"Sponsor Management Fees" shall have the meaning assigned to such term in Section 9.05(e).

"Stockholder" shall mean any Person who directly or indirectly owns any shares of Common Stock (including any shares of Warrant Stock).

"Stockholders Agreement" shall mean the Stockholders Agreement dated as of January 31, 1992 among Issuer, Wingate, Cumberland, Good, Boise Cascade and the other Persons named therein.

"Subsidiary" shall mean any Person in which Issuer, directly or indirectly through Subsidiaries or otherwise, beneficially owns more than 50% of either the equity interests in or the Voting Capital Stock of such Person. "Wholly-Owned Subsidiary" shall have the meaning assigned to such term under the definition of the "Subsidiary" in Section 1.01 of the Credit Agreement.

"Tag-Along Purchase Offer" shall have the meaning assigned to such term in Section 7.02.

"Tag-Along Sale" shall have the meaning assigned to such term in Section 7.01(a).

"Third Party" shall have the meaning assigned to such term in Section 8.04.

"Third Party Purchaser" shall have the meaning assigned to such term in Section 8.04.

"Voting Capital Stock" with respect to any corporation shall mean its common stock and Preferred Stock entitled to vote generally for the election of directors.

"Voting Trust Agreement" shall mean that certain Voting Trust Agreement dated as of January 31, 1992 among Issuer, the Beneficiaries named therein and Gary G. Miller, Daniel J. Good, Thomas W. Sturgess, Frederick B. Hegi, Jr. and either of James A. Johnson or James T. Callier, Jr. as Voting Trustees.

"Warrant Stock" shall mean (i) the shares of Common Stock purchased or purchasable by the Holders of the Warrants upon the exercise thereof, including any Common Stock into which such Common Stock may thereafter be changed or converted, and (ii) any additional shares of Common Stock issued or distributed by way of a dividend, stock split or other distribution in respect of the Common Stock referred to in clause (i) above, or acquired by way of any rights offering or similar offering made in respect of the Common Stock referred to in clause (i) above. Any Warrant Stock purchased by Issuer shall, upon such purchase, cease to be Warrant Stock, cease to be outstanding and Issuer, upon such purchase, shall not be deemed a Holder. Such Warrant Stock shall be either "Investor Warrant Stock" or "Chase Warrant Stock," depending upon whether the Warrant pursuant to which the Warrant Stock was issued was a Chase Warrant or an Investor Warrant.

"Warrants" shall mean the Investor Warrants and the Chase Warrants.

"Wingate" shall mean Wingate Partners, L.P., a Delaware limited partnership, and Wingate Management Company, L.P., so long as it is a general partner of Wingate Partners, L.P., and Wingate Affiliates L.P., so long as Wingate Partners, L.P. is a general partner thereof.

1.02 Accounting Terms and Determinations. Except as other wise may be expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements

and certificates and reports as to financial matters required to be delivered to the Holders hereunder and under the Warrants shall be prepared, in accordance with GAAP. All calculations made for the purposes of determining compliance with the terms of this Agreement and the Warrants shall (except as otherwise may be expressly provided herein) be made by application of GAAP.

SECTION 2. Issuance of Investor Warrants.

2.01 Authorization. Issuer has authorized: (a) the issuance of warrant certificates covering the purchase of shares of Common Stock in the form of Annex 1 to this Agreement (such certificates, together with the rights to purchase Common Stock provided thereby and all warrant certificates covering such stock issued upon transfer, division or combination of, or in substitution for, any thereof, sometimes called the "Investor Warrants") for issuance to the Investor pursuant to this Agreement; and (b) the issuance of such number of shares of Class A Common Stock as shall be necessary to permit Issuer to comply with its obligations to issue Class A Common Stock pursuant to the Warrants.

2.02 The Purchase of Investor Warrants.

(a) On the date hereof:

(i) Issuer shall issue to the Investor Investor Warrants covering 23,129 shares of Class A Common Stock, representing 2% of the outstanding shares of Common Stock on a fully diluted basis;

(ii) The Investor shall pay the Issuer $2 for the Investor Warrants received by the Investor;

(iii) Issuer shall deliver to Investor a single certificate for the Investor Warrants to be acquired by the Investor hereunder, registered in the name of the Investor, except that, if the Investor shall notify Issuer in writing prior to such issuance that it desires certificates for Warrants to be issued in other denominations or registered in the name or names of any Affiliate, nominee or nominees of the Investor for its or their benefit, then the certificates for Warrants shall be issued to the Investor in the denominations and registered in the name or names specified in such notice; and

(iv) Issuer shall deliver to the Investor a legal opinion from counsel to Issuer in the form attached as Annex 3 hereto.

(b) On or before the date hereof, Issuer shall have adopted a certificate of incorporation substantially in the form of Annex 4.

2.03 Purchase for the Investor's Account. The Investor represents and warrants to Issuer as follows:

(a) The Investor is acquiring and shall acquire the Investor Warrants for its own account, without a view to the distribution thereof, all without prejudice, however, to the right of the Investor at any time, in accordance with this Agreement or the Investor Registration Rights Agreement, lawfully to sell or otherwise to dispose of all or any part of the Investors' Warrants or the Warrant Stock held by it.

(b) The Investor is an ``accredited investor'' within the meaning of Regulation D under the Securities Act.

2.04 Securities Act Compliance. The Investor understands that Issuer has not registered the Investor Warrants or the Warrant Stock under the Securities Act, and the Investor agrees that neither the Warrants nor the Warrant Stock shall be sold or transferred or offered for sale or transfer without registration under the Securities Act or the availability of an exemption therefrom, all as more fully provided in Section 4.

SECTION 3. Representations and Warranties. Issuer represents and warrants as follows:

3.01 Existence; Qualification. Each of Issuer and the Operating Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of Issuer and the Operating Company is duly qualified, licensed or admitted to do business and is in good standing as a foreign corporation in every jurisdiction where the failure to be so qualified would have a material adverse effect on its business, financial condition, operations or assets of Issuer and the Operating Company taken as a whole and has all requisite corporate power and authority to transact its business in all such jurisdictions.

3.02 No Breach. The execution, delivery and performance of this Agreement, the Warrants and the Registration Rights Agreement by Issuer and the consummation by it of the

transactions contemplated hereby and thereby, will not (a) violate the certificate of incorporation or by-laws of Issuer or the Operating Company, (b) violate any loan or credit agreement to which Issuer or the Operating Company is a party or is bound, or result in a breach of or default under any other instrument or agreement to which Issuer or the Operating Company is a party or

is bound in a way which could reasonably be expected to have a material adverse effect on (i) the property, business, operations, financial condition, prospects, liabilities or capitalization of issuer and the Subsidiaries taken as a whole, (ii) the ability of either Issuer or the Operating Company to perform its obligations under any of this Agreement, the Warrant and the Registration Rights Agreement to which it is a party, (iii) the validity or enforceability of this Agreement, the Investor Warrants and the Registration Rights Agreement, or (iv) the rights and remedies of the Holders under any of this Agreement, the Warrant, and the Investor Registration Rights Agreement, (c) violate any judgement, order, injunction, decree or award against or binding upon Issuer or the Operating Company, (d) result in the creation of any material Lien upon any of the properties or assets of Issuer or the Operating Company, or (e) violate any law, rule or regulation relating to Issuer or the Operating Company.

3.03 Corporate Action. The Issuer has all necessary corporate power and authority to execute, deliver and perform its obligations under this Agreement, the Investor Warrants and the Investor Registration Rights Agreement; the execution, delivery and performance by Issuer of this Agreement, the Investor Warrants and the Investor Registration Rights Agreement have been duly authorized by all necessary corporate action (including all stockholder action) on the part of Issuer; this Agreement, the Investor Warrants and the Investor Registration Rights Agreement have been duly executed and delivered by Issuer and constitute, the legal, valid and binding obligations of Issuer, enforceable against Issuer in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights of creditors generally as applicable to Issuer and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); the Warrants when executed, issued and delivered pursuant to this Agreement will constitute the legal, valid and binding obligations of Issuer, enforceable against Issuer in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights of creditors generally as applicable to Issuer and by general equitable principles

(regardless of whether such enforceability is considered in a proceeding in equity or at law); the shares of Class A Common Stock constituting the Warrant Stock initially covered by the Investor Warrants have been duly and validly authorized and reserved for issuance and shall, when paid for, issued and delivered in accordance with the Investor Warrants, will be, be duly and validly issued, fully paid and nonassessable and free and clear of any Liens; and none of the Warrant Stock issued pursuant to the terms hereof will be in violation of any preemptive rights of any Stockholder.

3.04 Approvals. Except in connection with the registration of the Warrant Stock pursuant to the Investor Registration Rights Agreement and for the filing of Form D with the Commission in connection with the issuance of the Investor Warrants pursuant to this Agreement (which Issuer will duly file), no authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority or any other Person are necessary for the execution, delivery or performance by Issuer of this Agreement, the Investor Warrants or the Investor Registration Rights Agreement or the validity or enforceability thereof. Any such action required to be taken as a condition to the execution and delivery of this Agreement and the Investor Registration Rights Agreement, or the execution, issuance and delivery of the Investor Warrants, has been duly taken by all such Governmental Authorities or other Persons, as the case may be.

3.05 Investment Company Act. Issuer is not an "investment company", or a company "controlled by" an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

3.06 Public Utility Holding Company Act. Issuer is not a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

3.07 Capitalization.

(a) On the date hereof, the total number of shares of capital stock which Issuer has authority to issue is 10,245,000 shares, consisting of (i)

15,000 shares of Class A Preferred Stock, par value $.01 per share; (ii) 15,000 shares of Class B Preferred Stock, par value $.01 per share; (iii) 15,000 shares of Class C Preferred Stock, par value $.01 per share; (iv) 200,000 shares of other Preferred Stock, par value of $.01 per share, as

to which the Board shall have the authority set forth in Article Five of the Certificate of Incorporation of Issuer; and (v) 10,000,000 shares of Common Stock, of which 5,000,000 shares shall be Class A Common Stock, par value $.01 per share ("Class A Common Stock"), and 5,000,000 shares shall be Class B Common Stock, par value $.01 per share ("Class B Common Stock"). Schedule I hereto correctly sets forth the capital stock and Warrants owned of record and the names of the owners of record on the date hereof. Upon the issuance of the Warrants under this Agreement, Issuer shall not (except for the Warrants) have outstanding any Convertible Securities or Options exercisable or convertible into or exchangeable for any shares of capital stock or Participating Securities of Issuer, nor shall it have outstanding any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, any capital stock or Participating Securities of Issuer or Convertible Securities exercisable or convertible into or exchangeable for any capital stock or Participating Securities of Issuer of obligations or the type specified in Section 9.06(d)(iii) other than (A) the Investor Warrants to be issued pursuant to this Agreement, (B) the Chase Warrants, (C) the Key Employee Options, (D) the Management Options, and (E) other securities which may be issued pursuant to this Agreement or the Equity Documents.

(b) Except for the Other Equity Documents, there is not in effect on the date hereof any agreement by Issuer pursuant to which any holders of securities of Issuer have a right to cause Issuer to register such securities under the Securities Act.

(c) On the date hereof, none of the Subsidiaries has any equity security, Participating Security or obligation of the type referred to in Section 9.06(d)(iii) outstanding other than capital stock owned by Issuer.

(d) As of the date hereof, all certificates representing issued and outstanding shares of Common Stock bear the legend set forth the in Section 7.03 on the reverse side of such certificates.

3.08 Private Offering.

(a) Assuming the truth and accuracy of the Investor's representations and warranties contained in Section 2.03, the issuance and sale of the Investor Warrants to the Investor hereunder are exempt from the registration and prospectus delivery requirements of the Securities Act.

(b) All stock and securities of Issuer heretofore issued and sold by Issuer were and all securities of Issuer issued and sold by Issuer on the date hereof are being issued and sold in accordance with, or were exempt from, the registration and prospectus delivery requirements of the Securities Act.

(c) Issuer agrees that neither Issuer nor any Person acting on its behalf has offered or will offer any Warrants or shares of Warrant Stock or any part thereof or any similar securities for issue or sale to, or has solicited or will solicit any offer to acquire any of the same from, any Person so as to bring the issuance and sale of the Warrants or shares of Warrant Stock within the provisions of the registration and prospectus delivery requirements of the Securities Act.

3.09 No Litigation.

(a) There is no action, suit, proceeding or investigation pending or, to the best of Issuer's knowledge after due inquiry, threatened against Issuer before any Governmental Authority seeking to enjoin the transactions contemplated by this Agreement, the Investor Warrants or the Investor Registration Rights Agreement.

(b) There are no legal or arbitral proceedings or any proceedings by or before any Governmental Authority, now pending or (to the knowledge of Issuer) threatened against Issuer or any of the Subsidiaries which, if adversely determined, could have a material adverse effect on Issuer's business, financial condition, operations or assets.

3.10 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Issuer directly with Investor without the intervention of any Person on behalf of Issuer in such manner as to give rise to any valid claim by any Person against Investor or any Holder for a finder's fee, brokerage commission or similar payment.

3.11 Joinder Agreement. Upon execution of this Agreement, Issuer shall cause each Stockholder to execute and deliver the Joinder Agreement.

SECTION 4. Restrictions on Transferability.

4.01 Transfers Generally. Except as otherwise provided in Section 5, the Restricted Securities shall be transferable only upon the conditions specified in this Section 4

Warrant Agreement

and in the Investors Registration Rights Agreement, which conditions are intended to insure compliance with the provisions of the Securities Act and applicable state securities laws in respect of the transfer of any Restricted Securities.

4.02 Transfers of Restricted Securities Pursuant to Registration Statements, Rule 144 and Rule 144A. The Restricted Securities may be offered or sold by the Holder thereof pursuant to (a) an effective registration statement under the Securities Act, or (b) to the extent applicable, Rule 144 or Rule 144A.

4.03 Notice of Certain Private Transfers. If any Holder of any Restricted Security desires to transfer such Restricted Security other than pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 or Rule 144A, then such Holder shall deliver, at such Holder's expense, to Issuer a notice with respect to the proposed transfer, together with an opinion of counsel reasonably satisfactory to Issuer, to the effect that an exemption from registration under the Securities Act is available.

4.04 Restrictive Legends. Until otherwise permitted by Section 4.05, each certificate for Warrants issued under this Agreement, each certificate for any Warrants issued to any subsequent transferee of any such certificate, each certificate for any Warrant Stock issued upon exercise of any Investor Warrant and each certificate for any Warrant Stock issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

``THE TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN THAT CERTAIN WARRANT AGREEMENT DATED AS OF JANUARY 31, 1992 (THE ``WARRANT AGREEMENT''), BETWEEN ASSOCIATED HOLDINGS, INC., A DELAWARE CORPORATION (``ISSUER''), AND BOISE CASCADE CORPORATION, AS THE WARRANT AGREEMENT MAY BE MODIFIED AND SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME, AND NO TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE SHALL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. A COPY OF THE WARRANT AGREEMENT IS ON FILE AND MAY BE INSPECTED AT THE PRINCIPAL EXECUTIVE OFFICE OF ISSUER. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY THE PROVISIONS OF THE WARRANT AGREEMENT.''

4.05 Termination of Restrictions. All the restrictions imposed by

this Section 4 upon the transferability of the

Restricted Securities shall cease and terminate as to any particular Restricted Security when such Restricted Security shall have been effectively registered under the Securities Act and applicable state securities laws and sold by the Holder thereof in accordance with such registration or sold under and pursuant to Rule 144 or is eligible to be sold under and pursuant to paragraph (k) of Rule 144. Whenever the restrictions imposed by this Section 4 shall terminate as to any Restricted Security as hereinabove provided, the Holder thereof shall be entitled to receive from Issuer, without expense, a new certificate evidencing such Restricted Security not bearing the restrictive legend otherwise required to be borne by a certificate evidencing such Restricted Security.

SECTION 5. Certain Dispositions of Securities.

5.01 Certain Dispositions of Securities.

Notwithstanding anything in this Agreement or the Warrants to the contrary, but subject to compliance with the Securities Act, applicable state securities laws, the requirement as to placement of a legend on certificates for Restricted Securities specified in Section 4.04, and the delivery of an opinion of counsel satisfactory to Issuer, any Holder shall have the right to transfer any or all of its Restricted Securities:

(i) to any Person who at the time owns (directly or indirectly) at least a majority of the Voting Capital Stock of such Holder;

(ii) to any Person at least a majority of whose Voting Capital Stock shall at the time be owned (directly or indirectly) by such Holder or by any Person who owns (directly or indirectly) at least a majority of the Voting Capital Stock of such Holder;

(iii) to another Holder; or

(iv) To any Person subject to Investor's prior consent, which it shall not unreasonably withhold, and subject to a right of first refusal by Issuer and other Stockholders, following the same procedures as would apply to a transfer of Class A Common Stock under the Stockholders Agreement.

The party to which Restricted Securities are transferred pursuant to the immediately preceding sentence shall be deemed to be a Holder of such Restricted Securities and bound by the provisions of this Agreement applicable to Holders so long as he, she or it

continues to own any of the Restricted Securities so transferred to such transferee.

SECTION 6. Call Rights.

6.01 Call Rights.

(a) The Issuer shall have the right (a "Call Right") to purchase or redeem all or part of the Investor Warrants at any time or from time to time after or concurrently with the purchase or redemption by Issuer of all of the outstanding shares of Class B Preferred Stock of Issuer, and any Class B Exchange Notes issued in exchange for shares of such Class B Preferred Stock, and the payment of all accrued dividends or interest thereon, but prior to the issuance of stock upon exercise of the Investor Warrants. The exercise of "Call Right" as all or part of the Investor Warrants shall be at the following price, and upon the following terms and conditions:

(i) The price (the "Call Price") payable for the purchase and redemption of the Warrants shall be in an amount which provides the holder of the Class B Preferred Stock with a yield equal to 15% per annum on the aggregate amount of its investment in the Class B Preferred Stock, taking into account any dividends received on the Class B Preferred Stock and any interest received on any Class B Exchange Notes.

(ii) Issuer may exercise the Call Right by delivering a written notice to the Holders of the Investor Warrants stating that Issuer has elected to purchase the Investor Warrants specified in such notice (a "Call Notice").

(iii) The purchase and sale of the Warrants pursuant to exercise of a Call Right shall be consummated on a date selected by Issuer by giving the Holders at least 10 days' prior written notice thereof, which date in no event shall be later than the date 20 days after the date the Call Notice is given .

(iv) Issuer shall pay the Call Price of the Warrants redeemed hereunder, to the account designated by Investor by wire transfer in immediately available funds.

(v) In connection with an exercise of a Call Right, if Issuer elects to purchase less than all of the Investor Warrants then outstanding, Issuer shall purchase such Warrants from the Holders of a pro rata basis, based on the

ratio of the number of shares of Warrant Stock purchasable upon the exercise of Warrants owned by each such Holder to the number of shares of Warrant Stock purchasable upon the exercise of the Investor Warrants owned by all of the Holders.

SECTION 7. Right to Join in Sale.

7.01 Tag-Along Rights.

(a) Notwithstanding anything herein to the contrary, but subject to the provisions of Section 7.01(b), if Wingate, Cumberland, Good, or any controlling stockholder of Issuer who purchases shares directly from Issuer or any of their respective Affiliates or transferees (other than pursuant to an underwritten public offering or in an ordinary broker's transaction under Rule 144), proposes, in a single transaction or a series of related transactions, to sell, dispose of or otherwise transfer, directly or indirectly, any shares of Common Stock then outstanding in any manner, other than (i) the Employee Shares, (ii) pursuant to a registration statement filed pursuant to the Securities Act in which the Holders may participate pursuant to the terms of the Registration Rights Agreement, or (iii) in an ordinary brokerage transaction pursuant to Rule 144 (each, a "Tag-Along Sale"), then Issuer shall cause such Stockholder (the "Selling Stockholder") to refrain from effecting such transaction unless, prior to the consummation thereof, the Holder shall have been afforded the opportunity to join in such transfer as provided in Section 7.02 (it being understood that such Holder shall pay their own expenses in connection therewith.

(b) The provisions of Section 7.01(a) shall not apply in connection with any sale, disposition or other transfer of (i) up to 25% of the shares of Common Stock beneficially owned by Cumberland as of the date hereof to Wingate and its majority-owned subsidiaries, (ii) any shares of Common Stock beneficially owned (on a fully diluted basis) by Boise Cascade to Wingate and its majority-owned subsidiaries, (iii) any shares of Common Stock beneficially owned (on a fully diluted basis) by Good to Wingate and its majority-owned subsidiaries and (iv) any shares of Common Stock beneficially owned (on a fully diluted basis) by Wingate to any of the Persons listed on Schedule II; provided,

however, that any further sale, disposition or transfer by such transferee shall be subject to the provisions of this Section 7.

7.02. Procedures. Prior to the consummation of any transaction subject to Section 7.01, the Person or group of

Persons that proposes to acquire shares of Common Stock in a Tag-Along Sale (the "Proposed Purchaser") shall make a written offer to the Holder (the "Tag-Along Purchase Offer"), which offer shall describe in reasonable detail the Common Stock and Warrants proposed to be purchased, the price to be paid and all other terms of the Tag-Along Sale. The Holder shall have 15 days after the making of the Tag-Along Purchase Offer in which to accept the Tag-Along Purchase Offer. If any Holder accepts the Tag Along Purchase Offer ("Participating Holder"), such Participating Holder shall be entitled to sell in the Tag-Along Sale a number of shares of Warrant Stock (including Warrant Stock issuable upon the exercise of Warrants) equal to the product of (i) the quotient determined by dividing (x) the number of shares of Warrant Stock owned by such Participating Holder (including Warrant Stock issuable upon the exercise of Warrants) by (y) the aggregate number of shares of Common Stock (on a fully dilute basis) owned by the Selling Stockholder and all Participating Holders, and (ii) the aggregate number of shares of Common Stock and Warrants proposed to be purchased by the Proposed Purchaser in the Tag-Along Sale; provided, however, that if the Tag-Along Sale would cause a Change of Control or would cause any controlling stockholder and their respective Affiliates other than Wingate to own less than a majority of the outstanding Common Stock or less than a majority of the Voting Capital Stock of Issuer, then the Participating Holders shall be entitled to sell 100% of their respective Warrants and Warrant Stock (but not exceeding the aggregate amount of shares of Common Stock proposed to be acquired in the Tag-Along Sale). The Tag-Along Purchase Offer shall be at the same price and on the same terms and conditions as the offer by the Proposed Purchaser to the Selling Stockholder, except that no Participating Holders shall be required to make representations and warranties to or agreements with the Proposed Purchaser other than representations, warranties and agreements regarding such Participating Holder and its ownership of the Warrants and/or Warrant Stock to be sold in the Tag-Along Sale.

7.03 Issuer's Covenants. Issuer will not, on or after the date hereof, either (a) deliver to the Persons specified in Section 7.01(a) a certificate evidencing any shares of Common Stock being sold in a transaction requiring that a Tag-Along Purchase Offer be made unless the Proposed Purchaser shall have in fact made a Tag-Along Purchase Offer in accordance with the provisions of Section 7.02, or (b) deliver to the Persons specified in Section 7.01(a) a certificate evidencing any shares of Common Stock in connection with any other transaction (other than shares of Common Stock which are being sold, or which have previously been sold, in a Tag-Along Sale, Go-Along Sale, a

registered public offering or a sale in an ordinary brokerage transaction pursuant to Rule 144) without including on the reverse side of such certificate a legend in substantially the following form:

> THE SALE, DISPOSITION OR OTHER TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE PROVISIONS OF SECTIONS 7 AND 8 OF THAT CERTAIN WARRANT AGREEMENT DATED AS OF JANUARY 31, 1992, BETWEEN ASSOCIATED HOLDINGS, INC., A DELAWARE CORPORATION ("ISSUER"), AND BOISE CASCADE CORPORATION, AS SUCH WARRANT AGREEMENT MAY BE MODIFIED AND SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME. A COPY OF SUCH WARRANT

AGREEMENT IS ON FILE AND MAY BE INSPECTED AT THE PRINCIPAL EXECUTIVE OFFICE OF ISSUER. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY THE PROVISIONS OF SECTIONS 7 AND 8 OF SUCH WARRANT AGREEMENT.

SECTION 8. Obligation to Join in Sale.

8.01 Go-Along Obligations. In the event of a Go-Along Sale prior to the earliest of a Change in Control, a Qualified Public Offering and the Expiration Date, each Holder shall be obligated to, and shall, if so requested by Wingate, (a) sell, transfer and deliver, or cause to be sold, transferred and delivered to the Third Party Purchaser, all (but not less than all) Warrants and Warrant Stock owned by it at the same price per share and on the same terms and conditions (except as expressly permitted below) as are applicable to Wingate except that no Holders shall be required to make representations and warranties to or agreements with the Third Party Purchaser other than representations, warranties and agreements regarding such Holder and its ownership of the Warrants and/or Warrant Stock to be sold in the Go-Along Sale; and (b) if Stockholder approval of the transaction is required, vote its shares of Warrant Stock entitled to vote thereon in favor thereof (or abstain from voting, unless such abstention would defeat the approval of such transaction) at any meeting of Issuer's Stockholders called for the purpose of voting on such transaction (it being understood that such Holders shall not be obligated to pay their pro rata portion of the transaction costs associated with the sale, transfer or delivery), provided, that if the Majority Warrant Stockholders so request, such Go-Along Sale shall be at a Fair Price.

8.02 Procedures.

(a) Wingate shall deliver a written notice ("Go-Along Notice") to the Holder setting forth the consideration per share to be paid by the Third Party Purchaser and the other terms and conditions of the Go-Along Sale. Not later than the later of 20 days following the Go-Along Sale. Not later than the later of 20 days following the Go-Along Notice Date or five days following the determination of Fair Price, and the cash equivalent of non-cash considerations, if any, each of the Holders shall deliver to Wingate Warrant certificates and certificates representing Warrant Stock, accompanied by duly executed stock powers. At the closing for the Go-Along Sale, Wingate shall remit to each of the Holders the consideration to which they are entitled.

(b) If any Holder should fail to deliver its Warrants or certificates representing Warrant Stock, Issuer shall cause the books and records of Issuer to show that such Warrants and/or Warrant Stock are bound by the provisions of this Section 8 and that such Warrants and/or Warrant Stock shall be transferred only to the Third Party Purchaser upon surrender for transfer by the Holder thereof.

(c) If, within 120 days after Wingate delivers a Go-Along Notice, the Go-Along Sale is not completed, Wingate shall return to each Holder all Warrants and certificates representing Warrant Stock that such Holder delivered for sale pursuant hereto.

8.03 Issuer's Covenants. Issuer will not, on or after the date hereof, deliver a certificate evidencing any shares of Common Stock in connection with any other transaction (other than shares of Common Stock which are being sold, or which have previously been sold, in a Tag-Along Sale, Go-Along Sale, a registered public offering or a sale to the public pursuant to Rule 144) without including on the reverse side of such certificate a legend in substantially the form set forth in Section 7.03.

8.04 Definition of Go-Along Sale. As used herein the following terms shall have the following respective meanings:

"Go-Along Sale" shall mean (i) the sale for cash by Wingate and its

Affiliates of 100% of the equity interest in Issuer beneficially owned by them in a private offering, (ii) the sale for cash of all or substantially all of the assets of Issuer followed immediately by the distribution to the holders of the Common Stock of the net proceeds available for distribution, or (iii) a merger or consolidation involving Issuer, wherein the

holders of the Common Stock will receive cash for their Common Stock, in each case in a bona fide arm's length transaction to or with a Third Party (the "Third Party Purchaser"). Notwithstanding the foregoing, "Go-Along Sale" shall also include transactions of the type described above where the consideration is other than cash, provided, that Holder shall have the option to receive such consideration in an amount of cash equal to the Fair Price of its respective interests in Issuer, but in any even not less than the cash equivalent of the greatest amount of consideration paid to Wingate or any Affiliate in respect of its shares in Issuer as determined by the Investment Banking Firms in the manner set forth below.

"Fair Price" shall mean that the consideration or net proceeds to be received by Issuer, if applicable, and by the holders of the Common Stock in or immediately following a Go-Along Sale, is fair from a financial point of view, and shall be determined as follows:

Within five days after the Go-Along Notice Date, Issuer and the Holder shall each designate a representative and such representatives will meet and use their best efforts to reach an agreement on a Fair Price. If the representatives designated by Issuer and the Holders are unable to reach such agreement within 15 days after the date on which the later of the two representatives are designated, then (A) the Holders shall immediately designate one Investment Banking Firms; (B) Issuer shall immediately designate one Investment Banking Firm; (C) the two Investment Banking Firms so selected shall, within 20 days after the date on which the later of the two Investment Banking Firms are appointed, determine independently a Fair Price; (D) if the lesser of the two prices exceeds or is equal to 90% of the other price, then the Fair Price will be the average of the two, which average amount shall be conclusive and binding upon all the parties; (E) if the lesser of the two prices is less than 90% of the other price, then the two Investment Banking Firms shall, within 20 days of the date of determination of the later of the two prices appoint a third Investment Banking Firm; and (F) the third Investment Banking Firm so selected shall, within 15 days of its appointment, determine independently a Fair Price, which determination shall be conclusive and binding upon all the parties.

Issuer will provide each Investment Banking Firm with all information about Issuer and the Subsidiaries which such Investment Banking Firm reasonably deems necessary for

determining a Fair Price. The fees and expenses of the determination of Fair Price and the cash equivalent of non-cash consideration as provided herein (including those of the Investment Banking Firms) will be paid by Issuer. Issuer may require that the Investment Banking Firms keep confidential any non-public information received as a result of this paragraph pursuant to reasonable confidentiality arrangements.

In the event that the consideration to be paid by the Third Party Purchaser consists or anything other than cash, the cash equivalent of such non-cash consideration shall be determined by the Investment Banking Firm pursuant to the same procedure and at the same time as a Fair Price is determined.

"Third Party" shall mean a Person or entity not otherwise an Affiliate of Issuer or a Subsidiary or any of Issuer's Stockholders.

SECTION 9. Holders' Rights.

9.01 Delivery Expenses. If the Holder surrenders any certificate for

Warrants or Warrant Stock to Issuer or a transfer agent of Issuer for exchange for instruments of other denominations or registered in another name or names, Issuer shall cause such new instruments to be issued and shall pay the cost of delivering to or from the office of the Holder from or to Issuer or its transfer agent, duly insured, the surrendered instrument and any new instruments issued in substitution or replacement for the surrendered instrument.

9.02 Taxes. Issuer shall pay all taxes (other than Federal, state or local income taxes) which may be payable in connection with the execution and delivery of this Agreement or the Registration Rights Agreement or the issuance of the Warrants and Warrant Stock hereunder or in connection with any modification of this Agreement, the Registration Rights Agreement or the Warrants and shall hold each Holder harmless without limitation as to time against any and all liabilities with respect to all such taxes. The obligations of Issuer under this Section 9.02 shall survive any redemption, repurchase or acquisition of Warrants or Warrant Stock by Issuer, any termination of this Agreement or the Registration Rights Agreement, and any cancellation or termination of the Warrants.

9.03 Replacement of Instruments. Upon receipt by Issuer of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any

Certificate or instrument evidencing any Investor Warrants or Warrant Stock, and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that, if the owner of the same is the Investor or an institutional lender or investor, its own agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender or cancellation thereof,

Issuer, at its expense, shall execute, register and deliver, in lieu thereof, a new certificate or instrument for (or covering the purchase of) an equal number of Investor Warrants or Warrant Stock.

9.04 Certain Restrictions. Issuer shall not at any time enter into an agreement or other instrument limiting in any manner its ability to perform its obligations under this Agreement, the Investor Registration Rights Agreement or the Investor Warrants, or making such performance or the issuance of shares of Common Stock upon the exercise of an Investor Warrant a default under any such agreement or instrument other than the Credit Agreement.

9.05 Transactions with Affiliates. Except as expressly permitted by this Agreement, Issuer shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly: (a) make any Investment in an Affiliate; (b) transfer, sell, lease, assign or otherwise dispose of any assets to an Affiliate; (c) merge into or consolidate with or purchase or acquire Property from an Affiliate; (d) enter into any other transaction directly or indirectly with or for the benefit of an Affiliate (including guarantees and assumptions of obligations of an Affiliate); provided, however, that (i) any Affiliate who is an individual may serve as an officer or employee of Issuer or its Subsidiaries and receive reasonable compensation for his or her services in such capacity, and (ii) Issuer and its Subsidiaries may enter into transactions providing for the leasing of Property, the rendering or receipt of services or the purchase or sale of inventory and other assets in the ordinary course of business if the monetary or business consideration arising therefrom would be substantially as advantageous to Issuer and its Subsidiaries as the monetary or business consideration which would obtain in a comparable transaction with a Third Party; or (e) at any time before February 1, 1999, pay to Wingate, Cumberland, Good or any of their respective Affiliates any

management, consultant, financial advisor, director or similar fees ("Sponsor Management Fees"), except (1) Sponsor Management Fees of not more than $25,000 in any month (the "Monthly Management Fees") plus (2) up to an additional $200,000 of Sponsor Management Fees for any fiscal year (the "Annual Management Fees") if, giving effect to the payment of all Monthly Management Fees and to the payment of such Annual Management Fee (solely for which purpose such Annual Management Fee shall be deemed to have been paid in such fiscal year), the EBITDA for such fiscal year is not less than the EBITDA set forth opposite such fiscal year in Schedule V of the Credit Agreement; provided that no Annual Management Fees for any fiscal year shall be paid until the Holder has received the financial statements of Issuer for such fiscal year required to be delivered to such Holder pursuant to Section 9.10(b) hereof; and provided, further, that, in any event, no Sponsor Management Fee shall be paid if, at the time of such payment and after giving effect thereto, any Default (as such term is defined in the Credit Agreement) or similar event under other agreements relating to Indebtedness shall have occurred and be continuing, and provided, further, that any Annual Management Fees that shall not be paid because of the occurrence and continuance of any Default is such term is defined in the Credit Agreement) shall continue to accrue.

9.06 Certain Covenants.

(a) Issuer shall, at all times prior to the Expiration Date, retain a nationally recognized independent accounting firm as its auditors.

(b) Except as otherwise specifically provided herein, Issuer shall not effect any repurchase, recapitalization, reorganization, reclassification, merger, consolidation, share exchange, liquidation, spin-off, stock split, dividend, distribution or stock consolidation, subdivision or combination that would not afford to each Stockholder and Holder the same type and amount of consideration.

(c) At any time prior to a Qualified Public Offering, Issuer shall afford, and shall cause its Subsidiaries to afford, the Holder of Warrants and/or Warrant Stock or its authorized agents or any prospective purchasers of Warrants and/or Warrant Stock, access, at reasonable times, upon reasonable prior notice, (i) to inspect the books and records of Issuer and its Subsidiaries, (ii) to discuss with management of Issuer and its Subsidiaries the business and affairs of Issuer and its Subsidiaries, and (iii) to inspect the properties of Issuer and its Subsidiaries.

(d) Issuer shall afford the Holder and its authorized agents the right to attend all meetings of shareholders of Issuer and the Subsidiaries.

(e) Issuer will, and will cause each of the Subsidiaries to take such action as will be necessary from time to time to ensure that Issuer or a Subsidiary owns at least 80% of each class of capital stock of each Subsidiary.

(f) Issuer shall hold an annual meeting of shareholders each year in Texas, Illinois or New York.

(g) To enable the ready and consistent determination of the Call Price Per Share and compliance with the covenants set forth herein, neither Issuer nor any of its Subsidiaries will change the last day of its fiscal year from December 31 of each year, or the last days of the first three fiscal quarters in each of its fiscal years from March 31, June 30 and September 31 of each year, respectively.

(h) Except as otherwise specifically provided herein, Issuer shall not effect any repurchase or redemption of Common Stock and shall cause its Subsidiaries not to effect any repurchase or redemption of Common Stock from any Stockholder, other than (a) on a pro rata basis from all Stockholders and Warrant Holders participating in such repurchase or redemption at the same type and amount of consideration, or (b) from former employees of the Operating Company for an aggregate purchase price of no more than $200,000 in any 12-month period. Any repurchase or redemption of Common Stock shall include Warrant Stock.

(i) Issuer shall not amend or consent to any modification, supplement or waiver of any provision of any Other Equity Documents in any manner which would have an adverse effect on the Holder. Without limiting the generality of the foregoing, Issuer shall not amend, or consent to any modification, supplement or waiver of any provision of any Other Equity Documents in a way which would materially increase the benefits of the parties thereto, increase the number of securities which may be issued or sold thereunder, or materially modify the requirements as to eligibility for participation therein.

9.07 Indemnification. Issuer shall indemnify and hold harmless the Investor and the Holder and each of their respective directors, officers, employees, Stockholders, Affiliates and agents (each, an "indemnified person") on demand from and against any and all losses, claims, damages, liabilities (or actions or

other proceedings commenced or threatened in respect thereof) and expenses that arise out of, result from, or in any way relate to, this Agreement, the Investor Warrants or the Investor Registrations Rights Agreement, or in connection with the other transactions contemplated hereby and thereby (other than the mere diminution of the Investment by Holders in the Warrants unaccompanied by any other violation of this Agreement), and to reimburse each indemnified person, upon its demand, for any legal or other expenses incurred in connection with investigating, defending or participating in the defense of any such loss, claim, damage, liability, action or other proceeding (whether or not such indemnified person is a party to any action or proceeding out of which any such expenses arise), other than any of the foregoing claimed by any indemnified person to the extent incurred by reason of the gross negligence or willful misconduct of such indemnified person. No indemnified person shall be responsible or liable to either Issuer or any other Person for any damages which may be alleged as a result of or relating to this Agreement, the Investor Warrants or the Investor Registration Rights Agreement, or in connection with the other transactions contemplated hereby and thereby.

9.08 Preemptive Rights. If, at any time on or after the date hereof and prior to a Qualified Public Offering, Issuer shall propose to sell or issue any New Securities to any Person (other than in connection with business combinations and certain employee stock and stock option plans which in each case have been approved by the Holder) (a "Proposed Sale"), then Issuer shall, at least 30 days prior to the Proposed Sale, give each Holder (an "Offeree") a notice (the "Offer Notice") of the Proposed Sale (it being understood that the Offer Notice also shall contain full particulars of the Proposed Sale, including the identity of the proposed beneficial and record owners of the New Securities and the purchase price per unit of the New Security).

In the Offer Notice, Issuer shall offer to each Offeree, subject to consummation of the Proposed Sale, for 20 Business Days (the "Offer Period") commencing on the date of receipt by such Offeree of the Offer Notice, the opportunity to purchase from Issuer: (a) up to that number of units of the New Securities, at the same purchase price per unit (and on the same terms and conditions as offered to the Proposed Purchaser under the Proposed Sale), equal to the product of (i) the quotient determined by dividing (A) the number of shares of Warrant Stock held by such Offeree (assuming the exercise by such Offeree of all Warrants held by it) by (B) the number of shares of Common Stock outstanding on a fully diluted basis, and (ii) the number

of New Securities to be sold or issued in the Proposed Sale; provided, that if the New Securities shall consist of voting Common Stock, each Offeree shall have the option to purchase, in lieu of such voting Common Stock, up to an equal number of shares of non-voting Common Stock otherwise identical to such voting Common Stock. In the event that an Offeree does not purchase New Securities from

Issuer in accordance with this paragraph, each Offeree which has elected to purchase New Securities hereunder (a "Purchasing Offeree") shall be entitled to purchase out of such unpurchased New Securities the same proportion of the unpurchased units of such New Securities as the total number of shares of Warrant Stock owned by such Purchasing Offeree bears to the total number of shares of Warrant Stock owned by all Purchasing Offerees.

An Offeree may elect to accept the offer to purchase any New Securities pursuant to this Section 9.08 by delivering a notice to Issuer (an "Election Notice") within the Offer Period indicating the number of the New Securities which such Offeree elects to purchase. On the date of the Proposed Sale, each Offeree which has delivered an Election Notice shall deliver the purchase price for its New Securities to Issuer in immediately available funds.

If (a) the number of New Securities proposed to be sold or issued in the Proposed Sale is increased, (b) or any of the price, terms or conditions is changed in a manner more favorable to the Proposed Purchaser under the Proposed Sale after each Offeree has received the Offer Notice, or (c) the Proposed Sale has not been consummated within 120 days of the giving of the Offer Notice, then, whether or not such Offeree previously has accepted the offer to purchase contained in the Offer Notice, Issuer shall notify such Offeree or any such change. Such Offeree thereupon shall have until the later or (1) 10 Business Days after receipt of such notice of change and (2) 20 Business Days after receipt of the original Offer Notice within which to accept the initial offer as so changed.

9.09 Board Observers. Issuer shall afford the Investor the opportunity to appoint by notice to Issuer a representative (an "Observer") to attend as an observer (but not participate in or vote at) each meeting of the Board and each meeting of the board of directors of each Subsidiary of Issuer. Issuer shall give such Observer notice of all such meetings at the same time and in the same manner as notice is given to members of the Board and of the board of directors of each Subsidiary of Issuer. The Observer shall be entitled to receive all written materials and other information given to the

directors of Issuer and the directors of each Subsidiary of Issuer in connection with such meetings at the same time and in the same manner and form such materials and information are given to the directors, and copies of all minutes and all resolutions adopted by the Board and by the board of directors of each Subsidiary of Issuer (whether at meetings, by written consent or otherwise) promptly after such adoption and (if applicable) approval thereof (it being understood that such copies shall be certified by the Secretary or Assistant Secretary of Issuer or the relevant Subsidiary of Issuer, as the case may be). Issuer shall reimburse each Holder for the reasonable out-of-pocket expenses incurred by such Holder in connection with the exercise of their rights under this Section 9.09.

9.10 Financial Statements, Etc. Issuer shall deliver the information specified below to each Holder of an Investor Warrant or Warrant Stock:

(a) as soon as available and in any event within 45 days after the end of each quarterly fiscal period of each fiscal year of Issuer, consolidated and consolidating statements of income, retained earnings and cash flows of Issuer and the Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated and consolidating balance sheets as at the end of each such period, setting forth in each case in comparative form the corresponding consolidated and consolidating figures for the corresponding period in the preceding fiscal year (if any), accompanied by a certificate of a senior financial officer of Issuer, which certificate shall state that such financial statements fairly present the financial condition and results of operations of Issuer and the Subsidiaries, and said consolidating financial statements fairly presenting the respective individual, unconsolidated financial condition and results of operations of Issuer of Subsidiaries, respectively, in each case in accordance with GAAP, as at the end of, and for such present the unconsolidated financial conditions and results of operations of Issuer and of each of its Subsidiaries, in accordance with GAAP, as at the end of, and for, such period (subject to normal year-end audit adjustments).

(b) as soon as available and in any event within 90 days after the end of each fiscal year of Issuer, consolidated and consolidating statements of income, retained earnings and cash flow of Issuer and its Subsidiaries for such fiscal year and the related

consolidated and consolidating balance sheets as at the end of such fiscal year setting forth in each case in comparative form the corresponding consolidated and consolidating figures for the preceding fiscal year, and accompanied (i) in the case of said consolidated statements and balance sheet, by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said consolidated financial statements fairly present the consolidated financial condition and results of operations of Issuer and the Subsidiaries as at the end of, and for, such fiscal year in accordance with GAAP, and a certificate of such accountants stating that, in making the examination necessary for their opinion, they obtained no knowledge, except as specifically stated, of any default under any credit agreement to which Issuer and/or any of its Subsidiaries is a party, and (ii) in the case of said consolidating statements and balance sheets, by a certificate of a senior financial officer of Issuer, which certificate shall state that said consolidating financial statements fairly present the respective individual unconsolidated financial condition and results of operations of Issuer and of each of the Subsidiaries in accordance with GAAP, as at the end of, and for, such fiscal year;

(c) as soon as available, and in any event within 30 days after the end of each monthly accounting period in each fiscal year of Issuer, a statement of EBITD for the 12 months ended at the end of such monthly accounting period;

(d) promptly upon their becoming available, copies of all registration statements and regular periodic reports, if any, which Issuer or any of its Subsidiaries shall have filed with the Commission (or any Governmental Authority substituted therefor) or any national securities exchange; and

(e) promptly upon the mailing thereof to the shareholders of Issuer or any holder of Indebtedness of Issuer and/or its Subsidiaries generally, copies of all financial statements, reports and proxy statements so mailed.

9.11 Holders' Rights in Case of Other Securities. If the Holders at any time shall have received or shall be entitled to receive Other Securities, appropriate provision shall be made so that the Holders receive with respect to such Other Securities

as nearly as possible the intended benefits of this Agreement with respect thereto.

SECTION 10. Miscellaneous.

10.01 Waiver. No failure on the part of the Investor to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement, the Warrants or the Registration Rights Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement, the Warrant or the Registration Rights Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

10.02 Notices.

(a) All notices, requests and other communications provided for herein and the Warrants (including any waivers or consents under, this Agreement and the Warrants) shall be given or made in writing,

(i) if to Issuer:

Associated Holdings, Inc.
1075 Hawthorne Drive
Itasca, Illinois 60143
Attn: President and Chief Executive Officer
Fax: (708) 773-6491

with copies to:

Wingate Partners, L.P.
750 North St. Paul, Suite 1200
Dallas, Texas 75201
Attn: Thomas W. Sturgess
Fax: (214) 871-8799

Cumberland Capital Corporation
5949 Sherry Lane, Suite 1550
Dallas, TX 75225
Attn: Gary G. Miller
Fax: (214) 696-5957

D'Ancona & Pflaum
30 N. LaSalle Street, Suite 2900
Chicago, Illinois 60602
Attn: Edwin H. Goldberger and
Suzanne L. Saxman
Fax: (708) 580-0923

(ii) if to the Investor:

Boise Cascade Corporation
One Jefferson Square
Boise, ID 83702
Attn: Treasurer
Fax: (208) 384-4934

and with a copy to:

Attn: General Counsel
Fax: (208) 384-7945

(iii) if to any other Person who is the registered Holder of any Warrants or Warrant Stock, to the address for such Holder as it appears in the stock or warrant ledger of Issuer;

or, in the case of any Holder, at such other address as shall be designated by such party in a notice to Issuer; or, in the case of Issuer, at such other address as Issuer may designate in a notice to the Investor and all other Holders.

(b) All such notices, requests and other communications shall be: (i) personally delivered, sent by courier guaranteeing overnight delivery or sent by registered or certified mail, return receipt requested, postage prepaid, in each case given or addressed as aforesaid; and (ii) effective upon receipt.

10.03 Expenses, Etc. Issuer agrees to pay or reimburse the Investor
---------- and the Holders for: (a) all reasonable out-of-pocket costs and expenses of the Investor and the Holders (including reasonable legal fees and expenses), in connection with (i) the negotiation, preparation, execution and delivery of this Agreement and the Registration Rights Agreement and the issuance of Warrants hereunder, and (ii) any amendment, modification or waiver of (or consents in respect of) any of the terms of this Agreement, the Investor Registration Rights Agreement or the Investor Warrants; and (b) all reasonable costs and expenses of the Investor and the Holders (including reasonable legal fees and expenses) in connection with (i) any

default by Issuer hereunder or under the Investor Warrants or the Investor

Registration Rights Agreement or any enforcement proceedings resulting therefrom, and (ii) the enforcement of this Section 10.03.

10.04 Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be amended or modified only by an instrument in writing signed by Issuer and the Holder.

10.05 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

10.06 Survival.

(a) All representations and warranties made by Issuer herein or in any certificate or other instrument delivered by it or on its behalf under this Agreement or the Investor Registration Rights Agreement shall be considered to have been relied upon by the Investor and shall survive the issuance of the Investor Warrants or the Warrant Stock regardless of any investigation made by or on behalf of the Investor. All statements in any such certificate or other instrument so delivered shall constitute representations and warranties by Issuer hereunder.

(b) All representations and warranties made by the Investor herein shall be considered to have been relied upon by Issuer and shall survive the issuance to the Investor of the Warrants or the Warrant Stock regardless of any investigation made by Issuer or on its behalf.

10.07 Specific Performance. Damages in the event of breach of this Agreement by a Holder or Issuer would be difficult, if not impossible, to ascertain, and it is therefore agreed that each Holder and Issuer, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof, and each Holder and Issuer hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude the Holders or Issuer from pursuing any other rights and remedies at law or in equity which the Holders or Issuer may have.

10.08 Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

10.09 Counterparts. This Agreement may be executed on counterpart signature pages or in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart signature page or counterpart.

10.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Illinois without giving effect to the conflicts of law principles thereof, except to the extent that Illinios conflicts of laws principles would apply the General Corporation Law of the State of Delaware to matters relating to corporations incorporated thereunder.

10.11 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

10.12 Adjustment of Common Stock. All references to Common Stock herein shall be subject to appropriate adjustment by reason of any stock dividend, split, reverse split, combination, recapitalization or any similar

corporate transaction.

IN WITNESS WHEREOF, the parties hereto have duly executed this Warrant Agreement as of the date first above written.

ASSOCIATED HOLDINGS, INC.,

By /s/ Suzanne L. Sarman

Name: Suzanne L. Sarman
Title: Assistant Secretary

BOISE CASCADE CORPORATION

By /s/ Carol Moerdyn

Name: Carol B Moerdyn
Title: Vice President

Warrant Agreement

Schedule I Capital Stock and Warrants

<TABLE>
<CAPTION>

SCHEDULE I

CAPITAL STOCK AND WARRANTS

	Common Stock		Preferred Stock			Warrants to Purchase Common Stock	
Name	Class A	Class B	Class A	Class B	Class C	Class A	Class B
- ----	-------	-------	-------	-------	-------	-------	-------
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Wingate Partners, L.P.	592,175		3,483				
Cumberland Capital Corporation & ASI Partners L.P.	249,474		1,332				
Good Capital Co., Inc.	54,609		135				
Boise Cascade Corporation				5,000		23,129	
Affiliated Computer Systems, Inc.					7,500		
Chase Manhattan Investment Holdings, Inc.							150,340
	896,258	0	5,000	5,000	7,500	23,129	150,340

</TABLE>

Schedule II General Partners of Wingate

James T. Callier, Jr.

Frederick B. Hegi, Jr.

Thomas W. Sturgess

James Johnson

Dennis Johnson

Sue Goddard

Wallace R. Hawley

Lee Walton

Bud Applebaum

Estate of Howard Beasley

Callier Buy-Out Partners, as defined in the Agreement of Limited Partnership of Wingate Partners, L.P.

Peter J. Wodtke

Pension Plans for Benefit of the Above

Annex 1 - Form of Investor Warrant

Annex 2 - Investor Registration Rights Agreement

Annex 3 - Legal Opinion

Annex 4 - Certificate of Incorporation of Issuer

ANNEX 1

WARRANT

THE TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN THAT CERTAIN WARRANT AGREEMENT DATED AS OF JANUARY 31, 1992 (THE "WARRANT AGREEMENT"), BETWEEN ASSOCIATED HOLDINGS, INC., A DELAWARE CORPORATION ("ISSUER"), AND BOISE CASCADE CORPORATION AS THE WARRANT AGREEMENT MAY BE MODIFIED AND SUPPLEMENTED AND IN EFFECT FROM TIME TO TIME, AND NO TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE SHALL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. A COPY OF THE WARRANT AGREEMENT IS ON FILE AND MAY BE INSPECTED AT THE PRINCIPAL EXECUTIVE OFFICE OF ISSUER. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY THE PROVISIONS OF THE WARRANT AGREEMENT.

For the Purchase of 23,129 shares of Class A Common Stock. Warrant No. 3

WARRANT

to Purchase Class A Common Stock of

ASSOCIATED HOLDINGS, INC.

Expiring 10 years from the date hereof

THIS IS TO CERTIFY THAT BOISE CASCADE CORPORATION, or its registered assigns, is entitled to purchase in whole or in part from time to time from Associated Holdings, Inc., a Delaware corporation ("Issuer"), at any time on and after January 31, 1992, but not later than 5:00 p.m., Chicago time, on January 31, 2002 (or such later date to which this Warrant may be extended pursuant to Section 6.03, the "Expiration Date"), 23,129 shares of Class A Common Stock (subject to adjustment as provided herein) at a purchase price of $1.00 per share of Common Stock, provided that such price shall not be less than the

aggregate par value of the Class A Common Stock and other shares purchased or being purchased (the "Exercise Price"), subject to the terms and conditions hereinbelow provided. Each exercise made hereunder must be of a minimum of the lesser of 100 shares of Class A Common Stock and all of the remaining Stock covered by this Warrant.

This Warrant is one of the Warrants originally issued pursuant to the Warrant Agreement dated as of January 31, 1992, between Issuer and Boise Cascade Corporation.

SECTION 1. Certain Definitions. (a) Each capitalized term used herein without definition shall have the meaning ascribed thereto (or incorporated by reference) in the Warrant Agreement (as hereinafter defined).

(b) As used in this Warrant, unless the context otherwise requires:

"Additional Shares of Common Stock" shall mean all shares (including treasury shares) of Common Stock issued or sold by Issuer on or after the date hereof, other than (i) the Warrant Stock and Common Stock issuable pursuant to any warrants repurchased by Issuer pursuant to Section 6 of the Warrant Agreement, (ii) the shares of Common Stock which may be issued pursuant to the Other Equity Securities (whether issuable immediately or upon the arrival of a specified date or the occurrence of a specified event), (iii) shares purchased by Holder pursuant to the exercise of preemptive rights pursuant to Section 9.08 of the Warrant Agreement, (iv) shares purchased by Holder upon the exercise of preemptive rights pursuant to Section 9.08 of the Warrant Agreement, and (v) the shares of Common stock described as being issued and outstanding in Section 3.07 of the Warrant Agreement.

"Current Market Price", per share of Common Stock, for the purposes of any provision of this Warrant at the date herein specified, shall be deemed to be the Fair Market Value per share of Common Stock, as reasonably determined by the Board, or if there shall be a public market for the Common Stock, the average of the daily market prices for each day during the 30 consecutive trading days commencing 45 trading days before such date as of which such a price can be established in the manner set forth below. The market price for each such trading day shall be the last sale price on such day as reported in the Consolidated Last Sale Reporting System or as quoted in the National Association of Securities Dealers Automated Quotation System, or if such last sale price is not available, the average of the closing bid and asked prices as reported in either such system, or in any other case the higher bid price quoted for such day as reported by The Wall Street Journal and the National Quotation Bureau pink sheets.

"Current Warrant Price", for the purpose of any provision of this Warrant, shall mean the amount payable per share of Common Stock equal to the quotient resulting from dividing the total Exercise Price in effect on such date required to be paid upon exercise of the Warrant in full by the total number of shares (including any fractional share) of Common Stock on such date.

"Exercise Notice" shall have the meaning set forth in Section 2.

"Exercise Price" shall have the meaning set forth at the head of this Warrant.

"Expiration Date" shall have the meaning set forth at the head of this Warrant, as extended under Section 6.03.

"Holder" shall mean the registered holder of this Warrant.

"include" and "including" shall be construed as if followed by the phrase ", without being limited to,".

"Issuer" shall have the meaning set forth at the head of this Warrant.

"Warrant Agreement" shall mean the Warrant Agreement dated as of January 31, 1992, between Issuer and Boise Cascade Corporation, as such Warrant Agreement shall be modified and supplemented and in effect from time to time.

"Warrants" shall mean the Warrants originally issued by Issuer pursuant to the Warrant Agreement, evidencing rights to purchase up to an aggregate of 23,129 shares of Class A Common Stock, and all Warrants issued upon transfer, division or combination of, or in substitution for, any thereof. All Warrants shall at all times be identical as to terms and conditions, except as to the number of shares of Common Stock for which they may be exercised. The Warrants shall at all times be dated as of their respective dates of original issuance.

"Warrant Holder" shall mean any Person who acquires Warrants or Warrant Stock pursuant to the provisions of the Warrant Agreement, including any transferees of Warrants or Warrant Stock.

SECTION 2. Exercise of Warrant. On and after January 31, 1993, and until 5:00 p.m., Chicago time, on the Expiration Date, Holder may exercise this Warrant, on one or more occasions, on any Business Day, in whole or in part, by delivering to Issuer, at its office maintained for such purpose pursuant to Section 11.01, (a) a written notice of Holder's election to exercise this Warrant, which notice shall specify the number of shares of Common Stock to be purchased (the "Exercise Notice"), (b) this Warrant, and (c) a certified or bank check or checks payable to Issuer in an aggregate amount equal to the aggregate Exercise Price for the number of shares of Common Stock as to which this Warrant is being

exercised (or a wire transfer of funds in that amount into a bank account designated by Issuer). Such Exercise Notice may be substantially in the form of Annex A hereto. Upon receipt thereof, Issuer shall, as promptly as practicable and in any event within 10 Business Days thereafter, execute or cause to be executed and deliver or cause to be delivered to Holder a stock certificate or certificates representing the aggregate number of shares of Warrant Stock and other securities issuable upon such exercise and any other property to which such Holder is entitled. Notwithstanding the foregoing, an exercise of this Warrant may be deferred for such period of time as may be needed to effect a redemption by Issuer of any outstanding Class B Preferred Stock of Issuer and a redemption of said Warrant in accordance with Section 6 of this Warrant. To defer a Warrant exercise, Issuer shall notify Holder in writing, within 10 Business Days after receipt of the Exercise Notice, of the Issuer's election to effect said redemption of outstanding Class B Preferred Stock and the redemption of said Warrant shall be completed within 20 days after receipt of said Exercise Notice.

The stock certificate or certificates for Warrant Stock delivered upon exercise of this Warrant shall be in such denominations as may be specified in the Exercise Notice and shall be registered in the name of Holder or such other name or names as shall be designated in such Exercise Notice. Such stock certificate or certificates shall be deemed to have been issued and Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such shares, including, to the extent permitted by law, the right to vote such shares or to consent or to receive notice as a Stockholder, as of the date on which the last to occur of the delivery of the Exercise Notice, payment of the Exercise Price and surrender of this Warrant and all taxes required to be paid by Holder, if any, pursuant to Section 9 hereof, prior to the issuance of such shares have been paid; providing that the Warrant is not redeemed as provided for in this Section 2. If this Warrant shall have been exercised only in part, Issuer shall, at the time of delivery of the certificate or certificates representing Warrant Stock and other securities,

execute and deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Common Stock called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant, or, at the request of Holder, appropriate notation may be made on this Warrant and the same returned to Holder.

All shares of Common Stock issuable upon the exercises of this Warrant shall, upon payment therefore in accordance herewith, be duly and validly issued, fully paid and nonassessable and free and clear of any Liens.

Issuer shall not be required to issue a fractional share of Common Stock upon exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, Issuer shall pay a cash adjustment in respect of such final fraction in an amount equal to the same fraction of the Current Market Price per share of Common Stock on the date of exercise.

SECTION 3. Transfer, Division and Combination. Subject to Section 11.03, transfer of this Warrant and all rights hereunder, in whole or in part, shall be registered on the books of Issuer to be maintained for such purpose, upon surrender of this Warrant at the office of Issuer maintained for such purpose pursuant to Section 11.01, together with a written assignment of this Warrant, substantially in the form of Annex B hereto, duly executed by Holder or its agent or attorney and payment of funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, Issuer shall, subject to Section 11.03 and the immediately following sentence, (a) execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, (b) issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned and (c) promptly cancel this Warrant. If and when this Warrant is assigned in blank (in case the restrictions on transferability referred to in Section 11.03 shall have been terminated), Issuer may (but shall not be obliged to) treat the bearer hereof as the absolute owner of this Warrant for all purposes and Issuer shall not be affected by any notice to the contrary. This Warrant, if properly assigned in compliance with this Section 3 and Section 11.03, may be exercised by an assignee for the purchase of shares of Common Stock without having a new Warrant or Warrants issued. Notwithstanding any provision herein to the contrary, Issuer shall not be required to register the transfer of Warrants or Warrant Stock in the name of any Person who acquired this Warrant (or part hereof) or any Warrant Stock otherwise than in accordance with this Warrant and the Warrant Agreement.

Issuer shall maintain at its aforesaid office books for the registration and transfer of the Warrants.

SECTION 4. Adjustment of Stock. The number of shares of Common Stock which may be purchased upon exercise of this Warrant shall be subject to adjustment from time to time as set forth in this Section 4. Issuer shall not take any action with respect to its Common Stock of any class requiring an adjustment pursuant to any of Sections 4.01, 4.07 or 5 without at the same time taking

like action with respect to its Common Stock of each other class, and Issuer shall not create any class of Common Stock which carries any rights to dividends or assets differing in any respect from the rights of the Common Stock on the date hereof. Any adjustment required hereunder shall be made simultaneously with adjustments required under the Chase Warrant. The total price payable for the purchase of the increased or decreased number of shares purchasable shall remain the same, and the per share price shall be proportionately decreased or

increased.

4.01 Stock Dividends, Subdivisions and Combinations. If at any time Issuer shall:

(a) take a record of the holders of its Common stock for the purpose of entitling them to receive a dividend payable in, or other distribution of, Additional Shares of Common Stock, or

(b) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, or

(c) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock,

then the shares of Common Stock purchasable hereunder immediately after the occurrence of any such event shall be adjusted to equal the number of shares of Common Stock which a record holder of the number of shares of Common Stock purchasable hereunder immediately prior to the happening of such even would own or be entitled to receive after the happening of such event.

4.02 Issuance of Additional Shares of Common stock. If at any time Issuer shall (except as hereinafter provided) issue or sell any Additional Shares of Common Stock in exchange for consideration in an amount per Additional Share of Common Stock less than the Current Market Price at the time the Additional Shares of Common Stock are issued, then the number of shares of Common Stock thereafter shall be adjusted to that number determined by multiplying the number of shares of Common Stock immediately prior to such adjustment by a fraction (a) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus the number of such Additional Shares of Common Stock so issued, and (b) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares of Common Stock plus the number of shares of Common Stock which the aggregate consideration for the total number of such Additional Shares of Common Stock so issued would purchase at the Current Market Price. For purposes of

this Section 4.02, the date as of which the Current Market Price shall be computed shall be the earlier of (i) the date on which Issuer shall enter into a firm contract for the issuance of such Additional Shares of Common Stock and (ii) the date of actual issuance of such Additional Shares of Common Stock. Subject to Section 4.05, no further adjustment of the number of shares of Common Stock purchasable hereunder shall be made under this Section 4.02 upon the issuance of any Additional Shares of Common Stock:

(a) for which an adjustment is provided under Section 4.01;

(b) which are issued pursuant to the exercise of any Options or the conversion, exchange or exercise of any Convertible Securities, if any such adjustment shall previously have been made upon the issuance of such Options or Convertible Securities (or upon the issuance of any Option therefor) pursuant to Section 4.03 or 4.04; or

(c) as a distribution or a dividend which is distributed or declared and paid in accordance with Section 5.02.

(d) pursuant to the Transition Services Agreement dated as of January 31, 1992 among Boise Cascade Corporation ("Boise Cascade"), Boise Cascade Office Products Corporation ("BCOP"), Associated Stationers, Inc. ("Stationers") and Issuer, providing among other things for the possible issuance of Common Stock of Issuer to Boise Cascade in consideration of the deferment of liabilities and making of cash flow support payments to Stationers under the Transition Services Agreement; or

(e) which are deemed to be issued as the result of an anti-dilution adjustment with respect to any Option or Convertible Security or the adjustment

made to the Chase Warrants pursuant to the last sentence of Section 4.02 of the Chase Warrant.

4.03 Issuance of Options. If at any time Issuer shall issue or sell, or shall fix a record date for the determination of holders of any class of securities entitled to receive, any Options for any Additional Shares of Common Stock or any Convertible Securities, whether or not the rights to purchase thereunder are immediately exercisable, then the number of shares of Common Stock purchasable hereunder shall be adjusted as provided in Section 4.01 on the basis that (a) the maximum number of Additional Shares of Common Stock issuable pursuant to all such Options or necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued as of (and, accordingly, the date as of which the Current Market Price shall be

computed shall be) the computation date specified in the penultimate sentence of this Section 4.03, and (b) the aggregate consideration for such maximum number of Additional Shares of Common Stock shall be zero. For purposes of this Section 4.03, the computation date of for clause (a) above shall be the earlier of (i) the date on which issuer shall take a record of the holders of its Common Stock for the purpose of entitling them to receive any such Options and (ii) the date on which Issuer shall enter into a firm contract for the issuance of such Options. No further adjustment of the share of Common Stock purchasable hereunder shall be made under this Section 4.03 upon the issuance of any Options to subscribe for or purchase any Additional Shares of Common Stock or any Convertible Securities as a distribution or a dividend which is distributed or declared and paid in accordance with Section 5.02. Notwithstanding the foregoing, any issuance of an Option which is issued together with a debt security of Issuer, as a Unit, shall be treated for the purpose of this Section 4 as the issuance of a Convertible Security.

4.04 Issuance of Convertible Securities. If at any time Issuer shall issue or sell any Convertible Securities, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the cash received by Issuer in payment for such Convertible Securities shall be less than the Convertible Security Value thereof, then the shares of Common Stock thereafter purchasable hereunder shall be increased to a number of shares of Common Stock having a value immediately following the computation date (as established below) equal to the value of the shares purchasable hereunder immediately before such increase. For this purpose, the value before the increase will be the Fair Market Value of the Common Stock as reasonably determined by the Board on the basis set forth in the first paragraph of the definition thereof (without reference to the appraisal procedure referred to therein) divided by the number of shares of Common Stock outstanding on a fully diluted basis as determined under the Warrant Agreement, and the value immediately following the computation date shall be the foregoing value, except that the numerator shall be the Fair Market Value plus the cash amount paid to the Issuer for such Convertible Securities, less the Convertible Security Value of such Convertible Securities on issuance. For purposes of this Section 4.04, the computation date for clause (a) above shall be the earliest of (i) the date on which Issuer shall take a record of the holders of its Common Stock for the purpose of entitling them to receive any such Convertible Securities, (ii) the date on which Issuer shall enter into a firm contract for the issuance of such Convertible Securities, and (iii) the date of actual issuance of such Convertible Securities. No further adjustment of the shares of Common stock purchasable hereunder

shall be made under this Section 4.04 upon the issuance of any Convertible Securities:

(a) which are issued pursuant to the exercise of any Option therefor, if any such adjustment shall previously have been made upon the issuance of such Option pursuant to Section 4.03; or

(b) as a distribution or a dividend which is distributed or declared and paid in accordance with Section 5.02.

4.05 Superseding Adjustment. If, at any time after any adjustment of the shares of Common Stock shall have been made pursuant to Section 4.03 or 4.04 as a result of the issuance of Options or Convertible Securities, or after any new adjustment of the shares of Common Stock purchasable hereunder shall have been made pursuant to this Section 4.05, (a) such Options or the right of conversion, exchange or exercise of such Convertible Securities shall expire, and all or a portion of such Options or the right of conversion, exchange or exercise with respect to all or a portion of such Convertible Securities, as the case may be, shall not have been exercised or treated as having been exercised or otherwise cancelled or acquired by the Issuer in connection with any settlement including, without limitation, any cash settlement, of such Options or the rights of conversion, or exchange or exercise of such Convertible Securities, or (b) there has been any change in the number of shares issuable upon exercise, conversion or exchange of such Options or Convertible Securities (including as a result of the operation of anti-dilution provisions applicable thereto), or a (c) the consideration per share, for which Additional Shares of Common Stock are issuable pursuant to such Options or the terms of any Convertible Securities, or the maturity of any such Convertible Security, shall be changed, then such previous adjustment shall be rescinded and annulled and the Additional Shares of Common Stock which were deemed to have been issued by virtue of the computation made in connection with the adjustment so rescinded and annulled shall no longer be deemed to have been issued by virtue of such computation. Thereupon, a recomputation shall be made of the effect of such Options or Convertible Securities on the basis of

(i) treating the number of Additional Shares of Common Stock, if any, theretofore actually issued or issuable pursuant to the previous exercise of such Options or such right of conversion or exchange, as having been issued on the date or dates of such issuance as determined for the purposes of such previous adjustment and for the consideration actually received and receivable therefor,

(ii) treating the maximum number of Additional Shares of Common Stock (A) issuable pursuant to all Options which then remain outstanding and (B) necessary to effect the conversion or exchange of all Convertible Securities which then remain outstanding, as having been issued, and

(iii) making the computations called for in Section 4.04 on the basis of the revised terms of such Convertible Securities as if newly issued at the time of such revision,

and, if and to the extent called for by the foregoing provisions of this Section 4 on the basis aforesaid, a new adjustment of the number of shares of Common Stock purchasable hereunder shall be made, and such new adjustment shall supersede the previous adjustment so rescinded and annulled.

4.06 Other Provisions Applicable to Adjustments Under this Section 4. The following provisions shall be applicable to the making of adjustments of Common Stock purchasable hereunder hereinbefore provided for in this Section 4:

(a) Computation of Consideration. To the extent that any Additional Shares of Common Stock or any Convertible Securities shall be issued for a cash consideration, the consideration received by Issuer therefor shall be deemed to be the amount of cash received by Issuer therefor, or, if such Additional Shares of Common Stock or Convertible Securities are offered by issuer for subscription, the subscription price, or, if such Additional Shares of Common Stock or Convertible Securities are sold to underwriters or dealers for public offering without a subscription offering, the initial

public offering price, in any such case excluding any amounts paid or receivable for accrued interest or accrued dividends and without deduction of any reasonable compensation, discounts or expenses paid for incurred by Issuer for and in the underwriting of, or other-incurred by Issuer for and in the underwriting of, or otherwise in connection with, the issue thereof. To the extent that such issuance shall be forma consideration other than cash, then, except as herein otherwise expressly provided, the amount of such consideration at the time of such issuance, as reasonably determined by the Board. The consideration for any Additional Shares of Common Stock issuable pursuant to any Options to subscribe for or purchase the same shall be zero. The consideration for any Additional Shares of Common Stock issuable pursuant to the terms of any Convertible Securities shall be the cash consideration paid or payable to Issuer in respect of the subscription for or purchase of such Convertible Securities.

In case of the issuance at any time of any Additional Shares of Common Stock in payment or satisfaction of any dividend upon any class of stock other than Common Stock, Issuer shall be deemed to have received for such Additional Shares of Common Stock a consideration equal to the amount of such dividend so paid or satisfied.

(b) When Adjustments to be Made. The adjustments required by this Section 4 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that any adjustment of the shares of Common Stock purchasable hereunder that would otherwise be required may be postponed (except in the case of a subdivision or combination of shares of the Common Stock, as provided for in Section 4.01) up to but not beyond the date of exercise if such adjustment either by itself or with other adjustments not previously made adds or subtracts less than both (i) 1/20th of a share to or from the shares of Common Stock purchasable hereunder immediately prior to the making of such adjustment and (ii) 5% of the number of shares of Common Stock. Any adjustment representing a change of less than such minimum amount (except as aforesaid) shall be carried forward and made as soon as such adjustment, together with other adjustments required by this Section 4 and not previously made, would result in a minimum adjustment on the date of exercise. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(c) Fractional Interests. In computing adjustments under this Section 4, fractional interests in Common Stock shall be taken into account to the nearest one-thousandth of a share.

(d) When Adjustment Not Required. If Issuer shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights and shall, thereafter and before the distribution thereof to stockholders, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

4.07 Other Dilutive Events. In case any event shall occur, affecting Section the Subsidiaries or any Person in which Issuer or any Subsidiary has a direct or indirect Investment, as to which the

provisions of Section 4 or Section 5 are not strictly applicable but the failure to make any adjustment would not fairly protect the purchase rights represented by this Warrant in accordance with the essential intent and principles of such sections then, in each such case, Issuer shall appoint a firm of independent

public accountants of recognized national standing (which may be the regular auditors of Issuer), which shall give their opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles established in Section 4 and 5, necessary to preserve, without dilution, the purchase rights represented by this Warrant. Without limiting the generality of the foregoing, Issuer acknowledges that issuance of any equity security by any Subsidiary or Person in which Issuer has a direct or indirect Investment to any Person other than Issuer or a Wholly-Owned Subsidiary or sale of existing equity securities or Subsidiaries or investees by Issuer or any Subsidiary for a price less than the fair value thereof, and acquisition of less than 100% of the equity interest in a Person for a price greater than the Fair Market Value thereof, would be such events. Upon receipt of such opinion, Issuer will promptly mail a copy thereof to Holder and shall make the adjustments described therein.

SECTION 5. Consolidation, Merger, Share Exchange, etc.; Distributions.

5.01 Consolidation, Merger, Share Exchange, etc. In case a consolidation, merger or share exchange of Issuer shall be effected with another Person on or after the date hereof, or the sale, lease or transfer of all or a majority of its assets to another Person shall be effected on or after the date hereof, then, as a condition of such consolidation, merger, share exchange, sale, lease or transfer, lawful and adequate provision shall be made whereby Holder shall thereafter have the right to purchase and receive upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore purchasable and receivable upon the exercise of each of the Warrants, such shares of stock, securities, cash or other property receivable upon the exercise of each of the Warrants, such shares of stock, securities, cash or other property receivable upon such consolidation, merger, share exchange, sale, lease or transfer by the holder of the shares of Common Stock purchasable hereunder immediately prior to such event. In any such case, appropriate and equitable provision also shall be made with respect to the rights and interests of Holder to the end that the provisions hereof (including Section 4) and of the warrant Agreement and the Registration Rights Agreement shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities, cash or other property thereafter deliverable upon the exercise of

any Warrants. Issuer shall not effect any such consolidation, merger, shares exchange, sale, lease or transfer unless prior to or simultaneously with the consummation thereof the successor Person (if other than Issuer) resulting from such consolidation, merger or share exchange or the Person purchasing, leasing or otherwise acquiring such assets shall assume, by written instrument mailed to Holder at its last address appearing on the books of Issuer, the obligation to deliver to Holder such shares of stock, securities, cash or other property as, in accordance with the foregoing provisions, Holder may be entitled to purchase. The above provisions of this Section 5.01 shall similarly apply to successive consolidations, mergers, share exchanges, sales, leases, leases or transfers.

5.02 Distributions upon Declaration of Dividend or Other Distribution. So long as any Warrants remain outstanding, Issuer shall pay, upon the declaration and payment of any dividend or distribution (whether such dividend or distribution is in the form of cash, debt securities, equity securities or other property) on any class of Common Stock, to Holder the dividend or distribution that such Holder would be otherwise entitled to receive had Holder exercised this Warrant in full immediately prior to the taking of record of those holders of Common Stock entitled to any such dividend or distribution. If such dividend or distribution is in the form of an equity security, Holder will be entitled to receive, at its option, in its stead non-voting equity securities otherwise identical to the equity securities to which Holder is otherwise entitled thereunder. This provision shall not apply to stock dividends of Additional Shares of Common Stock provided, that Issuer adjusts the number of shares of Common Stock purchasable hereunder pursuant to Section 4.01.

A reclassification or recapitalization of the Common Stock shall be deemed a distribution by Issuer to the holders of its Common Stock of such shares of such other class of stock within the meaning of this Section 5.02 and,

if the outstanding shares of Common Stock shall be changed into a larger or smaller number of shares of Common Stock as a part of such reclassification, shall be deemed a subdivision or combination, as the case may be, of the outstanding shares of Common Stock within the meaning of Section 4.01.

5.03 Dilution in Case of Other Securities. In case any Other Securities shall be issued or sold or shall become subject to issue or sale upon the conversion or exchange of any stock (or Other Securities) of Issuer (or any issuer of Other Securities or any other Person referred to in Section 5.01) or to subscription purchase or other acquisition pursuant to any rights, options,

warrants to subscribe for, purchase or otherwise acquire either Additional Shares of Common Stock or securities directly or indirectly convertible into or exchangeable for Additional Shares of Common Stock, issued or granted by the Company (or any such other issuer or Person) for a consideration such as to dilute, on a basis consistent with the standards established in the other provisions of Section 4, the purchase rights granted by this Warrant, then, and in each such case, the computations, adjustments and readjustments provided for in Section 4 with respect to the Stock purchasable hereunder shall be made as nearly as possible in the manner so provided and applied to determine the amount of Other Securities from time to time receivable upon the exercise of the Warrants, so as to protect the Warrant Holders against the effect of such dilution.

SECTION 6. Notice to Warrant Holders.

6.01 Notice of Adjustment of Stock or Exercise Price. Whenever the shares of Common Stock purchasable hereunder shall be adjusted pursuant to Section 4, Issuer shall forthwith obtain a certificate signed by the chief financial officer of Issuer and reasonably acceptable to the Holders of a majority of the Warrants, setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment was calculated (including a description of the basis on which the Board determined the Fair Market Value of Additional Shares of Common Stock issued or sold and, if the consideration therefor was other than cash, a description of how such consideration was valued), specifying the number of shares of Common Stock thereafter purchasable hereunder and (if such adjustment was made pursuant to Section 4.07 or Section 5) describing the number and kind of any other securities purchasable hereunder, and any change in the purchase price or prices thereof, after giving effect to such adjustment or change. Issuer shall promptly, and in any case within 10 days after the making of such adjustment, cause a signed copy of such certificate to be delivered to each Warrant Holder in accordance with Section 11.02. Issuer shall keep at its office or agency, maintained for the purpose pursuant to Section 11.01, copies of all such certificates and cause the same to be available for inspection at said office during normal business hours by any Warrant Holder or any prospective permitted purchaser of a Warrant designated by a Holder thereof. All adjustments set forth in such certificates shall be subject to the reasonable approval of the Majority Warrant Holders.

6.02 Notice of Certain Corporate Action. In case Issuer shall propose (a) to pay any dividend to the holders of its Common Stock or to make any other distribution to the holders of its

Common Stock, or (b) to offer to the holders of its Common Stock rights to subscribe for or to purchase any Additional Shares of Common Stock or shares of stock of any class or any other securities, rights or options, or (c) to effect any reclassification of its Common Stock (other than a reclassification involving only the subdivision, or combination, of outstanding shares of Common stock), or (d) to effect any capital reorganization, or (e) to effect any consolidation, merger, share exchange or sale, lease, transfer or other disposition of all or a major part of its property, assets or business (other than the creation of a Lien pursuant to a Company Permitted Financing), or (f) to effect the liquidation, dissolution or winding up of Issuer, then, in each such case, Issuer shall give to each Warrant Holder, in accordance with Section 11.02, a notice of such proposed action, which shall specify the date on which a record is to be taken for the purposes of such stock dividend, distribution or rights, or the date on which such reclassification, reorganization, consolidation, merger, share exchange, sale, lease, transfer, disposition, liquidation, dissolution or winding up is to take place and the date of participation therein by the holders of Common Stock, if any such date is to be fixed, and shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action on the Common Stock, if any, and the number and kind of any other shares of stock which will thereafter be purchasable hereunder, and the purchase price or prices thereof, after giving effect to the adjustment, if any, which will be required as a result of such action. Such notice shall be so given in the case of any action covered by clause (a) or (b) above at least 20 days prior to the record date for determining holders of the Common Stock for purposes of such action, and in the case of any other such action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Common Stock, whichever shall be the earlier.

6.03 Notice of Expiration Date. Issuer shall give to each Warrant Holder notice of the Expiration Date. Such notice may be given by Issuer not less than 30 days but not more than 60 days prior to the Expiration Date; provided, however, that if Issuer fails to give timely notice, the Expiration Date will be extended to the date which is 30 days after the day on which such notice is given.

SECTION 7. Reservation and Authorization of Common Stock. Issuer shall at all times reserve and keep available for issue upon the exercise or conversion of Warrants such number of its authorized but unissued shares of Common Stock of both classes as will be sufficient to permit the exercise in full of all outstanding Warrants. Issuer shall not amend its certificate of

incorporation in any respect relating to the Common Stock other than to increase or decrease the number of shares of authorized capital stock (subject to the provisions of the preceding sentence) or to decrease the par value of any shares of Common Stock. All shares of Common Stock which shall be so issuable, when issued upon exercise of any Warrant and payment of the applicable Exercise Price therefor in accordance with the terms of this Warrant, shall be duly and validly issued, fully paid and nonassessable and free and clear of any Liens.

Before taking any action which would result in an adjustment in the shares of Common Stock purchasable hereunder or which would cause an adjustment reducing the Current Warrant Price per share of Common Stock below the then par value, if any, of the shares of Common Stock issuable upon exercise of the Warrants, Issuer shall take any corporate action which is necessary in order that Issuer may validly and legally issue fully paid and nonassessable shares of Common Stock free and clear of any Liens upon the exercise of all the Warrants immediately after the taking of such action.

Before taking any action which would result in an adjustment in the shares of Common Stock purchasable hereunder or in the Current Warrant Price per share of Common Stock, Issuer shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

Issuer will list on each national securities exchange on which any Common Stock may at any time be listed, subject to official notice of issuance upon exercise of the Warrants, and will maintain such listing of, all shares of Common Stock from time to time issuable upon the exercise of the Warrants.

Issuer will also so list on each national securities exchange, and will maintain such listing of, any Other Securities if at the time any securities of the same class shall be listed on such national securities exchange by Issuer.

SECTION 8. Taking of Record; Stock and Warrant Transfer Books. (a) In the case of all dividends or other distributions by Issuer to the holders of its Common Stock with respect to which any provision of Section 4 and Section 5.02 refers to the taking of a record of such holders, Issuer shall in each such case take such a record as of the close of business on a Business Day.

(b) Issuer shall not at any time, except upon complete dissolution, liquidation or winding up, close its stock transfer books or Warrant transfer books so as to result in preventing or

delaying the exercise, conversion or transfer of any Warrant, unless otherwise required by any applicable federal, state or local law.

SECTION 9. Expenses, Transfer Taxes and Other Charges. Issuer shall pay any and all expenses, transfer taxes and other charges, including all costs associated with the preparation, issue and delivery of stock or warrant certificates, that are incurred in respect of the issuance or delivery of shares of Common Stock upon exercise or conversion of this Warrant pursuant to Section 2, or in connection with any transfer, division or combination of Warrants pursuant to Section 3. Issuer shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which this Warrant is registered, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to Issuer the amount of any such tax, or has established, to the satisfaction of Issuer, that such tax has been paid.

SECTION 10. No Voting Rights. This Warrant shall not entitle Holder to any voting or other rights as a stockholder of Issuer.

SECTION 11. Miscellaneous.

11.01 Office of Issuer. So long as any of the Warrants remains outstanding, Issuer shall maintain an office in the continental United States of America where the Warrants may be presented for exercise, transfer, division or combination as in this Warrant provided. Such office shall be at Associated Holdings, Inc., 1075 Hawthorne Drive, Itasca, IL 60143, unless and until Issuer shall designate and maintain some other office for such purposes and give notice thereof to all Warrant Holders.

11.02 Notices Generally. Any notices and other communications pursuant to the provisions hereof shall be sent in accordance with Section 10.02 of the Warrant Agreement.

11.03 Restrictions on Transferability. The Warrants and the Warrant Stock

shall be transferable only upon compliance with the conditions specified in Section 4 of the Warrant Agreement and the Registration Rights Agreement therein referred to, which conditions are intended to ensure compliance with the provisions of the Securities Act in respect of the transfer of any Warrant or any Warrant Stock, and any Holder shall be bound by the provisions of

(and entitled to the benefits of) said Section 4 and said Registration Rights Agreement.

11.04 Governing Law. This Warrant shall be governed by, and construed in accordance with, the law of the State of Illinois without giving effect to conflicts of law principles thereof, except to the extent that Illinois conflicts of laws principles would apply the General Corporation Law of the State of Delaware to matters relating to corporations incorporated thereunder.

11.05 Limitation of Liability. No provision hereof, in the absence of affirmative action by Holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the Exercise Price or as a stockholder of Issuer, whether such liability is asserted by Issuer, by any creditor of Issuer or any other Person.

11.06 Fair Market Value Determinations by the Board. Whenever the Board determines fair market value or Convertible Security Value, or a firm of independent public accounts opines as to an adjustment pursuant to Section 4.07, any such determination or opinion shall be subject to the reasonable approval of the Majority Warrant Holders.

SECTION 12. Conversion of Warrants. On and after the date hereof and prior to the Expiration Date, this Warrant may be converted, in whole or in part, at the option of the Hoder, into the number of shares of Common Stock equal to the product of (a) the number of shares of Common Stock purchasable hereunder at the time of such conversion, times (b) the Current Market Price per share of Common Stock at the time of such conversion minus the Exercise Price of the Warrant at the time of such conversion, divided by (c) the Current Market Price per share of Common Stock at the time of such conversion.

IN WITNESS WHEREOF, Issuer has duly executed this Warrant.

Dated: January 31, 1992

ASSOCIATED HOLDINGS, INC.,

By

Name:
Title:

FORM OF EXERSISE

(To be executed by the registered Holder hereof)

The undersigned registered owner of this Warrant irrevocably exercises this Warrant for the purchase of ____ shares of Common Stock of Associated Holdings, Inc., a Delaware corporation, and herewith makes payment therefor, all at the price and on the terms and conditions specified in this Warrant, and requests that (i) certificates and/or other instruments covering such stock be issued in accordance with the instructions given below and (ii) if such stock shall not include all of the stock to which Holder is entitled under this Warrant, that a new Warrant of like tenor and date for the unpurchased balance of the stock issuable hereunder be delivered to the undersigned.

Dated: _____

_____
(Signature of Registered Holder)

Instructions for issuance and registration of Common Stock:

_____
Name of Registered Holder
(please print)

Social Security or Other Identifying Number: _____

Please deliver certificate to the following address:

_____
Street

_____
City, State and Zip Code

Warrant

FORM OF ASSIGNMENT

(To be executed by the registered Holder hereof)

FOR VALUE RECEIVED the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the assignee named below all the rights of the undersigned under this Warrant with respect to the number of shares of Common Stock covered thereby set forth hereinbelow unto:

Name of Assignee	Address	Number of Shares of Common Stock
- ----------	-------	----------

Dated: _____

_____
Signature of Registered Holder

_____
Name of Registered Holder
(Please Print)

Witness:

_____

Warrant

ASSOCIATED HOLDINGS

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") dated as of January 31, 1992 is made and entered into by and among ASSOCIATED HOLDINGS, INC., a Delaware corporation (the "Issuer"), each party hereto whose name appears on the signature pages hereto (each an "Initial Holder" and collectively the "Initial Holders"), and each other person or entity who may execute this Agreement in the future or who may execute a separate agreement to be bound by the terms hereof (each Initial Holder and each such other person or entity a "Holder", and collectively the "Holders"). Capitalized terms not otherwise defined herein have the meanings set forth in Section 8.

WHEREAS, this Agreement is being executed and delivered by the parties hereto in connection with their purchase of Registrable Securities; and

WHEREAS, in order to induce each such party to purchase Registrable Securities, and as a condition precedent to such purchase, Issuer has agreed to provide the registration rights with respect thereto as set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Requested Registrations.

(a) Registration Requests. From and after the date upon which Issuer
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shall have effected its initial Public Offering, upon the written request of a Holder of at least 20% of the Registrable Securities requesting that Issuer effect a registration under the Securities Act of all or part of such Holder's Registrable Securities and specifying the number of Registrable Securities to be registered and the intended method of disposition thereof (a "Registration Request"), Issuer will promptly, and in no event more than ten (10) Business Days after receipt of such Registration Request, give written notice (a "Notice of Requested Registration") of such request to all other Holders of Registrable Securities, and thereupon will use all commercially reasonable efforts to effect the registration under the Securities Act of:

(A) the Registrable Securities which Issuer has been so requested to register by such Requesting Holder, and

(B) all other Registrable Securities the Holders of which have made written requests to Issuer for registration thereof within twenty (20) days after the giving of the Notice of Requested Registration (which requests shall specify the intended method of disposition thereof),

all to the extent requisite to permit the disposition (in accordance with the intended methods thereof) of the Registrable Securities so to be registered. If requested by the Holders of a majority of the Registrable Securities requested to be included in any Requested Registration, the method of disposition of all Registrable Securities included in such registration shall be an underwritten offering effected in accordance with Section 4(a). Subject to subsection (e)
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below, Issuer may include in such registration other securities for sale for its own account or for the account of any other Person.

(b) Limitations on Requested Registrations.

Notwithstanding anything herein to the contrary, Issuer shall not be required to honor a request for a Requested Registration if:

(i) the consummation of an initial Qualified Public Offering by the Issuer has not yet occurred;

(ii) in the case of a Long-Form Registration, Issuer has previously effected two (2) Effective Long-Form Registrations;

(iii) in the case of a Short-Form Registration, Issuer has previously effected three (3) Effective Short-Form Registrations;

(iv) such request is received by Issuer less than three hundred (300) days following the effective date of any previous registration statement filed in connection with a Requested Registration, regardless of whether any Holder of Registrable Securities exercised its rights under this Agreement with respect to such registration, unless such previous registration constituted a Cutback Registration.

(c) Registration Statement Form. Requested Registrations shall be on such appropriate registration form promulgated by the Commission as shall be selected by Issuer, and shall be reasonably acceptable to the Holders of a majority of the Registrable Securities to which such registration relates, and shall permit the disposition of such Registrable Securities in accordance with the intended method or methods specified in their request for such registration, provided, that such registration form is available under the terms of this Agreement. Notwithstanding the foregoing, if Issuer selects a Form S-3 and the use of such form is available under the terms of this Agreement and is permitted by law, the Holders of a majority of the Registrable Securities to which such registration relates may notify Issuer in writing that, in the judgment of such holders

(or, if applicable, the Managing Underwriter), the inclusion of some or all of the information required in a more detailed form specified in such notice is of material importance to the success of the Public Offering of such Registrable Securities, in which case Issuer shall supplement or amend the Form S-3 to include such information.

(d) Registration Expenses. Issuer will pay all Registration Expenses incurred in connection with any Requested Registration.

(e) Priority in Cutback Registrations. If a Requested Registration becomes a Cutback Registration, Issuer will include in any such registration, to the extent of the number which the Managing Underwriter advises Issuer can be sold in such offering, (i) first, the securities of Issuer proposed to be included in such registration in accordance with the priorities then existing among Issuer and the holders of such securities pursuant to any agreement between such holders and Issuer, including the Other Registration Rights Agreement, (ii) second, any other securities of Issuer, including Registrable Securities, proposed to be included in such registration pro rata among the holders thereof, including the Holders. Any securities excluded from such registration shall be withdrawn from and shall not be included in such Requested Registration.

2. Piggyback Registrations.

(a) Right to Include Registrable Securities. Notwithstanding any limitation contained in Section 1, if Issuer at any time proposes after the date hereof to effect a Piggyback Registration, it will each such time give prompt written notice (a "Notice of Piggyback Registration") to all Holders of Registrable Securities of its intention to do so and of such Holders' rights under this Section 2, which Notice of Piggyback Registration shall include a

description of the intended method of disposition of such securities. Upon the written request of any such Holder made within fifteen (15) days after receipt of a Notice of Piggyback Registration (which request shall specify the Registrable Securities intended to be disposed of by such holder and the intended method of disposition thereof), Issuer will use all commercially reasonable efforts to include in the registration statement relating to such Piggyback Registration all Registrable Securities which Issuer has been so requested to register. Notwithstanding the foregoing, if, at any time after giving a Notice of Piggyback Registration and prior to the effective date of the registration statement filed in connection with such registration, Issuer shall determine for any reason not to register or to delay registration of such securities, Issuer may, at its election, give written notice of such determination to each holder of Registrable Securities and, thereupon, (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the

Registration Expenses in connection therewith), without prejudice, however, to the rights of any Requesting Holder entitled to do so to request that such registration be effected as a Requested Registration under Section 1, and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities for the same period as the delay in registering such other securities. No registration effected under this Section 2 shall relieve Issuer of its obligations to effect a Requested Registration under Section 1.

(b) Registration Expenses. Issuer will pay all Registration Expenses incurred in connection with each Piggyback Registration.

(c) Priority in Cutback Registrations. If a Piggyback Registration becomes a Cutback Registration, Issuer will include in such registration to the extent of the amount of the securities which the Managing Underwriter advises Issuer can be sold in such offering:

(i) if such registration involves a primary offering of Issuer's securities, (x) first, the securities proposed by Issuer to be sold for its own account, and (y) second any other securities of Issuer, including Registrable Securities, proposed to be included in such registration pro rata among the holders thereof, including the Holders; and

(ii) if such registration does not involve a primary offering, (X) first, any securities of Issuer proposed to be included in such registration in accordance with the priorities then existing among Issuer and such holders thereof pursuant to any agreement between such holders and Issuer, including securities under the Other Registration Rights Agreement, and (y) second, any other securities of Issuer to be included in such registration shall be allocated among the holders thereof pro rata on the basis of the number of securities, including Registrable Securities, requested to be included by such holders, including the Holders.

Any securities excluded from such registration shall be withdrawn from and shall not be included in such Piggyback Registration.

3. Registration Procedures. If and whenever Issuer is required to use all commercially reasonable efforts to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 1 or Section 2, Issuer will use all commercially reasonable efforts to effect the registration and sale of such Registrable Securities in accordance with the intended methods of disposition thereof specified by the Requesting Holders. Without limiting the foregoing, Issuer in each such case will, as expeditiously

as possible:

(a) prepare and file with the Commission the requisite registration statement to effect such registration and use

commercially reasonable efforts to cause such registration statement to become effective as soon as practicable, provided that as far in advance as practical
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before filing such registration statement or any amendment or supplement thereto, Issuer will furnish to the Requesting Holders copies of reasonably complete drafts of all such documents proposed to be filed (including exhibits);

(b) prepare and file with the Commission such amendments and supplements to such registration statement and any prospectus used in connection therewith as may be necessary to maintain the effectiveness of such registration statement and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement, in accordance with the intended methods of disposition thereof, until the earlier of (i) such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement and (ii) two hundred and seventy (270) days after such registration statement becomes effective;

(c) promptly notify each Requesting Holder and the underwriter or underwriters, if any:

(i) when such registration statement or any prospectus used in connection therewith, or any amendment or supplement thereto, has been filed and, with respect to such registration statement or any post effective amendment thereto, when the same has become effective;

(ii) of any written request by the Commission for amendments or supplements to such registration statement or prospectus;

(iii) of the notification to Issuer by the Commission of its initiation of any proceeding with respect to the issuance by the Commission of, or of the issuance by the Commission of, any stop order suspending the effectiveness of such registration statement; and

(iv) of the receipt by Issuer of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction;

(d) furnish to each seller of Registrable Securities covered by such registration statement such number of conformed copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits and documents incorporated by reference), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 promulgated under the

Securities Act relating to such holder's Registrable Securities, and such other documents, as such seller may reasonably request to facilitate the disposition of its Registrable Securities;

(e) use all commercially reasonable efforts to register or qualify all Registrable Securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as each holder thereof shall reasonably request, to keep such registration or qualification in effect for so long as such registration statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in such jurisdictions, of the Registrable Securities owned by such Holder, except that Issuer shall not for any such purpose be required (i) to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this paragraph (e)
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be obligated to be so qualified, (ii) to subject itself to taxation in any such jurisdiction or (iii) to consent to general service of process in any jurisdiction;

(f) use all commercially reasonable efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary

to enable each Holder thereof to consummate the disposition of such Registrable Securities;

(g) upon the request of (a) the Managing Underwriter, or (b) those Requesting Holders who hold at least a majority of the Registrable Securities to be included in a Requested Registration, effect a stock split in respect of the Common Stock by means of a stock dividend on the Common Stock or a subdivision of the Common Stock, or a combination of the Common Stock, such stock split or combination to be in form, scope and substance satisfactory to the Managing Underwriter or such Requesting Holders, as the case may be;

(h) use all commercially reasonable efforts to obtain a comfort letter or comfort letters from the Issuer's independent public accountants in customary form and covering such maters of the type customarily covered by comfort letters as the Requesting Holders who hold at least a majority of the Registrable Securities to be included in a Requesting Registration or the Managing Underwriter reasonably request;

(i) notify each holder of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which any prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at

the request of any such holder promptly prepare and furnish to such holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading:

(j) otherwise use all commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its securityholders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first full calendar month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(k) make available for inspection by any Requesting Holder, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of Issuer (collectively, the "Records") as shall be reasonably necessary to enable them to exercise any due diligence responsibility, and cause Issuer's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such registration statement, and permit the Inspectors to participate in the preparation of such registration statement and any prospectus contained herein and any amendment or supplement thereto.

(l) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement; and

(m) use all commercially reasonable efforts to cause all Registrable Securities covered by such registration statement to be listed, upon official notice of issuance, on any securities exchange on which any of the securities of the same class as the Registrable Securities are then listed.

Issuer may require each Holder of Registrable Securities as to which any registration is being effected to, and each such Holder, as a condition to including Registrable Securities in such registration, shall, furnish Issuer with such information and affidavits regarding such Holder and the distribution of such securities as Issuer may from time to time reasonably request in writing in connection with such registration; provided, however, that Issuer will not

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file any registration statement under the Securities Act which refers to any Holder of any Registrable Securities by name or otherwise as the Holder of any securities of

Issuer, unless it shall first have given to such Holder the right to require (a
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the insertion therein of language, in form and substance satisfactory to such Holder, to the effect that the holding by such Holder of such securities does not make such holder a "controlling person" of Issuer within the meaning of the Securities Act and is not to be construed as a recommendation by such holder of the investment quality of the Issuer's debt or equity securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of Issuer, or (b) in the event that such reference
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to such Holder by name or otherwise is not required by the Securities Act or any rules and regulations promulgated thereunder, the deletion of the reference to such Holder; provided that such Holder shall furnish to Issuer an opinion of counsel reasonably acceptable to Issuer to such effect.

Each Holder of Registrable Securities agrees by acquisition of such Registrable Securities that upon receipt of any notice from Issuer of the happening of any event of the kind described in paragraph (b), such Holder will
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forthwith discontinue such Holder's disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (b) and, if so directed by Issuer, will
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deliver to Issuer (at Issuer's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. In the event Issuer shall give any such notice, the period referred to in paragraph (b)
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shall be extended by a number of days equal to the number of days during the period from and including the giving of notice pursuant to paragraph (c) and to
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and including the date when each Holder of any Registrable Securities covered by such registration statement shall receive the copies of the supplemented or amended prospectus contemplated by paragraph (b).
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4. Underwritten Offerings.

(a) Underwritten Requested Offerings. In the case of any
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underwritten Public Offering being effected pursuant to a Requested Registration, the Managing Underwriter and any other underwriter or underwriters with respect to such offering shall be selected, after consultation with Issuer, by the Holders of a majority of the Registrable Securities to be included in such underwritten offering with the consent of Issuer, which consent shall not be unreasonably withheld. Issuer shall enter into an underwriting agreement in customary form with such underwriter or underwriters, which shall include, among other provisions, indemnities to the effect and to the extent provided in Section 6. The Holders of Registrable Securities to be distributed by such
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underwriters shall be parties to such underwriting agreement and may, at their option (if permitted by the underwriters), require that any or all of the representations and warranties by, and the other agreements on the part of, Issuer to and for the benefit of

such underwriters also be made to and for their benefit and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also be conditions precedent to their obligations. No Holder of Registrable Securities shall be required to make any representations or warranties to or agreements with Issuer or the underwriters other than representations, warranties or agreements regarding such Holder and its ownership of the securities being registered on its behalf and such Holder's intended method of distribution and any other representation required by law. No Requesting Holder may participate in such underwritten offering unless such Holder agrees to sell its Registrable Securities on the basis provided in such underwriting agreement and completes and executes all questionnaires, powers of attorney, indemnities and other documents reasonably required under the terms of such underwriting agreement. If any Requesting Holder disapproves of the terms of an underwriting, such Holder may elect to withdraw therefrom and from such registration by notice to Issuer and the Managing Underwriter, and each of the remaining Requesting Holders shall be entitled to increase the number of Registrable Securities being registered to the extent of the Registrable Securities so withdrawn in the proportion which the number of Registrable Securities being registered by such remaining Requesting Holder bears to the total number of Registrable Securities being registered by all such remaining

Requesting Holders.

(b) Underwritten Piggyback Offerings. If Issuer at any time proposes to register any of its securities in a Piggyback Registration and such securities are to be distributed by or through one or more underwriters, Issuer will, subject to the provisions of Section 2(c), use its all commercially reasonable efforts to arrange for such underwriters to include the Registrable Securities to be offered and sold by Requesting Holders among the securities to be distributed by such underwriters, and such Holders shall be obligated to sell their Registrable Securities in such Piggyback Registration through such underwriters on the same terms and conditions as apply to the other Issuer securities to be sold by such underwriters in connection with such Piggyback Registration. The holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between Issuer and such underwriter or underwriters and may, at their option (if permitted by the underwriters), require that any or all of the representations and warranties by, and the other agreements on the part of, Issuer to and for the benefit of such underwriters also be made to and for their benefit and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also be conditions precedent to their obligations. No Requesting Holder may participate in such underwritten offering unless such Holder agrees to sell its Registrable Securities on the basis provided in such underwriting agreement and completes and executes all questionnaires, powers of attorney, indemnities and other documents reasonably required under the terms of such underwriting agreement. If any Requesting

Holder disapproves of the terms of an underwriting, such Holder may elect to withdraw therefrom and from such registration by notice to Issuer and the Managing Underwriter, and each of the remaining Requesting Holders shall be entitled to increase the number of Registrable Securities being registered to the extent of the Registrable Securities so withdrawn in the proportion which the number of Registrable Securities being registered by such remaining Requesting Holder bears to the total number of Registrable Securities being registered by all such remaining Requesting Holders.

5. Holdback Agreements By Issuer and Other Securityholders and Right to Defer Filing.

(a) Holdbacks. Unless the Managing Underwriter otherwise agrees, Issuer and each Holder of Registrable Securities agrees not to effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the fourteen (14) days prior to and the one hundred and eighty (180) days after the effective date of the registration statement filed in connection with an underwritten offering made pursuant to a Requested Registration (or for such shorter period of time as is sufficient and appropriate, in the opinion of the Managing Underwriter, in order to complete the sale and distribution of the securities included in such registration), except as part of such underwritten registration and except pursuant to registrations on Form S-4 or Form S-8 promulgated by the Commission or any successor or similar forms thereto.

(b) Deferral of Filing. The Issuer may defer the filing of a registration statement required by Section 1 hereunder for a period of 180 days if (i) at the time the Issuer receives a Registration Request, the Issuer or any of its subsidiaries are engaged in confidential negotiations or other confidential business activities, disclosure of which would be required in such registration statement (but would not be required if such registration statement were not filed), and the Board of Directors of the Issuer determines in good faith that such disclosure would be materially detrimental to the Issuer and its stockholders, or (ii) Issuer had received, prior to receiving the Registration Request, a request to register securities of the Issuer from a different holder thereof having priority as to registration over the Holders of Registrable Securities (a "preferred request") and is proceeding with reasonable diligence to comply with the preferred request, or (iii) prior to receiving the Registration Request, the Board of Directors had determined to effect a registered underwritten public offering of the Issuer's equity securities for the Issuer's account and the Issuer had taken substantial steps (including, without limitation, selecting and entering into a letter of intent with the managing underwriter for such offering) and is proceeding with reasonable diligence to effect such offering. A deferral of the filing of a registration statement pursuant to this Section 5(b) shall be lifted, and the

requested registration statement shall be filed forthwith, if, in the case of a deferral pursuant to clause (i) of the preceding sentence, the negotiations or other activities are disclosed or terminated, or, in the case of a deferral pursuant to clause (ii) of the preceding sentence, the preferred request is withdrawn, or in the case of a deferral pursuant to clause (iii) of the preceding sentence, the proposed registration for the Issuer's account is abandoned. In order to defer the filing of a registration statement pursuant to this Section 5(b), the Issuer shall promptly, upon determining to seek such deferral, deliver to each Requesting Holder a certificate signed by the President of the Issuer stating that the Issuer is deferring such filing pursuant to this Section 5(b) and the basis therefor in reasonable detail. Within 20 days after receiving such certificate the Holders of a majority of the Registrable Securities held by the Requesting Holders and for which registration was previously requested may withdraw such request by giving notice to the Issuer. If withdrawn, the Registration Request shall be deemed not to have been made for all purposes of this Agreement.

6. Indemnification.

(a) Indemnification by Issuer. Issuer shall, to the full extent
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permitted by law, indemnify and hold harmless each seller of Registrable Securities included in any registration statement filed in connection with a Requested Registration or a Piggyback Registration, its directors and officers, and each other Person, if any, who controls any such seller within the meaning of the Securities Act, against any losses, claims, damages, expenses or liabilities, joint or several (together, "Losses"), to which such seller or any such director or officer or controlling Person may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, and Issuer will reimburse such seller and each such director, officer and controlling Person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such Loss (or action or proceeding in respect thereof); provided
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that Issuer shall not be liable in any such case to the extent that any such Loss (or action or proceeding in respect thereof) arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to Issuer through an instrument duly executed by such seller specifically stating that

it is for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such seller or any such director, officer or controlling Person, and shall survive the transfer of such securities by such seller. Issuer shall also indemnify each other Person who participates (including as an underwriter) in the offering or sale of Registrable Securities, their officers and directors and each other Person, if any, who controls any such participating Person within the meaning of the Securities Act to the same extent as provided above with respect to sellers of Registrable Securities.

(b) Indemnification by the Sellers. Each Holder of Registrable
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Securities which are included or are to be included in any registration statement filed in connection with a Requested Registration or a Piggyback Registration, as a condition to including Registrable Securities in such registration statement, shall, to the full extent permitted by law, indemnify and hold harmless Issuer, its directors and officers, and each other Person, if any, who controls Issuer within the meaning of the Securities Act, against any

Losses to which Issuer or any such director or officer or controlling Person may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, if such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to Issuer through an instrument duly executed by such seller specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement; provided however, that the obligation to provide indemnification
pursuant to this Section 6(b) shall be several, and not joint and several, among such Indemnifying Parties and the aggregate amount which may be recovered from any holder of Registrable Securities pursuant to the indemnification provided for in this Section 6(b) in connection with any registration and sale of Registrable Securities shall be limited to the total proceeds received by such holder from the sale of such Registrable Securities. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Issuer or any such director, officer or controlling Person and shall survive the transfer of such securities by such seller. Such holders shall also indemnify each other Person who participates (including as an underwriter) in the offering or sale of Registrable Securities, their officers and directors and each other Person, if any, who controls any such

participating Person within the meaning of the Securities Act to the same extent as provided above with respect to Issuer.

(c) Notices of Claims, etc. Promptly after receipt by an Indemnified Party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding paragraph (a) or (b) of this Section 6, such Indemnified Party will, if a claim in respect thereof is to be made against an Indemnifying Party pursuant to such paragraphs, give written notice to the latter of the commencement of such action, provided that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying of its obligations under the preceding paragraphs of this Section 6, except to the extent that the Indemnifying Party is actually prejudiced by such failure to give notice. In case any such action is brought against an Indemnified Party, the Indemnifying Party shall be entitled to participate in and, unless, in the reasonable judgment of any Indemnified Party, a conflict of interest between such Indemnified Party and any Indemnifying Party exists with respect to such claim, to assume the defense thereof, jointly with any other Indemnifying Party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of its election so to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation; provided that the Indemnified Party may participate in such defense at the Indemnified Party's expense; and provided further that the Indemnified Party or Indemnified Parties shall have the right to employ one counsel to represent it or them if, in the reasonable judgment of the Indemnified Party or Indemnified Parties, it is advisable for it or them to be represented by separate counsel by reason of having legal defenses which are different from or in addition to those available to the Indemnifying Party, and in that event the reasonable fees and expenses of such one counsel shall be paid by the indemnifying Party. If the Indemnifying Party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel for the Indemnified Parties with respect to such claim, unless in the reasonable judgment of any Indemnified Party a conflict of interest may exist between such Indemnified Party and any other Indemnified Parties with respect to such claim, in which event the Indemnifying Party shall be obligated to pay the fees and expenses of such additional counsel for the Indemnified Parties or counsels. No Indemnifying Party shall consent to entry of any judgment or enter into any settlement without the consent of the Indemnified Party which does not include as an

unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. No Indemnifying Party shall be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld.

(d) Contribution. If the indemnity and reimbursement obligation provided for in any paragraph of this Section 6 is unavailable or insufficient to hold harmless an Indemnified Party in respect of any Losses (or actions or proceedings in respect thereof) referred to therein, then the Indemnifying Party shall contribute to the amount paid or payable by the Indemnified Party as a result of such Losses (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand in connection with statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this paragraph were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the first sentence of this paragraph. The amount paid by an Indemnified Party as a result of the Losses referred to in the first sentence of this paragraph shall be deemed to include any legal and other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any Loss which is the subject of this paragraph.

No Indemnified Party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Indemnifying Party if the Indemnifying Party was not guilty of such fraudulent misrepresentation.

(e) Other Indemnification. Indemnification similar to that specified in the preceding paragraphs of this Section 6 (with appropriate modifications) shall be given by Issuer and each seller of Registrable Securities with respect to any required registration or other qualification of securities under any federal or state law or regulation of any governmental authority other than the Securities Act. The provisions of this Section 6 shall be in addition to any other rights to indemnification or contribution which an Indemnified Party may have pursuant to law, equity, contract or otherwise.

(f) Indemnification Payments. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Losses are incurred.

7. Covenants Relating to Rule 144 and 144A. If at any time Issuer is required to file reports in compliance with either

Section 13 or Section 15(d) of the Exchange Act, Issuer will file reports in compliance with the Exchange Act, will comply with all rules and regulations of the Commission applicable in connection with the use of Rule 144 and take such other actions and furnish such holder with such other information as such Holder may request in order to avail itself of such rule or any other rule or regulation of the Commission allowing such holder to sell any Registrable Securities without registration, and will, at its expense, forthwith upon the request of any Holder of Registrable Securities, deliver to such holder a certificate, signed by Issuer's principal financial officer, stating (a) Issuer's name, address and telephone number (including area code), (b) Issuer's Internal Revenue Service identification number, (c) Issuer's Commission file number, (d) the number of shares of each class of Stock outstanding as shown by the most recent report or statement published by Issuer, and (e) whether Issuer has filed the reports required to be filed under the Exchange Act for a period

of at least ninety (90) days prior to the date of such certificate and in addition has filed the most recent annual report required to be filed thereunder. If at any time Issuer is not required to file reports in compliance with either Section 13 or Section 15(d) of the Exchange Act, Issuer at its expense will, forthwith upon the written request of the holder of any Registrable Securities, make available adequate current public information with respect to Issuer within the meaning of paragraph (c)(2) of Rule 144.

With a view to making available to each Holder of Registrable Securities the benefits of certain rules and regulations of the Commission which may permit the sale of the Registrable Securities to the public without registration, Issuer agrees that so long as a Holder owns any Registrable Securities, each Holder of Registrable Securities and each prospective Holder of Registrable Securities who may consider acquiring Registrable Securities in reliance upon Rule 144A shall have the right to request from Issuer, and Issuer will provide upon request, such information regarding Issuer and its business, assets and properties, if any, as is at the time required to be made available by Issuer under Rule 144A so as to enable such Holder to transfer Registrable Securities to such prospective Holder in reliance upon Rule 144A.

8. Definitions.

(a) In addition to other terms defined elsewhere in this Agreement, except as otherwise specifically indicated, the following terms will have the following meanings for all purposes of this Agreement:

"Agreement" means this Registration Rights Agreement, as the same shall be amended from time to time.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois are authorized and required by law to close.

"Common Stock" means the Class A Common Stock of the Issuer, par value $0.01 per share, and any voting trust certificates representing shares of Class A Common Stock issued pursuant to that certain Voting Trust Agreement of even date herewith among the Issuer, and the voting trustees and beneficiaries named therein, as amended, modified, or supplemented from time to time.

"Commission" means the Securities and Exchange Commission or any successor governmental agency.

"Cutback Registration" means any Requested Registration or Piggyback Registration to be effected as an underwritten Public Offering in which the Managing Underwriter with respect thereto advises Issuer and the Requesting Holders in writing that, in its opinion, the number of Securities requested to be included in such registration (including securities of Issuer which are not Registrable Securities) exceed the number which can be sold in such offering without a reduction in the selling price anticipated to be received for the securities to be sold in such Public Offering.

"Effective Long-Form Registration" means a Long-Form Registration that results in an Effective Registration.

"Effective Registration" means a Requested Registration which (a) has been declared or ordered effective in accordance with the rules of the Commission, (b) has been kept effective for the period of time contemplated by Section 3 (b) and (c) has resulted in the Registrable Securities requested to be included in such registration actually being sold (except by reason of some act or omission on the part of the Requesting Holders); provided that a Cutback Registration shall not be an Effective Registration for purposes of this Agreement; and provided, further, that a Requested Registration in which Issuer includes securities for sale for the account of Issuer shall not be an Effective Registration for purposes of this Agreement. Notwithstanding the foregoing, a registration that does not become effective after it has been filed with the Commission solely by reason of the refusal to proceed of the Requesting Holders

shall be deemed to be an Effective Registration for purposes of this Agreement.

"Effective Short-Form Registration" means a Short-Form Registration that results in an Effective Registration.

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

"Form S-1" means Form S-1 promulgated by the Commission under the Securities Act, or any successor or similar long-form registration statement.

"Form S-2" means Form S-2 promulgated by the Commission under the Securities Act, or any successor or similar short-form registration statement.

"Form S-3" means Form S-3 promulgated by the Commission under the Securities Act, or any successor or similar short-form registration statement.

"Holder" has the meaning ascribed to it in the preamble.

"Indemnified Party" means a party entitled to indemnity in accordance with Section 6.

"Indemnifying Party" means a party obligated to provide indemnity in accordance with Section 6.

"Initial Holder" has the meaning ascribed to it in the preamble.

"Inspectors" has the meaning ascribed to it in Section 3(k).

"Issuer" has the meaning ascribed to it in the preamble.

"Long-Form Registration" means a Requested Registration effected by the filing of a registration statement on Form S-1 with the Commission.

"Losses" has the meaning ascribed to it in Section 6(a).

"Managing Underwriter" means, with respect to any Public Offering, the underwriter or underwriters managing such Public Offering.

"NASD" means the National Association of Securities Dealers.

"Notice of Piggyback Registration" has the meaning ascribed to it in Section 2(a).

"Notice of Requested Registration" has the meaning ascribed to it in Section 1(a).

"Other Registration Rights Agreement" means the Registration Rights Agreement dated of even date herewith entered into between the Issuer, and Chase Manhattan Investment Holdings, Inc., as the same may be amended from time to time.

"Person" means an individual, partnership, limited partnership,

corporation, business trust, joint stock company, trust, unincorporated association, joint venture or other entity of whatever nature.

"Piggyback Registration" means any registration of equity securities of Issuer under the Securities Act (other than a registration in respect of a dividend reinvestment or similar plan for stockholders of Issuer or on Form S-4 or Form S-8 promulgated by the Commission, or any successor or similar forms thereto), whether for sale for the account of Issuer or for the account of any holder of securities of Issuer (other than Registrable Securities).

"Public Offering" means any offering of Common Stock to the public, either on behalf of Issuer or any of its securityholders, pursuant to an effective registration statement under the Securities Act.

"Records" has the meaning ascribed to it in Section (3)k.

"Registrable Securities" means Common Stock held by a Holder, including shares of Common Stock represented by voting trust certificates, and any other securities of Issuer held by a Holder and issued or issuable with respect to Common Stock by way of a stock dividend or stock split or in connection with a combination of shares or recapitalization. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (x) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (y) they shall have been distributed to the public pursuant to Rule 144, or (z) they shall have ceased to be outstanding.

"Registration Expenses" means all expenses incident to Issuer's performance of or compliance with its obligations under this Agreement to effect the registration of Registrable Securities in a Requested Registration or a Piggyback Registration, including, without limitation, all registration, filing, securities exchange listing and NASD fees, all registration, filing, qualification and other fees and expenses of complying with securities or blue sky laws, all word processing, duplicating and printing expenses, messenger and delivery expenses, the fees and disbursements of counsel for Issuer and of its independent public accountants, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, the reasonable fees and disbursements of a single counsel and single firm of accountants retained by the holders of a majority of the Registrable Securities being registered, premiums and other costs of policies of insurance against liabilities arising out of the Public Offering of the Registrable Securities being registered, but excluding underwriting fees, discounts and commissions and transfer taxes, if any, in respect of Registrable Securities, and fees and disbursements of counsel for any underwriter, which shall be payable by each Holder thereof.

"Registration Request" has the meaning ascribed to it in Section 1(a).

"Requesting Holders" means, with respect to any Requested Registration or Piggyback Registration, the holders of Registrable Securities requesting to have Registrable Securities included in such registration in accordance with this Agreement.

"Requested Registration" means any registration of Registrable Securities under the Securities Act effected in accordance with Section 1.

"Rule 144" means Rule 144 promulgated by the Commission under the Securities Act, and any successor provision thereto.

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

"Short-Form Registration" means a Requested Registration effected by
the filing of a registration statement on Form S-2 or Form S-3 with the Commission.

(b) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; and (iv) the term "Section" refers to the specified Section of this Agreement. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

9. Miscellaneous.

(a) Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient, sent to the recipient by facsimile or by reputable express courier service (charge prepaid) or mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, such notices, demands and other communications will be sent to each party to this Agreement at the address indicated on the signature pages hereto, or to such other address or to the signature pages hereto, or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

(b) Entire Agreement. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof, and contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

(c) Amendment. This Agreement may be amended, supplemented or modified only by a written instrument (which may be executed in any number of counterparts) duly executed by or on behalf of each of Issuer and Persons owning two-thirds or more of the Registrable Securities; provided however, that any amendment or modification of this Section 9(c) shall be duly executed by or on behalf of each of the Issuer and each holder of Registrable Securities; and further provided that no such amendment, supplement or modification that materially and adversely affects the rights of a party hereunder shall be enforceable against such party until such party has consented in writing to such amendment, supplement or modification (provided that any amendment, supplement or modification made for the purpose of adding an additional party hereto shall not be deemed to materially or adversely affect the rights of any party hereto).

(d) Waiver. Subject to paragraph (e) of this Section, any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same term or condition of this Agreement on any future occasion.

(e) Consents and Waivers by Holders of Registrable Securities. Any consent of the Holders of Registrable Securities pursuant to this Agreement, and any waiver by such Holders of any provision of this Agreement, shall be in writing (which may be executed in any number of counterparts) and may be given or taken by Persons owning two-thirds or more of the Registrable Securities, and any such consent or waiver so given or taken will be binding on all the Holders of Registrable Securities.

(f) No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto, their respective successors or permitted assigns and any other holder of Registrable Securities, and it is not the intention of the parties to confer third-party

beneficiary rights upon any other Person other than any Person entitled to indemnity under Section 6.

(g) Successors and Assigns. This Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

(h) Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

(i) Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any

party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

(j) Remedies. Except as otherwise expressly provided for herein, no remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by any party hereto shall not constitute a waiver by any such party of the right to pursue any other available remedies.

Damages in the event of breach of this Agreement by a party hereto or any other Holder of Registrable Securities would be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof and Issuer and each Holder of Registrable Securities, by its acquisition of such Registrable Securities, hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity which such Person may have.

(k) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

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

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

ASSOCIATED HOLDINGS, INC., a
Delaware corporation

By:

Name: Thomas W. Sturgess
Title: Chairman of the Board and
Chief Executive Officer

Address:

1075 Hawthorne Drive

Itasca, IL 60143
Telecopy No.: 708-773-6491

with a copy to:

WINGATE PARTNERS, L.P.
750 North St. Paul
Suite 1200
Dallas, Texas 75201
Telecopy No.: 214-871-8799

WINGATE PARTNERS, L.P., a Delaware
limited partnership

By: Wingate Management Company,
L.P., a Delaware limited
partnership, its general partner

By:

Thomas W. Sturgess,
General Partner

Address:

750 North St. Paul
Suite 1200
Dallas, TX 75201
Telecopy No.: 214-871-8799

CUMBERLAND CAPITAL CORPORATION,
a Delaware corporation

By:

Gary G. Miller,
President

Address:

301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
Telecopy No.: 817-870-2685

ASI Partners, L.P., a Delaware
limited partnership

By: CUMBERLAND CAPITAL CORPORATION,
a Delaware corporation,
its general partner

By:

Name: Gary G. Miller
Title: President

Address:

301 Commerce Street
Suite 3300
Fort Worth, TX 76102
Telecopy No.: 817-870-2685

GOOD CAPITAL CO., INC., a Delaware
corporation

By:

Name: Daniel J. Good
Title: President

Address:

1211 Lake Road

Lake Forest, IL 60045
Telecopy No.: 708-234-8663

BOISE CASCADE CORPORATION, a
Delaware corporation

By:

Carol Moerdyk,
Vice President

Address:

One Jefferson Square
Boise, Idaho 83702
ATTN: General Counsel
Telecopy No.: 208-384-7945

Michael D. Rowsey

Address:

2370 Sonnington Drive
Dublin, OH 43017
Telecopy No.: 614-876-4922

Daniel J. Schleppe

Address:

20 The Landing
Atlanta, GA 30350
Telecopy No.:

Robert W. Eberspacher

Address:

6907 Huntfield Drive
Charlotte, NC 28270
Telecopy No.:

Lawrence E. Miller

Address:

415 Sterling Road
Kenilworth, IL 60043
Telecopy No.:

ANNEX 3

January 31, 1992

The Parties to the Investor Warrant Agreement
dated as of January 31, 1992.

Gentlemen:

We have acted as counsel to Associated Holdings, Inc., a Delaware corporation ("Holdings"), in connection with the authorization, execution and

delivery of the Investor Warrant Agreement dated as of January 31, 1992 (the "Warrant Agreement") between Holdings and Boise Cascade Corporation ("Boise Cascade") and the other parties named therein. All capitalized terms used but not defined herein have the respective meanings given to such terms in the Warrant Agreement.

In so acting, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Warrant Agreement and such corporate records, agreements, documents, and other instruments, and such certificates or comparable documents of public officials and of officers and representatives of Holdings, and have made such inquiries of such officers and representatives as we have deemed relevant and necessary as a basis for the opinion hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. As to all questions of fact material to this opinion that have not been independently established, we have relied upon certificates or comparable documents of officers and representatives of Holdings, and upon the representations and warranties of Holdings contained in the Agreement.

Based on the foregoing, and subject to the qualifications stated herein, we are of the opinion that:

1. Holdings is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

2. Holdings has all requisite corporate power and authority to execute

and deliver the Warrant Agreement, the Investor Warrants for 23,129 shares of Class A Common Stock of Holdings (the "Warrant") issued to Boise Cascade (the "Warrants") and the Investor Registration Rights Agreement, dated as of January 31, 1992 between Holdings and Boise Cascade (the "Registration Agreement"), and to perform its obligations thereunder. The execution, delivery and performance by Holdings of the Warrant Agreement, the Warrants and the Registration Agreement, and the consummation by Holdings of the transactions contemplated thereby, have been duly authorized by all necessary corporate action on the part of Holdings. The Warrant Agreement, the Warrants and the Registration Agreement have been duly and validly executed and delivered by Holdings and (assuming the due authorization, execution and delivery thereof by the other parties thereto) constitute legal, valid, and binding obligations of Holding, enforceable against it in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws generally affecting creditors' rights and remedies; (ii) general principles of equity, including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity); (iii) the availability or efficacy of specific performance, injunctive relief or any other equitable remedies; and (iv) except to the extent that rights to indemnification thereunder may be limited by federal or state securities laws or public policy relating thereto.

3. The authorized capital stock of Holdings consists of 5,000,000 share of Class A Common Stock, $0.01 par value per share, 5,000,000 of Class B Common Stock, $0.01 par value per share, 15,000 shares of Class A Preferred Stock, $0.01 par value per share, 15,000 shares of Class B Preferred Stock, $0.01 par value per share, 15,000 shares of Class C Preferred Stock $0.01 par value per share, and 200,000 shares of Additional Preferred Stock, $0.01 par value per share. As of the date hereof, Holdings has outstanding (i) 896,258 shares of Class A Common Stock; (ii) 5,000 shares of Class A Preferred Stock; (iii) 5,000 shares of Class B Preferred Stock; and (iv) 7,500 shares of Class C Preferred Stock. All such shares of capital stock of Holdings outstanding as of the Closing are duly authorized, validly issued, fully paid and nonassessable, provided that we do not express any opinion as to whether the 46,258 shares of
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Common Stock issued to Good Capital Co., Inc. and Cumberland Capital Corporation, collectively, pursuant to Investment Banking Fee and Management

Agreements with such parties are validly issued, fully paid and non-assessable.

Our opinions expressed above are limited to the laws of the State of Illinois, the General Corporation Law of the State of Delaware and the Federal laws of the United States of America. Partner of this Firm are members of the Bar of the State of Illinois, and we do not hold ourselves out as being conversant with, and do not express any opinion as to, laws of any jurisdiction other than those of the United States of America, the State of Illinois and the General Corporation Law of the State of Delaware. Our opinions are rendered only with respect to the laws, and the rules, regulations and orders thereunder, which currently are in effect.

January 31, 1992

This opinion is provided to you and rendered solely for your benefit in connection with entering into the Agreement. This opinion may not be used or relied upon by any other person or for any other purpose and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent.

Very truly yours,

D'ANCONA & PFLAUM

By:

Suzanne L. Saxman

cc: Associated Holdings, Inc.

CERTIFICATE OF INCORPORATION
OF
ASSOCIATED HOLDINGS, INC.

THE UNDERSIGNED, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, does hereby certify as following:

ARTICLE ONE

The name of the Corporation is Associated Holdings, Inc.

ARTICLE TWO

The registered office of the Corporation is to be located at 1209 Orange Street in the City of Wilmington in the County of New Castle, in the State of Delaware. The name of its registered agent at that address is the Corporation Trust Company.

ARTICLE THREE

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOUR

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 10,245,000 shares, consisting of (a) 15,000 shares of a class designated as Class A Preferred Stock, par value $0.01 per share (the "Class A Preferred Stock"); (b) 15,000 shares of a class designated as Class B Preferred Stock, par value $0.01 per share (the "Class B Preferred Stock"); (c) 15,000 shares of a class designated as Class C Preferred Stock, par value $0.01 (the "Class C Preferred Stock"); (d) 200,000 shares of a class of preferred stock, par value of $0.01 per share, as to which the Board of Directors shall have the authority set forth in Article Five (the "Additional Preferred Stock"); (e) 5,000,000 shares of a class designated as Class A Common Stock, par value of $0.01 per share (the "Common Stock"); and (f) 5,000,000

shares of a class designated as Class B Common Stock, par value $0.01 per share (the "Nonvoting Common Stock").

The following is a statement of the designations and the powers, preferences, and rights and the qualifications, limitations, and restrictions of the Class A Preferred Stock, Class B Preferred Stock, Class C Preferred Stock, Common Stock, and Nonvoting Common Stock:

I. Terms Applicable to the Class A Preferred Stock.

1.1 Dividends. (a) Subject to the provisions of Sections 1.1(b), 1.2(f), and 1.2(h) the holders of Class A Preferred Stock shall be entitled to receive, as and when declared by the Board of Directors of the Corporation out of funds legally available for such purpose, dividends on the outstanding shares of Class A Preferred Stock at the Class A Preferred Dividend Rate, payable on each Preferred Dividend Payment Date to holders of record as they appear on the stock transfer books of the Corporation on such record dates, not more than 60 days nor less than 10 days preceding the payment dates for such dividends, as are fixed by the Board of Directors (or, to the extent permitted by applicable law, a duly authorized committee thereof). Such dividends shall be cumulative and shall accrue with respect to each share of Class A Preferred Stock, whether or not declared, whether or not restricted by the terms of the Debt Agreements or otherwise pursuant to the provisions hereof, and whether or not there are funds legally available for the payment thereof until paid. The dividends on the Class A Preferred Stock may be declared payable in cash or in additional shares of Class A Preferred Stock valued at $1,000 per share, in the discretion of the Board of Directors. No other dividends may be declared or paid to the holders of Class A Preferred Stock. All dividends declared by the Board of Directors upon shares of Class A Preferred Stock in accordance with this Section 1.1(a) shall be declared and paid pro rata with respect to all shares of Class A Preferred Stock then outstanding.

(b) If at any time the Corporation shall have failed to pay any accumulated dividends on any shares of Class A Preferred Stock on any Preferred Dividend Payment Date as provided above, or if at any time the Corporation shall have failed to redeem shares of Class A Preferred Stock as required by Section 1.2(a) for any reason, the Corporation shall not

(i) declare or pay any dividend on any Junior Shares or make any payment on account of, or set apart money for, a sinking or other analogous fund for the purchase, redemption or other retirement of any Junior Shares or make any distribution with respect thereto, either directly or indirectly and whether in cash or property or in obligations or shares (other than in Junior Shares) of the Corporation or any Subsidiary,

(ii) purchase any shares of Class A Preferred Stock (except for a consideration payable in Junior Shares) or redeem fewer than all of the shares of Class A Preferred Stock then outstanding, or

(iii) permit any Subsidiary to purchase any Junior Shares or permit any Subsidiary to purchase fewer than all of the shares of Class A Preferred Stock then outstanding,

unless, at the time of any such dividend, payment, distribution, purchase or redemption, all accrued and unpaid dividends on shares of Class A Preferred Stock are contemporaneously paid in full in cash or additional shares of Class A Preferred Stock and all shares of Class A Preferred Stock which the Corporation shall have so failed to redeem are contemporaneously redeemed.

1.2 Redemption.

(a) Scheduled Redemption. Subject to any limitations contained elsewhere in this ARTICLE FOUR, the Corporation shall redeem all, but not less than all, shares of Class A Preferred Stock on July 31, 1999, out of funds legally available for such purpose, at a price per share equal to the Redemption Price.

(b) Mandatory Redemption. Subject to any limitations contained elsewhere in this ARTICLE FOUR, in the event of the occurrence of a Cash-Out Event, the Corporation agrees, at the election of any holder of then outstanding shares of Class A Preferred Stock made as set forth in Section 1.2(i) below, to redeem all, but not less than all, of such holder's shares of Class A Preferred

Stock then outstanding, out of funds legally available for such purpose, at a price per share equal to the Redemption Price therefor. If pursuant to such Cash-Out Event the holders of Common Stock of the Corporation receive cash, Marketable Securities or a combination thereof, then, at the option of the Corporation, the Corporation may, in lieu of the cash redemption contemplated in the immediately preceding sentence, redeem such Class A Preferred Stock by converting each such share into such cash, Marketable Securities or a combination thereof, in the same proportions as the holders of Common Stock of the Corporation so receive, the value of which shall equal the Redemption Price.

(c) Redemptions at Option of Corporation. At any time, and from time to time, the Corporation may, at its election, redeem, out of funds legally available for such purpose, any portion or all of the Class A Preferred Stock then outstanding at a price per share equal to the Redemption Price. Any redemption of shares pursuant to this Section 1.2(c) will be made ratably (as nearly as practicable) among the holders of the Class A Preferred Stock based upon the number of shares held by each such holder.

(d) Optional Redemption through Note Exchange.

(i) Subject to the provisions of subdivision (iv) of this Section 1.2(d), at the option of the Corporation, the

Corporation may, at any time out of funds legally available for such purpose, redeem all, but not less than all, shares of the Class A Preferred Stock then outstanding in exchange for, and through the issue by the Corporation in the manner provided in this subdivision of, Class A Exchange Notes to be issued under the Class A Indenture. Such exchange, if any, shall be a redemption of the Class A Preferred Stock in exchange for the Class A Exchange Notes. The Class A Exchange Notes issued to each holder shall be in an aggregate principal amount equal to the Liquidation Value of the shares of Class A Preferred Stock redeemed by the Corporation in exchange therefor.

(ii) Not more than 60 nor less than 30 days prior to the exchange date, the Corporation shall mail irrevocable written notice, by registered or certified mail, postage prepaid and return receipt requested, to each record holder (and, to the extent such holder is a corporation, to the attention of its Chief Executive Officer and its Corporate Secretary), specifying the exchange date and the time and place where certificates representing shares of Class A Preferred Stock are to be surrendered for Class A Exchange Notes. Upon mailing such notice, the Corporation will be obliged to redeem all shares of Class A Preferred Stock in exchange for the Class A Exchange Notes on the exchange date specified in such notice. Upon surrender in accordance with such notice of the certificates evidencing any shares of Class A Preferred Stock so exchanged (properly endorsed or signed for transfer, if the Corporation shall require and the notice shall so state), the Corporation will cause the Class A Exchange Notes to be authenticated and issued in exchange for such shares of Class A Preferred Stock and to be mailed to the holder of the shares of Class A Preferred Stock at such holder's address of record or such other address as the holder shall specify upon such surrender of such certificates.

(iii) On the exchange date, (A) the shares of Class A Preferred Stock subject to such exchange and redemption shall cease to be entitled to any dividends accruing after the exchange date, (B) all rights of the respective holders of such shares, as stockholders of the Corporation by reason of the ownership of such shares, except the right to receive the Class A Exchange Notes upon surrender (and endorsement, if required by the Corporation) of the respective certificates representing such shares, shall cease, (C) such shares shall cease to be outstanding, and (D) the person or persons entitled to receive the Class A Exchange Notes issuable upon such exchange shall be treated for all purposes as the registered holder or holders of Class A Exchange Notes: provided, however, that interest shall not begin to accrue on any such Class A Exchange Note issuable

to a holder of Class A Preferred Stock until such time as such holder surrenders the certificate or certificates evidencing such shares of Class A Preferred Stock.

(iv) The Corporation may redeem shares of Class A Preferred Stock in exchange for Class A Exchange Notes only if, on the Exchange Date, (x) the Corporation has paid all accrued dividends on all outstanding shares of

Class A Preferred Stock and (y) the Class A Indenture shall be executed and delivered by the Corporation and the trustee thereunder.

(e) Redemption Price. For each share of Class A Preferred Stock which is to be redeemed for cash the Corporation will be obligated on the Redemption Date to pay to the holder thereof (upon surrender of the certificate representing such share to the Corporation's stock transfer agent, or if none, to the Corporation at its principal office) an amount in cash equal to the Redemption Price. If the funds of the Corporation legally available for redemption of shares of Class A Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares to be redeemed on such date, those funds which are legally available shall be used to redeem the maximum possible number of shares ratably (as nearly as practicable) among the holders of the shares to be redeemed based upon the aggregate Redemption Price of such shares held by each such holder. As and when additional funds of the Corporation are legally available for the redemption of shares, such funds shall as soon as practicable be used to redeem the balance of the shares which the Corporation has become obligated to redeem on any Redemption Date.

(f) Dividends after Redemption Date. Subject to any limitations contained elsewhere in this ARTICLE FOUR, no share of Class A Preferred Stock is entitled to any dividends accruing after the redemption of such share. Subject to any limitations contained elsewhere in this ARTICLE FOUR, on the date of such redemption dividends will cease to accrue, all rights of the holder of such share as such holder will cease, and such shares will be deemed not to be outstanding.

(g) Redeemed or Otherwise Acquired Shares. Any shares of Class A Preferred Stock which are redeemed or otherwise acquired by the Corporation will be retired and cancelled and may not be reissued.

(h) Restrictions on Dividends and Redemptions. Notwithstanding anything in this ARTICLE FOUR to the contrary, no dividend payment or other distribution or redemption may be made with respect to Class A Preferred Stock if such payment or other distribution or redemption will be in contravention of the restrictions or limitations on such payments or other

distributions or redemptions contained in (i) this ARTICLE FOUR, (ii) the Debt Agreements, (iii) the Subordinated Note, or (iv) any and all applicable state or federal laws, rules, and regulations or in any and all orders of any state or federal governmental authority.

(i) Redemption Methods.

(i) In order to effect a redemption under either Section 1.2(a) or 1.2(c) above, the Corporation shall deliver written notice, by registered or certified mail, postage prepaid and return receipt requested, to the holders of record (and, to the extent any such holder is a corporation, to the attention of its Chief Executive Officer and its Corporate Secretary) of the shares to be redeemed, addressed to such holders at their last addresses as shown on the stock transfer books of the Corporation. Each such notice of redemption shall specify the date fixed for redemption (to be a date not less than 30 days from the date of such notice), the Redemption Price, places of payment, that payment will be made upon presentation and surrender of the certificates representing shares to be redeemed and that on and after the date of such redemption (or such earlier date as permitted hereunder) dividends will cease to accumulate on such shares. Any notice which is mailed as herein provided shall be conclusively presumed to have been duly given when mailed, and failure to give such notice by mail, or any defect in such notice, to the holders of any shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares to be redeemed on or after the date fixed for redemption as stated in such notice. Each holder of the shares called for redemption shall surrender its certificate or certificates evidencing such shares to the Corporation at the place designated in such notice and shall thereupon be entitled to receive payment of the Redemption Price in cash, with respect to any redemption under Sections 1.2(a) or 1.2(c). If less than all shares evidenced by any such surrendered certificate are redeemed, a new certificate shall be issued evidencing the unredeemed shares.

(ii) In order to effect a redemption under Section 1.2(b) above, within 30 days after the date of the occurrence of a Cash-Out Event the Corporation shall deliver notice by registered or certified mail, postage

prepaid and return receipt requested, to the holders of record (and, to the extent such holder is a corporation, to the attention of its Chief Executive Officer and its Corporate Secretary) of the shares to be redeemed, addressed to such holders at their last addresses as shown on the stock transfer books of the Corporation. Each such notice of redemption shall specify the date fixed for redemption (to be a date not less

than 30 days from the date of such notice), the Redemption Price, places of payment, that payment will be made upon presentation and surrender of the certificates representing shares to be redeemed, a description in reasonable detail of the applicable Cash-Out Event giving rise to the redemption, and a description in reasonable detail of any Marketable Securities to be included, and that on or after the date of such redemption (or such earlier date as permitted hereunder) dividends will cease to accumulate on such shares. Any notice which is mailed as herein provided shall be conclusively presumed to have been duly given when mailed, and failure to give such notice by mail, or any defect in such notice, to the holders of any shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares to be redeemed on or after the date fixed for redemption as stated in such notice. Each holder of the shares called for redemption who elects to exercise the right of redemption under Section 1.2(b) above must surrender its certificate or certificates evidencing all such shares to the Corporation on or before the date set for redemption and at the place designated in the Corporation's notice and shall thereupon be entitled to receive payment of the Redemption Price in cash, Marketable Securities or a combination thereof, as applicable. Any failure on the part of any holder notified as provided above to surrender such certificate or certificates on or before the date set for redemption at the place designated for redemption as provided above, shall be conclusively deemed to have not elected to redeem such holder's shares under and pursuant to Section 1.2(b) above and shall not be entitled to receive the Redemption Price as provided above.

(iii) Notwithstanding any other provision of this ARTICLE FOUR, if on or after the date on which any notice of redemption is first sent to the holders of shares to be redeemed, funds necessary for the redemption shall be available therefor and shall have been irrevocably deposited or set aside, then, notwithstanding that the certificates evidencing any shares so called for redemption shall not have been surrendered, the dividends with respect to the shares so called shall cease to accrue after the date fixed for redemption, the shares shall no longer be deemed outstanding, holders thereof shall cease to be stockholders, and all rights whatsoever with respect to the shares so called for redemption (except the right of the holders to receive the Redemption Price without interest upon surrender of their certificates therefor) shall terminate.

1.3 Voting Rights. Except as set forth below and as otherwise required by law, holders of shares of Class A Preferred Stock shall have no voting rights. In connection with any right

to vote, each holder of Class A Preferred Stock will have one vote for each share held. Any shares of Class A Preferred Stock held by the Corporation or its subsidiaries shall not have voting rights hereunder and shall not be counted in determining the presence of a quorum. So long as the Class A Preferred Stock is outstanding, the Corporation shall not, without the affirmative vote or written consent of the holders of at least 51% of all outstanding Class A Preferred Stock voting separately as a class:

(a) amend, alter, modify or repeal any provision of this Certificate of Incorporation or the By-Laws of the Corporation in any manner which affects materially and adversely the relative rights, preferences, qualifications, powers, limitations or restrictions of the Class A Preferred Stock;

(b) increase the authorized number of shares of Preferred Stock of the Corporation, authorize, issue or otherwise create securities convertible into any shares of capital stock of the Corporation other than Junior Shares.

(c) voluntarily effect any reclassification of the Class A Preferred Stock.

Whenever dividends on the Class A Preferred Stock shall be in arrears in an amount equal to at least six quarterly dividends (whether or not

consecutive), (i) the number of members of the Board of Directors of the Corporation shall be increased by one, effective as of the time of election of such directors as hereinafter provided and (ii) the holders of the Class A Preferred Stock (voting separately as a class) will have the exclusive right to vote for and elect such one additional director of the Corporation at any meeting of the stockholders of the Corporation at which directors are to be elected held during the period such dividends remain in arrears. The right of the holders of the Class A Preferred Stock to vote for such one additional director shall terminate when all accrued and unpaid dividends on the Class A Preferred Stock have been declared and paid in cash or in additional shares of Class A Preferred Stock or set apart for payment. The term of office of any director so elected shall terminate immediately upon the termination of the right of the holders of the Class A Preferred Stock to vote for such one additional director.

The foregoing right of the holders of the Class A Preferred Stock with respect to the election of one director may be exercised at any annual meeting of the stockholders of the Corporation or at any special meeting of the stockholders of the Corporation held for such purpose. If the right to elect an additional director shall have accrued to the holders of the Class A Preferred Stock more than 90 days preceding the date established for the next annual meeting of stockholders, the President of the Corporation shall, within 20 days after the

delivery to the Corporation at its principal office of a written request for a special meeting signed by the holders of at least 10% of the Class A Preferred Stock then outstanding, call a special meeting of the holders of the Class A Preferred Stock to be held within 60 days after the delivery of such request for the purpose of electing such additional directors.

The holders of the Class A Preferred Stock voting as a class shall have the right to remove without cause at any time and replace any director such holders shall have elected pursuant to this Section.

1.4 Liquidation. (a) In the event of any voluntary or involuntary
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liquidation, dissolution or winding-up of the Corporation, the holders of shares of Class A Preferred Stock shall be entitled to receive the Class A Preferred Liquidation Value of such shares held by them in preference to and in priority over any distributions upon Junior Shares. Upon payment in full to the holders of shares of Class A Preferred Stock of the Class A Preferred Liquidation Value of such shares, the holders of shares of Class A Preferred Stock shall not be entitled, as such holders, to any further participation in any distribution of assets of the Corporation. If the assets of the Corporation are not sufficient to pay in full the Class A Preferred Liquidation Value payable to the holders of shares of Class A Preferred Stock, the holders of all such shares shall share ratably (to the exclusion of any other holders of capital stock) in such distribution of assets.

(b) Neither a consolidation or merger of the Corporation with or into any other corporation, nor a sale or transfer of all or part of the Corporation's assets for cash, securities or other property, nor a merger of any other corporation with or into the Corporation shall be considered a liquidation, dissolution or winding-up of the Corporation within the meaning of this Section 1.4.

II. Terms Applicable to Class B and Class C Preferred Stock.

2.1 Identical Rights. Except as otherwise provided in this ARTICLE

FOUR, all shares of Class B Preferred Stock and Class C Preferred Stock shall be identical and shall entitle the holders thereof to the same rights and privileges.

2.2 Dividends. (a) Subject to the provisions of Sections 2.2(b),
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2.3(f), and 2.3(h), the holders of Class B and Class C Preferred Stock shall be entitled to receive, as and when declared by the Board of Directors of the Corporation out of funds legally available for such purpose, dividends on the outstanding shares of Class B and Class C Preferred Stock at the Class B and Class C Preferred Dividend Rates, payable on each

Preferred Dividend Payment Date to holders of record as they appear on the stock transfer books of the Corporation on such record dates, not more than 60 days

nor less than 10 days preceding the payment dates for such dividends, as are fixed by the Board of Directors (or, to the extent permitted by applicable law, a duly authorized committee thereof). Such dividends shall be cumulative and shall accrue with respect to each share of Class B and Class C Preferred Stock, whether or not declared, whether or not restricted by the terms of the Debt Agreements or otherwise pursuant to the provisions hereof, and whether or not there are funds legally available for the payment thereof until paid. The dividends on the Class B and Class C Preferred Stock may be declared payable in cash or in additional shares of the same series of Preferred Stock, in the discretion of the Board of Directors; provided that dividends on Class C Preferred Stock may be payable in additional shares of Class C Preferred Stock only for Dividend Payment Dates occurring on or prior to January 31, 1999. No other dividends may be declared or paid to the holders of Class B or Class C Preferred Stock. All dividends declared by the Board of Directors upon shares of Class B or Class C Preferred Stock in accordance with this Section 2.2(a) shall be declared and paid pro rata with respect to all shares of Class B and Class C Preferred Stock then outstanding.

(b) If at any time the Corporation shall have failed to pay any accumulated dividends on any shares of Class B and Class C Preferred Stock on any Preferred Dividend Payment Date as provided above, or if at any time the Corporation shall have failed to redeem shares of Class B or Class C Preferred Stock as required by Section 2.3(a) for any reason, the Corporation shall not:

(i) declare or pay any dividend on any Junior Shares or make any payment on account of, or set apart money for, a sinking or other analogous fund for the purchase, redemption or other retirement of any Junior Shares or make any distribution with respect thereto, either directly or indirectly and whether in cash or property or in obligations or shares (other than in Junior Shares) of the Corporation or any Subsidiary,

(ii) purchase any shares of Class B or Class C Preferred Stock (except for a consideration payable in Junior Shares) or redeem fewer than all of the shares of Class B and Class C Preferred Stock then outstanding (except in a manner consistent with the last sentence of Section 2.3(c)), or

(iii) permit any Subsidiary to purchase any Junior Shares or permit any Subsidiary to purchase fewer than all of the shares of Class B and Class C Preferred Stock then outstanding,

unless, at the time of any such dividend payment, distribution, purchase or redemption, all accrued and unpaid dividends on shares of Class B and Class C Preferred Stock are contemporaneously paid in full in cash or additional shares of Class B or Class C Preferred Stock, as applicable, and all shares of Class B or Class C Preferred Stock which the Corporation shall have so failed to redeem are contemporaneously redeemed.

(c) Notwithstanding any other provision in this ARTICLE FOUR, the Corporation shall not, and shall not permit any of its Subsidiaries to, take any of the actions specified in subsection 2.2(b)(i), (ii) or (iii) above in excess of $1 million in the aggregate for all such actions, unless at the time such action is taken:

(i) the Corporation has redeemed for cash all shares of Class B and Class C Preferred Stock, if any, which have been issued to the holders of Class B and Class C Preferred Stock, respectively, as in-kind dividends on the Class B or Class C Preferred Stock, respectively, pursuant to Section 2.2(a) above;

(ii) the Corporation and its wholly-owned Subsidiaries, on a consolidated basis, have common equity computed in accordance with generally accepted accounting principles, after giving effect to any purchases, redemptions, payments, distributions or disbursements under subsection 2.2(b)(i), (ii), or (iii) above, of at least $26 million;

(iii) if any such purchases, redemptions, payments, distributions or disbursements specified in subsection 2.2(b)(i), (ii) or (iii) above are to be made on or after July 31, 1999, then all shares of Class B Preferred Stock shall have been redeemed or otherwise retired; and

(iv) if any such purchases, redemptions, payments, distributions or disbursements specified in subsection 2.2(b)(i), (ii) or (iii) above are to be made on or after the dates required for redemptions of shares of Class C Preferred Stock pursuant to Section 2.3(c) below, then that portion of such Class C Preferred Stock so required to be redeemed as of such dates shall have been redeemed or otherwise retired;

provided, however, nothing in this subsection 2.2(c) shall limit or impair the

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Corporation's obligation to make payments or disbursements for any amount it is obligated to pay under or pursuant to the Warrant Agreement dated January 31, 1992 between the Corporation and Chase Manhattan Investment Holdings, Inc.; and further provided, nothing in this subsection 2.2(c) shall limit the
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Corporation or its Subsidiaries from re-purchasing

Common Stock or options to purchase Common Stock of the Corporation held by any employee of the Corporation or its Subsidiaries in connection with the termination of such employee's employment.

2.3 Redemption.

(a) Scheduled Redemption. Subject to any limitations contained
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elsewhere in this ARTICLE FOUR, the Corporation shall redeem all shares of Class B Preferred Stock on July 31, 1999. The Corporation shall redeem all shares of Class C Preferred Stock by January 31, 2002, such redemption to be made in four equal (as nearly as practicable) quarterly installments of principal on April 30, 2001, July 31, 2001, October 31, 2001, and January 31, 2002. Scheduled redemptions shall be made out of funds legally available for such purpose, at a price per share equal to the Redemption Price.

(b) Mandatory Redemption. Subject to any limitations contained
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elsewhere in this ARTICLE FOUR, in the event of the occurrence of a Cash-Out Event, the Corporation agrees, at the election of any holder of then outstanding shares of Class B or Class C Preferred Stock, as applicable, made as set forth in Section 2.3(i) below, to redeem all, but not less than all, of such holder's shares of Class B or Class C Preferred Stock, as applicable, then outstanding, out of funds legally available for such purpose, at a price per share equal to the Redemption Price therefor. If pursuant to such Cash-Out Event the holders of Common Stock of the Corporation received cash, Marketable Securities or a combination thereof, then, at the option of the Corporation, the Corporation may, in lieu of the cash redemption contemplated in the immediately preceding sentence, redeem such Class B or Class C Preferred Stock, as applicable, by converting each such share into such cash, Marketable Securities or a combination thereof, in the same proportions received by the holders of Common Stock of the Corporation, the value of which shall equal the Redemption Price.

(c) Redemptions at Option of Corporation. At any time, and from time
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to time, the Corporation may, at its election, redeem, out of funds legally available for such purpose, any portion or all of the Class B and Class C Preferred Stock then outstanding at a price per share equal to the Redemption Price. Any redemption of shares pursuant to this Section 2.3(c) will be made ratably (as nearly as practicable) among the holders of the Class B and Class C Preferred Stock based upon the number of shares held by each such holder without distinction between classes.

(d) Optional Redemption through Note Exchange.

(i) Subject to the provisions of subdivision (iv) of this Section 2.3(d), at the option of the Corporation, the Corporation may, at any time out of funds legally available for such purpose, redeem all, but not less than all shares of the Class B and Class C Preferred Stock then outstanding in exchange for, and through the issue by the Corporation in the manner provided in this subdivision of, Class B Exchange Notes (with respect to exchanges of Class B Preferred Stock) and Class C Exchange Notes (with respect to exchanges of Class C Preferred Stock). The Class B Exchange Notes shall be issued under the Class B Indenture and the Class C Exchange Notes shall be issued under the Class C Indenture. The Class B Exchange Notes or Class C Exchange Notes issued to each holder shall be in an aggregate principal amount equal to the Liquidation Value of the shares of Class B and Class C Preferred Stock redeemed by the Corporation in exchange thereof.

(ii) Not more than 60 nor less than 30 days prior to the exchange date, the Corporation shall mail irrevocable written notice, by registered or certified mail, postage prepaid and return receipt requested, to each record holder (and, to the extent such holder is a corporation, to the attention of its Chief Executive Officer and its Corporate Secretary), specifying the exchange date and the time and place where certificates

representing shares of Class B and Class C Preferred Stock are to be surrendered for Class B and Class C Exchange Notes. Upon mailing such notice, the Corporation will be obliged to redeem all shares of Class B and Class C Preferred Stock in exchange for the Exchange Notes on the exchange date specified in such notice. Upon surrender in accordance with such notice of the certificates evidencing the shares of Class B or Class C Preferred Stock so exchanged (properly endorsed or signed for transfer, if the Corporation shall require and the notice shall so state), the Corporation will cause the Class B or Class C Exchange Notes, as applicable, to be authenticated and issued in exchange for such shares of Class B or Class C Preferred Stock and to be mailed to the holders of the shares of Class B or Class C Preferred Stock at such holder's address of record or such other address as the holder shall specify on such surrender of such certificates.

(iii) On the exchange date, (A) the shares of Class B and Class C Preferred Stock subject to such exchange and redemption shall cease to be entitled to any dividends accruing after that date, (B) all rights of the respective holders of such shares, as stockholders of the Corporation by reason of the ownership of such shares, except the right to receive the Class B and Class C Exchange Notes upon

surrender (and endorsement, if required by the Corporation) or the respective certificates representing such shares, shall cease, (C) such shares shall cease to be outstanding, and (D) the person or persons entitled to receive the Class B or Class C Exchange Notes, as applicable, issuable upon such exchange shall be treated for all purposes as the registered holder or holders of Class B or Class C Exchange Notes, as applicable; provided, however, that interest shall not begin to accrue on
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any such Class B or Class C Exchange Notes issuable to a holder of Class B or Class C Preferred Stock, as applicable, until such time as such holder surrenders the certificate or certificates evidencing such shares of Class B or Class C Preferred Stock, as applicable.

(iv) The Corporation may redeem shares of Class B and Class C Preferred Stock in exchange for Class B and Class C Exchange Notes only if, on the Exchange Date, (x) the Corporation has redeemed any outstanding shares of Class A Preferred Stock and, if such redemption of Class A Preferred Stock is effected by the issuance of a Class A Exchange Note, such Class A Exchange Notes shall be senior to any Class B or Class C Exchange Note issued in exchange for Class B or Class C Preferred Stock, (y) the Corporation has paid all accrued dividends on all outstanding shares of Class B or Class C Preferred Stock, as applicable, and (z) the Class B indenture or the Class C Indenture, as applicable, shall be executed and delivered by the Corporation and the applicable trustee thereunder.

(e) Redemption Price. For each share of Class B and Class C Preferred
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Stock which is to be redeemed for cash, the Corporation will be obligated on the Redemption Date to pay to the holder thereof (upon surrender of the certificate representing such share to the Corporation's stock transfer agent, or if none, to the Corporation at its principal office) an amount in cash equal to the Redemption Price. If the funds of the Corporation legally available for redemption of shares of Class B and Class C Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares to be redeemed on such date, those funds which are legally available shall be used to redeem the maximum possible number of shares ratably (as nearly as practicable) among the holders of the shares to be redeemed based upon the aggregate Redemption Price of such shares held by each such holder. As and when additional funds of the Corporation are legally available for the redemption of shares, such funds shall as soon as practicable be used to redeem the balance of the shares which the Corporation has become obligated to redeem on any Redemption Date.

(f) Dividends after Redemption Date. Subject to any limitations
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contained elsewhere in this ARTICLE FOUR, no share of Class B or Class C Preferred Stock is entitled to any dividends

accruing after the redemption of such share. On the date of such redemption dividends will cease to accrue, all rights of the holder of such share as such holder will cease, and such shares will not be deemed to be outstanding.

(g) Redeemed or Otherwise Acquired Shares. Any shares of Class B or
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Class C Preferred Stock which are redeemed or otherwise acquired by the Corporation will be retired and cancelled and may not be reissued.

(h) Restrictions on Dividends and Redemptions. Notwithstanding anything in this ARTICLE FOUR to the contrary, no dividend payment or other distribution or redemption may be made with respect to Class B or Class C Preferred Stock if such payment or other distribution or redemption will be in contravention of the restrictions or limitations on such payments or other distributions or redemption contained in (i) this ARTICLE FOUR, (ii) the Debt Agreements, (iii) the Subordinated Note or (iv) any and all applicable state or federal laws, rules, and regulations or in any and all orders of any state or federal governmental authority.

(i) Redemption Methods. Any redemption of shares of Class B or Class C Preferred Stock under and pursuant to Sections 2.3(a), 2.3(b), or 2.3(c) shall be conducted in the same applicable manner as described with respect to the Class A Preferred Stock in Section 1.2(i) above. Notwithstanding any other provision of this ARTICLE FOUR, if on or after the date on which any notice of redemption is first sent to the holders of shares to be redeemed, funds necessary for the redemption shall be available therefor and shall have been irrevocably deposited or set aside, then, notwithstanding that the certificates evidencing the shares so called for redemption shall not have been surrendered, the dividends with respect to the shares so called shall cease to accrue after the date fixed for redemption, shares shall no longer be deemed outstanding, owners thereof shall cease to be stockholders, and all rights whatsoever with respect to the shares so called for redemption (except the right of the holders to receive the Redemption Price without interest thereon upon surrender of their certificates therefor) shall terminate.

2.4 Voting Rights. Except as otherwise set forth below and as otherwise required by law, holders of shares of Class B or Class C Preferred Stock shall have no voting rights. In connection with the right to vote, each holder of Class B Preferred Stock will have one vote for each share held and each holder of Class C Preferred Stock shall have one vote for each share held. Any shares of Class B or Class C Preferred Stock held by the Corporation or its subsidiary shall not have voting rights hereunder and shall not be counted in determining the presence of a quorum. So long as the Class B Preferred Stock or

Class C Preferred Stock is outstanding, the Corporation shall not without the affirmative vote or written consent of the holders of all outstanding Class B and Class C Preferred Stock, each voting as a separate class:

(a) amend, alter, modify or repeal any provision of this Certificate of Incorporation or the By-Laws of the Corporation in any manner which affects adversely the relative rights, preferences, qualifications, powers, limitations or restrictions of that series of Preferred Stock;

(b) increase the authorized number of shares of capital stock of the Corporation, or authorize, issue or otherwise create securities convertible into any shares of capital stock of the Corporation other than shares of Class A (only for purposes of paying dividends in-kind on Class A Preferred Stock), Class B or Class C Preferred Stock, Common Stock and/or Junior Shares; or

(c) voluntarily effect any reclassification of the Class B or Class C Preferred Stock.

Whenever dividends on Class B Preferred Stock shall be in arrears in an amount equal to at least six quarterly dividends (whether or not consecutive), (i) the number of members of the Board of Directors of the Corporation shall be increased by one, effective as of the time of the election of such directors as hereinafter provided and (ii) the holders of Class B Preferred Stock (voting separately as a class) will have the exclusive right to vote for and elect one additional director of the Corporation at any meeting of the stockholders of the Corporation at which directors are to be elected held during the period such dividends remain in arrears. The right of the holders of Class B Preferred Stock to vote for such one additional director shall terminate when all accrued and unpaid dividends on the Class B Preferred Stock have been declared and paid in cash or in-kind or set apart for payment. The term of office of any director so elected shall terminate immediately upon the termination of the right of the holders of the Class B Preferred Stock to vote for such one additional director.

Whenever dividends on Class C Preferred Stock shall be in arrears in an amount equal to at least six quarterly dividends (whether or not consecutive), (i) the number of members of the Board of Directors of the Corporation shall be increased by one, effective as of the time of the election

of such directors as hereinafter provided and (ii) the holders of Class C Preferred Stock (voting separately as a class) will have the exclusive right to vote for and elect one additional director of the Corporation at any meeting of the stockholders of the Corporation at which directors are to be elected held during the period such dividends remain in arrears. The right of the holders of Class C

Preferred Stock to vote for such one additional director shall terminate when all accrued and unpaid dividends on the Class B Preferred Stock have been declared and paid in cash or in-kind or set apart for payment. The term of office of any director so elected shall terminate immediately upon the termination of the right of the holders of the Class C Preferred Stock to vote for such one additional director.

The foregoing right of the holders of Class B and Class C Preferred Stock with respect to the election of one director per class may be exercised at any annual meeting of the stockholders of the Corporation or at any special meeting of the stockholders of the Corporation held for such purpose. If the right to elect an additional director shall have accrued to the holders of Class B Preferred Stock or Class C Preferred Stock more than 90 days preceding the date established for the next annual meeting of stockholders, the President of the Corporation shall, within 20 days after the delivery to the Corporation at its principal office of a written request for a special meeting signed by the holders of at least 10% of the Class B Preferred Stock or Class C Preferred Stock, as applicable, then outstanding, call a special meeting of the holders of the Class B or Class C Preferred Stock, as applicable, to be held within 60 days after the delivery of such request for the purpose of electing such additional directors. The holders of the Class B Preferred Stock voting as a class shall have the right to remove without cause at any time and replace any director such holder shall have elected pursuant to this section. The holders of the Class C Preferred Stock voting as a class shall have the right to remove without cause at any time and replace any director such holder shall have elected pursuant to this section.

2.5 Liquidation. (a) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of shares of Class B and Class C Preferred Stock shall be entitled to receive the Class B or Class C Preferred Liquidation Value of such shares held by them in preference to and in priority over any distributions upon Junior Shares. Upon payment in full to the holders of shares of Class B and Class C Preferred Stock of the Class B and Class C Preferred Liquidation Values of such shares, the holders of shares of Class B or Class C Preferred Stock shall not be entitled, as such holders, to any further participation in any distribution of assets of the Corporation. If the assets of the Corporation are not sufficient to pay in full the Class B and Class C Preferred Liquidation Value payable to the holders of shares of Class B or Class C Preferred Stock, the holders of all such shares shall share ratably (the exclusion of any other holders of capital stock) in such distribution of assets.

(b) Neither a consolidation or merger of the Corporation with or into any other corporation, nor a sale or

transfer of all or part of the Corporation's assets for cash, securities or other property, nor a merger of any other corporation with or into the Corporation, shall be considered a liquidation, dissolution or winding-up of the Corporation within the meaning of this Section 2.5.

III. Common Stock and Nonvoting Common Stock

3.1 Identical Rights. Except as otherwise provided in this ARTICLE FOUR, all shares of Common Stock and Nonvoting Common Stock shall be identical and shall entitle the holder thereof to the same rights and privileges.

3.2 Dividends. From and after the date of issuance, the holders of outstanding shares of Common Stock and Nonvoting Common Stock shall be entitled to receive dividends on the shares of Common Stock and Nonvoting Common Stock when, as, and if declared by the Board of Directors, out of funds legally available for such purpose. All holders of shares of Common Stock and Nonvoting

Common Stock shall share ratably, in accordance with the numbers of shares held by each such holder, in all dividends or distributions on shares of Common Stock payable in cash, in property or in securities of the Corporation (other than shares of Common Stock). All dividends or distributions declared on shares of Common Stock and Nonvoting Common Stock which are payable in shares of Common Stock or Nonvoting Common Stock shall be declared on both classes of shares at the same rate, provided that any such dividend or distribution shall be payable in shares of the class of Common Stock or Nonvoting Common Stock held by the stockholder to whom the dividend or distribution is payable.

3.3. Stock Splits, Etc. The Corporation shall not in any manner subdivide (by stock split, stock dividend or otherwise), or combine (by reverse stock split, or otherwise) the outstanding shares of Common Stock or Nonvoting Common Stock unless the outstanding shares of the other class shall be proportionately subdivided or combined. No reclassification or any other adjustment or modification of the rights or preferences shall be effected (including without limitation pursuant to a merger, consolidation or liquidation involving the Corporation) with respect to either the Common Stock or the Nonvoting Common Stock unless both the Common Stock and Nonvoting Common Stock are reclassified or the rights or preferences are adjusted or modified in exactly the same manner and at the same time. In this regard, and without limiting the generality of the foregoing, in the case of any consolidation or merger of the Corporation with or into any other entity (other than a merger which does not result in any reclassification, conversion, exchange or cancellation of the Common Stock), or in case of any sale or transfer of all or substantially all the assets of the

Corporation, or the reclassification of the Common Stock into any other form of capital stock of the Corporation, whether in whole or in part, the holder of each share of Nonvoting Common Stock shall, after such consolidation, merger, sale or transfer or reclassification, have the right to convert such share of Nonvoting Common Stock into the kind and amount of shares of stock and other securities and property which such holder would have been entitled to receive upon such consolidation, merger, sale or transfer or reclassification if such holder had held such Common Stock issuable upon the conversion of such share of Nonvoting Common Stock immediately prior to such consolidation, merger, sale or transfer or reclassification.

3.4 Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of shares of Common Stock and Nonvoting Common Stock shall be entitled to share ratably, in accordance with the number of shares held by each such holder, in all of the assets of the Corporation available for distribution to the holders of shares of Common Stock.

3.5 Voting Rights. Except as otherwise provided herein or by law, the entire voting power of the Corporation shall be vested in the holders of shares of Common stock and each holder of shares of Common Stock shall be entitled to one vote for each share of Common Stock held of record by such holder; provided that, without the consent of the holders of record of at least 51% of Nonvoting Common Stock at the time outstanding (assuming, for the purposes of this provision, that the holders of rights to acquire shares of Nonvoting Common Stock shall be deemed to be the holders of the shares of Nonvoting Common Stock which are at the time issuable upon the full exercise thereof whether or not such holders are then entitled to exercise such rights pursuant to the terms thereof), given in writing or by the vote at any regular or special meeting of stockholders of the Corporation, the Corporation shall not:

(a) amend, alter, modify or repeal any provision of this Certificate of Incorporation or the By-Laws of the Corporation in any manner which adversely affects the relative rights, preferences, qualifications, powers, limitations or restrictions of the Nonvoting Common Stock, or amend, alter, modify or repeal this Section 3.5;

(b) increase or decrease the authorized number of shares of any class of capital stock of the Corporation or authorize, issue or otherwise create securities convertible into or exercisable for any shares of capital stock of the Corporation other than the shares of Class A, Class B, and Class C Preferred Stock and the Common Stock, and the Nonvoting Common Stock authorized hereunder;

(c) voluntarily effect an exchange or reclassification of shares of Nonvoting Common Stock into shares of another class of capital stock of the Corporation; or

(d) effect a merger or consolidation of the Corporation with another corporation, unless the certificate or articles of incorporation of the surviving corporation shall provide that the shares of the capital stock of such surviving corporation into which the shares of Nonvoting Stock hereunder shall be converted shall have the identical rights and privileges as the shares of capital stock of such surviving corporation into which the shares of Common Stock hereunder shall be converted, other than the voting rights in this Section 3.5 and the conversion and other rights in Section 3.6 below which shall not be adversely affected by such merger or consolidation.

3.6 Conversion.

(a) Right to Conversion. Subject to and upon compliance with the provisions of this Section 6, any holder of shares of Nonvoting Common Stock shall be entitled at any time and from time to time to convert each share of Nonvoting Common Stock held by such holder into a share of Common Stock at the conversion rate of one share of Common Stock for one share of Nonvoting Common Stock.

(b) Procedure. The conversion of any shares of Nonvoting Common Stock into shares of Common Stock, shall be effected by the holder of the shares of Nonvoting Common Stock to be converted surrendering the certificate therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the shares of Common Stock or at such other place as the Corporation is willing to accept such surrender accompanied by written notice to the Corporation at such office or other place that it elects to so convert and stating the number of shares of Nonvoting Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver at such office or other place to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled, registered in the name of such holder or a designee of such holder as specified in such notice. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the shares to be converted in accordance with the procedure set forth in the first sentence of this Section 3(b), and the Person entitled to receive the shares issuable upon such conversion shall be treated for all purposes as having become the record holder of such shares at such time. In the event of the conversion of less than all of the shares of Nonvoting Common Stock into shares of Common Stock evidenced by the certificate so surrendered, the Corporation shall execute and deliver to or upon the written order of such holder, without

charge to such holder, a new certificate evidencing the shares of Nonvoting Common Stock not converted.

(c) Reservation. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, or any shares of Common Stock held in its treasury, solely for the purpose of issue upon conversion of the shares of Nonvoting Common Stock as provided herein, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Nonvoting Common Stock. The shares of Common Stock so issuable shall when so issued be duly and validly issued, fully paid and nonassessable.

(d) Certain Legal Requirements. No person subject to the provisions of Regulation Y shall, and no such Person shall permit any of its Bank Holding Company Affiliates to, convert any shares of Nonvoting Common Stock held by it into shares of Common Stock, if after giving effect to such conversion, (i) such Person and its Bank Holding Company Affiliates would own more than 5% of the total issued and outstanding shares of Common Stock or (ii) such Person would Control the Corporation (and, for purposes of this clause (ii), a reasoned opinion of counsel to such Person (which is based on facts and circumstances deemed appropriate by such counsel) to the effect that such Person does not control the Corporation shall be conclusive).

IV. Definitions.

As used in this ARTICLE FOUR, the terms indicated below shall have the following respective meanings:

"Affiliate", with respect to any Person, means any other Person
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directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, by contract or otherwise. Additionally, with respect to Wingate Partners, L.P. the term "Affiliate" for purposes of the definition of Change of Control shall be deemed to include James T. Callier, Jr., Frederick B. Hegi, Jr., Thomas W. Sturgess, James A. Johnson, Dennis J. Johnson, Sue Goddard, Wallace R. Hawley, Lee Walton, Bud Applebaum, Estate of Howard Beasley, Callier Buy-Out Partners, as defined in the Agreement of Limited Partnership of Wingate Partners, L.P., Peter J. Wodtke, and pension plans for the benefit of such individuals or entities.

"Associated" means Associated Stationers, Inc., a Delaware
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corporation.

"Bank Holding Company Affiliate" shall mean, with respect to any
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Person subject to the provisions of Regulation Y,

(i) if such Person is a bank holding company, any company directly or indirectly controlled by such bank holding company, and (ii) otherwise, the bank holding company that controls such Person and any company (other than such Person) directly or indirectly controlled by such bank holding company.

"Business Sale" means a transaction or a series of transactions,
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whether effected by sale or exchange of securities or assets, merger or consolidation, or otherwise, that results in the sale of the Corporation or its business to an Independent Third Party or group of Independent Third Parties, pursuant to which such Independent Third Party or group of Independent Third Parties would acquire (a) capital stock of the Corporation possessing the voting power under normal circumstances to elect a majority of the Board or (b) all or substantially all of the Corporation's assets determined on a consolidated basis.

"Cash-Out Event" means the occurrence of a Business Sale, a Change in
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Control, a Qualified Public Offering or a Recapitalization. In the case of the Class C Preferred Stock, "Cash-Out Event" shall also include the expiration of
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the agreement between Associated and Affiliated Computer Services, Inc. providing for the furnishing of information systems services for Associated, or the early termination of such agreement for any reason other than termination of such agreement by Affiliated Computer Services, Inc.

"Change in Control" means an occurrence by which Wingate Partners and
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its Affiliates and Cumberland Capital Corporation and its Affiliates shall have collectively sold or otherwise disposed of and received the pecuniary benefit of 33-1/3% of the Common Stock legally or beneficially owned by them collectively as of January 31, 1992, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction and excluding any sales or other dispositions made by any of them to employees of the Corporation or of any of its Subsidiaries of up to 10% of such holdings.

"Class A Exchange Notes" means the Class A Subordinated Exchange Notes
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which may be issued by the Corporation to the holders of the Class A Preferred Stock upon a redemption pursuant to Section 1.2(d). Such Class A Exchange Notes shall have a maturity date of July 31, 1999 and shall bear interest at the rate of 10% for interest paid in cash and 13% for interest paid in-kind in additional Class A Exchange Notes. Such interest shall be payable quarterly in arrears, either in cash or in-kind on the Preferred Dividend Payment Dates. Such Class A Exchange Notes will permit a required prepayment to the same amounts on the same dates as would have applied to an optional or mandatory redemption of the Class A Preferred Stock (assuming that the exchange pursuant to Section 1.2(d) had not occurred), shall not contain any financial covenants by, or other restrictive

covenants (other than limitations imposed by senior debt and applicable law) on, the Corporation, and shall provide for an event of default only upon the Corporation's failure to make payments in accordance with its terms or upon a bankruptcy filing by or against the Corporation which filing is not dismissed within 60 days after filing. The payment of principal, interest, and premium (if any) will be subordinated to senior debt (to be defined as any obligation of the Corporation or its subsidiaries for borrowed money including the obligations under the Subordinated Note).

"Class A Indenture" means an indenture for the Class A Exchange Notes that qualifies under and is in compliance with the Trust Indenture Act to be entered into between the Corporation and a trustee acceptable to the Corporation and a majority of the holders of Class A Exchange Notes and containing such terms and provisions as are approved by the Board of Directors of the Corporation.

"Class B and Class C Exchange Notes" means the Class B Subordinated Exchange Notes and the Class C Subordinated Exchange Notes which may be issued by the Corporation to the holders of the Class B or Class C Preferred Stock, as applicable, upon a redemption pursuant to Section 2.3(d). Class B Exchange Notes shall have a maturity date of July 31, 1999. The Class C Exchange Notes shall have a maturity date of January 31, 2002, with payments to be made thereon in four equal (as nearly as practicable) installments of principal on April 30, 2001, July 31, 2001, October 31, 2001, and January 31, 2002. Both Class B and Class C Exchange Notes shall bear interest at the rate of 11% for interest paid in cash and 12% for interest paid in-kind in additional Class B or Class C Exchange Notes, as applicable. Such interest shall be payable quarterly in arrears, either in cash or in-kind as would have applied to the Class B and Class C Preferred Stock Dividend on the Preferred Dividend Payment Dates. Such Notes will permit or require prepayments in the same amounts and at the same dates as would have applied to an optional or mandatory redemption of the Class B and Class C Preferred Stock (assuming that the exchange pursuant to Section 2.3(d) had not occurred), shall not contain any financial covenants by, or other restrictive covenants (other than limitations imposed by senior debt and applicable law) on, the Corporation, and shall provide for an event of default only upon the Corporation's failure to make payments in accordance with its terms or upon a bankruptcy filing by or against the Corporation, which filing is not dismissed within 60 days after filing. The payment of principal, interest, and premium (if any) will be subordinated to senior debt (to be defined as any obligation of the Corporation for borrowed money including the obligations under the Subordinated Note) and payments in respect of Class A Exchange Notes.

"Class B Indenture" means an indenture for the Class B Exchange Notes that qualifies under and is in compliance with the Trust Indenture Act to be entered into between the Corporation and a trustee acceptable to the Corporation and a majority of the holders of Class B Exchange Notes and containing such terms and provisions as are approved by the Board of Directors of the Corporation.

"Class A Preferred Dividend Rate" means a rate of 10% per annum, computed on the basis of a 360-Day year and twelve 30-day months, to be applied to the Dividend Base for the Class A Preferred Stock as form time to time adjusted: provided that in the event of and during continuance of a failure by the Corporation to pay in cash a dividend on the Class A Preferred Stock on any Preferred Stock on any Preferred Dividend Payment Date or to make any redemption payment when due, the dividend rate shall be increased to 13% per annum, and shall remain at said rate until such failure is cured, such increase to be effective retroactive to the first day of the accrual period for which the dividend was not paid.

"Class A, Class B, and Class C Preferred Liquidation Value" of any share of Class A, Class B or Class C Preferred Stock means as of any particular date an amount equal to the sum of $1,000 plus the aggregate of accrued and unpaid dividends on such share to such date, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction.

"Class B or Class C Preferred Dividend Rate" means a rate of 9% per annum computed on the basis of a 360-day year and twelve 30-day months, to be applied to the Dividend Base for the Class B or Class C Preferred Stock as from time to time adjusted; provided that in the event of and during continuance of a failure by the Corporation to pay in cash a dividend on the Class B or Class C Preferred Stock on Preferred Dividend Payment Date or to make any redemption

payment when due, the dividend rate shall be increased to 10% per annum, and shall remain at said rate until such failure is cured, such increase to be effective retroactive to the first day of the accrual period for which the dividend was not paid.

"Class C Indenture" means an indenture for the Class C Exchange Notes that qualifies under and is in compliance with the Trust Indenture Act to be entered into between the Corporation and a trustee acceptable to the Corporation and a majority of the holders of Class C Exchange Notes and containing such terms and provisions as are approved by the Board of Directors of the Corporation.

"Control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean, with

respect to any Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Debt Agreements" means the Credit Agreement dated as of January 31, 1992 among Associated, the Corporation, The Chase Manhattan Bank (National Association), as Agent, and the lenders which become parties thereto, and the notes and other documents and instruments executed and delivered in connection therewith, as said agreement and notes and other documents and instruments may from time to time be amended or supplemented, and any agreements evidencing any renewal, extension, refinancing, refunding or replacement thereof.

"Dividend Base" of any share of Class A, Class B or Class C Preferred Stock means $1,000, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction.

"Independent Third Party" means any person who, immediately prior to the contemplated transaction, does not own in excess of 5% of the Common Stock on a fully diluted and converted basis (a "5% Owner"), who is not controlling, controlled by or under common control with the Corporation or any such 5% Owner and who is not the spouse or descendant (by birth or adoption) of any such 5% Owner or a trust for the benefit of such 5% Owner and/or such other persons.

"Junior Shares" means with respect to the priority of any class or series of Preferred Stock, shares of Common Stock or shares of any other series or class of Preferred Stock of the Corporation which are designated as junior to such series in this Certificate of Incorporation or any amendment thereto, or in the resolution designating the class or series of such Preferred Stock and any warrants, options or other rights to acquire or purchase such securities. The shares of Class B and Class C Preferred Stock are Junior Shares in relation to the Class A Preferred Stock. Any shares of Additional Preferred Stock, regardless of designation, shall be deemed Junior Shares in relation to the Class A, Class B and Class C Preferred Stock.

"Liquidation Date" means as to any series of Preferred Stock, the first date on which the assets of the Corporation are distributed to the holders of such series of Preferred Stock in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation.

"Marketable Securities" shall mean Common Stock or common stock or other securities of any corporation that is the successor to substantially all of the business or assets of the Corporation or the ultimate parent of such successor which is (or

will, upon distribution thereof, be) listed on the New York Stock Exchange, the American Stock Exchange or approved for quotation on the NASDAQ National Market System.

"Person" means an individual, partnership, association, joint venture, corporation, business, trust, estate, unincorporated organization or government or any department, agency or subdivision thereof.

"Preferred Dividend Payment Date" shall mean each April 30, July 31, October 31 and January 31, or the next business day following each such date of any year commencing with the initial payment date of April 30, 1992.

"Qualified Public Offering" means a sale in a public offering or series of public offerings, registered under the Securities Act of Common Stock; provided, however, that such offering or series of offerings shall not be deemed to be a Qualified Public Offering unless such offering or offerings shall have resulted in (A) (i) public ownership of not less than 20% of the Common Stock of the Corporation on a fully-diluted basis (which such shares of Common Stock are listed upon the New York Stock Exchange, the American Stock Exchange or are approved for quotation on the NASDAQ National Market System), and (ii) such offering or offerings shall have resulted in receipt by the Corporation of aggregate cash proceeds (after deduction of underwriter discounts and the costs associated with such offering or offerings) of at least $37.5 million, or (B) the holders of Common Stock of the Corporation receive, as a result of such offering or offerings, cash, Marketable Securities or a combination thereof valued at not less than $1 million.

"Recapitalization" means a recapitalization of the Corporation pursuant to which the holders of Common Stock of the Corporation receive cash, securities (other than shares junior to the Class B or Class C Preferred Stock), property or other assets and such consideration is valued at not less than $1 million.

"Redemption Date" as to any share of Class A, Class B or Class C Preferred Stock means the date specified in the notice of any redemption at the Corporation's option or the applicable date specified herein in the case of any other redemption; provided that no such date will be a Redemption Date unless the applicable Redemption Price is actually paid or has been set aside for payment to such stockholder in full as of such date, and if not so paid or set aside for payment to such stockholder in full, the Redemption Date will be the date on which such Redemption Price is fully paid.

"Redemption Price" of any share of Class A, Class B or Class C Preferred Stock means as of the Redemption Date an amount equal to the sum of $1,000 plus the aggregate of accrued and

unpaid dividends on such share to such date, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction.

"Regulation Y" shall mean Regulation Y promulgated by the Board of Governors of the Federal Reserve System (12 C.F.R. (S) 225) or any successor regulation.

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

"Subordinated Note" means, until January 31, 1994, the form of the Junior Subordinated Note attached as an Exhibit to the Transition Services Agreement which may be issued to Boise Cascade Corporation by Associated pursuant thereto, and thereafter such Junior Subordinated Note as and to the extent so issued.

"Subsidiary" means any corporation, a majority (by number of votes) of the voting securities of which shall, at the time as of which any determination is being made, be owned by the Corporation, directly or indirectly through one or more Subsidiaries.

"Transition Services Agreement" means the Transition Services

Agreement dated as of January 31, 1992, among the Corporation, Associated, Boise Cascade Office Products Corporation, and Boise Cascade Corporation, as such agreement may from time to time be amended.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, the rules and regulations promulgated thereunder, and any successor legislation thereto.

ARTICLE FIVE

The Board of Directors of the Corporation is hereby expressly authorized to the full extent now or hereafter permitted by the laws of the State of Delaware, at any time and from time to time to provide for the issuance of some or all of the Additional Preferred Stock in one or more classes or series of a class, with such voting powers, full or limited, or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors. Before the Corporation shall issue any Additional Preferred Stock of any classes or series of a class, the Board of Directors shall adopt

a resolution or resolutions fixing the voting powers, designations, preferences and rights of such series, and the qualifications, limitations or restrictions thereof, and the number of shares of Additional Preferred Stock of such series, and appropriate documents shall be executed and filed as required by law.

ARTICLE SIX

The name and address of the Incorporator are as follows:

Name	Address
Suzanne L. Saxman	c/o D'Ancona & Pflaum 30 N. LaSalle Street Suite 2900 Chicago, IL 60602

ARTICLE SEVEN

The Corporation shall indemnify any person who was, is, or is threatened to be made a party to a proceeding (as hereinafter defined) by reason of the fact that he or she (i) is or was a director or officer of the Corporation or (ii) while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee (including voting trustee), employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust (including voting trust), employee benefit plan, or other enterprise, to the fullest extent permitted under the Delaware General Corporation Law, as the same exists or may hereafter be amended. Such right shall be a contract right and as such shall run to the benefit of any director or officer who is elected and accepts the position of director or officer of the Corporation or elects to continue to serve as a director or officer of the Corporation while this ARTICLE SEVEN is in effect. Any repeal or amendment of this ARTICLE SEVEN shall be prospective only and shall not limit the rights of any such director or officer or the obligations of the Corporation with respect to any claim arising from or related to the services of such director or officer in any of the foregoing capacities prior to any such repeal or amendment to this ARTICLE SEVEN. Such right shall include the right to be paid by the Corporation expenses incurred in defending any such proceeding in advance of its final disposition to the maximum extent permitted under the Delaware General Corporation Law, as the same exists or may hereafter be amended. If a claim for indemnification or advancement of expenses hereunder is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in

whole or in part, the claimant shall also be entitled to be paid the expenses of prosecuting such claim. It shall be a defense to any such action that such indemnification or advancement of costs of defense are not permitted under the

Delaware General Corporation Law, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its board of directors or any committee thereof, independent legal counsel, or stockholders) to have made its determination prior to the commencement of such action that indemnification of, or advancement of costs of defense to, the claimant is permissible in the circumstances nor an actual determination by the Corporation (including its board of directors or any committee thereof, independent legal counsel, or stockholders) that such indemnification or advancement is not permissible shall be a defense to the action or create a presumption that such indemnification or advancement is not permissible. In the event of the death of any person having a right of indemnification under the foregoing provisions, such right shall inure to the benefit of his or her heirs, executors, administrators, and personal representatives. The rights conferred above shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, by-law, resolution of stockholders or directors, agreement, or otherwise.

The Corporation may additionally indemnify any employee or agent of the Corporation to the fullest extent permitted by law.

As used herein, the term "proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

ARTICLE EIGHT

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or amendment of this ARTICLE EIGHT by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation arising from an act or omission occurring prior to the time of such repeal or amendment. In addition to the circumstances in which a director of the Corporation is not

personally liable as set forth in the foregoing provisions of this ARTICLE EIGHT, a director shall not be liable to the Corporation or its stockholders to such further extent as permitted by any law applicable to the Corporation hereafter enacted, including without limitation any subsequent amendment to the Delaware General Corporation Law.

ARTICLE NINE

The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders.

(1) The number of directors of the Corporation shall be such as from time to time shall be fixed by, or in the manner provided in, the bylaws. Election of directors need not be by ballot unless the bylaws so provide.

(2) The Board of Directors shall have power, subject to the other provisions of this Certificate, without the assent or vote of the stockholders to make, alter, amend, change, add to or repeal the bylaws of the Corporation; to fix and vary the amount to be reserved for any proper purpose; to authorize and cause to be executed mortgages and liens and all or any part of the property of the Corporation; to determine the use and disposition of any surplus or net profits; and to fix the times for the declaration and payment of dividends.

(3) No contract or transaction between the Corporation and one or more of its directors, officers, or stockholders or between the Corporation and any person (as used herein "person" means other corporation, partnership, association, firm, trust, joint venture, political subdivision, or instrumentality) or other organization in which one or more of its directors, officers, or stockholders are directors, officers, or stockholders, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee which authorizes the contract or transaction, or solely

because his, her, or their votes are counted for such purpose, if: (i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board of directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is

specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved, or ratified by the board of directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

(4) In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation; subject, nevertheless, to the provisions of the statutes of Delaware, of this Certificate, and to any bylaws from time to time made by the stockholders; provided, however, that no bylaws so made shall invalidate any prior act of the directors which would have been valid if such bylaw had not been made.

ARTICLE TEN

The Corporation expressly elects not to be governed by Section 203 of the General Corporation Law of Delaware.

ARTICLE ELEVEN

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law, and all rights and powers conferred herein on stockholders, directors and officers are subject to this reserved power.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of January, 1992.

Suzanne L. Saxman

Annex 5 to
Warrant Agreement

JOINDER AGREEMENT

JOINDER AGREEMENT, dated the date set forth below, between ASSOCIATED HOLDINGS, INC., a Delaware corporation ("Issuer") and the undersigned
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stockholders of Issuer.

A. Reference is made to that certain Warrant Agreement dated as of January 31, 1992 (as modified and supplemented and in effect form time to time, the "Investor Warrant Agreement"), between Issuer and Boise Cascade Corporation.

Each capitalized term used but not defined herein shall have the meaning assigned to such term in the Investor Warrant Agreement.

B. Section 3.11 of the Investor Warrant Agreement requires that Issuer cause each Stockholder to execute and deliver this Joinder Agreement.)

In consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned herby agrees that:

1. The undersigned acknowledges receipt of a copy of the Investor Warrant Agreement.

2. The undersigned hereby agrees: (a) to be bound by the provisions

of Sections 7 and 8 of the Investor Warrant Agreement and Section 5 of the Investor Registration Rights Agreement; (b) to be bound by the covenants in the Investor Warrant Agreement applicable to it; and (c) to be treated as a Stockholder for all purposes thereof.

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement on the date set forth below.

Date: January 31, 1992

WINGATE PARTNERS, L.P.
By: WINGATE MANAGEMENT COMPANY, L.P.
its general partner,

By:
Title:

CUMBERLAND CAPITAL CORPORATION

By:
Title:

ASI PARTNERS, L.P.
By: Cumberland Capital Corporation,
its general partner,

By: Gary G. Miller
Title:

GOOD CAPITAL CO., INC.

By:
Title:

Acknowledged and Agreed to
as of the date written
above:

ASSOCIATED HOLDINGS, INC.

By:

Name:
Title:

EXHIBIT 10.18

AMENDMENT NO. 1 TO WARRANT AGREEMENT

AMENDMENT NO. 1 TO WARRANT AGREEMENT dated as of March 30, 1995 between Associated Holdings, Inc., a Delaware corporation (the "Issuer"), and Boise Cascade Corporation, a Delaware corporation (the "Holder").

WHEREAS, the Issuer has made a tender offer for the shares of, and has agreed following consummation of the tender offer to merge into, United Stationers Inc. (the "Merger"), and Associated Stationers, Inc., a Delaware corporation ("Operating Company"), has agreed to merge into a wholly-owned subsidiary of United Stationers Inc.;

WHEREAS, in connection therewith the Loans (as defined in the Warrant Agreement referred to below) will be refinanced by loans under other credit agreements;

WHEREAS, in connection with the foregoing, the Issuer has requested, and the Holder is willing, to amend the Warrant Agreement dated as of January 31, 1992 between the Issuer and the Holder (as heretofore amended, the "Warrant Agreement");

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

Section 1. Definitions. Terms used but not defined herein shall have the respective meanings assigned to such terms in the Warrant Agreement as amended hereby.

Section 2. Amendments. The Warrant Agreement shall be amended as follows:

2.1 The definitions in Section 1 of the Warrant Agreement shall be amended as follows:

(a) The definitions of "Annual Management Fees" and "Monthly Management Fees" shall be deleted.

(b) The following definitions shall be added in their appropriate places.

"Senior Subordinated Credit Agreement" shall have the meaning set forth in the Credit Agreement.

"Senior Subordinated Lenders" shall have the meaning set forth in the Credit Agreement.

"United" means United Stationers Inc., a Delaware corporation, as the successor-in-interest to Associated Holdings, Inc.

(c) The following definitions shall be amended as follows:

"Change in Control" shall have the meaning set forth in the Credit Agreement.

"Class A Common Stock" shall have the meaning assigned to such term in Section 3.07 and shall include the Common Stock, $.10 par value, of United.

"Class B Common Stock" shall have the meaning assigned to such term in Section 3.07 and shall include the Nonvoting Common Stock, $.01 par value, of United.

"Credit Agreement" shall mean the Credit Agreement dated as of March __, 1995 among the Operating Company, the Issuer, the lenders signatory thereto and The Chase Manhattan Bank (National Association) as Agent, together with any amendments, modifications or supplements thereto or replacements or refinancings thereof except as otherwise indicated.

The phrase "but shall not include Options" shall be added at the end of the definitions of "Convertible Securities".

The phrase "and following the Merger shall include United Stationers Supply Co." shall be added at the end of the definition of "Operating Company".

The phrase "including the Common Stock, $.10 par value, and the Nonvoting Common Stock, $.01 par value, of United" shall be added at the end of the first sentence of the definition of "Common Stock".

The phrase "and following the Merger shall include United" shall be added at the end of the definition of "Issuer".

The phrase "after March 29, 1995" shall be added after the words "Common Stock" on the fourth line of the definition of "Qualified Public

Offering".

The phrase "other than Common Stock" shall be added after the word "security" in the first line of the definition of "Participating Securities".

The phrase "under the definition of 'Subsidiary'" is deleted from the fifth and sixth lines of the definition of "Subsidiary".

2.2 Section 7.01(a) of the Warrant Agreement is amended to read in its entirety as follows:

"(a) Notwithstanding anything herein to the contrary, but subject to the provisions of Section 7.01(b), if Wingate, Cumberland, Good Capital or any
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of their subsidiaries, Affiliates (but excluding any limited partners of Wingate as such) or associates (as defined under the Exchange Act) (other than pursuant to an underwritten public offering or in an ordinary brokerage transaction under Rule 144) proposes, in a single transaction or a series of related transactions, to sell, dispose of or otherwise transfer, directly or indirectly, any shares of Common Stock then-outstanding in any manner, other than (i) the Employee Shares, (ii) pursuant to a registration statement filed pursuant to the Securities Act in which the Holders may participant pursuant to the terms of the Registration Rights Agreement, or (iii) in an ordinary brokerage transaction pursuant to Rule 144 (each, a "Tag-Along Sale"), then Issuer shall cause such
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Stockholder (the "Selling Stockholder") to refrain from effecting such
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transaction unless, prior to the consummation thereof, the Holders shall have been afforded the opportunity to join in such transfer as provided in Section
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7.02 (it being understood that such Holders shall pay their own expenses in
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connection therewith)."

2.3 Section 9.04 is amended by adding at the end thereof the words "and the Senior Subordinated Credit Agreement".

2.4 Section 9.05 is amended to read in its entirety as follows:

"9.05 Transactions with Affiliates. Except as expressly permitted by
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this Agreement, Issuer shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly: (a) make any Investment in an Affiliate; (b) transfer, sell, lease, assign or otherwise dispose of any assets to an Affiliate; (c) merge into or consolidate with or purchase or acquire Property from an Affiliate; (d) enter into any other transaction directly or indirectly with or

for the benefit of an Affiliate (including guarantees and assumptions of obligations of an Affiliate); provided, however, that (i) any Affiliate who
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is an individual may serve as an officer or employee of Issuer or its Subsidiaries and receive reasonable compensation for his or her services in such capacity, and (ii) Issuer and its Subsidiaries may enter into transactions providing for the leasing of Property, the rendering or receipt of services or the purchase or sale of inventory and other assets in the ordinary course of business if the monetary or business consideration arising therefrom would be substantially as advantageous to Issuer and its Subsidiaries as the monetary or business consideration which would obtain in a comparable transaction with a Third Party; or (e) pay to Wingate, Cumberland or any of their respective Affiliates any management, consultant, financial advisor, director or similar fees ("Sponsor
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Management Fees"), except as permitted under the Credit Agreement as in
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effect on the date hereof without giving effect to any modifications or supplements thereto, or termination thereof, after the date hereof."

2.5 Section 9.06(b) is amended by deleting the word "repurchase" in the second line thereof.

2.6 Section 9.06(e) is amended by adding the words "except that Issuer and each Subsidiary may own a percentage of the stock of any Subsidiary not lower than the percentage owned at the effective time of the Merger" at the end thereof.

2.7 Section 9.06(g) is amended by adding the words "it being recognized that the last day of the fiscal year of United following the Merger need not be changed to December 31 before December 31, 1995".

2.8 Section 9.08 is amended by adding at the end of the first paragraph the sentence "This Section shall not apply at the time when the Issuer has securities registered under Section 12(b) or 12(g), or is required to file reports under Section 15(d), of the Exchange Act."

2.9 Section 9.09 is amended by adding at the end thereof the sentence "This Section shall not apply at any time when the Issuer has securities registered under Section 12(b) or 12(g), or is required to file reports under Section 15(d), of the Exchange Act."

2.10 Representation and Warranties of Issuer. The Issuer represents
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and warrants as follows:

(a) No Breach. The execution, delivery and performance of this

Amendment by the Issuer and the consummation by the Issuer of the transactions contemplated hereby will not (a) violate the certificate of incorporation or by-laws of the Issuer, (b) violate any loan or credit agreement to which the Issuer is a party or is bound, or result in a breach of or default under any other instrument or agreement to which the Issuer is a party or is bound in a way which could reasonably be expected to have a material adverse effect on (i) the property, business, operations, financial condition, prospects, liabilities, or capitalization of the Issuer and the Subsidiaries taken as a whole, (ii) the ability of the Issuer to perform its obligations under this Amendment, the Warrant Agreement, the Warrant, or the Registration Rights Agreement, or (iii) the validity or enforceability of this Amendment, the Warrant Agreement, the Warrant, or the Registration Rights Agreement, or (iv) the rights and remedies of the Holder under the Warrant Agreement, the Warrant, or the Registration Rights Agreement, (c) violate any judgment, order, injunction, decree, or award against or binding upon the Issuer, (d) result in the creation of any material lien upon any of the properties or assets of the Issuer, or (e) violate any law, rule or regulation relating to the Issuer.

(b) Corporate Action. The Issuer has all necessary corporate power and authority to execute, deliver, and perform its respective obligations under this Amendment; the execution, delivery and performance by the Issuer of this Amendment have been duly authorized by all necessary corporate action (including all stockholder action) on the part of the Issuer; and this Amendment has been duly executed and delivered by the Issuer and constitutes the legal, valid, and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws effecting the rights of creditors generally as applicable to the Issuer, and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) Capitalization. The representations in Section 8.14 of the Credit Agreement are complete and correct.

(d) Prior Representations and Warranties. After giving effect to this Amendment, (i) the Issuer is in compliance

with its obligations under the Warrant Agreement and the Registration Rights Agreement and (ii) except for the representations made by the Issuer in Section 3.07 of the Warrant Agreement, all representations and warranties made by the Issuer in Section 3 of the Warrant Agreement are true and correct on and as of the date hereof with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to

have been made as of a specific date, as of such specific date).

Section 3. Documents Otherwise Unchanged. Except as herein provided, the Warrant Agreement shall remain unchanged and in full force and effect, and each reference to the "Warrant Agreement" and words of similar import in the Warrant Agreement, both as amended hereby, shall be a reference to the Warrant Agreement, as amended hereby, and as the same may be further amended, supplemented, and otherwise modified and in effect from time to time.

Section 4. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be identical and all of which, when taken together, shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart.

Section 5. Binding Effect. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of Illinois.

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

ASSOCIATED HOLDINGS, INC.

By: /s/DANIEL H. BUSHELL
Name: Daniel H. Bushell
Title: Chief Financial Officer

BOISE CASCADE CORPORATION

By: /s/J. W. HOLLEREN
Name: J. W. Holleren
Title: Vice President

EXHIBIT 10.19

INVESTMENT BANKING FEE AND MANAGEMENT AGREEMENT

This INVESTMENT BANKING FEE AND MANAGEMENT AGREEMENT (the "Agreement") is made and entered into as of January 31, 1992, among Associated Holdings, Inc., a Delaware corporation (together with its successors and assigns, "Holdings"), Associated Stationers, Inc., a Delaware corporation (together with its successors and assigns, "Stationers"), and Cumberland Capital Corporation, a Delaware corporation (together with its successors and assigns, "Cumberland").

WHEREAS, Holdings is the owner of all of the issued and outstanding capital stock of Stationers;

WHEREAS, Stationers is a newly-formed corporation organized for the purpose of acquiring certain assets of Boise Cascade Office Products Corporation related to its wholesale office products division (the "Transaction");

WHEREAS, Holdings and Stationers have requested that Cumberland render financial advisory services to Holdings and Stationers in connection with the negotiation, structure and financing of the Transaction and certain continuing financial advisory services thereafter;

WHEREAS, Stationers has, of even date herewith, entered into an Investment Banking Fee and Management Agreement (collectively, the "Sponsor Agreements") with each of Wingate Partners, L.P., a Delaware limited partnership ("Wingate"), and Good Capital Co., Inc., a Delaware corporation ("Good");

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Retention.

(a) Holdings and Stationers hereby acknowledge that they have retained Cumberland, and Cumberland acknowledges that it has acted, as financial advisor to Holdings and Stationers in connection with the Transaction.

(b) Following consummation of the Transaction, subject to reasonable advance notice in order to accommodate scheduling, Cumberland will provide oversight and monitoring services to Holdings and Stationers and their subsidiaries, on a non-exclusive basis, as requested by the chief executive officer or the board of directors of each of Holdings and Stationers during the term of this Agreement. In connection therewith, Cumberland agrees to make available a sufficient number of designees to serve on the board of directors of each of Holdings and Stationers. The services of Cumberland to be provided hereunder shall not include services

relating to the day-to-day management and activities of Holdings or Stationers (including, but not limited to, keeping of books and records, financial management, clerical services, administrative support services, receipt and disbursement of cash and tax return preparation).

2. Right of First Refusal. Holdings and Stationers hereby agree that in the event that financial advisory or consulting services are required by Holdings or Stationers during the term of this Agreement in connection with any transaction other than the Transaction, or which are otherwise in addition to the oversight and monitoring services contemplated under Section 1(b) above, Holdings or Stationers, as the case may be, shall offer to retain Cumberland to provide such financial advisory and/or consulting services, all on such terms as shall be mutually agreed upon by the parties, including compensation which shall not be less than the then-prevailing fees for like services rendered by independent third parties. Notwithstanding the prior sentence, each party hereto acknowledges that, during the respective terms thereof, the Sponsor Agreements may require that similar services be performed by Wingate and Good, and any agreement entered into during the terms of the respective Sponsor Agreements by and between Stationers and/or Holdings and Wingate or Good, respectively, in respect of such similar services shall not be in violation of this provision.

3. Term. This Agreement is noncancellable and shall continue for a term of ten years from the date hereof (the "Primary Term"), and shall continue on a year-to-year basis thereafter unless terminated by either Holdings and Stationers, on the one hand, or Cumberland, on the other hand, by written notice delivered to the other party(ies) on or before the 180th day prior to the expiration of the Primary Term or prior to the expiration of any subsequent yearly term.

4. Compensation.

(a) As compensation for Cumberland's services as financial advisor to Holdings and Stationers in connection with the Transaction, Stationers hereby irrevocably agrees to pay to Cumberland in cash at the closing of the Transaction (i) a cash fee of $500,000 and (ii) an amount equal to all out-of-pocket expenses incurred by Cumberland in respect of the Transaction, including, without limitation, all Cumberland's legal fees related thereto.

(b) As compensation for Cumberland's oversight and monitoring services pursuant to Section 1(b),

(i) Stationers shall pay Cumberland an annual fee of $75,000 (subject to adjustment as provided in Section 4(c) hereof, the "Monitoring Fee"), such payments to be made in cash monthly on the last business day of each month; provided, that for so long as that

Credit Agreement dated of even date herewith by and among Holdings, Stationers, the Lenders (as defined therein) and The Chase Manhattan Bank (National Association), as Agent (as hereafter amended or modified, the "Credit Agreement"), remains in effect, the annual Monitoring Fee shall be paid in accordance with the terms of the Credit Agreement. Any amounts due pursuant to this Section 4(b) shall accrue interest at a rate of 10% per annum, compounded monthly, from and including the due date to the date such amounts, including all accrued and unpaid interest thereon, are paid in full, calculated on the basis of a 360-day year; and

(ii) Holdings shall issue to Cumberland 23,129 shares of its Common Stock, $.01 par value, upon receipt of the $231.29 aggregate par value thereof, the receipt of which hereby is acknowledged, and Cumberland's agreement to perform its obligations under Section 1(b) hereof. The issuance of such shares of Common Stock (the "Monitoring Stock") shall be subject to rescission if this Agreement shall terminate at any time prior to the tenth anniversary date hereof, unless: (A) Holdings and Stationers engage in a transaction of the sort contemplated in Section 2 hereof and fail to retain Cumberland to provide financial and/or consulting services in connection therewith; (B) this Agreement is terminated without the written consent of Cumberland; (C) Holdings and/or Stationers is in material noncompliance with any of the terms of this Agreement; (D) a tender offer or exchange offer has been made for shares of Common Stock, provided that the corporation, person or other entity making such offer purchases or otherwise acquires shares of Common Stock pursuant to such offer; (E) the stock holders of Holdings shall have approved a definitive agreement to merge or consolidate with or into another corporation or other entity pursuant to which Holdings will not survive or will survive only as a subsidiary of another corporation or other entity, or to sell or otherwise dispose of all or substantially all of its assets; (F) any person or group (as such terms are defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Act")) that will hold less than five percent (5%) of the Common Stock of Holdings immediately upon consummation of the Transaction shall become the holder of 50% or more of the outstanding shares of Common Stock of Holdings; or (G) a Cash Out Event, as defined in the Certificate of Incorporation of Holdings, shall have occurred. In any case set forth in clauses (A)-(G) above, so long as Cumberland confirms in writing upon request of Stationers or Holdings or their respective successors or assigns, as the case may be, that it is prepared to continue to provide the services to be performed by Cumberland pursuant to this Agreement, then the issuance of the Monitoring Stock shall not be subject to rescission pursuant hereto.

(c) On each December 31st during the term hereof, the annual Monitoring Fee shall be increased automatically in an amount to be determined by

the boards of directors of Holdings and Stationers.

5. Reimbursement of Expenses. In addition to the compensation to be paid pursuant to Section 4 hereof, Stationers agrees to reimburse Cumberland, promptly following demand therefor, together with invoices or reasonably detailed descriptions thereof, for all reasonable disbursements and out-of-pocket expenses (including fees and disbursements of counsel) incurred by Cumberland, its principals, officers, employees, representatives or agents in connection with the performance by it of the services contemplated by Section 1(b) hereof. Any amounts due pursuant to this Section 5 shall accrue interest at a rate of 10% per annum, compounded quarterly, until such amounts, including all accrued and unpaid interest, are paid in full.

6. Indemnification. Stationers hereby agrees to indemnify Cumberland and its affiliates as provided in Exhibit A attached hereto and incorporated herein. The indemnity provisions contained in Exhibit A shall remain operative and in full force and effect notwithstanding termination of this Agreement.

7. Confidential Information. In connection with its providing of services hereunder, Cumberland agrees not to divulge any confidential information, secret processes or trade secrets disclosed by Stationers or Holdings or any of their subsidiaries or other affiliates to Cumberland solely in its capacity as financial advisor, unless such information, secret processes, or trade secrets are publicly available or otherwise available without restriction or breach of any confidentiality agreement.

8. Governing Law. This Agreement shall be construed, interpreted, and enforced in accordance with the substantive laws of the State of Illinois, excluding any conflict-of-law provisions thereof.

9. Assignment. This Agreement and all provisions contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, neither Associated nor Stationers shall be permitted to assign this Agreement or any of their rights, interests or obligations hereunder without the prior written consent of Cumberland.

10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

11. Other Understandings. All discussions, understandings, and agreements theretofore made among any of the parties hereto with respect to the subject matter hereof are merged in this Agreement, which alone fully and completely expresses the Agreement of the parties hereto.

12. Time Devoted to Stationers; Conflicts. Stationers and Holdings acknowledge that Cumberland has other business activities and no principal or employee of Cumberland shall be required or expected to devote his or her full time and attention to the services to be performed under this Agreement. Stationers and Holdings further acknowledge that possibilities for a conflict of interest may arise due to Cumberland, its principals, employees or agents pursuing business activities similar to the business of Stationers. In no event shall the existence of such conflicts of interest constitute a breach of this Agreement or a default hereunder, provided that Cumberland performs the duties to Stationers and Holdings set forth herein. Nothing in this Agreement shall preclude any of Cumberland's directors, officers, principals, representatives, agents or employees from becoming employees of Stationers or Holdings on a full-time basis and being compensated as employees by Stationers and/or Holdings over and above the fees paid to Cumberland pursuant hereto.

13. Independent Contractor. Cumberland shall perform services hereunder as an independent contractor, retaining control over and responsibility for its own operations and personnel. Neither Cumberland nor its principals, officers or employees shall be considered employees or agents of Stationers or Holdings nor shall any of them have the authority to contract in the name of or bind Stationers or Holdings, except as expressly agreed to in writing by Stationers or Holdings, respectively, or unless any such individual is then serving as an officer of Stationers or Holdings.

14. Coordination of Services. Cumberland acknowledges that each of Wingate and Good has entered into a Sponsor Agreement and it is the intention of Wingate, Good and Cumberland to cooperate in the provision of services thereunder and hereunder to further the interests of Stationers and Holdings. It is intended that Wingate, Good and Cumberland will review these services not less than annually to make joint recommendations to each other and/or to Stationers and Holdings as to how best to coordinate such services.

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

CUMBERLAND CAPITAL CORPORATION

By: _____
Name:
Title:

ASSOCIATED HOLDINGS, INC.

By: _____

ASSOCIATED STATIONERS, INC.

By: _____

EXHIBIT A

Stationers, Holdings and each of their successors (collectively, the "Indemnitor") hereby agree to indemnify and hold harmless Cumberland, its principals, general partners, limited partners and affiliates, and their respective directors, officers, agents, employees and affiliates (collectively, the "Cumberland Group") from and against any claims, actions, proceedings, demands, liabilities, damages, judgments, assessments, losses and costs, including fees and expenses, arising out of or in connection with the services rendered by Cumberland or any member of the Cumberland Group under the attached Agreement, and will reimburse the Cumberland Group for all such fees and expenses including the reasonable fees of counsel as they are incurred by the Cumberland Group in connection with investigating, preparing or defending any such claims, actions, proceedings, demands, or assessments, whether or not in connection with any pending or threatened investigation, litigation or other proceeding to which the Cumberland Group, or any member thereof, is a party. The Indemnitor will not, however, be responsible for any claims, liabilities, losses, damages or expenses that are determined by final judgment of a court of competent jurisdiction, from which no further appear may be taken, to result primarily from the Cumberland Group's gross negligence, bad faith or willful breach of its obligations under the Agreement. The Indemnitor also agrees that the Cumberland Group shall have no liability for claims, liabilities, damages, losses or expenses, including legal fees, incurred by the Indemnitor unless they are determined by final judgment of a court of competent jurisdiction, from which no further appeal may be taken, to result primarily from the Cumberland Group's gross negligence, bad faith or willful breach of its obligations under the Agreement.

In case any action shall be brought against the Cumberland Group with respect to which indemnity may be sought against the Indemnitor under the Agreement, the Cumberland Group shall promptly notify the Indemnitor in writing and the Indemnitor shall, if requested by Cumberland, assume the defense thereof, including the employment of counsel and payment of all fees and expenses. The Cumberland Group shall have the right to employ separate counsel in such action and participate in the defense thereof, but the fees and expenses of such separate counsel shall be at the expense of the Cumberland Group, unless (i) the Indemnitor has failed to

assume the defense and employ counsel or (ii) the named parties to any such action (including any impleaded parties) include the Cumberland Group and the Indemnitor, and the Cumberland Group shall have been advised by such separate counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnitor; provided, however, that the Indemnitor shall not in such event be responsible hereunder for the fees and expenses of more than one such firm of separate counsel, in addition to any local counsel. The Indemnitor shall not be liable for any settlement of any such action effected without the written consent of the Indemnitor (which shall not be unreasonably withheld) and, except as provided above, the Indemnitor agrees to indemnify and hold harmless the Cumberland Group from and against any loss or liability by reason of settlement of any action effected with the consent of the Indemnitor.

INVESTMENT BANKING FEE AND MANAGEMENT AGREEMENT

This INVESTMENT BANKING FEE AND MANAGEMENT AGREEMENT (the "Agreement") is made and entered into as of January 31, 1992, among Associated Holdings, Inc., a Delaware corporation (together with its successors and assigns, "Holdings"), Associated Stationers, Inc., a Delaware corporation (together with its successors and assigns, "Stationers"), and Good Capital Co., Inc., a Delaware corporation (together with its successors and assigns, "Good").

WHEREAS, Holdings is the owner of all of the issued and outstanding capital stock of Stationers;

WHEREAS, Stationers is a newly-formed corporation organized for the purpose of acquiring certain assets of Boise Cascade Office Products Corporation related to its wholesale office products division (the "Transaction");

WHEREAS, Holdings and Stationers have requested that Good render financial advisory services to Holdings and Stationers in connection with the negotiation, structure and financing of the Transaction and certain continuing financial advisory services thereafter;

WHEREAS, Stationers has, of even date herewith, entered into an Investment Banking Fee and Management Agreement (collectively, the "Sponsor Agreements")

with each of Wingate Partners, L.P., a Delaware limited partnership (Wingate") and Cumberland Capital Corporation, a Delaware corporation ("Cumberland");

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Retention.

(a) Holdings and Stationers hereby acknowledge that they have retained Good, and Good acknowledges that it has acted, as financial advisor to Holdings and Stationers in connection with the Transaction.

(b) Following consummation of the Transaction, subject to reasonable advance notice in order to accommodate scheduling, Good will provide oversight and monitoring services to Holdings and Stationers and their subsidiaries, on a non-exclusive basis, as requested by the chief executive officer or the board of directors of each of Holdings and Stationers during the term of this Agreement. In connection therewith, Good agrees to make available a sufficient number of designees to serve on the board of directors of each of Holdings and Stationers. The services of Good to be provided hereunder shall not include services relating to the day-to-day management and activities of Holdings or Stationers (including, but not limited to, keeping of books and

records, financial management, clerical services, administrative support services, receipt and disbursement of cash and tax return preparation).

2. Right of First Refusal. Holdings and Stationers hereby agree that in
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the event that financial advisory or consulting services are required by Holdings or Stationers during the term of this Agreement in connection with any transaction other than the Transaction, or which are otherwise in addition to the oversight and monitoring services contemplated under Section 1(b) above, Holdings or Stationers, as the case may be, shall offer to retain Good to provide such financial advisory and/or consulting services, all on such terms as shall be mutually agreed upon by the parties, including compensation which shall not be less than the then-prevailing fees for like services rendered by independent third parties. Notwithstanding the prior sentence, each party hereto acknowledges that, during the respective terms thereof, the Sponsor Agreements may require that similar services be performed by Wingate and Cumberland, and any agreement entered into during the terms of the respective Sponsor Agreements by and between Stationers and/or Holdings and Wingate or Cumberland, respectively, in respect of such similar services shall not be in violation of this provision.

3. Term. This Agreement is noncancellable and shall continue for a term
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of ten years from the date hereof (the "Primary Term"), and shall continue on a year-to-year basis thereafter unless terminated by either Holdings and Stationers, on the one hand, or Good, on the other hand, by written notice

delivered to the other party(ies) on or before the 180th day prior to the expiration of the Primary Term or prior to the expiration of any subsequent yearly term.

4. Compensation.

(a) As compensation for Good's services as financial advisor to Holdings and Stationers in connection with the Transaction, Stationers hereby irrevocably agrees to compensate Good at the closing of the Transaction as follows:

(i) Holdings shall issue to Good 31,480 shares of its Common Stock, $.01 par value, and 185 shares of its Class A Preferred Stock, $1,000 par value; such shares of Common Stock and Class A Preferred Stock shall be subject to rescission if this Agreement shall terminate at any time prior to the fifth anniversary date hereof, unless: (A) Holdings and Stationers engage in a transaction of the sort contemplated in Section 2 hereof and fail to retain Good to provide financial and/or consulting services in connection therewith; (B) this Agreement is terminated without the written consent of Good; (C) Holdings and/or Stationers is in material

noncompliance with any of the terms of this Agreement; (D) a tender offer or exchange offer has been made for shares of Common Stock, provided that the corporation, person or other entity making such offer purchases or otherwise acquires shares of Common Stock pursuant to such offer; (E) the stockholders of Holdings shall have approved a definitive agreement to merge or consolidate with or into another corporation or other entity pursuant to which Holdings will not survive or will survive only as a subsidiary of another corporation or other entity, or to sell or otherwise dispose of all or substantially all of its assets; (F) any person or group (as such terms are defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Act")) that will hold less than five percent (5%) of the Common Stock of Holdings immediately upon consummation of the Transaction shall become the holder of 50% or more of the outstanding shares of Common Stock of Holdings; or (G) a Cash-Out Event, as defined in the Certificate of Incorporation of Holdings, shall have occurred. In any case set forth in clauses (A)-(G) above, so long as Good confirms in writing upon request of Stationers or Holdings or their respective successors or assigns, as the case may be, that it is prepared to continue to provide the services to be performed by Good pursuant to this Agreement, then the issuance of said Common Stock and Class A Preferred Stock shall not be subject to rescission pursuant hereto; and

(ii) Stationers shall pay in cash an amount equal to all out-of-pocket expenses incurred by Good in respect of the Transaction,

including, without limitation, all of Good's legal fees related thereto.

(b) As compensation for Good's oversight and monitoring services pursuant to Section 1(b),

(i) Stationers shall pay Good an annual fee of $75,000 (subject to adjustment as provided in Section 4(c) hereof, the "Monitoring Fee"), such payments to be made in cash monthly on the last business day of each month; provided, that for so long as that Credit Agreement
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dated of even date herewith by and among Holdings, Stationers, the Lenders (as defined therein) and The Chase Manhattan Bank (National Association), as Agent (as hereafter amended or modified, the "Credit Agreement"), remains in effect, the annual Monitoring Fee shall be paid in accordance with the terms of the Credit Agreement. Any amounts due pursuant to this Section 4(b) shall accrue interest at a rate of 10% per annum, compounded monthly, from and including the due date to the date such amounts, including all accrued and

unpaid interest thereon, are paid in full, calculated on the basis of a 360-day year; and

(ii) Holdings shall issue to Good 23,129 shares of its Common Stock, $.01 par value, upon receipt of the $231.29 aggregate par value thereof, the receipt of which hereby is acknowledged, and Good's agreement to perform its obligations under Section 1(b) hereof. The issuance of such shares of Common Stock (the "Monitoring Stock") shall be subject to rescission if this Agreement shall terminate at any time prior to the tenth anniversary date hereof, unless: (A) Holdings and Stationers engage in a transaction of the sort contemplated in Section 2 hereof and fail to retain Good to provide financial and/or consulting services in connection therewith; (B) this Agreement is terminated without the written consent of Good; (C) Holdings and/or Stationers is in material noncompliance with any of the terms of this Agreement; (D) a tender offer or exchange offer has been made for shares of Common Stock, provided that the corporation, person or other entity making such offer purchases or otherwise acquires shares of Common Stock pursuant to such offer; (E) the stockholders of Holdings shall have approved a definitive agreement to merge or consolidate with or into another corporation or other entity pursuant to which Holdings will not survive or will survive only as a subsidiary of another corporation or other entity, or to sell or otherwise dispose of all or substantially all of its assets; (F) any person or group (as such terms are defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Act")) that will hold less than five percent (5%) of the Common Stock of Holdings immediately upon consummation of the Transaction shall become the holder of 50% or more of the outstanding shares of

Common Stock of Holdings; or (G) a Cash-Out Event, as defined in the Certificate of Incorporation of Holdings, shall have occurred. In any case set forth in clauses (A)-(G) above, so long as Good confirms in writing upon request of Stationers or Holdings or their respective successors or assigns, as the case may be, that it is prepared to continue to provide the services to be performed by Good pursuant to this Agreement, then the issuance of the Monitoring Stock shall not be subject to rescission pursuant hereto.

(c) On each December 31st during the term hereof, the annual Monitoring Fee shall be increased automatically in an amount to be determined by the boards of directors of Holdings and Stationers.

5. Reimbursement of Expenses. In addition to the compensation to be paid pursuant to Section 4 hereof, Stationers agrees to reimburse Good, promptly following demand therefor, together with invoices or reasonably detailed descriptions thereof, for all reasonable disbursements and out-of-pocket expenses (including fees and disbursements of counsel) incurred by Good, its principals, officers, employees, representatives or agents in connection with the performance by it of the services contemplated by Section 1(b) hereof. Any amounts due pursuant to this Section 5 shall accrue interest at a rate of 10% per annum, compounded quarterly, until such amounts, including all accrued and unpaid interest, are paid in full.

6. Indemnification. Stationers hereby agrees to indemnify Good and its affiliates as provided in Exhibit A attached hereto and incorporated herein. The indemnity provisions contained in Exhibit A shall remain operative and in full force and effect notwithstanding termination of this Agreement.

7. Confidential Information. In connection with its providing of services hereunder, Good agrees not to divulge any confidential information, secret processes or trade secrets disclosed by Stationers or Holdings or any of their subsidiaries or other affiliates to Good solely in its capacity as financial advisor, unless such information, secret processes, or trade secrets are publicly available or otherwise available without restriction or breach of any confidentiality agreement.

8. Governing Law. This Agreement shall be construed, interpreted, and enforced in accordance with the substantive laws of the State of Illinois, excluding any conflict-of-law provisions thereof.

9. Assignment. This Agreement and all provisions contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, neither Associated nor Stationers shall be permitted to assign this Agreement or any of their rights, interests or obligations hereunder without the prior written consent of Good.

10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

11. Other Understandings. All discussions, understandings, and agreements theretofore made among any of the parties hereto with respect to the subject matter hereof are merged in this

Agreement, which alone fully and completely expresses the Agreement of the parties hereto.

12. Time Devoted to Stationers; Conflicts. Stationers and Holdings acknowledge that Good has other business activities and no principal or employee of Good shall be required or expected to devote his or her full time and attention to the services to be performed under this Agreement. Stationers and Holdings further acknowledge that possibilities for a conflict of interest may arise due to Good, its principals, employees or agents pursuing business activities similar to the business of Stationers. In no event shall the existence of such conflicts of interest constitute a breach of this Agreement or a default hereunder, provided that Good performs the duties to Stationers and Holdings set forth herein. Nothing in this Agreement shall preclude any of Good's directors, officers, principals, representatives, agents or employees from becoming employees of Stationers or Holdings on a full-time basis and being compensated as employees by Stationers and/or Holdings over and above the fees paid to Good pursuant hereto.

13. Independent Contractor. Good shall perform services hereunder as an independent contractor, retaining control over and responsibility for its own operations and personnel. Neither Good nor its principals, officers or employees shall be considered employees or agents of Stationers or Holdings nor shall any of them have the authority to contract in the name of or bind Stationers or Holdings, except as expressly agreed to in writing by Stationers or Holdings, respectively, or unless any such individual is then serving as an officer of Stationers or Holdings.

14. Coordination of Services. Good acknowledges that each of Wingate and Cumberland has entered into a Sponsor Agreement and it is the intention of Wingate, Good and Cumberland to cooperate in the provision of services thereunder and hereunder to further the interests of Stationers and Holdings. It is intended that Wingate, Good and Cumberland will review these services not less than annually to make joint recommendations to each other and/or to Stationers and Holdings as to how best to coordinate such services.

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

GOOD CAPITAL CO., INC.

By: _____
Name:
Title:

ASSOCIATED HOLDINGS, INC.

By: _____
Thomas W. Sturgess,
Chairman of the Board

ASSOCIATED STATIONERS, INC.

By: _____
Thomas W. Sturgess,
Chairman of the Board

EXHIBIT A

Stationers, Holdings and each of their successors (collectively, the "Indemnitor") hereby agree to indemnify and hold harmless Good, its principals, general partners, limited partners and affiliates, and their respective directors, officers, agents, employees and affiliates (collectively, the "Good Group") from and against any claims, actions, proceedings, demands, liabilities,

damages, judgments, assessments, losses and costs, including fees and expenses, arising out of or in connection with the services rendered by Good or any member of the Good Group under the attached Agreement, and will reimburse the Good Group for all such fees and expenses including the reasonable fees of counsel as they are incurred by the Good Group in connection with investigating, preparing or defending any such claims, actions, proceedings, demands, or assessments, whether or not in connection with any pending or threatened investigation, litigation or other proceeding to which the Good Group, or any member thereof, is a party. The Indemnitor will not, however, be responsible for any claims, liabilities, losses, damages or expenses that are determined by final judgment of a court of competent jurisdiction, from which no further appear may be taken, to result primarily from the Good Group's gross negligence, bad faith or willful breach of its obligations under the Agreement. The Indemnitor also agrees that the Good Group shall have no liability for claims, liabilities, damages, losses or expenses, including legal fees, incurred by the Indemnitor unless they are determined by final judgment of a court of competent jurisdiction, from which no further appeal may be taken, to result primarily from the Good Group's gross negligence, bad faith or willful breach of its obligations under the Agreement.

In case any action shall be brought against the Good Group with respect to which indemnity may be sought against the Indemnitor under the Agreement, the Good Group shall promptly notify the Indemnitor in writing and the Indemnitor shall, if requested by Good, assume the defense thereof, including the employment of counsel and payment of all fees and expenses. The Good Group shall have the right to employ separate counsel in such action and participate in the defense thereof, but the fees and expenses of such separate counsel shall be at the expense of the Good Group, unless (i) the Indemnitor has failed to assume the defense and employ counsel or (ii) the named parties to any such action (including any impleaded parties) include the Good Group and the Indemnitor, and the Good Group shall have been advised by such separate counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnitor; provided, however, that the Indemnitor shall not in such event be responsible hereunder for the fees and expenses of more than one such firm of separate counsel, in addition to any local counsel. The Indemnitor shall not be liable for any settlement of any such action effected without the written consent of the Indemnitor (which shall not be

unreasonably withheld) and, except as provided above, the Indemnitor agrees to indemnify and hold harmless the Good Group from and against any loss or liability by reason of settlement of any action effected with the consent of the Indemnitor.

INVESTMENT BANKING FEE AND MANAGEMENT AGREEMENT

This INVESTMENT BANKING FEE AND MANAGEMENT AGREEMENT (the "Agreement") is made and entered into as of January 31, 1992, among Associated Holdings, Inc., a

Delaware corporation (together with its successors and assigns, "Holdings"), Associated Stationers, Inc., a Delaware corporation (together with its successors and assigns, "Stationers"), and Wingate Partners, L.P. a Delaware limited partnership (together with its successors and assigns, "Wingate").

WHEREAS, Holdings is the owner of all of the issued and outstanding capital stock of Stationers;

WHEREAS, Stationers is a newly-formed corporation organized for the purpose of acquiring certain assets of Boise Cascade Office Products Corporation related to its wholesale office products division (the "Transaction");

WHEREAS, Holdings and Stationers have requested that Wingate render financial advisory services to Holdings and Stationers in connection with the negotiation, structure and financing of the Transaction and certain continuing financial advisory services thereafter;

WHEREAS, Stationers has, of even date herewith, entered into an Investment Banking Fee and Management Agreement (collectively, the "Sponsor Agreements") with each of Cumberland Capital Corporation, a Delaware corporation ("Cumberland"), and Good Capital Co., Inc., a Delaware corporation ("Good");

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Retention.

(a) Holdings and Stationers hereby acknowledge that they have retained Wingate, and Wingate acknowledges that it has acted, as financial advisor to Holdings and Stationers in connection with the Transaction.

(b) Following consummation of the Transaction, subject to reasonable advance notice in order to accommodate scheduling, Wingate will provide oversight and monitoring services to Holdings and Stationers and their subsidiaries, on a non-exclusive basis, as requested by the chief executive officer or the board of

directors of each of Holdings and Stationers during the term of this Agreement. In connection therewith, Wingate agrees to make available a sufficient number of designees to serve on the board of directors of each of Holdings and Stationers. The services of Wingate to be provided hereunder shall not include services relating to the day-to-day management and activities of Holdings or Stationers (including, but not limited to, keeping of books and records, financial management, clerical services, administrative support services, receipt and disbursement of cash and tax return preparation).

2. Right of First Refusal. Holdings and Stationers hereby agree that in

the event that financial advisory or consulting services are required by Holdings or Stationers during the term of this Agreement in connection with any transaction other than the Transaction, or which are otherwise in addition to the oversight and monitoring services contemplated under Section 1(b) above, Holdings or Stationers, as the case may be, shall offer to retain Wingate to provide such financial advisory and/or consulting services, all on such terms as shall be mutually agreed upon by the parties, including compensation which shall not be less than the then-prevailing fees for like services rendered by independent third parties. Notwithstanding the prior sentence, each party hereto acknowledges that, during the respective terms thereof, the Sponsor Agreements may require that similar services be performed by Cumberland and Good, and any agreement entered into during the terms of the respective Sponsor Agreements by and between Stationers and/or Holdings and Cumberland or Good, respectively, in respect of such similar services shall not be in violation of this provision.

3. Term. This Agreement is noncancellable and shall continue for a term of ten years from the date hereof (the "Primary Term"), and shall continue on a year-to-year basis thereafter unless terminated by either Holdings and Stationers, on the one hand, or Wingate, on the other hand, by written notice delivered to the other party(ies) on or before the 180th day prior to the expiration of the Primary Term or prior to the expiration of any subsequent yearly term.

4. Compensation.

(a) As compensation for Wingate's services as financial advisor to Holdings and Stationers in connection with the Transaction, Stationers hereby irrevocably agrees to pay to Wingate in cash at the closing of the Transaction (i) a cash fee of $500,000 and (ii) an amount equal to all out-of-pocket expenses

incurred by Wingate in respect of the Transaction, including, without limitation, all of Wingate's legal fees related thereto.

(b) As compensation for Wingate's oversight and monitoring services pursuant to Section 1(b), Stationers shall pay Wingate an annual fee of $350,000 (subject to adjustment as provided in Section 4(c) hereof, the "Monitoring Fee"), such payments to be made in cash monthly on the last business day of each month; provided, that for so long as that Credit Agreement dated of even date herewith by and among Holdings, Stationers, the Lenders (as defined therein) and The Chase Manhattan Bank (National Association), as Agent (as hereafter amended or modified, the "Credit Agreement"), remains in effect, the annual Monitoring Fee shall be paid in accordance with the terms of the Credit Agreement. Any

amounts due pursuant to this Section 4(b) shall accrue interest at a rate of 10% per annum, compounded monthly, from and including the due date to the date such amounts, including all accrued and unpaid interest thereon, are paid in full, calculated on the basis of a 360-day year.

(c) On each December 31st during the term hereof, the annual Monitoring Fee shall be increased automatically in an amount to be determined by the boards of directors of Holdings and Stationers.

5. Reimbursement of Expenses. In addition to the compensation to be paid pursuant to Section 4 hereof, Stationers agrees to reimburse Wingate, promptly following demand therefor, together with invoices or reasonably detailed descriptions thereof, for all reasonable disbursements and out-of-pocket expenses (including fees and disbursements of counsel) incurred by Wingate, its principals, officers, employees, representatives or agents in connection with the performance by it of the services contemplated by Section 1(b) hereof. Any amounts due pursuant to this Section 5 shall accrue interest at a rate of 10% per annum, compounded quarterly, until such amounts, including all accrued and unpaid interest, are paid in full.

6. Indemnification. Stationers hereby agrees to indemnify Wingate and its affiliates as provided in Exhibit A attached hereto and incorporated herein. The indemnity provisions contained in Exhibit A shall remain operative and in full force and effect notwithstanding termination of this Agreement.

7. Confidential Information. In connection with its providing of services hereunder, Wingate agrees not to divulge any confidential information, secret processes or trade secrets disclosed by Stationers or Holdings or any of their subsidiaries or other affiliates to Wingate solely in its capacity as financial

advisor, unless such information, secret processes, or trade secrets are publicly available or otherwise available without restriction or breach of any confidentiality agreement.

8. Governing Law. This Agreement shall be construed, interpreted, and enforced in accordance with the substantive laws of the State of Illinois, excluding any conflict-of-law provisions thereof.

9. Assignment. This Agreement and all provisions contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, neither Associated nor

Stationers shall be permitted to assign this Agreement or any of their rights, interests or obligations hereunder without the prior written consent of Wingate.

10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

11. Other Understandings. All discussions, understandings, and agreements theretofore made among any of the parties hereto with respect to the subject matter hereof are merged in this Agreement, which alone fully and completely expresses the Agreement of the parties hereto.

12. Time Devoted to Stationers; Conflicts. Stationers and Holdings acknowledge that Wingate has other business activities and no principal or employee of Wingate shall be required or expected to devote his or her full time and attention to the services to be performed under this Agreement. Stationers and Holdings further acknowledge that possibilities for a conflict of interest may arise due to Wingate, its principals, employees or agents pursuing business activities similar to the business of Stationers. In no event shall the existence of such conflicts of interest constitute a breach of this Agreement or a default hereunder, provided that Wingate performs the duties to Stationers and Holdings set forth herein. Nothing in this Agreement shall preclude any of Wingate's directors, officers, principals, representatives, agents or employees from becoming employees of Stationers or Holdings on a full-time basis and being compensated as employees by Stationers and/or Holdings over and above the fees paid to Wingate pursuant hereto.

13. Independent Contractor. Wingate shall perform services hereunder as an independent contractor, retaining control over and responsibility for its own operations and personnel. Neither Wingate nor its principals, officers or employees shall be considered employees or agents of Stationers or Holdings nor shall any of them have the authority to contract in the name of or bind Stationers or Holdings, except as expressly agreed to in writing by Stationers or Holdings, respectively, or unless any such individual is then serving as an officer of Stationers or Holdings.

14. Coordination of Services. Wingate acknowledges that each of Good and Cumberland has entered into a Sponsor Agreement and it is the intention of Wingate, Good and Cumberland to cooperate in the provision of services thereunder and hereunder to further the interests of Stationers and Holdings.

It is intended that Wingate, Good and Cumberland will review these services not less than annually to make joint recommendations to each other and/or to Stationers and Holdings as to how best to coordinate such services.

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

WINGATE PARTNERS, L.P.,

BY: WINGATE MANAGEMENT COMPANY, L.P.,
GENERAL PARTNER

By: _____

ASSOCIATED HOLDINGS, INC.

By: _____

ASSOCIATED STATIONERS, INC.

By: _____

EXHIBIT A

Stationers, Holdings and each of their successors (collectively, the "Indemnitor") hereby agree to indemnify and hold harmless Wingate, its principals, general partners, limited partners and affiliates, and their respective directors, officers, agents, employees and affiliates (collectively, the "Wingate Group") from and against any claims, actions, proceedings, demands, liabilities, damages, judgments, assessments, losses and costs, including fees and expenses, arising out of or in connection with the services rendered by Wingate or any member of the Wingate Group under the attached Agreement, and will reimburse the Wingate Group for all such fees and expenses including the reasonable fees of counsel as they are incurred by the Wingate Group in connection with investigating, preparing or defending any such claims, actions, proceedings, demands, or assessments, whether or not in connection with any pending or threatened investigation, litigation or other proceeding to which the Wingate Group, or any member thereof, is a party. The Indemnitor will not,

however, be responsible for any claims, liabilities, losses, damages or expenses that are determined by final judgment of a court of competent jurisdiction, from which no further appear may be taken, to result primarily from the Wingate Group's gross negligence, bad faith or willful breach of its obligations under the Agreement. The Indemnitor also agrees that the Wingate Group shall have no liability for claims, liabilities, damages, losses or expenses, including legal fees, incurred by the Indemnitor unless they are determined by final judgment of a court of competent jurisdiction, from which no further appeal may be taken, to result primarily from the Wingate Group's gross negligence, bad faith or willful breach of its obligations under the Agreement.

In case any action shall be brought against the Wingate Group with respect to which indemnity may be sought against the Indemnitor under the Agreement, the Wingate Group shall promptly notify the Indemnitor in writing and the Indemnitor shall, if requested by Wingate, assume the defense thereof, including the employment of counsel and payment of all fees and expenses. The Wingate Group shall have the right to employ separate counsel in such action and participate in the defense thereof, but the fees and expenses of such separate counsel shall be at the expense of the Wingate Group, unless (i) the Indemnitor has failed to assume the defense and employ counsel or (ii) the named parties to any such action (including any impleaded parties) include the Wingate Group and the Indemnitor, and the Wingate Group shall have been advised by such separate counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnitor; provided, however, that the Indemnitor shall not in such event be responsible hereunder for the fees and expenses of more than one such firm of separate counsel, in addition to any local counsel. The Indemnitor shall not be liable for any settlement of any such

action effected without the written consent of the Indemnitor (which shall not be unreasonably withheld) and, except as provided above, the Indemnitor agrees to indemnify and hold harmless the Wingate Group from and against any loss or liability by reason of settlement of any action effected with the consent of the Indemnitor.

EXHIBIT 10.20

AMENDMENT NO. 1 TO
INVESTMENT BANKING FEE AND MANAGEMENT AGREEMENT

This Amendment No. 1 to Investment Banking Fee and Management Agreement (the "Amendment"), dated as of March __, 1995, among United Stationers Inc., a Delaware corporation and successor-in-interest to Associated (As hereinafter defined) (the "Company"), United Stationers Supply Co., an Illinois corporation and successor-in-interest to ASI (as hereinafter defined) ("USSC"), and Good Capital Co., Inc., a Delaware corporation ("Good"), amends the Investment Banking Fee and Management Agreement, dated as of January 31, 1992 (the "Management Agreement"), among Associated Holdings, Inc., a Delaware corporation ("Associated"), Associated Stationers, Inc., a Delaware corporation ("ASI"), and Good. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given them in the Management Agreement.

RECITALS

WHEREAS, as of the date hereof, Associated has merged (the "Merger") with and into the Company, with the Company surviving, and ASI merged with and into USSC, with USSC surviving; and

WHEREAS, in connection with the Merger, the parties to the Management Agreement deem it desirable to amend the Management Agreement, effective as of the effective time of the Merger (the "Effective Time"), as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Section 4.

(a) Section 4(b)(i) of the Management Agreement is hereby amended as

of the Effective Time to read in its entirety as follows:

(i) Stationers shall pay Good, effective as of the Effective Time, an annual fee of $137,500 (subject to adjustment as provided in Section 4(c) hereof, the "Monitoring Fee"), such payments to be made in cash monthly on the last business day of each month; provided, that for so long as that Credit Agreement dated as of March __, 1995 by and among Holdings, Stationers, the Lenders (as defined therein) and The Chase Manhattan Bank (National Association), as Agent (as hereafter amended or modified, the "Credit Agreement"), remains in effect, the annual Monitoring Fee shall be paid in accordance with the terms of the Credit Agreement; provided, further, that any amounts otherwise due hereunder that are not paid when due because of the terms and provisions of the Credit Agreement shall continue to be due and owing from Stationers to Good. Any amounts due pursuant to this Section 4(b) shall accrue interest at a rate of 10% per annum, compounded monthly, from and including the due date to the date such amounts, including all accrued and unpaid interest thereon, are paid in full, calculated on the basis of a 360-day year.

(b) Section 4 of the Management Agreement is hereby further amended as of the Effective Time by adding the following subsection (d) thereto:

(d) As compensation for Good's services as financial advisor to Associated Holdings, Inc. ("AHI") and Associated Stationers, Inc. in connection with the acquisition by AHI of Holdings (the "United Transaction"), Stationers hereby irrevocably agrees to pay to Good in cash at the closing of the United Transaction (i) a cash fee of $100,000 and (ii) an amount equal to all out-of-pocket expenses incurred by Good in respect of the United Transaction, including, without limitation, all of Good's legal fees related thereto.

2. Effect of the Merger. Good, the Company and USSC hereby acknowledge and agree that the rights and obligations of the Management Agreement shall be binding upon and inure to the benefit of the Company, as successor-in-interest to Associated, and to USSC, as successor-in-interest to ASI.

3. Effect on the Management Agreement. All references in the Management Agreement to "Stationers" shall mean USSC, as successor-in-interest to ASI. All references in the Management Agreement to "Holdings" shall mean the

Company, as successor-in-interest to Associated. All references in the Management Agreement to "this Agreement" and the "Agreement" and all phrases of like import shall refer to the Management Agreement as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Management Agreement, shall refer to the Management Agreement as amended by this Amendment. Except as amended hereby, the Management Agreement shall remain in full force and effect.

3. Final Agreement. This Amendment constitutes the final agreement of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

5. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Amendment the date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

UNITED STATIONERS SUPPLY CO.

By:_____
Thomas W. Sturgess,
Chairman of the Board

GOOD CAPITAL CO., INC.

By:_____
Name:_____
Title:_____

EX 10.20

AMENDMENT NO. 1 TO
INVESTMENT BANKING FEE AND MANAGEMENT AGREEMENT

This Amendment No. 1 to Investment Banking Fee and Management Agreement (the "Amendment"), dated as of March __, 1995, among United Stationers Inc., a Delaware corporation and successor-in-interest to Associated (As hereinafter defined) (the "Company"), United Stationers Supply Co., an Illinois corporation and successor-in-interest to ASI (as hereinafter defined) ("USSC"), and Cumberland Capital Corporation, a Delaware corporation ("Cumberland"), amends the Investment Banking Fee and Management Agreement, dated as of January 31, 1992 (the "Management Agreement"), among Associated Holdings, Inc., a Delaware corporation ("Associated"), Associated Stationers, Inc., a Delaware corporation ("ASI"), and Cumberland. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given them in the Management Agreement.

RECITALS

WHEREAS, as of the date hereof, Associated has merged (the "Merger") with and into the Company, with the Company surviving, and ASI merged with and into USSC, with USSC surviving; and

WHEREAS, in connection with the Merger, the parties to the Management Agreement deem it desirable to amend the Management Agreement, effective as of the effective time of the Merger (the "Effective Time"), as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the

receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Section 4.

(a) Section 4(b)(i) of the Management Agreement is hereby amended as of the Effective Time to read in its entirety as follows:

> (i) Stationers shall pay Cumberland, effective as of the Effective Time, an annual fee of $137,500 (subject to adjustment as provided in Section 4(c) hereof, the "Monitoring Fee"), such payments to be made in cash monthly on the last business day of each month; provided, that for so long as that Credit Agreement dated as of March __, 1995 by and among Holdings, Stationers, the Lenders (as defined therein) and The Chase Manhattan Bank (National Association), as Agent (as hereafter amended or modified, the "Credit Agreement"), remains in effect, the annual Monitoring Fee shall be paid in accordance with the terms of the Credit Agreement; provided, further, that any amounts otherwise due hereunder that are not paid when due because of the terms and provisions of the Credit Agreement shall continue to be due and owing from Stationers to Cumberland. Any amounts due pursuant to this Section 4(b) shall accrue interest at a rate of 10% per annum, compounded monthly, from and including the due date to the date such amounts, including all accrued and unpaid interest thereon, are paid in full, calculated on the basis of a 360-day year.

(b) Section 4 of the Management Agreement is hereby further amended as of the Effective Time by adding the following subsection (d) thereto:

> (d) As compensation for Cumberland's services as financial advisor to Associated Holdings, Inc. ("AHI") and Associated Stationers, Inc. in connection with the acquisition by AHI of Holdings (the "United Transaction"), Stationers hereby irrevocably agrees to pay to Cumberland in cash at the closing of the United Transaction (i) a cash fee of $100,000 and (ii) an amount equal to all out-of-pocket expenses incurred by Cumberland in respect of the United Transaction, including, without limitation, all of Cumberland's legal fees related thereto.

2. Effect of the Merger. Cumberland, the Company and USSC hereby acknowledge and agree that the rights and obligations of the Management Agreement shall be binding upon and inure to the benefit of the Company, as

successor-in-interest to Associated, and to USSC, as successor-in-interest to ASI.

3. Effect on the Management Agreement. All references in the Management Agreement to "Stationers" shall mean USSC, as successor-in-interest to ASI. All references in the Management Agreement to "Holdings" shall mean the Company, as successor-in-interest to Associated. All references in the Management Agreement to "this Agreement" and the "Agreement" and all phrases of like import shall refer to the Management Agreement as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Management Agreement, shall refer to the Management Agreement as amended by this Amendment. Except as amended hereby, the Management Agreement shall remain in full force and effect.

4. Final Agreement. This Amendment constitutes the final agreement of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

5. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Amendment the date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

UNITED STATIONERS SUPPLY CO.

By:_____
Thomas W. Sturgess,
Chairman of the Board

CUMBERLAND CAPITAL CORPORATION

By:_____
Name:_____
Title:_____

AMENDMENT NO. 1 TO
INVESTMENT BANKING FEE AND MANAGEMENT AGREEMENT

This Amendment No. 1 to Investment Banking Fee and Management Agreement (the "Amendment"), dated as of March __, 1995, among United Stationers Inc., a Delaware corporation and successor-in-interest to Associated (As hereinafter defined) (the "Company"), United Stationers Supply Co., an Illinois corporation and successor-in-interest to ASI (as hereinafter defined) ("USSC"), and Wingate Partners, L.P., a Delaware limited partnership ("Wingate"), amends the Investment Banking Fee and Management Agreement, dated as of January 31, 1992 (the "Management Agreement"), among Associated Holdings, Inc., a Delaware corporation ("Associated"), Associated Stationers, Inc., a Delaware corporation ("ASI"), and Wingate. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given them in the Management Agreement.

RECITALS

WHEREAS, as of the date hereof, Associated has merged (the "Merger") with and into the Company, with the Company surviving, and ASI merged with and into USSC, with USSC surviving; and

WHEREAS, in connection with the Merger, the parties to the Management

Agreement deem it desirable to amend the Management Agreement, effective as of the effective time of the Merger (the "Effective Time"), as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Section 4.

(a) Section 4(b) of the Management Agreement is hereby amended as of the Effective Time to read in its entirety as follows:

> (b) As compensation for Wingate's oversight and monitoring services pursuant to Section 1(b), Stationers shall pay Wingate an annual fee of $725,000 (subject to adjustment as provided in Section 4(c) hereof, the "Monitoring Fee"), such payments to be made in cash monthly on the last business day of each month; provided, that for so long as that Credit Agreement dated as of March __, 1995 by and among Holdings, Stationers, the Lenders (as defined therein) and The Chase Manhattan Bank (National Association), as Agent (as hereafter amended or modified, the "Credit Agreement"), remains in effect, the annual Monitoring Fee shall be paid in accordance with the terms of the Credit Agreement; provided, further, that any amounts otherwise due hereunder that are not paid when due because of the terms and provisions of the Credit Agreement shall continue to be due and owing from Stationers to Wingate. Any amounts due pursuant to this Section 4(b) shall accrue interest at a rate of 10% per annum, compounded monthly, from and including the due date to the date such amounts, including all accrued and unpaid interest thereon, are paid in full, calculated on the basis of a 360-day year.

(b) Section 4 of the Management Agreement is hereby further amended as of the Effective Time by adding the following subsection (d) thereto:

> (d) As compensation for Wingate's services as financial advisor to Associated Holdings, Inc. ("AHI") and Associated Stationers, Inc. in connection with the acquisition by AHI of Holdings (the "United Transaction"), Stationers hereby irrevocably agrees to pay to Wingate in cash at the closing of the United Transaction (i) a cash fee of $2,300,000 and (ii) an amount equal to all out-of-pocket expenses incurred by Wingate in respect of the United

Transaction, including, without limitation, all of Wingate's legal fees related thereto.

2. Effect of the Merger. Wingate, the Company and USSC hereby acknowledge and agree that the rights and obligations of the Management Agreement shall be binding upon and inure to the benefit of the Company, as successor-in-interest to Associated, and to USSC, as successor-in-interest to ASI.

3. Effect on the Management Agreement. All references in the Management Agreement to "Stationers" shall mean USSC, as successor-in-interest to ASI. All references in the Management Agreement to "Holdings" shall mean the Company, as successor-in-interest to Associated. All references in the Management Agreement to "this Agreement" and the "Agreement" and all phrases of like import shall refer to the Management Agreement as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Management Agreement, shall refer to the Management Agreement as amended by this Amendment. Except as amended hereby, the Management Agreement shall remain in full force and effect.

4. Final Agreement. This Amendment constitutes the final agreement of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Amendment the date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

UNITED STATIONERS SUPPLY CO.

By:_____
Thomas W. Sturgess,
Chairman of the Board

WINGATE PARTNERS, L.P.

By: WINGATE MANAGEMENT COMPANY L.P., its General Partner

By:_____
Thomas W. Sturgess,
General Partner

EXHIBIT 10.21

DANIEL J. SCHLEPPE
EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") made and entered into as of January 31, 1992 by and between Associated Stationers, Inc., a Delaware corporation (the "Company"), and Daniel J. Schleppe ("Schleppe"). Certain capitalized terms used herein are defined in paragraph 10 of this Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. The Company hereby employs Schleppe and Schleppe hereby accepts employment with the Company on the terms and conditions set forth in this Agreement.

2. Positions and Duties.

a. Executive Vice President. For the term set forth in paragraph 3 of this Agreement, Schleppe shall act as Executive Vice President of the Company and shall render such administrative, sales, marketing and other services to the Company as the Company's board of directors (the "Board") and its President and Chief Executive Officer may from time to time direct and shall be available at any reasonable time for consultation with the Board on matters being considered by the Board or otherwise relating to the Company's or its Subsidiaries' business.

b. Subsidiaries and Affiliates. Schleppe shall serve in one or more executive offices of any of the Company's Subsidiaries or other affiliates, including Associated Holdings, Inc., a Delaware corporation and the parent corporation of the Company, if elected or otherwise appointed thereto by the board of directors of any of such Subsidiaries or other affiliates.

c. Time Required. During the term of his employment hereunder, Schleppe shall devote his best efforts and his full and exclusive business time and attention (except for reasonable periods of illness or other incapacity) to the business and affairs of the Company, its Subsidiaries and its other

affiliates, if any.

d. Location. As Executive Vice President, Schleppe shall be employed at the executive office of the Company in the Atlanta metropolitan area. Schleppe shall not be required to move his residence or principal business base of operations from the Atlanta metropolitan area without his prior written consent.

3. Term. Unless earlier terminated pursuant to the provisions of this paragraph or paragraph 6 of this Agreement, the term of Schleppe's employment as Executive Vice President shall commence as of the date of this Agreement, and shall continue until January 31, 1995 and shall continue automatically from year to year thereafter, unless written notice is given by either party to the other at least sixty (60) days prior to the end of such term, or before the end of any additional one-year term.

4. Compensation.

a. Base Salary. Schleppe's compensation for his services hereunder shall be as follows:

(1) Initial Salary. Schleppe shall receive a base salary of no less than $175,000 per year, payable in accordance with the Company's normal payment schedule for its senior management employees (the "Base Salary").

(2) Adjustment. The Base Salary shall be reviewed annually by the Board and may be, in the Board's discretion, increased when deemed appropriate to reflect adequately the scope and success of the Company's operations and Schleppe's contribution to such success.

b. Bonus. In addition to the Base Salary, the Company shall pay to Schleppe, as bonus compensation based upon the performance of the Company and his performance (the "Bonus"), such amount as is determined in good faith by the Board.

c. Withholdings. The Company shall have the right to deduct from any compensation paid to Schleppe hereunder all taxes and other amounts which may be required to be deducted or withheld by law (including, without

limitation, income tax withholding and Social Security payments), whether such laws are now in effect or become effective after the date of this Agreement.

5. Benefits. In addition to the Base Salary and any Bonus, Schleppe shall be entitled to health insurance, and disability insurance, and to participate in other employee benefit programs as shall be approved by the Board ("Benefits"), with such coverage and in such amounts as shall be not less than those provided to other key executives of the Company.

6. Early Termination. The Employment Period may be terminated by either party during the base three-year term of this Agreement or during any renewal period by either party; provided, however, that if such termination is by the Company for Cause or due to Schleppe's resignation without Board approval, then Schleppe shall not be entitled to receive any Base Salary, Bonus or other compensation after the date of such termination.

If the Employment Period is terminated for any reason (including, without limitation, Schleppe's death or Disability (as defined below)) other than by the Company for Cause or Schleppe's resignation without Board approval, then Schleppe shall be entitled to receive his Base Salary (exclusive of Bonus) and the continuation of Benefits for a period of one year from and after the date of termination. Such severance benefits shall be exclusive and in lieu of any other severance benefit programs of the Company and its Subsidiaries and affiliates in effect at the time of such termination.

7. Confidential Information. Schleppe acknowledges that the information, observations and data obtained by him during the course of his performance of his duties under this Agreement concerning the business or affairs of the Company and its affiliates are and will be the property of the Company. Therefore, Schleppe agrees that he will not disclose to any unauthorized persons or use for his own account or for the benefit of any third party (other than the Company or its Subsidiaries or other affiliates, if any) any of such information, observations or data without the Board's written consent, unless and to the extent that the aforementioned matters become generally known to and available for use by the public other than as a result of Schleppe's acts or omissions to act. Schleppe agrees to deliver to the Company at the termination of his employment hereunder or at any other time the Company may request, all memoranda, notes, plans, records, reports and other documentation (and copies thereof) relating to the business of the Company and its affiliates which he may then possess or have under his control.

8. Inventions and Patents.

a. Schleppe agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to the Company's or any of its Subsidiaries' actual or anticipated business, research and development of existing or future products or services (including new contributions, improvements, ideas and discoveries, whether patentable or not) and which are conceived, developed or made by Schleppe while employed by the Company or its predecessor ("Work Product") belong to the Company or such Subsidiary. Schleppe will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

b. In accordance with Section 2 of the Illinois Employee Patent Act, Ill. Rev. Stat. Chap. 140, (S)301 et seq. (1983), Schleppe is hereby advised that paragraph 8.a. of this Agreement does not apply to any invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on Schleppe's own time, unless (i) the invention relates to the business of the Company

or to the Company's actual or demonstrably anticipated research or development or (ii) the invention results from any work performed by Schleppe for the Company.

9. Non-Compete and Related Agreements.

a. In further consideration of the compensation to be paid to Schleppe hereunder, Schleppe agrees that during the period commencing as of the date hereof and ending on the first anniversary of the date of termination of his employment hereunder (the "Noncompetition Period"), he will not directly or indirectly engage in, represent, furnish consultant services to, be employed by, grant permission for his name or likeness to be used by, or have any interest in (whether as owner, principal, director, officer, stockholder, agent, consultant, partner or otherwise) the Business (as defined below), within the United States; provided, however, that nothing herein will prevent Schleppe from owning 1% or less of the outstanding stock of any class of a corporation which is publicly traded, so long as Schleppe does not have any participation in the conduct of business of such corporation; and provided, further, however, that this paragraph shall not apply if Schleppe's employment has been terminated by the Company without Cause (as defined herein).

b. For purposes of this paragraph 9, the term "Business" shall mean marketing and distributing of office products for resale through the wholesale

channel and any other business that the Company or any of its Subsidiaries or other affiliates is engaged in or has proposed to be conducted (as defined below) at the time of the termination of his employment hereunder. For purposes of this paragraph 9, a business shall be considered as "proposed to be conducted" if the Company or any of its Subsidiaries or other affiliates has made reasonably substantial expenditures in connection with such proposed business.

c. During the Noncompetition Period, Schleppe shall not (i) induce or attempt to induce any employee of the Company or any of its Subsidiaries or other affiliates to leave the employ of the Company or any of its Subsidiaries or other affiliates, or in any way interfere with the relationship between the Company and any of its Subsidiaries or other affiliates and any employee of the Company, or (ii) induce or attempt to induce any customer, supplier, distributor, broker or other business relation of the Company or any of its Subsidiaries or other affiliates to cease, diminish or alter, to the detriment of the Company and any of its Subsidiaries or other affiliates, doing business with the Company or any of its Subsidiaries or other affiliates, or in any way interfere with the relationship between any customer, supplier, distributor, broker or other business relation and the Company or any of its Subsidiaries or other affiliates.

d. Schleppe agrees that the covenants made in this paragraph 9 shall be construed as an agreement independent of any other provision of this Agreement, and shall survive the termination of this Agreement. Moreover, the existence of any claim or cause of action of Schleppe against the Company or any of its Subsidiaries or other affiliates, whether or not predicated upon the terms of this Agreement, shall not constitute a defense to the enforcement of this covenant.

e. In the event of the breach by Schleppe of any of the provisions of this paragraph 9, the Company, in addition and supplementary to other rights and remedies existing in its favor, including specific performance as described in paragraph 11, shall be empowered to terminate any Base Salary, Bonus and other benefits due to Schleppe under this Agreement.

f. If, at the time of enforcement of any of the provisions of this paragraph 9, a court finds that any restrictions stated herein are unreasonable under the circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the stated period, scope or area.

10. Definitions.

"Cause" shall mean (i) Schleppe's theft or embezzlement, or attempted theft

or embezzlement, of money or tangible or intangible assets or property of the Company or any of its Subsidiaries or other affiliates, (ii) any act or acts of moral turpitude by Schleppe, (iii) other than as a result of a Disability, Schleppe's failure to devote adequate time to the Company's and its Subsidiaries or other affiliates' business, as determined in the reasonable judgment of the Board, after having given Schleppe not less than ten (10) days' advance written notice of the asserted problem and a reasonable opportunity to cure, (iv) any intentional acts by Schleppe which establish Schleppe's loyalty to a business entity or person other than the Company, (v) gross negligence or willful misconduct in the performance of Schleppe's duties, (vi) conviction of a felony, (vii) conviction of a crime, the conviction of which results in a material injury to the Company, or (viii) a willful material breach of this Agreement.

"Disability" means Schleppe's inability, due to illness, accident, injury, physical or mental incapacity or other disability, effectively to carry out his duties and obligations hereunder or to participate effectively and actively in the management of the Company for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.

"Subsidiaries" means any corporation or other entity, if any, of which the securities or other interests having a majority

of the voting power in electing directors or similar persons are, at the time of determination, owned by the Company, directly or through one of more subsidiaries.

11. Specific Performance. The parties hereto shall be entitled to enforce their rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party hereto may, at such party's sole discretion, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement.

12. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term or condition.

13. Notices. Any notice provided for in this Agreement shall be in

writing and shall be either personally delivered, or mailed registered or certified mail (postage and registration or certification fees prepaid) or sent by facsimile or reputable overnight courier service (charges prepaid) to the recipient at the following addresses (or at such address as the recipient party has specified by prior written notice to the sending party):

If to the Company:

Associated Holdings, Inc.
c/o Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, Texas 75201
ATTN: Chairman of the Board

with a copy to:

D'Ancona & Pflaum
30 North LaSalle Street
Suite 2900
Chicago, Illinois 60602
Attn: Edwin H. Goldberger and
Suzanne L. Saxman

If to Schleppe:

Daniel J. Schleppe
20 The Landing
Atlanta, Georgia 30350

with a copy to:

Douglas H. Walter
Jones, Day, Reavis & Pogue
225 W. Washington, 26th Floor
Chicago, Illinois 60606

Notices will be deemed to have been given hereunder when delivered personally, three days after deposit in the U.S. mail, on the date of delivery by facsimile, and one day after deposit with a reputable overnight courier service.

14. Severability. In the event that any provision or provisions hereof shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed that such invalidity or unenforceability shall not affect any other provision of this Agreement, and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect, and any court of

competent jurisdiction may so modify the objectionable provision or provisions as to make it valid, reasonable and enforceable.

15. Amendment. This Agreement may be amended only by an agreement in writing signed by the parties hereto.

16. Governing Law. This Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Illinois.

17. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties relating to Schleppe's employment, and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

18. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

19. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Schleppe's heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of Schleppe are personal in nature to the Company and may not be delegated or assigned except as specifically set forth in this Agreement. In the event of a sale of all or substantially all of the Company's capital stock or all or substantially all of the Company's assets, or consolidation or merger of the Company with or into another corporation or entity or individual, the Company may assign its rights and obligations under this Agreement to its successor-in-interest, and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of the Company hereunder; provided, however, that if the Company does not make such assignment, the Employment Period shall continue until terminated in accordance with paragraph 6 of this Agreement.

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

ASSOCIATED STATIONERS, INC.

By: _____

Name: _____
Title: _____

_____
DANIEL J. SCHLEPPE

MICHAEL D. ROWSEY
EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") made and entered into as of January 31, 1992 by and between Associated Stationers, Inc., a Delaware corporation (the "Company"), and Michael D. Rowsey ("Rowsey"). Certain capitalized terms used herein are defined in paragraph 10 of this Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. The Company hereby employs Rowsey and Rowsey hereby accepts employment with the Company on the terms and conditions set forth in this Agreement.

2. Positions and Duties.

a. President and Chief Operating Officer. For the term set forth in paragraph 3 of this Agreement, Rowsey shall act as President and Chief Operating Officer of the Company and shall render such administrative, sales, marketing and other services to the Company as the Company's board of directors (the "Board") may from time to time direct and shall be available at any reasonable time for consultation with the Board on matters being considered by the Board or otherwise relating to the Company's or its Subsidiaries' business.

b. Board Membership. Rowsey agrees that, in accordance with a separate agreement executed on this date, he shall serve as a member of the Board, the board of directors of Associated Holdings, Inc., a Delaware corporation and the parent corporation of the Company ("Holdings"), and any committees of the Board.

c. Subsidiaries and Affiliates. Rowsey shall serve in one or more executive offices of any of the Company's Subsidiaries or other affiliates, including Holdings, if elected or otherwise appointed thereto by the board of directors of any of such Subsidiaries or other affiliates.

d. Time Required. During the term of his employment hereunder, Rowsey shall devote his best efforts and his full and exclusive business time and attention (except for reasonable periods of illness or other incapacity) to the business and affairs of the Company, its Subsidiaries and its other affiliates, if any.

e. Location. As President and Chief Operating Officer Rowsey shall be employed at the principal executive

office of the Company in the Chicago metropolitan area. Rowsey shall not be required to move his residence or principal business base of operations from the Chicago metropolitan area without his prior written consent.

3. Term. Unless earlier terminated pursuant to the provisions of this paragraph or paragraph 6 of this Agreement, the term of Rowsey's employment as President and Chief Operating Officer shall commence as of the date of this Agreement, and shall continue until January 31, 1995 and shall continue automatically from year to year thereafter, unless written notice is given by either party to the other at least sixty (60) days prior to the end of such term, or before the end of any additional one-year term.

4. Compensation.

a. Base Salary. Rowsey's compensation for his services hereunder shall be as follows:

(1) Initial Salary. Rowsey shall receive a base salary of no less than $200,000 per year, payable in accordance with the Company's normal payment schedule for its senior management employees (the "Base Salary").

(2) Adjustment. The Base Salary shall be reviewed annually by the Board and may be, in the Board's discretion, increased when deemed appropriate to reflect adequately the scope and success of the Company's operations and Rowsey's contribution to such success.

b. Bonus. In addition to the Base Salary, the Company shall pay to Rowsey, as bonus compensation based upon the performance of the Company and his performance (the "Bonus"), such amount as is determined in good faith by the Board.

c. Withholdings. The Company shall have the right to deduct from any compensation paid to Rowsey hereunder all taxes and other amounts which may be required to be deducted or withheld by law (including, without limitation, income tax withholding and Social Security payments), whether such laws are now in effect or become effective after the date of this Agreement.

5. Benefits. In addition to the Base Salary and any Bonus, Rowsey shall be entitled to health insurance, and disability insurance, and to participate in other employee benefit programs as shall be approved by the Board ("Benefits"), with such coverage and in such amounts as shall be not less than those provided to other key executives of the Company.

6. Early Termination. The Employment Period may be terminated by either party during the base three-year term of

this Agreement or during any renewal period by either party; provided, however, that if such termination is by the Company for Cause or due to Rowsey's resignation without Board approval, then Rowsey shall not be entitled to receive any Base Salary, Bonus or other compensation after the date of such termination. If the Employment Period is terminated for any reason (including, without limitation, Rowsey's death or Disability (as defined below)) other than by the Company for Cause or Rowsey's resignation without Board approval, then Rowsey shall be entitled to receive his Base Salary (exclusive of Bonus) and the continuation of Benefits for a period of one year from and after the date of termination. Such severance benefits shall be exclusive and in lieu of any other severance benefit programs of the Company and its Subsidiaries and affiliates in effect at the time of such termination.

7. Confidential Information. Rowsey acknowledges that the information, observations and data obtained by him during the course of his performance of his duties under this Agreement concerning the business or affairs of the Company and its affiliates are and will be the property of the Company. Therefore, Rowsey agrees that he will not disclose to any unauthorized persons or use for his own account or for the benefit of any third party (other than the Company or its Subsidiaries or other affiliates, if any) any of such

information, observations or data without the Board's written consent, unless and to the extent that the aforementioned matters become generally known to and available for use by the public other than as a result of Rowsey's acts or omissions to act. Rowsey agrees to deliver to the Company at the termination of his employment hereunder or at any other time the Company may request, all memoranda, notes, plans, records, reports and other documentation (and copies thereof) relating to the business of the Company and its affiliates which he may then possess or have under his control.

8. Inventions and Patents.

a. Rowsey agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to the Company's or any of its Subsidiaries' actual or anticipated business, research and development of existing or future products or services (including new contributions, improvements, ideas and discoveries, whether patentable or not) and which are conceived, developed or made by Rowsey while employed by the Company or its predecessor ("Work Product") belong to the Company or such Subsidiary. Rowsey will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

b. In accordance with Section 2 of the Illinois Employee Patent Act, Ill. Rev. Stat. Chap. 140, (S)301 et seq.

(1983), Rowsey is hereby advised that paragraph 8.a. of this Agreement does not apply to any invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on Rowsey's own time, unless (i) the invention relates to the business of the Company or to the Company's actual or demonstrably anticipated research or development or (ii) the invention results from any work performed by Rowsey for the Company.

9. Non-Compete and Related Agreements.

a. In further consideration of the compensation to be paid to Rowsey hereunder, Rowsey agrees that during the period commencing as of the date hereof and ending on the first anniversary of the date of termination of his employment hereunder (the "Noncompetition Period"), he will not directly or indirectly engage in, represent, furnish consultant services to, be employed by, grant permission for his name or likeness to be used by, or have any interest in (whether as owner, principal, director, officer, stockholder, agent, consultant, partner or otherwise) the Business (as defined below), within the United States; provided, however, that nothing herein will prevent Rowsey from owning 1% or

less of the outstanding stock of any class of a corporation which is publicly traded, so long as Rowsey does not have any participation in the conduct of business of such corporation; and provided, further, however, that this paragraph shall not apply if Rowsey's employment has been terminated by the Company without Cause (as defined herein).

b. For purposes of this paragraph 9, the term "Business" shall mean marketing and distributing of office products for resale through the wholesale channel and any other business that the Company or any of its Subsidiaries or other affiliates is engaged in or has proposed to be conducted (as defined below) at the time of the termination of his employment hereunder. For purposes of this paragraph 9, a business shall be considered as "proposed to be conducted" if the Company or any of its Subsidiaries or other affiliates has made reasonably substantial expenditures in connection with such proposed business.

c. During the Noncompetition Period, Rowsey shall not (i) induce or attempt to induce any employee of the Company or any of its Subsidiaries or other affiliates to leave the employ of the Company or any of its Subsidiaries or other affiliates, or in any way interfere with the relationship between the Company and any of its Subsidiaries or other affiliates and any employee of the Company, or (ii) induce or attempt to induce any customer, supplier, distributor, broker or other business relation of the Company or any of its Subsidiaries or other affiliates to cease, diminish or alter, to the detriment of the Company and any of its Subsidiaries or other affiliates, doing business with the Company

or any of its Subsidiaries or other affiliates, or in any way interfere with the relationship between any customer, supplier, distributor, broker or other business relation and the Company or any of its Subsidiaries or other affiliates.

d. Rowsey agrees that the covenants made in this paragraph 9 shall be construed as an agreement independent of any other provision of this Agreement, and shall survive the termination of this Agreement. Moreover, the existence of any claim or cause of action of Rowsey against the Company or any of its Subsidiaries or other affiliates, whether or not predicated upon the terms of this Agreement, shall not constitute a defense to the enforcement of this covenant.

e. In the event of the breach by Rowsey of any of the provisions of this paragraph 9, the Company, in addition and supplementary to other rights and remedies existing in its favor, including specific performance as described in

paragraph 11, shall be empowered to terminate any Base Salary, Bonus and other benefits due to Rowsey under this Agreement.

f. If, at the time of enforcement of any of the provisions of this paragraph 9, a court finds that any restrictions stated herein are unreasonable under the circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the stated period, scope or area.

10. Definitions.

"Cause" shall mean (i) Rowsey's theft or embezzlement, or attempted theft or embezzlement, of money or tangible or intangible assets or property of the Company or any of its Subsidiaries or other affiliates, (ii) any act or acts of moral turpitude by Rowsey, (iii) other than as a result of a Disability, Rowsey's failure to devote adequate time to the Company's and its Subsidiaries or other affiliates' business, as determined in the reasonable judgment of the Board, after having given Rowsey not less than ten (10) days' advance written notice of the asserted problem and a reasonable opportunity to cure, (iv) any intentional acts by Rowsey which establish Rowsey's loyalty to a business entity or person other than the Company, (v) gross negligence or willful misconduct in the performance of Rowsey's duties, (vi) conviction of a felony, (vii) conviction of a crime, the conviction of which results in a material injury to the Company, or (viii) a willful material breach of this Agreement.

"Disability" means Rowsey's inability, due to illness, accident, injury, physical or mental incapacity or other disability, effectively to carry out his duties and obligations hereunder or to participate effectively and actively in the management of the Company for 90 consecutive days or shorter

periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.

"Subsidiaries" means any corporation or other entity, if any, of which the securities or other interests having a majority of the voting power in electing directors or similar persons are, at the time of determination, owned by the Company, directly or through one of more subsidiaries.

11. Specific Performance. The parties hereto shall be entitled to enforce their rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this

Agreement and that any party hereto may, at such party's sole discretion, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement.

12. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term or condition.

13. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or mailed registered or certified mail (postage and registration or certification fees prepaid) or sent by facsimile or reputable overnight courier service (charges prepaid) to the recipient at the following addresses (or at such address as the recipient party has specified by prior written notice to the sending party):

If to the Company:

Associated Holdings, Inc.
c/o Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, Texas 75201
ATTN: Chairman of the Board

with a copy to:

D'Ancona & Pflaum
30 North LaSalle Street
Suite 2900
Chicago, Illinois 60602
Attn: Edwin H. Goldberger and
Suzanne L. Saxman

If to Rowsey:

Michael D. Rowsey
2370 Sonnington Drive
Dublin, Ohio 43017

with a copy to:

Douglas H. Walter
Jones, Day, Reavis & Pogue
225 W. Washington, 26th Floor

Chicago, Illinois 60606

Notices will be deemed to have been given hereunder when delivered personally, three days after deposit in the U.S. mail, on the date of delivery by facsimile, and one day after deposit with a reputable overnight courier service.

14. Severability. In the event that any provision or provisions hereof shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed that such invalidity or unenforceability shall not affect any other provision of this Agreement, and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect, and any court of competent jurisdiction may so modify the objectionable provision or provisions as to make it valid, reasonable and enforceable.

15. Amendment. This Agreement may be amended only by an agreement in writing signed by the parties hereto.

16. Governing Law. This Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Illinois.

17. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties relating to Rowsey's employment, and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

18. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

19. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Rowsey's heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of Rowsey are personal in nature to the Company and may not be delegated or assigned except as specifically set forth in this Agreement. In the event of a sale of all or substantially all of the Company's capital stock or all or substantially all of the Company's assets, or consolidation or merger of the Company with or into another corporation or entity or individual, the Company may assign its rights and obligations under this Agreement to its successor-in-interest, and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of the Company hereunder;

provided, however, that if the Company does not make such assignment, the Employment Period shall continue until terminated in accordance with paragraph 6 of this Agreement.

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

ASSOCIATED STATIONERS, INC.

By: _____
Name: _____
Title: _____

_____
MICHAEL D. ROWSEY

LAWRENCE E. MILLER
EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") made and entered into as of January 31, 1992 by and between Associated Stationers, Inc., a Delaware corporation (the "Company"), and Lawrence E. Miller ("Miller"). Certain capitalized terms used herein are defined in paragraph 10 of this Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. The Company hereby employs Miller and Miller hereby accepts employment with the Company on the terms and conditions set forth in this Agreement.

2. Positions and Duties.

a. Vice President of Marketing. For the term set forth in paragraph 3 of this Agreement, Miller shall act as Vice President of Marketing of the Company and shall render such administrative, sales, marketing and other services to the Company as the Company's board of directors (the "Board") and

its President and Chief Executive Officer may from time to time direct and shall be available at any reasonable time for consultation with the Board on matters being considered by the Board or otherwise relating to the Company's or its Subsidiaries' business.

b. Subsidiaries and Affiliates. Miller shall serve in one or more executive offices of any of the Company's Subsidiaries or other affiliates, including Associated Holdings, Inc., a Delaware corporation and the parent corporation of the Company, if elected or otherwise appointed thereto by the board of directors of any of such Subsidiaries or other affiliates.

c. Time Required. During the term of his employment hereunder, Miller shall devote his best efforts and his full and exclusive business time and attention (except for reasonable periods of illness or other incapacity) to the business and affairs of the Company, its Subsidiaries and its other affiliates, if any.

d. Location. As Vice President of Marketing, Miller shall be employed at the principal executive office of the Company in the Chicago metropolitan area. Miller shall not be required to move his residence or principal business base of operations from the Chicago metropolitan area without his prior written consent.

3. Term. Unless earlier terminated pursuant to the provisions of this paragraph or paragraph 6 of this Agreement, the term of Miller's employment as Vice President of Marketing shall commence as of the date of this Agreement, and shall continue until January 31, 1995 and shall continue automatically from year to year thereafter, unless written notice is given by either party to the other at least sixty (60) days prior to the end of such term, or before the end of any additional one-year term.

4. Compensation.

a. Base Salary. Miller's compensation for his services hereunder shall be as follows:

(1) Initial Salary. Miller shall receive a base salary of no less than $125,000 per year, payable in accordance with the Company's normal payment schedule for its senior management employees (the "Base Salary").

(2) Adjustment. The Base Salary shall be reviewed annually by the Board and may be, in the Board's discretion, increased when deemed appropriate to reflect adequately the scope and success of the Company's operations and Miller's contribution to such success.

b. Bonus. In addition to the Base Salary, the Company shall pay to Miller, as bonus compensation based upon the performance of the Company and his performance (the "Bonus"), such amount as is determined in good faith by the Board.

c. Withholdings. The Company shall have the right to deduct from any compensation paid to Miller hereunder all taxes and other amounts which may be required to be deducted or withheld by law (including, without limitation, income tax withholding and Social Security payments), whether such laws are now in effect or become effective after the date of this Agreement.

5. Benefits. In addition to the Base Salary and any Bonus, Miller shall be entitled to health insurance, and disability insurance, and to participate in other employee benefit programs as shall be approved by the Board ("Benefits"), with such coverage and in such amounts as shall be not less than those provided to other key executives of the Company.

6. Early Termination. The Employment Period may be terminated by either party during the base three-year term of this Agreement or during any renewal period by either party; provided, however, that if such termination is by the Company for Cause or due to Miller's resignation without Board approval, then Miller shall not be entitled to receive any Base Salary, Bonus or other compensation after the date of such termination. If the

Employment Period is terminated for any reason (including, without limitation, Miller's death or Disability (as defined below)) other than by the Company for Cause or Miller's resignation without Board approval, then Miller shall be entitled to receive his Base Salary (exclusive of Bonus) and the continuation of Benefits for a period of one year from and after the date of termination. Such severance benefits shall be exclusive and in lieu of any other severance benefit programs of the Company and its Subsidiaries and affiliates in effect at the time of such termination.

7. Confidential Information. Miller acknowledges that the information,

observations and data obtained by him during the course of his performance of his duties under this Agreement concerning the business or affairs of the Company and its affiliates are and will be the property of the Company. Therefore, Miller agrees that he will not disclose to any unauthorized persons or use for his own account or for the benefit of any third party (other than the Company or its Subsidiaries or other affiliates, if any) any of such information, observations or data without the Board's written consent, unless and to the extent that the aforementioned matters become generally known to and available for use by the public other than as a result of Miller's acts or omissions to act. Miller agrees to deliver to the Company at the termination of his employment hereunder or at any other time the Company may request, all memoranda, notes, plans, records, reports and other documentation (and copies thereof) relating to the business of the Company and its affiliates which he may then possess or have under his control.

8. Inventions and Patents.

a. Miller agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to the Company's or any of its Subsidiaries' actual or anticipated business, research and development of existing or future products or services (including new contributions, improvements, ideas and discoveries, whether patentable or not) and which are conceived, developed or made by Miller while employed by the Company or its predecessor ("Work Product") belong to the Company or such Subsidiary. Miller will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

b. In accordance with Section 2 of the Illinois Employee Patent Act, Ill. Rev. Stat. Chap. 140, (S)301 et seq. (1983), Miller is hereby advised that paragraph 8.a. of this Agreement does not apply to any invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on Miller's own time, unless (i) the invention relates to the business of the Company

or to the Company's actual or demonstrably anticipated research or development or (ii) the invention results from any work performed by Miller for the Company.

9. Non-Compete and Related Agreements.

a. In further consideration of the compensation to be paid to Miller hereunder, Miller agrees that during the period commencing as of the date hereof and ending on the first anniversary of the date of termination of his employment hereunder (the "Noncompetition Period"), he will not directly or indirectly

engage in, represent, furnish consultant services to, be employed by, grant permission for his name or likeness to be used by, or have any interest in (whether as owner, principal, director, officer, stockholder, agent, consultant, partner or otherwise) the Business (as defined below), within the United States; provided, however, that nothing herein will prevent Miller from owning 1% or less of the outstanding stock of any class of a corporation which is publicly traded, so long as Miller does not have any participation in the conduct of business of such corporation; and provided, further, however, that this paragraph shall not apply if Miller's employment has been terminated by the Company without Cause (as defined herein).

b. For purposes of this paragraph 9, the term "Business" shall mean marketing and distributing of office products for resale through the wholesale channel and any other business that the Company or any of its Subsidiaries or other affiliates is engaged in or has proposed to be conducted (as defined below) at the time of the termination of his employment hereunder. For purposes of this paragraph 9, a business shall be considered as "proposed to be conducted" if the Company or any of its Subsidiaries or other affiliates has made reasonably substantial expenditures in connection with such proposed business.

c. During the Noncompetition Period, Miller shall not (i) induce or attempt to induce any employee of the Company or any of its Subsidiaries or other affiliates to leave the employ of the Company or any of its Subsidiaries or other affiliates, or in any way interfere with the relationship between the Company and any of its Subsidiaries or other affiliates and any employee of the Company, or (ii) induce or attempt to induce any customer, supplier, distributor, broker or other business relation of the Company or any of its Subsidiaries or other affiliates to cease, diminish or alter, to the detriment of the Company and any of its Subsidiaries or other affiliates, doing business with the Company or any of its Subsidiaries or other affiliates, or in any way interfere with the relationship between any customer, supplier, distributor, broker or other business relation and the Company or any of its Subsidiaries or other affiliates.

d. Miller agrees that the covenants made in this paragraph 9 shall be construed as an agreement independent of any other provision of this Agreement, and shall survive the termination of this Agreement. Moreover, the existence of any claim or cause of action of Miller against the Company or any of its Subsidiaries or other affiliates, whether or not predicated upon the terms of this Agreement, shall not constitute a defense to the enforcement of this

covenant.

e. In the event of the breach by Miller of any of the provisions of this paragraph 9, the Company, in addition and supplementary to other rights and remedies existing in its favor, including specific performance as described in paragraph 11, shall be empowered to terminate any Base Salary, Bonus and other benefits due to Miller under this Agreement.

f. If, at the time of enforcement of any of the provisions of this paragraph 9, a court finds that any restrictions stated herein are unreasonable under the circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the stated period, scope or area.

10. Definitions.

"Cause" shall mean (i) Miller's theft or embezzlement, or attempted theft
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or embezzlement, of money or tangible or intangible assets or property of the Company or any of its Subsidiaries or other affiliates, (ii) any act or acts of moral turpitude by Miller, (iii) other than as a result of a Disability, Miller's failure to devote adequate time to the Company's and its Subsidiaries or other affiliates' business, as determined in the reasonable judgment of the Board, after having given Miller not less than ten (10) days' advance written notice of the asserted problem and a reasonable opportunity to cure, (iv) any intentional acts by Miller which establish Miller's loyalty to a business entity or person other than the Company, (v) gross negligence or willful misconduct in the performance of Miller's duties, (vi) conviction of a felony, (vii) conviction of a crime, the conviction of which results in a material injury to the Company, or (viii) a willful material breach of this Agreement.

"Disability" means Miller's inability, due to illness, accident, injury,
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physical or mental incapacity or other disability, effectively to carry out his duties and obligations hereunder or to participate effectively and actively in the management of the Company for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.

"Subsidiaries" means any corporation or other entity, if any, of which the
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securities or other interests having a majority of the voting power in electing directors or similar persons are, at the time of determination, owned by the Company, directly or through one of more subsidiaries.

11. Specific Performance. The parties hereto shall be entitled to enforce
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their rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party hereto may, at such party's sole discretion, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement.

12. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term or condition.

13. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or mailed registered or certified mail (postage and registration or certification fees prepaid) or sent by facsimile or reputable overnight courier service (charges prepaid) to the recipient at the following addresses (or at such address as the recipient party has specified by prior written notice to the sending party):

If to the Company:

Associated Holdings, Inc.
c/o Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, Texas 75201
ATTN: Chairman of the Board

with a copy to:

D'Ancona & Pflaum
30 North LaSalle Street
Suite 2900
Chicago, Illinois 60602
Attn: Edwin H. Goldberger and
Suzanne L. Saxman

If to Miller:

Lawrence E. Miller
415 Sterling Road
Kenilworth, Illinois 60043

with a copy to:

Douglas H. Walter
Jones, Day, Reavis & Pogue
225 W. Washington, 26th Floor
Chicago, Illinois 60606

Notices will be deemed to have been given hereunder when delivered personally, three days after deposit in the U.S. mail, on the date of delivery by facsimile, and one day after deposit with a reputable overnight courier service.

14. Severability. In the event that any provision or provisions hereof shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed that such invalidity or unenforceability shall not affect any other provision of this Agreement, and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect, and any court of competent jurisdiction may so modify the objectionable provision or provisions as to make it valid, reasonable and enforceable.

15. Amendment. This Agreement may be amended only by an agreement in writing signed by the parties hereto.

16. Governing Law. This Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Illinois.

17. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties relating to Miller's employment, and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

18. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

19. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Miller's heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of Miller

are personal in nature to the Company and may not be delegated or assigned except as specifically set forth in this Agreement. In the event of a sale of

all or substantially all of the Company's capital stock or all or substantially all of the Company's assets, or consolidation or merger of the Company with or into another corporation or entity or individual, the Company may assign its rights and obligations under this Agreement to its successor-in-interest, and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of the Company hereunder; provided, however, that if
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the Company does not make such assignment, the Employment Period shall continue until terminated in accordance with paragraph 6 of this Agreement.

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

ASSOCIATED STATIONERS, INC.

By: _____
Name: _____
Title: _____

_____
LAWRENCE E. MILLER

ROBERT W. EBERSPACHER
EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") made and entered into as of January 31, 1992 by and between Associated Stationers, Inc., a Delaware corporation (the " Company"), and Robert W. Eberspacher ("Eberspacher").

Certain capitalized terms used herein are defined in paragraph 10 of this Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. The Company hereby employs Eberspacher and Eberspacher
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hereby accepts employment with the Company on the terms and conditions set forth in this Agreement.

2. Positions and Duties.

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a. Vice President - Northern Operations. For the term set forth in
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paragraph 3 of this Agreement, Eberspacher shall act as Vice President - Northern Operations of the Company and shall render such administrative, sales, marketing and other services to the Company as the Company's board of directors (the "Board") and its President and Chief Executive Officer may from time to
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time direct and shall be available at any reasonable time for consultation with the Board on matters being considered by the Board or otherwise relating to the Company's or its Subsidiaries' business.

b. Subsidiaries and Affiliates. Eberspacher shall serve in one or
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more executive offices of any of the Company's Subsidiaries or other affiliates, including Associated Holdings, Inc., a Delaware corporation and the parent corporation of the Company, if elected or otherwise appointed thereto by the board of directors of any of such Subsidiaries or other affiliates.

c. Time Required. During the term of his employment hereunder,
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Eberspacher shall devote his best efforts and his full and exclusive business time and attention (except for reasonable periods of illness or other incapacity) to the business and affairs of the Company, its Subsidiaries and its other affiliates, if any.

d. Location. As Vice President - Northern Operations, Eberspacher
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shall be employed at the principal executive office of the Company in the Chicago metropolitan area. Eberspacher shall not be required to move his residence or principal business base of operations from the Chicago metropolitan area without his prior written consent.

3. Term. Unless earlier terminated pursuant to the provisions of this
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paragraph or paragraph 6 of this Agreement, the term of Eberspacher's employment as Vice President - Northern Operations shall commence as of the date of this Agreement, and shall continue until January 31, 1995 and shall continue automatically from year to year thereafter, unless written notice is given by either party to the other at least sixty (60) days prior to the end of such term, or before the end of any additional one-year term.

4. Compensation.
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a. Base Salary. Eberspacher's compensation for his services hereunder
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shall be as follows:

(1) Initial Salary. Eberspacher shall receive a base salary of no less than $155,000 per year, payable in accordance with the Company's normal payment schedule for its senior management employees (the "Base Salary").

(2) Adjustment. The Base Salary shall be reviewed annually by the Board and may be, in the Board's discretion, increased when deemed appropriate to reflect adequately the scope and success of the Company's operations and Eberspacher's contribution to such success.

b. Bonus. In addition to the Base Salary, the Company shall pay to Eberspacher, as bonus compensation based upon the performance of the Company and his performance (the "Bonus"), such amount as is determined in good faith by the Board.

c. Withholdings. The Company shall have the right to deduct from any compensation paid to Eberspacher hereunder all taxes and other amounts which may be required to be deducted or withheld by law (including, without limitation, income tax withholding and Social Security payments), whether such laws are now in effect or become effective after the date of this Agreement.

5. Benefits. In addition to the Base Salary and any Bonus, Eberspacher shall be entitled to health insurance, and disability insurance, and to participate in other employee benefit programs as shall be approved by the Board ("Benefits"), with such coverage and in such amounts as shall be not less than those provided to other key executives of the Company.

6. Early Termination. The Employment Period may be terminated by either party during the base three-year term of this Agreement or during any renewal period by either party; provided, however, that if such termination is by the Company for Cause or due to Eberspacher's resignation without Board approval,

then Eberspacher shall not be entitled to receive any Base Salary, Bonus or other compensation after the date of such termination. If the Employment Period is terminated for any reason (including, without limitation, Eberspacher's death or Disability (as defined below)) other than by the Company for Cause or Eberspacher's resignation without Board approval, then Eberspacher shall be entitled to receive his Base Salary (exclusive of Bonus) and the continuation of

Benefits for a period of one year from and after the date of termination. Such severance benefits shall be exclusive and in lieu of any other severance benefit programs of the Company and its Subsidiaries and affiliates in effect at the time of such termination.

7. Confidential Information. Eberspacher acknowledges that the information, observations and data obtained by him during the course of his performance of his duties under this Agreement concerning the business or affairs of the Company and its affiliates are and will be the property of the Company. Therefore, Eberspacher agrees that he will not disclose to any unauthorized persons or use for his own account or for the benefit of any third party (other than the Company or its Subsidiaries or other affiliates, if any) any of such information, observations or data without the Board's written consent, unless and to the extent that the aforementioned matters become generally known to and available for use by the public other than as a result of Eberspacher's acts or omissions to act. Eberspacher agrees to deliver to the Company at the termination of his employment hereunder or at any other time the Company may request, all memoranda, notes, plans, records, reports and other documentation (and copies thereof) relating to the business of the Company and its affiliates which he may then possess or have under his control.

8. Inventions and Patents.

a. Eberspacher agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to the Company's or any of its Subsidiaries' actual or anticipated business, research and development of existing or future products or services (including new contributions, improvements, ideas and discoveries, whether patentable or not) and which are conceived, developed or made by Eberspacher while employed by the Company or its predecessor ("Work Product") belong to the Company or such Subsidiary. Eberspacher will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

b. In accordance with Section 2 of the Illinois Employee Patent Act, Ill. Rev. Stat. Chap. 140, (S)301 et seq. (1983), Eberspacher is hereby advised that paragraph 8.a. of this

Agreement does not apply to any invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on Eberspacher's own time, unless (i) the invention relates to the business of the Company or to the Company's actual or demonstrably anticipated research or development or (ii) the invention results from any work performed by Eberspacher for the Company.

9. Non-Compete and Related Agreements.

a. In further consideration of the compensation to be paid to Eberspacher hereunder, Eberspacher agrees that during the period commencing as of the date hereof and ending on the first anniversary of the date of termination of his employment hereunder (the "Noncompetition Period"), he will not directly or indirectly engage in, represent, furnish consultant services to, be employed by, grant permission for his name or likeness to be used by, or have any interest in (whether as owner, principal, director, officer, stockholder, agent, consultant, partner or otherwise) the Business (as defined below), within the United States; provided, however, that nothing herein will prevent Eberspacher from owning 1% or less of the outstanding stock of any class of a corporation which is publicly traded, so long as Eberspacher does not have any participation in the conduct of business of such corporation; and provided, further, however, that this paragraph shall not apply if Eberspacher's employment has been terminated by the Company without Cause (as defined herein).

b. For purposes of this paragraph 9, the term "Business" shall mean marketing and distributing of office products for resale through the wholesale channel and any other business that the Company or any of its Subsidiaries or other affiliates is engaged in or has proposed to be conducted (as defined below) at the time of the termination of his employment hereunder. For purposes of this paragraph 9, a business shall be considered as "proposed to be conducted" if the Company or any of its Subsidiaries or other affiliates has made reasonably substantial expenditures in connection with such proposed business.

c. During the Noncompetition Period, Eberspacher shall not (i) induce or attempt to induce any employee of the Company or any of its Subsidiaries or other affiliates to leave the employ of the Company or any of its Subsidiaries or other affiliates, or in any way interfere with the relationship between the Company and any of its Subsidiaries or other affiliates and any employee of the Company, or (ii) induce or attempt to induce any customer, supplier, distributor, broker or other business relation of the Company or any of its Subsidiaries or other affiliates to cease, diminish or alter, to the detriment of the Company and any of its Subsidiaries or other affiliates, doing

business with the Company or any of its Subsidiaries or other affiliates, or in

any way interfere with the relationship between any customer, supplier, distributor, broker or other business relation and the Company or any of its Subsidiaries or other affiliates.

d. Eberspacher agrees that the covenants made in this paragraph 9 shall be construed as an agreement independent of any other provision of this Agreement, and shall survive the termination of this Agreement. Moreover, the existence of any claim or cause of action of Eberspacher against the Company or any of its Subsidiaries or other affiliates, whether or not predicated upon the terms of this Agreement, shall not constitute a defense to the enforcement of this covenant.

e. In the event of the breach by Eberspacher of any of the provisions of this paragraph 9, the Company, in addition and supplementary to other rights and remedies existing in its favor, including specific performance as described in paragraph 11, shall be empowered to terminate any Base Salary, Bonus and other benefits due to Eberspacher under this Agreement.

f. If, at the time of enforcement of any of the provisions of this paragraph 9, a court finds that any restrictions stated herein are unreasonable under the circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the stated period, scope or area.

10. Definitions.

"Cause" shall mean (i) Eberspacher's theft or embezzlement, or attempted
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theft or embezzlement, of money or tangible or intangible assets or property of the Company or any of its Subsidiaries or other affiliates, (ii) any act or acts of moral turpitude by Eberspacher, (iii) other than as a result of a Disability, Eberspacher's failure to devote adequate time to the Company's and its Subsidiaries or other affiliates' business, as determined in the reasonable judgment of the Board, after having given Eberspacher not less than ten (10) days' advance written notice of the asserted problem and a reasonable opportunity to cure, (iv) any intentional acts by Eberspacher which establish Eberspacher's loyalty to a business entity or person other than the Company, (v) gross negligence or willful misconduct in the performance of Eberspacher's duties, (vi) conviction of a felony, (vii) conviction of a crime, the conviction of which results in a material injury to the Company, or (viii) a willful material breach of this Agreement.

"Disability" means Eberspacher's inability, due to illness, accident,
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injury, physical or mental incapacity or other disability, effectively to carry out his duties and obligations

hereunder or to participate effectively and actively in the management of the Company for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.

"Subsidiaries" means any corporation or other entity, if any, of which the securities or other interests having a majority of the voting power in electing directors or similar persons are, at the time of determination, owned by the Company, directly or through one of more subsidiaries.

11. Specific Performance. The parties hereto shall be entitled to enforce their rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party hereto may, at such party's sole discretion, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement.

12. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term or condition.

13. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or mailed registered or certified mail (postage and registration or certification fees prepaid) or sent by facsimile or reputable overnight courier service (charges prepaid) to the recipient at the following addresses (or at such address as the recipient party has specified by prior written notice to the sending party):

If to the Company:

Associated Holdings, Inc.
c/o Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, Texas 75201
ATTN: Chairman of the Board

with a copy to:

D'Ancona & Pflaum
30 North LaSalle Street
Suite 2900
Chicago, Illinois 60602
Attn: Edwin H. Goldberger and
Suzanne L. Saxman

If to Eberspacher:

Robert W. Eberspacher
6907 Huntsfield Drive
Charlotte, North Carolina 28270

with a copy to:

Douglas H. Walter
Jones, Day, Reavis & Pogue
225 W. Washington, 26th Floor
Chicago, Illinois 60606

Notices will be deemed to have been given hereunder when delivered personally, three days after deposit in the U.S. mail, on the date of delivery by facsimile, and one day after deposit with a reputable overnight courier service.

14. Severability. In the event that any provision or provisions hereof shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed that such invalidity or unenforceability shall not affect any other provision of this Agreement, and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect, and any court of competent jurisdiction may so modify the objectionable provision or provisions as to make it valid, reasonable and enforceable.

15. Amendment. This Agreement may be amended only by an agreement in writing signed by the parties hereto.

16. Governing Law. This Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Illinois.

17. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties relating to Eberspacher's employment, and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

18. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

19. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Eberspacher's heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of Eberspacher are personal in nature to the Company and may not be delegated or assigned except as specifically set forth in this Agreement. In the event of a sale of all or substantially all of the Company's capital stock or all or substantially all of the Company's assets, or consolidation or merger of the Company with or into another corporation or entity or individual, the Company may assign its rights and obligations under this Agreement to its successor-in-interest, and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of the Company hereunder; provided, however, that if the Company does not make such assignment, the Employment Period shall continue until terminated in accordance with paragraph 6 of this Agreement.

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

ASSOCIATED STATIONERS, INC.

By: _____
Name: _____
Title: _____

_____
ROBERT W. EBERSPACHER

EXHIBIT 10.22

ASSOCIATED HOLDINGS, INC.
1992 Management Stock Option Plan

1. Purpose

Associated Holdings, Inc., a Delaware corporation (the "Company"), by means of this 1992 Management Stock Option Plan (the "Plan"), desires to afford certain of its directors, key employees and the key employees of any parent corporation or subsidiary corporation thereof now existing or hereafter formed or acquired who are responsible for the continued growth of the Company an opportunity to acquire a proprietary interest in the Company, and thus to create in such persons an increased interest in and a greater concern for the welfare of the Company and any parent corporation or subsidiary corporation thereof. As used in the Plan, the terms "parent corporation" and "subsidiary corporation" shall mean, respectively, a corporation within the definition of such terms contained in Sections 424(e) and 424(f), respectively, of the Internal Revenue Code of 1986, as amended (the "Code").

The stock options described in Section 6 (the "Options"), and the shares of common stock of the Company acquired pursuant to the exercise of such Options are a matter of separate inducement and are not in lieu of any salary or other compensation for services.

2. Administration

The Plan shall be administered by the Option Committee, or any successor thereto, of the Board of Directors of the Company or by such other committee, as determined by the Board (the "Committee"). The Committee shall consist of not less than two members of the Board of Directors of the Company, each of whom shall qualify as a "disinterested person" to administer the Plan within the meaning of Rule 16b-3, as amended, or other applicable rules under Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Committee shall administer the Plan so as to comply at all times with the Exchange Act. A majority of the Committee shall constitute a quorum, and subject to the provisions of Section 5, the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by a majority of the Committee, shall be the acts of the Committee.

3. Shares Available

Subject to the adjustments provided in Section 7, the maximum aggregate number of shares of common stock of the Company which may be granted for all purposes under the Plan shall be 86,735 shares. If, for any reason, any shares

as to which Options have been granted cease to be subject to purchase thereunder, including, without limitation, the expiration of such Option, the termination of such Option prior to exercise or the forfeiture of such Option, such

shares shall thereafter be available for grants to such individual or other individuals under the Plan. Options granted under the Plan may be fulfilled in accordance with the terms of the Plan with either authorized and unissued shares of the common stock of the Company or issued shares of such common stock held in the Company's treasury.

4. Eligibility and Bases of Participation

Grants under the Plan (i) may be made, pursuant to Section 6, to key employees, officers and directors (but not to any officer and director who is not also an employee) of the Company, or any parent corporation or subsidiary corporation thereof, who are regularly employed on a salaried basis and who are so employed on the date of such grant (the "Officer and Key Employee Participants").

5. Authority of Committee

Subject to and not inconsistent with the express provisions of the Plan and the Code, the Committee shall have plenary authority, in its sole discretion, to:

a. determine the persons to whom Options shall be granted, the time when such Options shall be granted, the number of Options, the purchase price or exercise price of each Option, the period(s) during which such Option shall be exercisable (whether in whole or in part), the restrictions to be applicable to Options and the other terms and provisions thereof (which need not be identical);

b. require, as a condition to the granting of any Option, that the person receiving such Option agree not to sell or otherwise dispose of such Option, any common stock acquired pursuant to such Option or any other "derivative security" (as defined by Rule 16a-1(c) under the Exchange Act) for a period of six (6) months following the later of (i) the date of the grant of such Option or (ii) the date when the exercise price of such Option is fixed if such exercise price is not fixed at the date of grant of such Option;

c. provide an arrangement through registered broker-dealers whereby temporary financing may be made available to an optionee by the broker-dealer, under the rules and regulations of the Federal Reserve Board, for the purpose of assisting the optionee in the exercise of an Option, such authority to include the payment by the Company of the

commissions of the broker-dealer;

d. provide the establishment of procedures for an optionee (1) to have withheld from the total number of shares to be acquired upon the exercise of an Option that number of shares having a Fair Market Value (as defined in Section 9) which, together with such cash as shall be paid in respect of fractional shares, shall equal the

Option exercise price, and (2) to exercise a portion of an Option by delivering that number of shares already owned by such optionee having a Fair Market Value which shall equal the partial Option exercise price and to deliver the shares thus acquired by such optionee in payment of shares to be received pursuant to the exercise of additional portions of such Option, the effect of which shall be that such optionee can in sequence utilize such newly acquired shares in payment of the exercise price of the entire Option, together with such cash as shall be paid in respect of fractional shares;

e. provide the establishment of a procedure whereby a number of shares of common stock or other securities may be withheld from the total number of shares of common stock or other securities to be issued upon exercise of an Option to meet the obligation of withholding for taxes incurred by an optionee upon such exercise;

f. prescribe, amend, modify and rescind rules and regulations relating to the Plan;

g. make all determinations specified in or permitted by the Plan or deemed necessary or desirable for its administration or for the conduct of the Committee's business; and

h. establish any procedures determined to be appropriate in discharging its responsibilities under the Plan.

The Committee may delegate to one or more of its members, or to one or more agents, such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan; provided, however, that the Committee
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may not delegate any duties to a member of the Board of Directors of the Company who, if elected to serve on the Committee, would not qualify as a "disinterested person" to administer the Plan as contemplated by Rule 16b-3, as amended, or other applicable rules under the Exchange Act. The Committee may employ attorneys, consultants, accountants, or other persons and the Committee, the Company, and its officers and directors shall be entitled to rely upon the

advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all persons who have received grants under the Plan, the Company and all other interested persons. No member or agent of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan and all members and agents of the

Committee shall be fully protected by the Company in respect of any such action, determination or interpretation.

6. Stock Options for Officers and Key Employee Participants

The Committee shall have the authority, in its sole discretion, to grant incentive stock options ("Incentive Options") pursuant to Section 422 of the Code, or to grant non-qualified stock options ("Non-Qualified Options") (options which do not qualify under Section 422 of the Code) or to grant both types of Options. No Option shall be granted for a term of more than ten (10) years. Notwithstanding anything contained herein to the contrary, an Incentive Option may be granted only to Officer and Key Employee Participants. The terms and conditions of the Options shall be determined from time to time by the Committee; provided, however, that the Options granted under the Plan shall be subject to the following:

a. Option Price. The Committee shall establish the option price at the time any Option is granted at such amount as the Committee shall determine. The option price for each share purchasable under any Incentive Option granted hereunder shall be such amount as the Committee shall, in its best judgment, determine to be not less than one hundred percent (100%) of the Fair Market Value

per share at the date the Option is granted; provided, however, that in the case of an Incentive Option granted to a person who, at the time such Incentive Option is granted, owns shares of the Company, or any parent corporation or subsidiary corporation thereof, which possess more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or of any subsidiary corporation or parent corporation of the Company, the purchase price for each share shall be such amount as the Committee, in its best judgment, shall determine to be not less than one hundred ten percent (110%) of the Fair Market Value per share at the date the Option is granted. The Option price will be subject to adjustment in accordance with the provisions of Section 7 of the Plan.

b. Payment. The price per share of common stock of the Company with respect to each Option shall be payable at the time the Option is exercised. Such price shall be payable in cash, which may be paid by wire transfer in immediately available funds, by check or by any other instrument acceptable to the Company or, in the discretion of the Committee, by delivery to the Company of shares of common stock of the Company owned by the

optionee or by the Company withholding from the total number of shares to be acquired pursuant to the Option a portion of such shares. Shares delivered to or withheld by the Company in payment of the option price shall be valued at the Fair Market Value of the common stock of the Company on the day preceding the date of the exercise of the Option.

c. Continuation of Employment. Notwithstanding anything else contained herein, each Option by its terms shall require the optionee to remain in the continuous employ of the Company, or any parent corporation or subsidiary corporation thereof, for at least six (6) months (or three (3) months in the case of an Incentive Option) from the date of grant of the Option before the right to exercise any part of the Option will accrue.

d. Exercisability of Stock Option. Each Option shall be exercisable in such installments as may be determined by the Committee at the time of the grant. The right to purchase shares shall be cumulative so that when the right to purchase any shares has accrued such shares or any part thereof may be purchased at any time thereafter until the expiration or termination of the Option. No Option by its terms shall be exercisable after the

expiration of ten (10) years from the date of grant of the Option; provided, however, in the case of an Incentive Option granted to a person who, at the time such Option is granted, owns stock of the Company, or any parent corporation or subsidiary corporation thereof, possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, or any corporation or subsidiary corporation thereof, such Option shall not be exercisable after the expiration of five (5) years from the date such Option is granted.

e. Death. In the event of the death of any optionee, the estate of such

optionee shall have the right, within six (6) months after the date of death (but not after the expiration date of the Option), to exercise such optionee's Option with respect to all or any part of the shares of stock which such optionee was entitled to purchase immediately prior to the time of his death.

f. Disability. If the employment of any optionee is terminated because of Disability (as defined in Section 9), such optionee shall have the right within six (6) months after the date of termination (or within one (1) year after the date of such termination in the case of an Incentive

Option) (but in no case after the expiration of the Option), to exercise the Option with respect to all or any part of the shares of stock which such optionee was entitled to purchase immediately prior to the time of such termination.

g. Other Termination or For Cause. If the employment of an optionee is terminated for any reason other than those specified in subsections 6(e) and (f) above, such optionee shall have the right, within thirty (30) days (or three (3) months in the case of an Incentive Option) after the date of such termination (but not after the expiration date of the Option), to exercise his Option with respect to all or any part of the shares of stock which such optionee was entitled to purchase immediately prior to the time of such termination, except that, if such optionee's employment was terminated by the Company, or any parent corporation or subsidiary corporation thereof, for good cause, or if the optionee voluntarily terminates employment without the consent of the Company, or any parent corporation or subsidiary corporation thereof (of which fact the Committee shall be the sole judge), such optionee shall immediately forfeit all rights under his Option except as to the shares of stock already purchased. Termination for "good cause"

shall mean (unless another definition is agreed to in writing by the Company and the optionee) termination by action of the Board of Directors because of: (A) the optionee's theft or embezzlement, or attempted theft or embezzlement, of money or tangible or intangible assets or property of the Company or any parent corporation or subsidiary corporation thereof, (B) any act or acts of moral turpitude by optionee, (C) other than as a result of a Disability, optionee's failure to devote adequate time to the Company's or such parent corporation's or such subsidiary corporation's business as determined in the reasonable judgment of the Board of Directors, after having

given optionee not less than 10 days advance written notice of the asserted problem and a reasonable opportunity to cure, (D) any intentional acts by optionee which establish optionee's loyalty to a business entity or person other than the Company, (E) gross negligence or willful misconduct in the performance of optionee's duties, (F) conviction of a felony, (G) conviction of a crime, the conviction of which results in a material injury to the Company or any parent corporation or subsidiary corporation thereof, or (H) a willful material breach of any

employment agreement entered into between optionee and the Company or any parent corporation or subsidiary corporation thereof. The determination that there exists "good cause" for termination shall be made by the Option Committee (unless otherwise agreed to in writing by the Company and the optionee) and such determination shall be conclusive.

h. Maximum Exercise. The aggregate Fair Market Value of stock
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(determined at the time of the grant of the Option) with respect to which Incentive Options are exercisable for the first time by an optionee during any calendar year under all plans of the Company, or any parent corporation or subsidiary corporation thereof, shall not exceed $100,000.

7. Adjustment of Shares

In the event there is any change in the common stock of the Company by reason of any consolidation, combination, liquidation, reorganization, recapitalization, stock dividend, stock split, split-up, split-off, spin-off, combination of shares, exchange of shares or other like change in capital structure of the Company, the number or kind of shares or interests subject to an Option and the per share price or value thereof shall be appropriately adjusted by the Committee at the time of such event, provided that

each optionee's position with respect to the Option and the per share price or value thereof shall not, as a result of such adjustment, be worse than it had been immediately prior to such event. Any fractional shares or interests resulting from such adjustment shall be eliminated. Notwithstanding the foregoing, (i) each such adjustment with respect to an Incentive Option shall comply with the rules of Section 424(a) of the Code, and (ii) in no event shall any adjustment be made which would render any Incentive Option granted hereunder other than an "incentive stock option" for purposes of Section 422 of the Code.

In the event of a Change of Control or a merger between the Company and another corporation in which the Company is not the surviving entity and where any optionee holds Options issued pursuant to this Plan which have not been exercised, such Options shall be cancelled and replacement Options shall be issued by the surviving entity in accordance with Rule 16b-3(f)(1) under the Exchange Act.

8. Miscellaneous Provisions

a. Assignment or Transfer. No grant of any "derivative security" (as defined by Rule 16a-1(c) under the Exchange Act) made under the Plan or any rights or interests therein shall be assignable or transferable by an optionee except by will or the laws of descent and distribution. During the

lifetime of an optionee, Options granted hereunder shall be exercisable only by the optionee.

b. Investment Representation. If a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the common stock issuable upon exercise of an Option, is not in effect at the time such Option is exercised, the Company may require, for the sole purpose of complying with the Securities Act, that prior to delivering such common stock to the exercising optionee, such optionee must deliver to the Secretary of the Company a written statement (i) representing and warranting that such common stock is being acquired for investment only and not with a view to the resale or distribution thereof, (ii) acknowledging and confirming that such common stock may not be sold unless registered for sale under the Securities Act or pursuant to an exemption from such registration and (iii) agreeing that the certificates representing such common stock shall bear a legend to the effect of the foregoing.

If, subsequent to the delivery by an optionee of the written statement described in the preceding paragraph, the common stock issuable upon exercise of an Option is registered under the Securities

Act, the Company may release such optionee from such written statement without effecting a "modification" of the Plan within the meaning of Section 424(h)(3) of the Code.

c. Withholding Taxes. In the case of distributions of common stock or other securities hereunder, the Company, as a condition of such

distribution, may require the payment (through withholding from the optionee's salary, reduction of the number of shares of common stock or other securities to be issued, or otherwise) of any federal, state, local or foreign taxes required by law to be withheld with respect to such distribution.

d. Costs and Expenses. The costs and expenses of administering the Plan shall be borne by the Company and shall not be charged against any Option nor to any employee receiving an Option.

e. Funding of Plan. The Plan shall be unfunded. The Company shall not be required to make any segregation of assets to assure the payment of any Option under the Plan.

f. Other Incentive Plans. The adoption of the Plan does not preclude the adoption by appropriate means of any other incentive plan for employees.

g. Effect on Employment. Nothing contained in the Plan or any agreement related hereto or referred

to herein shall affect, or be construed as affecting, the terms of employment of any Officer and Key Employee Participants except to the extent specifically provided herein or therein. Nothing contained in the Plan or any agreement related hereto or referred to herein shall impose, or be construed as imposing, an obligation on (i) the Company, or any parent corporation or subsidiary corporation thereof, to continue the employment of any Officer and Key Employee Participant, and (ii) any Officer and Key Employee Participant to remain in the employ of the Company, or any parent corporation or subsidiary corporation thereof.

9. Definitions

a. "Fair Market Value" shall, as it relates to the common stock of the Company, mean the average of the high and low prices of such common stock as reported on a national stock exchange or as listed for quotation on the NASDAQ National Market System on the date specified herein, or if there were no sales on such date, on the next preceding day on which there were sales, or if such common stock is not listed on a national stock exchange or is not listed for quotation on the NASDAQ National Market System, the value of such common stock on such

date as determined by the Board of Directors of the Company in good faith.

b. "Disability" means optionee's inability, due to illness, accident, injury, physical or mental incapacity or other disability, effectively to carry out his duties and obligations as an employee of the Company or to participate effectively and actively as an employee of the Company for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.

10. Amendment of Plan

The Board of Directors of the Company shall have the right to amend, modify, suspend or terminate the Plan at any time, provided that no amendment shall be made which shall increase the total number of shares of the common stock of the Company which may be issued and sold pursuant to Options granted under the Plan or decrease the minimum option price in the case of an Incentive Option, or modify the provisions of the Plan relating to eligibility with respect to Incentive Options unless such amendment is made by or with the approval of the stockholders. The Board of Directors shall be authorized to amend the Plan and the Options granted thereunder (i) to qualify as "incentive stock options" within the meaning of Section 422 of the Code or (ii) to comply with Rule 16b-3 (or any successor rule) under

the Exchange Act. No amendment, modification, suspension or termination of the Plan shall alter or impair any Options previously granted under the Plan, without the consent of the holder thereof.

11. Effective Date

The Plan shall become effective January 31, 1992, the date as of which the Plan was adopted by the Board of Directors (the "Effective Date"); provided, however, that if the Plan is not approved by a vote of the stockholders of the Company at an annual meeting or by written consent within twelve (12) months before or after the Effective Date, the Plan and any Options granted thereunder shall terminate.

AMENDMENT NO. 1 TO
ASSOCIATED HOLDINGS, INC.
1992 MANAGEMENT STOCK OPTION PLAN

This Amendment No. 1 to Associated Holdings, Inc. 1992 Management Stock Option Plan (the "Amendment"), dated as of March __, 1995, amends the Associated Holdings, Inc. 1992 Management Stock Option Plan, dated as of January 31, 1992 (the "Plan"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings given them in the Plan.

RECITALS

WHEREAS, Associated Holdings, Inc., a Delaware corporation ("Associated"), created and adopted the Plan effective as of January 31, 1992;

WHEREAS, on the date hereof, Associated has merged (the "Merger") with and into United Stationers Inc., a Delaware corporation and majority owned subsidiary of Associated (the "Company"), with the Company surviving; and

WHEREAS, the Company, as successor-in-interest to Associated, deems it desirable to amend the Plan, effective as of the effective time of the Merger (the "Effective Time"), pursuant to Section 10 thereof as set forth herein;

NOW, THEREFORE, the Plan is amended as of the Effective Time as follows:

1. Amendment of Name of Plan.

(a) The name of the Plan shall be "United Stationers Inc. Management Stock Option Plan".

2. Amendment of Section 1.

(a) The first sentence of Section 1 of the Plan shall be amended to read in its entirety as follows:

United Stationers Inc., a Delaware corporation (the "Company"),

by means of this Management Stock Option Plan (the "Plan"), desires to afford certain of its directors, key employees and the key employees of any parent corporation or subsidiary corporation thereof now existing or hereafter formed or acquired who are responsible for the continued growth of the

Company an opportuity to acquire a proprietary interest in the Company, and thus to create in such persons an increased interest in and and a greater concern for the welfare of the Company and any parent corporation or subsidiary corporation thereof.

3. Amendment of Section 3.

(a) The first sentence of Section 3 of the Plan shall be amended to read in its entirety as follows:

Subject to the adjustments provided in Section 7, the maximum aggregate number of shares of common stock of the Company which may be granted for all purposes under the Plan shall be 202,962.14 shares.

4. Adoption of the Plan. The Company hereby expressly adopts and assumes all of the rights, liabilities and obligations of Associated under the Plan.

5. Effect on the Plan. All references in the Plan to "this Plan" and the "Plan" and all phrases of like import shall refer to the Plan as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Plan, shall refer to the Plan as amended by this Amendment. Except as amended hereby, the Plan shall remain in full force and effect.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

EXHIBIT 10.24

January 31, 1992

Mr. Daniel J. Schleppe
20 The Landing
Atlanta, Georgia 30350

Re: Grant of Non-Qualified Stock Option

Dear Mr. Schleppe:

On January 31, 1992, the Board of Directors of Associated Holdings, Inc. (the "Company") adopted, and the stockholders of the Company approved, the Company's 1992 Management Stock Option Plan (the "Plan") for certain directors, officers and employees of the Company and any parent corporation or subsidiary corporation of the Company. A copy of the Plan is annexed to this Option Agreement as Exhibit A hereto and shall be deemed a part of this Option Agreement as if fully set forth herein. Unless the context otherwise requires, all terms defined in the Plan shall have the same meaning when used herein.

1. The Grant

The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary or other compensation for your services, the right and option to purchase (the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an aggregate of 5,681 shares of Class A Common Stock ("common stock") of the Company, par value $0.01 per share (the "Option Shares"), at a price of $10.00 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Vesting and Exercise

Subject to the provisions and limitations of Section 6 of the Plan and other relevant provisions thereof and this Option Agreement you may exercise the Option to purchase some or all of the Option Shares which are Vested Shares (as hereinafter defined) as follows:

(a) For purposes of this agreement, the Option Shares shall be deemed "Nonvested Shares" unless they have become

"Vested Shares" pursuant to the following provisions. The Option Shares shall become Vested Shares as follows:

(i) On January 31, 1993, one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(ii) On January 31, 1994, an additional one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(iii) On January 31, 1995, an additional one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(iv) On January 31, 1996, the remaining one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(b) In addition, the Board of Directors may, in its sole discretion, accelerate the vesting schedule set forth in paragraph (a) above.

(c) Subject to the relevant provisions and limitations contained herein, you may exercise the Option to purchase some or all of the Vested Shares at any time after the vesting thereof. In no event shall you be entitled to exercise the Option for Nonvested Shares or for a fraction of a Vested Share.

(d) The unexercised portion of the Option, if any, will automatically and without notice terminate and become null and void at 5:00 p.m., Central Time on the date three years after the full vesting of all Option Shares reserved for issuance under the Option (the "Option Term"). If, however, your employment with the Company or any subsidiary or parent corporation of the Company terminates before such termination date, this Option will terminate on the applicable date as described in paragraph 3 below.

(e) Any exercise by you of the Option shall be in writing addressed to the Corporate Secretary of the Company at its principal place of business and shall be accompanied by the full amount of the Exercise Price of the shares so purchased. Upon proper exercise and payment of the full Exercise Price therefor (either in cash or, at your option, in shares of common stock pursuant to and in the manner provided in Section 5a of the

Plan), a certificate evidencing the number of shares of common stock purchased

by you pursuant to such exercise shall be delivered by the Company to you, which certificate shall be registered in your name. Notwithstanding the foregoing, to the extent any voting trust agreement is then in effect pursuant to which such shares are required to be deposited in trust, then the Company may, at its option, deliver to the applicable voting trustee or trustees thereunder such certificate for deposit in such voting trust and you shall receive such voting trust certificate or certificates as are contemplated under the terms and provisions of such voting trust agreement.

(f) Upon the occurrence of a Major Transaction (as hereinafter defined) all outstanding Option Shares, whether such Option Shares are Vested Shares or Unvested Shares, shall be treated solely for the purposes of this paragraph (f) as if they had been exercised in full immediately prior to such Major Transaction. Accordingly, you shall receive your pro rata share of any distribution of cash or property distributed to the holders of common stock. As used herein the term "Major Transaction" shall be deemed to have occurred if:

(i) the Company shall consummate any recapitalization or refinancing that results in a distribution of cash or property to the holders of common stock of the Company;

(ii) the Company shall consummate any sale or exchange in a transaction or series of transactions by the Company of all or substantially all of its assets; or

(iii) the Company shall consummate a merger, consolidation or like business combination or reorganization, which results in an occurrence or has the effect of any event described in clause (i) or clause (ii) above.

3. Termination of Employment

Upon the termination of your employment with the Company and any parent corporation or subsidiary corporation of the Company, the Option shall, to the extent not previously exercised, automatically terminate and become null and void, provided that:

(1) if you shall die while in the employ of the Company or any parent corporation or subsidiary corporation of the Company, your estate may, until the earlier of (x) six (6) months after the date of death or (y) the expiration of the

Option Term, exercise the Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to the time of your death;

(2) in the case of termination of your employment due to Disability, you may, until the earlier of (x) six (6) months after the date your employment terminates or (y) the expiration of the Option Term, exercise the Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to the time of such termination; and

(3) in the case of termination for any reason other than those specified in (1) or (2) above, you may, until the earlier of (x) thirty (30) days after the date of such termination or (y) the expiration of the Option Term, exercise your Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to such termination, except that, if you are terminated for good cause (as defined in the Plan and as determined by the Committee) or if you voluntarily terminate your employment with the Company or any parent corporation or subsidiary corporation of the Company without the consent of the Company or any such parent corporation or subsidiary corporation of the Company, then you shall forfeit your rights under the Option except as to those Option Shares already purchased.

4. Transferability

The Option is not transferable by you otherwise than by will or the laws of descent and distribution and is exercisable, during your lifetime, only by you. The Option may not be assigned, transferred (except by will or the laws of descent and distribution), pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar proceeding. Any attempted assignment, transfer, pledge, hypothecation or other disposition of this Option contrary to the provisions hereof or of the Plan, and the levy of any attachment or similar proceeding upon the Option, shall be null and void and without effect.

By your acceptance of this Option Agreement, you agree that you will not sell or otherwise dispose of the Option, any common stock acquired pursuant to the Option or any other "derivative security" (as defined by Rule 16a-1(c) under the Securities Exchange Act of 1934, as amended) during the period ending six months from the date hereof, and you further agree that any such common stock or any other derivative security shall be subject to the restrictions and limitations on transfer contained in any stockholders agreement or similar agreement to

which you may be a party at the time you acquire such common stock or such derivative security pursuant to the exercise of the Option.

5. Reduction in Option Shares Based on IRR Achieved

(a) The number of Option Shares purchasable or purchased by you upon the exercise of the Option granted hereunder shall be reduced automatically to the extent that the IRR (as defined below) achieved by the Sponsor Holders (as defined below) is less than 60%. Such reduction in Option Shares shall be based on the table set forth on Exhibit B hereto. No reduction in the number of such
---
Option Shares shall occur if the IRR so achieved by the Sponsor Holders is 60% or greater. If the IRR so achieved is less than 35%, the Option granted hereunder shall terminate and any and all Option Shares previously purchased pursuant to any exercise of the Option shall automatically be cancelled and the certificates representing such Option Shares returned to the Company. You hereby grant to the Company your power of attorney to effect any and all reductions and cancellations permitted hereunder and to execute, acknowledge, and deliver any and all documents and instruments on your behalf deemed necessary by the Company to effect such reductions and cancellations. In the event of a reduction of the number of Option Shares, the reduction will be applied first to any Unvested Shares, second to any unexercised portion of Vested Shares subject to the Option in the inverse order of exerciseability until the unissued Option Shares are exhausted, and then to any issued Option Shares.

(b) Upon each date Liquid Proceeds (as defined below) are received or first held by the Sponsor Holders, the IRR to that date shall be determined by the Board of Directors of the Company taking account of the dates and amounts used in prior calculations and the properties that have become Liquid Proceeds on such date. The reduction, if any, under this Section 5 shall be computed by using the highest IRR computed on any such date or the final calculation date under paragraph (d) below.

(c) If Option Shares have been purchased under the Option and are thereafter cancelled, the Company shall return the amount of the Exercise Price paid with respect thereto, together with interest from the date of exercise to the date of return at the applicable federal long-term rate plus 100 basis points.

(d) As used herein, the term "IRR" shall mean the annual rate of return to the Sponsor Holders on their Common Stock Investment (as defined below), compounded annually, from January 31, 1992 to the date of calculation. A final calculation shall be made on the earliest of (i) January 31, 2000; (ii) the

date the Sponsor Holders collectively have disposed of all of their shares of common stock and hold no other property received with respect to such shares of common stock that is not Liquid Proceeds; and (iii) the first date that the Sponsor Holders own only Liquid Proceeds with respect to their shares of common stock. For purposes of computing IRR at any time (i) only Liquid Proceeds received or held by the Sponsor Holders in respect of their Common Stock

Investment shall be included as a payment or distribution in respect thereof and (ii) all fee income and warrants or other rights to acquire common stock or other capital stock of the Company shall be disregarded.

(e) As used herein, the term "Sponsor Holders" shall mean, collectively, Wingate Partners, L.P. and its affiliates.

(f) As used herein, the term "Common Stock Investment" shall mean the purchase price for the shares of common stock, par value $0.01 per share, of the Company purchased by the Sponsor Holders at the closing of the acquisition of the wholesale division of Boise Cascade Office Products Corporation by Associated Stationers, Inc., a wholly-owned subsidiary of the Company, but excluding any shares of common stock sold or otherwise transferred by any Sponsor Holder to any officer, director or employee of the Company or any of its subsidiaries.

(g) As used herein, the term "Liquid Proceeds" shall mean (i) shares of stock or other securities that (A) are registered under the Securities Act of 1933, as amended (the "Securities Act"), (B) are traded on the New York Stock Exchange, the American Stock Exchange or one approved for quotation on the NASDAQ National Market System at the time of calculation of the IRR, and (C) can be sold on such market by the holder without incurring a significant discount from the average of the bid and asked prices for such shares of stock or other securities at such time; (ii) currency of the United States of America; (iii) negotiable instruments drawn on a bank with at least $10 billion in assets and payable in currency of the United States of America; (iv) obligations issued or assumed by the United States of America or any agency or instrumentality thereof; and (v) on January 31, 2000 any shares of common stock of the Company or any other property received upon or with respect to shares of common stock of the Company then held by the Sponsor Holders, which was not previously treated as Liquid Proceeds shall be deemed to have been sold for an amount of cash equal to its then fair market value as determined in good faith by the Board of Directors of the Company and treated as Liquid Proceeds.

(h) any certificate or certificates (including without limitation, any voting trust certificates) representing any Option Shares purchased by you hereunder shall bear such legends

as the Company deems reasonably necessary to protect the parties hereto including, without limitation, a legend evidencing the reduction and cancellation rights of the Company pursuant to this Section 5.

6. Registration

Unless there is in effect a registration statement under the Securities Act with respect to the issuance of the Option Shares (and, if

required, there is available for delivery a prospectus meeting the requirements of Section 10(a)(3) of the Securities Act), you will, upon the exercise of the Option (i) represent and warrant in writing to the Corporate Secretary of the Company that the Option Shares then being purchased by you pursuant to the Option are being acquired for investment only and not with a view to the resale or distribution thereof, (ii) acknowledge and confirm that the Option Shares purchased may not be sold unless registered for sale under the Securities Act or pursuant to an exemption from such registration and (iii) agree that the certificates evidencing such Option Shares shall bear a legend to the effect of the foregoing.

7. Withholding Taxes

By your acceptance hereof, and in accordance with Section 8(c) of the Plan, you agree that (i) in the case of issuance of common stock or other securities hereunder, the Company, as a condition of such issuance may require the payment (through withholding from any payment otherwise due you from the Company or any parent corporation or subsidiary corporation of the Company or, at your option, a reduction in the number of shares of common stock of the Company to be received, determined by the fair market value of such shares) of any federal, state, local or foreign taxes required by law to be withheld with respect to such issuance, and (ii) the Company shall have the right to establish such other procedures as it may determine in its sole discretion with respect to such issuances.

8. Miscellaneous

(a) This Option Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan. In the event of any conflict or inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall be controlling.

(b) This Option Agreement is not a contract of employment and the terms of your employment shall not be affected hereby or by any agreement referred to herein except to the extent specifically so provided herein or therein. Nothing

herein shall be construed to impose any obligation on the Company or on any parent corporation or subsidiary corporation of the Company to continue your employment, and it shall not impose any obligation on your part to remain in the employ of the Company or of any parent corporation or subsidiary corporation of the Company.

Please indicate your acceptance of all the terms and conditions of the

Option and the Plan by signing and returning a copy of this Option Agreement.

Very truly yours,

ASSOCIATED HOLDINGS, INC.

By:

Thomas W. Sturgess,
Chairman of the Board and
Chief Executive Officer

ACCEPTED

_____
DANIEL J. SCHLEPPE

Date: January 31, 1992

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EXHIBIT A

1992 Management Stock Option Plan

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Page 10

EXHIBIT B

<TABLE>
<CAPTION>

Percentage of Option Shares to be Retained by the Optionee	IRR Achieved %
<S>	<C>
100.000%	60 or more
98.333	59
96.667	58
95.000	57
93.333	56

91.667	55
90.000	54
88.333	53
86.667	52
85.000	51
83.333	50
81.667	49
80.000	48
78.333	47
76.667	46
75.000	45
73.333	44
71.667	43
70.000	42
68.333	41
66.667	40
60.000	39
53.333	38
46.667	37
40.000	36
33.333	35
0	less than 35

</TABLE>

January 31, 1992

Michael D. Rowsey
2370 Sonnington Drive
Dublin, OH 43017

Re: Grant of Non-Qualified Stock Option

Dear Mr. Rowsey:

On January 31, 1992, the Board of Directors of Associated Holdings, Inc. (the "Company") adopted, and the stockholders of the Company approved, the Company's 1992 Management Stock Option Plan (the "Plan") for certain directors, officers and employees of the Company and any parent corporation or subsidiary corporation of the Company. A copy of the Plan is annexed to this Option Agreement as Exhibit A hereto and shall be deemed a part of this Option Agreement as if fully set forth herein. Unless the context otherwise requires, all terms defined in the Plan shall have the same meaning when used herein.

1. The Grant

The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary

or other compensation for your services, the right and option to purchase (the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an aggregate of 6,679 shares of Class A Common Stock ("common stock") of the Company, par value $0.01 per share (the "Option Shares"), at a price of $10.00 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Vesting and Exercise

Subject to the provisions and limitations of Section 6 of the Plan and other relevant provisions thereof and this Option Agreement you may exercise the Option to purchase some or all of the Option Shares which are Vested Shares (as hereinafter defined) as follows:

(a) For purposes of this agreement, the Option Shares shall be deemed "Nonvested Shares" unless they have become

"Vested Shares" pursuant to the following provisions. The Option Shares shall become Vested Shares as follows:

(i) On January 31, 1993, one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(ii) On January 31, 1994, an additional one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(iii) On January 31, 1995, an additional one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(iv) On January 31, 1996, the remaining one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(b) In addition, the Board of Directors may, in its sole discretion, accelerate the vesting schedule set forth in paragraph (a) above.

(c) Subject to the relevant provisions and limitations contained herein, you may exercise the Option to purchase some or all of the Vested Shares at any time after the vesting thereof. In no event shall you be entitled to exercise the Option for Nonvested Shares or for a fraction of a Vested Share.

(d) The unexercised portion of the Option, if any, will automatically and without notice terminate and become null and void at 5:00 p.m., Central Time on the date three years after the full vesting of all Option Shares reserved for issuance under the Option (the "Option Term"). If, however, your employment with the Company or any subsidiary or parent corporation of the Company terminates before such termination date, this Option will terminate on the applicable date as described in paragraph 3 below.

(e) Any exercise by you of the Option shall be in writing addressed to the Corporate Secretary of the Company at its principal place of business and shall be accompanied by the full amount of the Exercise Price of the shares so purchased. Upon proper exercise and payment of the full Exercise Price therefor (either in cash or, at your option, in shares of common stock pursuant to and in the manner provided in Section 5a of the

Plan), a certificate evidencing the number of shares of common stock purchased by you pursuant to such exercise shall be delivered by the Company to you, which certificate shall be registered in your name. Notwithstanding the foregoing, to the extent any voting trust agreement is then in effect pursuant to which such shares are required to be deposited in trust, then the Company may, at its option, deliver to the applicable voting trustee or trustees thereunder such certificate for deposit in such voting trust and you shall receive such voting trust certificate or certificates as are contemplated under the terms and provisions of such voting trust agreement.

(f) Upon the occurrence of a Major Transaction (as hereinafter defined) all outstanding Option Shares, whether such Option Shares are Vested Shares or Unvested Shares, shall be treated solely for the purposes of this paragraph (f) as if they had been exercised in full immediately prior to such Major Transaction. Accordingly, you shall receive your pro rata share of any distribution of cash or property distributed to the holders of common stock. As used herein the term "Major Transaction" shall be deemed to have occurred if:

(i) the Company shall consummate any recapitalization or refinancing that results in a distribution of cash or property to the holders of common stock of the Company;

(ii) the Company shall consummate any sale or exchange in a transaction or series of transactions by the Company of all or substantially all of its assets; or

(iii) the Company shall consummate a merger, consolidation or like business combination or reorganization, which results in an occurrence or has the effect of any event described in clause (i) or clause (ii) above.

3. Termination of Employment

Upon the termination of your employment with the Company and any parent corporation or subsidiary corporation of the Company, the Option shall, to the extent not previously exercised, automatically terminate and become null and void, provided that:

(1) if you shall die while in the employ of the Company or any parent corporation or subsidiary corporation of the Company, your estate may, until the earlier of (x) six (6) months after the date of death or (y) the expiration of the

Option Term, exercise the Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to the time of your death;

(2) in the case of termination of your employment due to Disability, you may, until the earlier of (x) six (6) months after the date your employment terminates or (y) the expiration of the Option Term, exercise the Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to the time of such termination; and

(3) in the case of termination for any reason other than those specified in (1) or (2) above, you may, until the earlier of (x) thirty (30) days after the date of such termination or (y) the expiration of the Option Term, exercise your Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to such termination, except that, if you are terminated for good cause (as defined in the Plan and as determined by the Committee) or if you voluntarily terminate your employment with the Company or any parent corporation or subsidiary corporation of the Company without the consent of the Company or any such parent corporation or subsidiary corporation of the Company, then you shall forfeit your rights under the Option except as to those Option Shares already purchased.

4. Transferability

The Option is not transferable by you otherwise than by will or the laws of descent and distribution and is exercisable, during your lifetime, only by you. The Option may not be assigned, transferred (except by will or the laws of descent and distribution), pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar proceeding. Any attempted assignment, transfer, pledge, hypothecation or other disposition of this Option contrary to the provisions

hereof or of the Plan, and the levy of any attachment or similar proceeding upon the Option, shall be null and void and without effect.

By your acceptance of this Option Agreement, you agree that you will not sell or otherwise dispose of the Option, any common stock acquired pursuant to the Option or any other "derivative security" (as defined by Rule 16a-1(c) under the Securities Exchange Act of 1934, as amended) during the period ending six months from the date hereof, and you further agree that any such common stock or any other derivative security shall be subject to the restrictions and limitations on transfer contained in any stockholders agreement or similar agreement to

which you may be a party at the time you acquire such common stock or such derivative security pursuant to the exercise of the Option.

5. Reduction in Option Shares Based on IRR Achieved

(a) The number of Option Shares purchasable or purchased by you upon the exercise of the Option granted hereunder shall be reduced automatically to the extent that the IRR (as defined below) achieved by the Sponsor Holders (as defined below) is less than 60%. Such reduction in Option Shares shall be based on the table set forth on Exhibit B hereto. No reduction in the number of such Option Shares shall occur if the IRR so achieved by the Sponsor Holders is 60% or greater. If the IRR so achieved is less than 35%, the Option granted hereunder shall terminate and any and all Option Shares previously purchased pursuant to any exercise of the Option shall automatically be cancelled and the certificates representing such Option Shares returned to the Company. You hereby grant to the Company your power of attorney to effect any and all reductions and cancellations permitted hereunder and to execute, acknowledge, and deliver any and all documents and instruments on your behalf deemed necessary by the Company to effect such reductions and cancellations. In the event of a reduction of the number of Option Shares, the reduction will be applied first to any Unvested Shares, second to any unexercised portion of Vested Shares subject to the Option in the inverse order of exerciseability until the unissued Option Shares are exhausted, and then to any issued Option Shares.

(b) Upon each date Liquid Proceeds (as defined below) are received or first held by the Sponsor Holders, the IRR to that date shall be determined by the Board of Directors of the Company taking account of the dates and amounts used in prior calculations and the properties that have become Liquid Proceeds on such date. The reduction, if any, under this Section 5 shall be computed by using the highest IRR computed on any such date or the final calculation date under paragraph (d) below.

(c) If Option Shares have been purchased under the Option and are thereafter cancelled, the Company shall return the amount of the Exercise Price paid with respect thereto, together with interest from the date of exercise to the date of return at the applicable federal long-term rate plus 100 basis points.

(d) As used herein, the term "IRR" shall mean the annual rate of return to the Sponsor Holders on their Common Stock Investment (as defined below), compounded annually, from January 31, 1992 to the date of calculation. A final calculation shall be made on the earliest of (i) January 31, 2000; (ii) the

date the Sponsor Holders collectively have disposed of all of their shares of common stock and hold no other property received with respect to such shares of common stock that is not Liquid Proceeds; and (iii) the first date that the Sponsor Holders own only Liquid Proceeds with respect to their shares of common stock. For purposes of computing IRR at any time (i) only Liquid Proceeds received or held by the Sponsor Holders in respect of their Common Stock Investment shall be included as a payment or distribution in respect thereof and (ii) all fee income and warrants or other rights to acquire common stock or other capital stock of the Company shall be disregarded.

(e) As used herein, the term "Sponsor Holders" shall mean, collectively, Wingate Partners, L.P. and its affiliates.

(f) As used herein, the term "Common Stock Investment" shall mean the purchase price for the shares of common stock, par value $0.01 per share, of the Company purchased by the Sponsor Holders at the closing of the acquisition of the wholesale division of Boise Cascade Office Products Corporation by Associated Stationers, Inc., a wholly-owned subsidiary of the Company, but excluding any shares of common stock sold or otherwise transferred by any Sponsor Holder to any officer, director or employee of the Company or any of its subsidiaries.

(g) As used herein, the term "Liquid Proceeds" shall mean (i) shares of stock or other securities that (A) are registered under the Securities Act of 1933, as amended (the "Securities Act"), (B) are traded on the New York Stock Exchange, the American Stock Exchange or one approved for quotation on the NASDAQ National Market System at the time of calculation of the IRR, and (C) can be sold on such market by the holder without incurring a significant discount from the average of the bid and asked prices for such shares of stock or other securities at such time; (ii) currency of the United States of America; (iii) negotiable instruments drawn on a bank with at least $10 billion in assets and payable in currency of the United States of America; (iv) obligations issued or assumed by the United States of America or any agency or instrumentality

thereof; and (v) on January 31, 2000 any shares of common stock of the Company or any other property received upon or with respect to shares of common stock of the Company then held by the Sponsor Holders, which was not previously treated as Liquid Proceeds shall be deemed to have been sold for an amount of cash equal to its then fair market value as determined in good faith by the Board of Directors of the Company and treated as Liquid Proceeds.

(h) any certificate or certificates (including without limitation, any voting trust certificates) representing any Option Shares purchased by you hereunder shall bear such legends

as the Company deems reasonably necessary to protect the parties hereto including, without limitation, a legend evidencing the reduction and cancellation rights of the Company pursuant to this Section 5.

6. Registration

Unless there is in effect a registration statement under the Securities Act with respect to the issuance of the Option Shares (and, if required, there is available for delivery a prospectus meeting the requirements of Section 10(a)(3) of the Securities Act), you will, upon the exercise of the Option (i) represent and warrant in writing to the Corporate Secretary of the Company that the Option Shares then being purchased by you pursuant to the Option are being acquired for investment only and not with a view to the resale or distribution thereof, (ii) acknowledge and confirm that the Option Shares purchased may not be sold unless registered for sale under the Securities Act or pursuant to an exemption from such registration and (iii) agree that the certificates evidencing such Option Shares shall bear a legend to the effect of the foregoing.

7. Withholding Taxes

By your acceptance hereof, and in accordance with Section 8(c) of the Plan, you agree that (i) in the case of issuance of common stock or other securities hereunder, the Company, as a condition of such issuance may require the payment (through withholding from any payment otherwise due you from the Company or any parent corporation or subsidiary corporation of the Company or, at your option, a reduction in the number of shares of common stock of the Company to be received, determined by the fair market value of such shares) of any federal, state, local or foreign taxes required by law to be withheld with respect to such issuance, and (ii) the Company shall have the right to establish such other procedures as it may determine in its sole discretion with respect to such issuances.

8. Miscellaneous

(a) This Option Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan. In the event of any conflict or inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall be controlling.

(b) This Option Agreement is not a contract of employment and the terms of your employment shall not be affected hereby or by any agreement referred to herein except to the extent specifically so provided herein or therein. Nothing

herein shall be construed to impose any obligation on the Company or on any parent corporation or subsidiary corporation of the Company to continue your employment, and it shall not impose any obligation on your part to remain in the employ of the Company or of any parent corporation or subsidiary corporation of the Company.

Please indicate your acceptance of all the terms and conditions of the Option and the Plan by signing and returning a copy of this Option Agreement.

Very truly yours,

ASSOCIATED HOLDINGS, INC.

By: _____
Thomas W. Sturgess,
Chairman of the Board and
Chief Executive Officer

ACCEPTED

- _____
MICHAEL D. ROWSEY

Date: January 31, 1992

EXHIBIT A

1992 Management Stock Option Plan

January 31, 1992
Page 10

EXHIBIT B

<TABLE>
<CAPTION>

Percentage of Option Shares to be Retained by the Optionee	IRR Achieved %
<S>	<C>
100.000%	60 or more
98.333	59
96.667	58
95.000	57
93.333	56
91.667	55
90.000	54
88.333	53
86.667	52
85.000	51
83.333	50
81.667	49
80.000	48
78.333	47
76.667	46
75.000	45
73.333	44
71.667	43
70.000	42
68.333	41
66.667	40
60.000	39
53.333	38
46.667	37
40.000	36
33.333	35
0	less than 35

</TABLE>

January 31, 1992

Mr. Lawrence E. Miller
415 Sterling Road
Kenilworth, IL 60043

Re: Grant of Non-Qualified Stock Option

Dear Mr. Miller:

On January 31, 1992, the Board of Directors of Associated Holdings, Inc. (the "Company") adopted, and the stockholders of the Company approved, the Company's 1992 Management Stock Option Plan (the "Plan") for certain directors, officers and employees of the Company and any parent corporation or subsidiary corporation of the Company. A copy of the Plan is annexed to this Option Agreement as Exhibit A hereto and shall be deemed a part of this Option Agreement as if fully set forth herein. Unless the context otherwise requires, all terms defined in the Plan shall have the same meaning when used herein.

1. The Grant

The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary or other compensation for your services, the right and option to purchase (the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an aggregate of 4,163 shares of Class A Common Stock ("common stock") of the Company, par value $0.01 per share (the "Option Shares"), at a price of $10.00 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Vesting and Exercise

Subject to the provisions and limitations of Section 6 of the Plan and other relevant provisions thereof and this Option Agreement you may exercise the Option to purchase some or all of the Option Shares which are Vested Shares (as hereinafter defined) as follows:

(a) For purposes of this agreement, the Option Shares shall be deemed "Nonvested Shares" unless they have become

"Vested Shares" pursuant to the following provisions. The Option Shares shall

become Vested Shares as follows:

(i) On January 31, 1993, one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(ii) On January 31, 1994, an additional one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(iii) On January 31, 1995, an additional one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(iv) On January 31, 1996, the remaining one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(b) In addition, the Board of Directors may, in its sole discretion, accelerate the vesting schedule set forth in paragraph (a) above.

(c) Subject to the relevant provisions and limitations contained herein, you may exercise the Option to purchase some or all of the Vested Shares at any time after the vesting thereof. In no event shall you be entitled to exercise the Option for Nonvested Shares or for a fraction of a Vested Share.

(d) The unexercised portion of the Option, if any, will automatically and without notice terminate and become null and void at 5:00 p.m., Central Time on the date three years after the full vesting of all Option Shares reserved for issuance under the Option (the "Option Term"). If, however, your employment with the Company or any subsidiary or parent corporation of the Company terminates before such termination date, this Option will terminate on the applicable date as described in paragraph 3 below.

(e) Any exercise by you of the Option shall be in writing addressed to the Corporate Secretary of the Company at its principal place of business and shall be accompanied by the full amount of the Exercise Price of the shares so purchased. Upon proper exercise and payment of the full Exercise Price therefor (either in cash or, at your option, in shares of common stock pursuant to and in the manner provided in Section 5a of the

Plan), a certificate evidencing the number of shares of common stock purchased by you pursuant to such exercise shall be delivered by the Company to you, which certificate shall be registered in your name. Notwithstanding the foregoing, to the extent any voting trust agreement is then in effect pursuant to which such

shares are required to be deposited in trust, then the Company may, at its option, deliver to the applicable voting trustee or trustees thereunder such certificate for deposit in such voting trust and you shall receive such voting trust certificate or certificates as are contemplated under the terms and provisions of such voting trust agreement.

(f) Upon the occurrence of a Major Transaction (as hereinafter defined) all outstanding Option Shares, whether such Option Shares are Vested Shares or Unvested Shares, shall be treated solely for the purposes of this paragraph (f) as if they had been exercised in full immediately prior to such Major Transaction. Accordingly, you shall receive your pro rata share of any distribution of cash or property distributed to the holders of common stock. As used herein the term "Major Transaction" shall be deemed to have occurred if:

(i) the Company shall consummate any recapitalization or refinancing that results in a distribution of cash or property to the holders of common stock of the Company;

(ii) the Company shall consummate any sale or exchange in a transaction or series of transactions by the Company of all or substantially all of its assets; or

(iii) the Company shall consummate a merger, consolidation or like business combination or reorganization, which results in an occurrence or has the effect of any event described in clause (i) or clause (ii) above.

3. Termination of Employment

Upon the termination of your employment with the Company and any parent corporation or subsidiary corporation of the Company, the Option shall, to the extent not previously exercised, automatically terminate and become null and void, provided that:

(1) if you shall die while in the employ of the Company or any parent corporation or subsidiary corporation of the Company, your estate may, until the earlier of (x) six (6) months after the date of death or (y) the expiration of the

Option Term, exercise the Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to the time of your death;

(2) in the case of termination of your employment due to Disability, you may, until the earlier of (x) six (6) months after the date your

employment terminates or (y) the expiration of the Option Term, exercise the Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to the time of such termination; and

(3) in the case of termination for any reason other than those specified in (1) or (2) above, you may, until the earlier of (x) thirty (30) days after the date of such termination or (y) the expiration of the Option Term, exercise your Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to such termination, except that, if you are terminated for good cause (as defined in the Plan and as determined by the Committee) or if you voluntarily terminate your employment with the Company or any parent corporation or subsidiary corporation of the Company without the consent of the Company or any such parent corporation or subsidiary corporation of the Company, then you shall forfeit your rights under the Option except as to those Option Shares already purchased.

4. Transferability

The Option is not transferable by you otherwise than by will or the laws of descent and distribution and is exercisable, during your lifetime, only by you. The Option may not be assigned, transferred (except by will or the laws of descent and distribution), pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar proceeding. Any attempted assignment, transfer, pledge, hypothecation or other disposition of this Option contrary to the provisions hereof or of the Plan, and the levy of any attachment or similar proceeding upon the Option, shall be null and void and without effect.

By your acceptance of this Option Agreement, you agree that you will not sell or otherwise dispose of the Option, any common stock acquired pursuant to the Option or any other "derivative security" (as defined by Rule 16a-1(c) under the Securities Exchange Act of 1934, as amended) during the period ending six months from the date hereof, and you further agree that any such common stock or any other derivative security shall be subject to the restrictions and limitations on transfer contained in any stockholders agreement or similar agreement to

which you may be a party at the time you acquire such common stock or such derivative security pursuant to the exercise of the Option.

5. Reduction in Option Shares Based on IRR Achieved

(a) The number of Option Shares purchasable or purchased by you upon the exercise of the Option granted hereunder shall be reduced automatically to

the extent that the IRR (as defined below) achieved by the Sponsor Holders (as defined below) is less than 60%. Such reduction in Option Shares shall be based on the table set forth on Exhibit B hereto. No reduction in the number of such Option Shares shall occur if the IRR so achieved by the Sponsor Holders is 60% or greater. If the IRR so achieved is less than 35%, the Option granted hereunder shall terminate and any and all Option Shares previously purchased pursuant to any exercise of the Option shall automatically be cancelled and the certificates representing such Option Shares returned to the Company. You hereby grant to the Company your power of attorney to effect any and all reductions and cancellations permitted hereunder and to execute, acknowledge, and deliver any and all documents and instruments on your behalf deemed necessary by the Company to effect such reductions and cancellations. In the event of a reduction of the number of Option Shares, the reduction will be applied first to any Unvested Shares, second to any unexercised portion of Vested Shares subject to the Option in the inverse order of exerciseability until the unissued Option Shares are exhausted, and then to any issued Option Shares.

(b) Upon each date Liquid Proceeds (as defined below) are received or first held by the Sponsor Holders, the IRR to that date shall be determined by the Board of Directors of the Company taking account of the dates and amounts used in prior calculations and the properties that have become Liquid Proceeds on such date. The reduction, if any, under this Section 5 shall be computed by using the highest IRR computed on any such date or the final calculation date under paragraph (d) below.

(c) If Option Shares have been purchased under the Option and are thereafter cancelled, the Company shall return the amount of the Exercise Price paid with respect thereto, together with interest from the date of exercise to the date of return at the applicable federal long-term rate plus 100 basis points.

(d) As used herein, the term "IRR" shall mean the annual rate of return to the Sponsor Holders on their Common Stock Investment (as defined below), compounded annually, from January 31, 1992 to the date of calculation. A final calculation shall be made on the earliest of (i) January 31, 2000; (ii) the

date the Sponsor Holders collectively have disposed of all of their shares of common stock and hold no other property received with respect to such shares of common stock that is not Liquid Proceeds; and (iii) the first date that the Sponsor Holders own only Liquid Proceeds with respect to their shares of common stock. For purposes of computing IRR at any time (i) only Liquid Proceeds received or held by the Sponsor Holders in respect of their Common Stock Investment shall be included as a payment or distribution in respect thereof and

(ii) all fee income and warrants or other rights to acquire common stock or other capital stock of the Company shall be disregarded.

(e) As used herein, the term "Sponsor Holders" shall mean, collectively, Wingate Partners, L.P. and its affiliates.

(f) As used herein, the term "Common Stock Investment" shall mean the purchase price for the shares of common stock, par value $0.01 per share, of the Company purchased by the Sponsor Holders at the closing of the acquisition of the wholesale division of Boise Cascade Office Products Corporation by Associated Stationers, Inc., a wholly-owned subsidiary of the Company, but excluding any shares of common stock sold or otherwise transferred by any Sponsor Holder to any officer, director or employee of the Company or any of its subsidiaries.

(g) As used herein, the term "Liquid Proceeds" shall mean (i) shares of stock or other securities that (A) are registered under the Securities Act of 1933, as amended (the "Securities Act"), (B) are traded on the New York Stock Exchange, the American Stock Exchange or one approved for quotation on the NASDAQ National Market System at the time of calculation of the IRR, and (C) can be sold on such market by the holder without incurring a significant discount from the average of the bid and asked prices for such shares of stock or other securities at such time; (ii) currency of the United States of America; (iii) negotiable instruments drawn on a bank with at least $10 billion in assets and payable in currency of the United States of America; (iv) obligations issued or assumed by the United States of America or any agency or instrumentality thereof; and (v) on January 31, 2000 any shares of common stock of the Company or any other property received upon or with respect to shares of common stock of the Company then held by the Sponsor Holders, which was not previously treated as Liquid Proceeds shall be deemed to have been sold for an amount of cash equal to its then fair market value as determined in good faith by the Board of Directors of the Company and treated as Liquid Proceeds.

(h) any certificate or certificates (including without limitation, any voting trust certificates) representing any Option Shares purchased by you hereunder shall bear such legends

as the Company deems reasonably necessary to protect the parties hereto including, without limitation, a legend evidencing the reduction and cancellation rights of the Company pursuant to this Section 5.

6. Registration

Unless there is in effect a registration statement under the Securities Act with respect to the issuance of the Option Shares (and, if

required, there is available for delivery a prospectus meeting the requirements of Section 10(a)(3) of the Securities Act), you will, upon the exercise of the Option (i) represent and warrant in writing to the Corporate Secretary of the Company that the Option Shares then being purchased by you pursuant to the Option are being acquired for investment only and not with a view to the resale or distribution thereof, (ii) acknowledge and confirm that the Option Shares purchased may not be sold unless registered for sale under the Securities Act or pursuant to an exemption from such registration and (iii) agree that the certificates evidencing such Option Shares shall bear a legend to the effect of the foregoing.

7. Withholding Taxes

By your acceptance hereof, and in accordance with Section 8(c) of the Plan, you agree that (i) in the case of issuance of common stock or other securities hereunder, the Company, as a condition of such issuance may require the payment (through withholding from any payment otherwise due you from the Company or any parent corporation or subsidiary corporation of the Company or, at your option, a reduction in the number of shares of common stock of the Company to be received, determined by the fair market value of such shares) of any federal, state, local or foreign taxes required by law to be withheld with respect to such issuance, and (ii) the Company shall have the right to establish such other procedures as it may determine in its sole discretion with respect to such issuances.

8. Miscellaneous

(a) This Option Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan. In the event of any conflict or inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall be controlling.

(b) This Option Agreement is not a contract of employment and the terms of your employment shall not be affected hereby or by any agreement referred to herein except to the extent specifically so provided herein or therein. Nothing

herein shall be construed to impose any obligation on the Company or on any parent corporation or subsidiary corporation of the Company to continue your employment, and it shall not impose any obligation on your part to remain in the employ of the Company or of any parent corporation or subsidiary corporation of the Company.

Please indicate your acceptance of all the terms and conditions of the Option and the Plan by signing and returning a copy of this Option Agreement.

Very truly yours,

ASSOCIATED HOLDINGS, INC.

By:

Thomas W. Sturgess,
Chairman of the Board and
Chief Executive Officer

ACCEPTED

- ---
LAWRENCE E. MILLER

Date: January 31, 1992

EXHIBIT A

1992 Management Stock Option Plan

EXHIBIT B

<TABLE>
<CAPTION>

Percentage of Option Shares to be Retained by the Optionee	IRR Achieved %
<S>	<C>
100.000%	60 or more
98.333	59
96.667	58
95.000	57
93.333	56
91.667	55

90.000	54
88.333	53
86.667	52
85.000	51
83.333	50
81.667	49
80.000	48
78.333	47
76.667	46
75.000	45
73.333	44
71.667	43
70.000	42
68.333	41
66.667	40
60.000	39
53.333	38
46.667	37
40.000	36
33.333	35
0	less than 35

</TABLE>

January 31, 1992

Mr. Robert W. Eberspacher
6907 Huntfield Drive
Charlotte, North Carolina 28270

Re: Grant of Non-Qualified Stock Option

Dear Mr. Eberspacher:

On January 31, 1992, the Board of Directors of Associated Holdings, Inc. (the "Company") adopted, and the stockholders of the Company approved, the Company's 1992 Management Stock Option Plan (the "Plan") for certain directors, officers and employees of the Company and any parent corporation or subsidiary corporation of the Company. A copy of the Plan is annexed to this Option Agreement as Exhibit A hereto and shall be deemed a part of this Option Agreement as if fully set forth herein. Unless the context otherwise requires, all terms defined in the Plan shall have the same meaning when used herein.

1. The Grant

The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary or other compensation for your services, the right and option to purchase

(the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an aggregate of 5,161 shares of Class A Common Stock ("common stock") of the Company, par value $0.01 per share (the "Option Shares"), at a price of $10.00 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Vesting and Exercise

Subject to the provisions and limitations of Section 6 of the Plan and other relevant provisions thereof and this Option Agreement you may exercise the Option to purchase some or all of the Option Shares which are Vested Shares (as hereinafter defined) as follows:

(a) For purposes of this agreement, the Option Shares shall be deemed "Nonvested Shares" unless they have become

"Vested Shares" pursuant to the following provisions. The Option Shares shall become Vested Shares as follows:

(i) On January 31, 1993, one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(ii) On January 31, 1994, an additional one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(iii) On January 31, 1995, an additional one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(iv) On January 31, 1996, the remaining one-fourth of the Option Shares reserved for issuance under the Option shall become Vested Shares without further action by the Board of Directors.

(b) In addition, the Board of Directors may, in its sole discretion, accelerate the vesting schedule set forth in paragraph (a) above.

(c) Subject to the relevant provisions and limitations contained herein, you may exercise the Option to purchase some or all of the Vested Shares at any time after the vesting thereof. In no event shall you be entitled to exercise the Option for Nonvested Shares or for a fraction of a Vested Share.

(d) The unexercised portion of the Option, if any, will automatically and without notice terminate and become null and void at 5:00 p.m., Central Time on the date three years after the full vesting of all Option Shares reserved for issuance under the Option (the "Option Term"). If, however, your employment with the Company or any subsidiary or parent corporation of the Company terminates before such termination date, this Option will terminate on the applicable date as described in paragraph 3 below.

(e) Any exercise by you of the Option shall be in writing addressed to the Corporate Secretary of the Company at its principal place of business and shall be accompanied by the full amount of the Exercise Price of the shares so purchased. Upon proper exercise and payment of the full Exercise Price therefor (either in cash or, at your option, in shares of common stock pursuant to and in the manner provided in Section 5a of the

Plan), a certificate evidencing the number of shares of common stock purchased by you pursuant to such exercise shall be delivered by the Company to you, which certificate shall be registered in your name. Notwithstanding the foregoing, to the extent any voting trust agreement is then in effect pursuant to which such shares are required to be deposited in trust, then the Company may, at its option, deliver to the applicable voting trustee or trustees thereunder such certificate for deposit in such voting trust and you shall receive such voting trust certificate or certificates as are contemplated under the terms and provisions of such voting trust agreement.

(f) Upon the occurrence of a Major Transaction (as hereinafter defined) all outstanding Option Shares, whether such Option Shares are Vested Shares or Unvested Shares, shall be treated solely for the purposes of this paragraph (f) as if they had been exercised in full immediately prior to such Major Transaction. Accordingly, you shall receive your pro rata share of any distribution of cash or property distributed to the holders of common stock. As used herein the term "Major Transaction" shall be deemed to have occurred if:

(i) the Company shall consummate any recapitalization or refinancing that results in a distribution of cash or property to the holders of common stock of the Company;

(ii) the Company shall consummate any sale or exchange in a transaction or series of transactions by the Company of all or substantially all of its assets; or

(iii) the Company shall consummate a merger, consolidation or like business combination or reorganization, which results in an occurrence or has the effect of any event described in clause (i) or clause (ii) above.

3. Termination of Employment

Upon the termination of your employment with the Company and any parent corporation or subsidiary corporation of the Company, the Option shall, to the extent not previously exercised, automatically terminate and become null and void, provided that:

(1) if you shall die while in the employ of the Company or any parent corporation or subsidiary corporation of the Company, your estate may, until the earlier of (x) six (6) months after the date of death or (y) the expiration of the

Option Term, exercise the Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to the time of your death;

(2) in the case of termination of your employment due to Disability, you may, until the earlier of (x) six (6) months after the date your employment terminates or (y) the expiration of the Option Term, exercise the Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to the time of such termination; and

(3) in the case of termination for any reason other than those specified in (1) or (2) above, you may, until the earlier of (x) thirty (30) days after the date of such termination or (y) the expiration of the Option Term, exercise your Option with respect to all or any part of the Option Shares which you were entitled to purchase immediately prior to such termination, except that, if you are terminated for good cause (as defined in the Plan and as determined by the Committee) or if you voluntarily terminate your employment with the Company or any parent corporation or subsidiary corporation of the Company without the consent of the Company or any such parent corporation or subsidiary corporation of the Company, then you shall forfeit your rights under the Option except as to those Option Shares already purchased.

4. Transferability

The Option is not transferable by you otherwise than by will or the laws of descent and distribution and is exercisable, during your lifetime, only by you. The Option may not be assigned, transferred (except by will or the laws of descent and distribution), pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar proceeding. Any attempted assignment, transfer, pledge, hypothecation or other disposition of this Option contrary to the provisions hereof or of the Plan, and the levy of any attachment or similar proceeding upon

the Option, shall be null and void and without effect.

By your acceptance of this Option Agreement, you agree that you will not sell or otherwise dispose of the Option, any common stock acquired pursuant to the Option or any other "derivative security" (as defined by Rule 16a-1(c) under the Securities Exchange Act of 1934, as amended) during the period ending six months from the date hereof, and you further agree that any such common stock or any other derivative security shall be subject to the restrictions and limitations on transfer contained in any stockholders agreement or similar agreement to

which you may be a party at the time you acquire such common stock or such derivative security pursuant to the exercise of the Option.

5. Reduction in Option Shares Based on IRR Achieved

(a) The number of Option Shares purchasable or purchased by you upon the exercise of the Option granted hereunder shall be reduced automatically to the extent that the IRR (as defined below) achieved by the Sponsor Holders (as defined below) is less than 60%. Such reduction in Option Shares shall be based on the table set forth on Exhibit B hereto. No reduction in the number of such Option Shares shall occur if the IRR so achieved by the Sponsor Holders is 60% or greater. If the IRR so achieved is less than 35%, the Option granted hereunder shall terminate and any and all Option Shares previously purchased pursuant to any exercise of the Option shall automatically be cancelled and the certificates representing such Option Shares returned to the Company. You hereby grant to the Company your power of attorney to effect any and all reductions and cancellations permitted hereunder and to execute, acknowledge, and deliver any and all documents and instruments on your behalf deemed necessary by the Company to effect such reductions and cancellations. In the event of a reduction of the number of Option Shares, the reduction will be applied first to any Unvested Shares, second to any unexercised portion of Vested Shares subject to the Option in the inverse order of exerciseability until the unissued Option Shares are exhausted, and then to any issued Option Shares.

(b) Upon each date Liquid Proceeds (as defined below) are received or first held by the Sponsor Holders, the IRR to that date shall be determined by the Board of Directors of the Company taking account of the dates and amounts used in prior calculations and the properties that have become Liquid Proceeds on such date. The reduction, if any, under this Section 5 shall be computed by using the highest IRR computed on any such date or the final calculation date under paragraph (d) below.

(c) If Option Shares have been purchased under the Option and are thereafter cancelled, the Company shall return the amount of the Exercise Price paid with respect thereto, together with interest from the date of exercise to the date of return at the applicable federal long-term rate plus 100 basis points.

(d) As used herein, the term "IRR" shall mean the annual rate of return to the Sponsor Holders on their Common Stock Investment (as defined below), compounded annually, from January 31, 1992 to the date of calculation. A final calculation shall be made on the earliest of (i) January 31, 2000; (ii) the

date the Sponsor Holders collectively have disposed of all of their shares of common stock and hold no other property received with respect to such shares of common stock that is not Liquid Proceeds; and (iii) the first date that the Sponsor Holders own only Liquid Proceeds with respect to their shares of common stock. For purposes of computing IRR at any time (i) only Liquid Proceeds received or held by the Sponsor Holders in respect of their Common Stock Investment shall be included as a payment or distribution in respect thereof and (ii) all fee income and warrants or other rights to acquire common stock or other capital stock of the Company shall be disregarded.

(e) As used herein, the term "Sponsor Holders" shall mean, collectively, Wingate Partners, L.P. and its affiliates.

(f) As used herein, the term "Common Stock Investment" shall mean the purchase price for the shares of common stock, par value $0.01 per share, of the Company purchased by the Sponsor Holders at the closing of the acquisition of the wholesale division of Boise Cascade Office Products Corporation by Associated Stationers, Inc., a wholly-owned subsidiary of the Company, but excluding any shares of common stock sold or otherwise transferred by any Sponsor Holder to any officer, director or employee of the Company or any of its subsidiaries.

(g) As used herein, the term "Liquid Proceeds" shall mean (i) shares of stock or other securities that (A) are registered under the Securities Act of 1933, as amended (the "Securities Act"), (B) are traded on the New York Stock Exchange, the American Stock Exchange or one approved for quotation on the NASDAQ National Market System at the time of calculation of the IRR, and (C) can be sold on such market by the holder without incurring a significant discount from the average of the bid and asked prices for such shares of stock or other securities at such time; (ii) currency of the United States of America; (iii) negotiable instruments drawn on a bank with at least $10 billion in assets and payable in currency of the United States of America; (iv) obligations issued or assumed by the United States of America or any agency or instrumentality thereof; and (v) on January 31, 2000 any shares of common stock of the Company

or any other property received upon or with respect to shares of common stock of the Company then held by the Sponsor Holders, which was not previously treated as Liquid Proceeds shall be deemed to have been sold for an amount of cash equal to its then fair market value as determined in good faith by the Board of Directors of the Company and treated as Liquid Proceeds.

(h) any certificate or certificates (including without limitation, any voting trust certificates) representing any Option Shares purchased by you hereunder shall bear such legends

as the Company deems reasonably necessary to protect the parties hereto including, without limitation, a legend evidencing the reduction and cancellation rights of the Company pursuant to this Section 5.

6. Registration

Unless there is in effect a registration statement under the Securities Act with respect to the issuance of the Option Shares (and, if required, there is available for delivery a prospectus meeting the requirements of Section 10(a)(3) of the Securities Act), you will, upon the exercise of the Option (i) represent and warrant in writing to the Corporate Secretary of the Company that the Option Shares then being purchased by you pursuant to the Option are being acquired for investment only and not with a view to the resale or distribution thereof, (ii) acknowledge and confirm that the Option Shares purchased may not be sold unless registered for sale under the Securities Act or pursuant to an exemption from such registration and (iii) agree that the certificates evidencing such Option Shares shall bear a legend to the effect of the foregoing.

7. Withholding Taxes

By your acceptance hereof, and in accordance with Section 8(c) of the Plan, you agree that (i) in the case of issuance of common stock or other securities hereunder, the Company, as a condition of such issuance may require the payment (through withholding from any payment otherwise due you from the Company or any parent corporation or subsidiary corporation of the Company or, at your option, a reduction in the number of shares of common stock of the Company to be received, determined by the fair market value of such shares) of any federal, state, local or foreign taxes required by law to be withheld with respect to such issuance, and (ii) the Company shall have the right to establish such other procedures as it may determine in its sole discretion with respect to such issuances.

8. Miscellaneous

(a) This Option Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan. In the event of any conflict or inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall be controlling.

(b) This Option Agreement is not a contract of employment and the terms of your employment shall not be affected hereby or by any agreement referred to herein except to the extent specifically so provided herein or therein. Nothing

herein shall be construed to impose any obligation on the Company or on any parent corporation or subsidiary corporation of the Company to continue your employment, and it shall not impose any obligation on your part to remain in the employ of the Company or of any parent corporation or subsidiary corporation of the Company.

Please indicate your acceptance of all the terms and conditions of the Option and the Plan by signing and returning a copy of this Option Agreement.

Very truly yours,

ASSOCIATED HOLDINGS, INC.

By:

Thomas W. Sturgess,
Chairman of the Board and
Chief Executive Officer

ACCEPTED

- ---
ROBERT W. EBERSPACHER

Date: January 31, 1992

EXHIBIT A

1992 Management Stock Option Plan

January 31, 1992
Page 10

EXHIBIT B

<TABLE>
<CAPTION>

Percentage of Option Shares to be Retained by the Optionee	IRR Achieved %
<S>	<C>
100.000%	60 or more
98.333	59
96.667	58
95.000	57
93.333	56
91.667	55
90.000	54
88.333	53
86.667	52
85.000	51
83.333	50
81.667	49
80.000	48
78.333	47
76.667	46
75.000	45
73.333	44
71.667	43
70.000	42
68.333	41
66.667	40
60.000	39
53.333	38
46.667	37
40.000	36
33.333	35
0	less than 35

</TABLE>

EXHIBIT 10.25

AMENDMENT TO STOCK OPTION GRANT

This Amendment to Stock Option Grant (this "Amendment"), dated as of March __, 1995, amends that certain letter agreement, dated January 31, 1992 (the "Option Grant"), between the undersigned optionee ("Optionee") and United Stationers Inc., a Delaware corporation and successor-in-interest to Associated (as hereinafter defined) (the "Company").

R E C I T A L S

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of February 13, 1995 (the "Merger Agreement"), between Associated Holdings, Inc., a Delaware corporation ("Associated"), and the Company, Associated merged as of the date hereof with and into the Company, with the Company surviving (the "Merger");

WHEREAS, pursuant to the Option Grant, on January 31, 1992 Associated granted to Optionee the option (the "Option") to purchase up to the aggregate number of shares of common stock, par value $0.01 per share, of Associated ("Associated Common Stock") indicated on the signature page hereto at an exercise price of $10.00 per share;

WHEREAS, pursuant to the Merger Agreement, each share of Associated Common Stock has been converted into approximately 3.4 shares of common stock, par value $0.10 per share, of the Company ("Company Common Stock");

WHEREAS, the parties to the Option Grant deem it desirable to amend the Option Grant, effective as of the effective time of the Merger (the "Effective Time"), as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Section 1. Section 1 of the Option Grant is hereby amended as of the Effective Time to read in its entirety as follows:

> 1. The Grant
>
> The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary or other compensation for your services, the

right and option to purchase (the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an aggregate of 16,375.45 shares of Common Stock, par value $0.10 per share, of the Company (the "Option Shares"), at a price of $2.90 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan; provided, however, that as of the Termination
-------- -------
Date (as defined in the Escrow Agreement, dated as of March __, 1995, among Chase Securities, Inc., The Roebling Fund, the Escrow Agent (as defined therein), and the stockholders party thereto (the "Escrow Agreement")), the number of Option Shares into which the Option may be exercised shall be increased by a portion of the Additional Option Amount (as hereinafter defined) equal to the percentage of shares of common stock returned to the Stockholders (as defined in the Escrow Agreement) on the Termination Date. The "Additional Option Amount" shall mean 3,202.90 Option Shares. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal revenue Code of 1986, as amended (the "Code").

2. Amendment of Section 2(f). Section 2(f) of the Option Grant is
----
hereby deleted in its entirety as of the Effective Time.

3. The Company as Successor-in-Interest to Associated. The Optionee
----
and the Company hereby acknowledge and agree that the rights and obligations of the Option Grant shall be binding upon and inure to the benefit of the Company, as successor-in-interest to Associated.

4. Effect on the Option Grant. All references in the Option Grant
----
to "the Company" shall refer to the Company. All references in the Option Grant to "this Agreement" and the "Agreement" and all phrases of like import shall refer to the Option Grant as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Option Grant, shall refer to the Option Grant as amended by this Amendment. Except as amended hereby, the Option Grant shall remain in full force and effect.

5. Final Agreement. This Amendment constitutes the final agreement
----
of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

6. Governing Law. This Amendment shall be governed by and construed
----
in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Amendment the date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

_____
Daniel H. Bushell

Shares of Associated Common Stock into which the Option was exercisable immediately prior to the Merger: 5,681.00

AMENDMENT TO STOCK OPTION GRANT

This Amendment to Stock Option Grant (this "Amendment"), dated as of March __, 1995, amends that certain letter agreement, dated January 31, 1992 (the "Option Grant"), between the undersigned optionee ("Optionee") and United Stationers Inc., a Delaware corporation and successor-in-interest to Associated (as hereinafter defined) (the "Company").

R E C I T A L S

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of February 13, 1995 (the "Merger Agreement"), between Associated Holdings, Inc., a Delaware corporation ("Associated"), and the Company, Associated merged as of the date hereof with and into the Company, with the Company surviving (the "Merger");

WHEREAS, pursuant to the Option Grant, on January 31, 1992 Associated granted to Optionee the option (the "Option") to purchase up to the aggregate number of shares of common stock, par value $0.01 per share, of Associated ("Associated Common Stock") indicated on the signature page hereto at an exercise price of $10.00 per share;

WHEREAS, pursuant to the Merger Agreement, each share of Associated Common Stock has been converted into approximately 3.4 shares of common stock, par value $0.10 per share, of the Company ("Company Common Stock");

WHEREAS, the parties to the Option Grant deem it desirable to amend the Option Grant, effective as of the effective time of the Merger (the "Effective Time"), as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Section 1. Section 1 of the Option Grant is hereby amended as of the Effective Time to read in its entirety as follows:

> 1. The Grant
>
> The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary or other compensation for your services, the right and option to purchase (the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an aggregate of 13,050.55 shares of Common Stock, par value $0.10 per share, of the Company (the "Option Shares"), at a price of $2.90 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan; provided, however, that as of the Termination Date (as defined in the Escrow Agreement, dated as of March __, 1995, among Chase Securities, Inc., The Roebling Fund, the Escrow Agent (as defined therein), and the stockholders party thereto (the "Escrow Agreement")), the number of Option Shares into which the Option may be exercised shall be increased by a portion of the Additional Option Amount (as hereinafter defined) equal to the percentage of shares of common stock returned to the Stockholders (as defined in the Escrow Agreement) on the Termination Date. The "Additional Option Amount" shall mean 4,735.74 Option Shares. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal revenue Code of 1986, as amended (the "Code").

2. Amendment of Section 2(f). Section 2(f) of the Option Grant is

hereby deleted in its entirety as of the Effective Time.

3. The Company as Successor-in-Interest to Associated. The Optionee and the Company hereby acknowledge and agree that the rights and obligations of the Option Grant shall be binding upon and inure to the benefit of the Company, as successor-in-interest to Associated.

4. Effect on the Option Grant. All references in the Option Grant to "the Company" shall refer to the Company. All references in the Option Grant to "this Agreement" and the "Agreement" and all phrases of like import shall refer to the Option Grant as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Option Grant, shall refer to the Option Grant as amended by this Amendment. Except as amended hereby, the Option Grant shall remain in full force and effect.

5. Final Agreement. This Amendment constitutes the final agreement of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Amendment the date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

_____
Robert W. Eberspacher

Shares of Associated Common Stock into which the Option was exercisable immediately prior to the Merger: 5,161.00

AMENDMENT TO STOCK OPTION GRANT

This Amendment to Stock Option Grant (this "Amendment"), dated as of March __, 1995, amends that certain letter agreement, dated January 31, 1992 (the "Option Grant"), between the undersigned optionee ("Optionee") and United Stationers Inc., a Delaware corporation and successor-in-interest to Associated (as hereinafter defined) (the "Company").

R E C I T A L S

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of February 13, 1995 (the "Merger Agreement"), between Associated Holdings, Inc., a Delaware corporation ("Associated"), and the Company, Associated merged as of the date hereof with and into the Company, with the Company surviving (the "Merger");

WHEREAS, pursuant to the Option Grant, on January 31, 1992 Associated granted to Optionee the option (the "Option") to purchase up to the aggregate number of shares of common stock, par value $0.01 per share, of Associated ("Associated Common Stock") indicated on the signature page hereto at an exercise price of $10.00 per share;

WHEREAS, pursuant to the Merger Agreement, each share of Associated Common Stock has been converted into approximately 3.4 shares of common stock, par value $0.10 per share, of the Company ("Company Common Stock");

WHEREAS, the parties to the Option Grant deem it desirable to amend the Option Grant, effective as of the effective time of the Merger (the "Effective Time"), as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Section 1. Section 1 of the Option Grant is hereby

amended as of the Effective Time to read in its entirety as follows:

1. The Grant

The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary or other compensation for your services, the right and option to purchase (the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an aggregate of 0.00 shares of Common Stock, par value $0.10 per share, of the Company (the "Option Shares"), at a price of $10.24 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan; provided, however, that as of the Termination Date (as defined in the Escrow Agreement, dated as of March __, 1995, among Chase Securities, Inc., The Roebling Fund, the Escrow Agent (as defined therein), and the stockholders party thereto (the "Escrow Agreement")), the number of Option Shares into which the Option may be exercised shall be increased by a portion of the Additional Option Amount (as hereinafter defined) equal to the percentage of shares of common stock returned to the Stockholders (as defined in the Escrow Agreement) on the Termination Date. The "Additional Option Amount" shall mean 0.00 Option Shares. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal revenue Code of 1986, as amended (the "Code").

2. Amendment of Section 2(f). Section 2(f) of the Option Grant is hereby deleted in its entirety as of the Effective Time.

3. The Company as Successor-in-Interest to Associated. The Optionee and the Company hereby acknowledge and agree that the rights and obligations of the Option Grant shall be binding upon and inure to the benefit of the Company, as successor-in-interest to Associated.

4. Effect on the Option Grant. All references in the Option Grant to "the Company" shall refer to the Company. All references in the Option Grant to "this Agreement" and the "Agreement" and all phrases of like import shall refer to the Option Grant as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Option Grant, shall refer to the Option Grant as amended by this Amendment. Except as amended hereby, the Option Grant shall remain in full force and effect.

5. Final Agreement. This Amendment constitutes the final agreement

of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Amendment the date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

_____
John D. Kennedy

Shares of Associated Common Stock into which the Option was exercisable immediately prior to the Merger: 0.00

AMENDMENT TO STOCK OPTION GRANT

This Amendment to Stock Option Grant (this "Amendment"), dated as of March __, 1995, amends that certain letter agreement, dated January 31, 1992 (the "Option Grant"), between the undersigned optionee ("Optionee") and United Stationers Inc., a Delaware corporation and successor-in-interest to Associated (as hereinafter defined) (the "Company").

R E C I T A L S

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of February 13, 1995 (the "Merger Agreement"), between Associated Holdings, Inc., a Delaware corporation ("Associated"), and the Company, Associated merged as of the date hereof with and into the Company, with the Company surviving (the "Merger");

WHEREAS, pursuant to the Option Grant, on January 31, 1992 Associated granted to Optionee the option (the "Option") to purchase up to the aggregate number of shares of common stock, par value $0.01 per share, of Associated ("Associated Common Stock") indicated on the signature page hereto at an exercise price of $10.00 per share;

WHEREAS, pursuant to the Merger Agreement, each share of Associated Common Stock has been converted into approximately 3.4 shares of common stock, par value $0.10 per share, of the Company ("Company Common Stock");

WHEREAS, the parties to the Option Grant deem it desirable to amend the Option Grant, effective as of the effective time of the Merger (the "Effective Time"), as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Section 1. Section 1 of the Option Grant is hereby amended as of the Effective Time to read in its entirety as follows:

1. The Grant

The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary or other compensation for your services, the right and option to purchase (the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an aggregate of 11,726.97 shares of Common Stock, par value $0.10 per share, of the Company (the "Option Shares"), at a price of $2.90 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan; provided, however, that as of the Termination Date (as defined in the Escrow Agreement, dated as of March __, 1995, among Chase Securities, Inc., The Roebling Fund, the Escrow Agent (as defined therein), and the stockholders party thereto (the "Escrow Agreement")), the number of Option Shares into which the Option may be exercised shall be increased by a portion of the Additional Option

Amount (as hereinafter defined) equal to the percentage of shares of common stock returned to the Stockholders (as defined in the Escrow Agreement) on the Termination Date. The "Additional Option Amount" shall mean 2,619.92 Option Shares. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal revenue Code of 1986, as amended (the "Code").

2. Amendment of Section 2(f). Section 2(f) of the Option Grant is hereby deleted in its entirety as of the Effective Time.

3. The Company as Successor-in-Interest to Associated. The Optionee and the Company hereby acknowledge and agree that the rights and obligations of the Option Grant shall be binding upon and inure to the benefit of the Company, as successor-in-interest to Associated.

4. Effect on the Option Grant. All references in the Option Grant to "the Company" shall refer to the Company. All references in the Option Grant to "this Agreement" and the "Agreement" and all phrases of like import shall refer to the Option Grant as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Option Grant, shall refer to the Option Grant as amended by this Amendment. Except as amended hereby, the Option Grant shall remain in full force and effect.

5. Final Agreement. This Amendment constitutes the final agreement of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Amendment the

date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

_____
Duane J. Ratay

Shares of Associated Common Stock into which the Option was exercisable immediately prior to the Merger: 4,163.00

AMENDMENT TO STOCK OPTION GRANT

This Amendment to Stock Option Grant (this "Amendment"), dated as of March __, 1995, amends that certain letter agreement, dated January 31, 1992 (the "Option Grant"), between the undersigned optionee ("Optionee") and United Stationers Inc., a Delaware corporation and successor-in-interest to Associated (as hereinafter defined) (the "Company").

R E C I T A L S

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of February 13, 1995 (the "Merger Agreement"), between Associated Holdings, Inc., a Delaware corporation ("Associated"), and the Company, Associated merged as of the date hereof with and into the Company, with the Company surviving (the "Merger");

WHEREAS, pursuant to the Option Grant, on January 31, 1992 Associated granted to Optionee the option (the "Option") to purchase up to the aggregate number of shares of common stock, par value $0.01 per share, of Associated ("Associated Common Stock") indicated on the signature page hereto at an exercise price of $10.00 per share;

WHEREAS, pursuant to the Merger Agreement, each share of Associated Common Stock has been converted into approximately 3.4 shares of common stock, par value $0.10 per share, of the Company ("Company Common Stock");

WHEREAS, the parties to the Option Grant deem it desirable to amend

the Option Grant, effective as of the effective time of the Merger (the "Effective Time"), as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Section 1. Section 1 of the Option Grant is hereby amended as of the Effective Time to read in its entirety as follows:

1. The Grant

The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary or other compensation for your services, the right and option to purchase (the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an aggregate of 16,779.14 shares of Common Stock, par value $0.10 per share, of the Company (the "Option Shares"), at a price of $2.90 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan; provided, however, that as of the Termination Date (as defined in the Escrow Agreement, dated as of March __, 1995, among Chase Securities, Inc., The Roebling Fund, the Escrow Agent (as defined therein), and the stockholders party thereto (the "Escrow Agreement")), the number of Option Shares into which the Option may be exercised shall be increased by a portion of the Additional Option Amount (as hereinafter defined) equal to the percentage of shares of common stock returned to the Stockholders (as defined in the Escrow Agreement) on the Termination Date. The "Additional Option Amount" shall mean 6,238.14 Option Shares. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal revenue Code of 1986, as amended (the "Code").

2. Amendment of Section 2(f). Section 2(f) of the Option Grant is hereby deleted in its entirety as of the Effective Time.

3. The Company as Successor-in-Interest to Associated. The Optionee and the Company hereby acknowledge and agree that the rights and obligations of the Option Grant shall be binding upon and inure to the benefit of the Company, as successor-in-interest to Associated.

4. Effect on the Option Grant. All references in the Option Grant to "the Company" shall refer to the Company. All references in the Option Grant

to "this Agreement" and the "Agreement" and all phrases of like import shall refer to the Option Grant as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Option Grant, shall refer to the Option Grant as amended by this Amendment. Except as amended hereby, the Option Grant shall remain in full force and effect.

5. Final Agreement. This Amendment constitutes the final agreement of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Amendment the date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

_____
Michael D. Rowsey

Shares of Associated Common Stock into which the Option was exercisable immediately prior to the Merger:
6,679.00

AMENDMENT TO STOCK OPTION GRANT

This Amendment to Stock Option Grant (this "Amendment"), dated as of March __, 1995, amends that certain letter agreement, dated January 31, 1992 (the "Option Grant"), between the undersigned optionee ("Optionee") and United Stationers Inc., a Delaware corporation and successor-in-interest to Associated (as hereinafter defined) (the "Company").

R E C I T A L S

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of February 13, 1995 (the "Merger Agreement"), between Associated Holdings, Inc., a Delaware corporation ("Associated"), and the Company, Associated merged as of the date hereof with and into the Company, with the Company surviving (the "Merger");

WHEREAS, pursuant to the Option Grant, on January 31, 1992 Associated granted to Optionee the option (the "Option") to purchase up to the aggregate number of shares of common stock, par value $0.01 per share, of Associated ("Associated Common Stock") indicated on the signature page hereto at an exercise price of $10.00 per share;

WHEREAS, pursuant to the Merger Agreement, each share of Associated Common Stock has been converted into approximately 3.4 shares of common stock, par value $0.10 per share, of the Company ("Company Common Stock");

WHEREAS, the parties to the Option Grant deem it desirable to amend the Option Grant, effective as of the effective time of the Merger (the "Effective Time"), as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment of Section 1. Section 1 of the Option Grant is hereby amended as of the Effective Time to read in its entirety as follows:

1. The Grant

The Company hereby grants to you, effective as of January 31, 1992 (the "Grant Date"), as a matter of separate inducement and not in lieu of any salary or other compensation for your services, the right and option to purchase (the "Option"), in accordance with the terms and conditions set forth in the Plan and this agreement, an

aggregate of 14,331.67 shares of Common Stock, par value $0.10 per share, of the Company (the "Option Shares"), at a price of $2.90 per share (the "Exercise Price") subject to the limitations set forth herein and in the Plan; provided, however, that as of the Termination
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Date (as defined in the Escrow Agreement, dated as of March __, 1995, among Chase Securities, Inc., The Roebling Fund, the Escrow Agent (as defined therein), and the stockholders party thereto (the "Escrow Agreement")), the number of Option Shares into which the Option may be exercised shall be increased by a portion of the Additional Option Amount (as hereinafter defined) equal to the percentage of shares of common stock returned to the Stockholders (as defined in the Escrow Agreement) on the Termination Date. The "Additional Option Amount" shall mean 5,246.68 Option Shares. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal revenue Code of 1986, as amended (the "Code").

2. Amendment of Section 2(f). Section 2(f) of the Option Grant is
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hereby deleted in its entirety as of the Effective Time.

3. The Company as Successor-in-Interest to Associated. The Optionee
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and the Company hereby acknowledge and agree that the rights and obligations of the Option Grant shall be binding upon and inure to the benefit of the Company, as successor-in-interest to Associated.

4. Effect on the Option Grant. All references in the Option Grant
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to "the Company" shall refer to the Company. All references in the Option Grant to "this Agreement" and the "Agreement" and all phrases of like import shall refer to the Option Grant as amended by this Amendment. The terms "hereof," "herein," "hereby" and phrases of like import, as used in the Option Grant, shall refer to the Option Grant as amended by this Amendment. Except as amended hereby, the Option Grant shall remain in full force and effect.

5. Final Agreement. This Amendment constitutes the final agreement
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of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

6. Governing Law. This Amendment shall be governed by and construed
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in accordance with the laws of the State of Illinois applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

7. Counterparts. This Amendment may be executed in any number of

counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Amendment the date first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

_____
Daniel J. Schleppe

Shares of Associated Common Stock into which the Option was exercisable immediately prior to the Merger: 5,681.00

EXHIBIT 10.26

ASSOCIATED HOLDINGS, INC.
EXECUTIVE STOCK PURCHASE AGREEMENT

This EXECUTIVE STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of January 31, 1992, and is by and among WINGATE PARTNERS, L.P., a Delaware limited partnership ("Wingate"), ASI PARTNERS, L.P., a Delaware limited partnership ("ASI"), ASSOCIATED HOLDINGS, INC., a Delaware corporation (the "Company"), and Daniel J. Schleppe ("Executive").

Executive desires to purchase, and Wingate and ASI desire to sell, shares of Class A Common Stock, par value $0.01 per share ("Common Stock"), and Class A Preferred Stock, par value $0.01 per share ("Preferred Stock"), of the Company upon the terms and subject to the conditions contained herein.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale. Subject to the terms and conditions set forth herein, each of Wingate and ASI severally agrees to sell, and the Executive agrees to purchase, the number of shares of Common Stock and the number of shares of Preferred Stock set forth below the Executive's name on the signature page hereto for the respective purchase prices also set forth below the Executive's name on the signature page hereto. The number of shares of Common Stock and Preferred Stock to be sold by Wingate is herein called the "Wingate Portion" and the number of shares of Common Stock and Preferred Stock to be sold by ASI is herein called the "ASI Portion." Executive acknowledges and understands that each of Wingate and ASI have borrowed funds (the "Loans") in order to purchase the Wingate Portion and ASI Portion at the closing of the acquisition by the Company and its wholly-owned subsidiary, Associated Stationers, Inc. ("Stationers"), of the business and assets of the wholesale division of Boise Cascade Office Products Corporation (the "Acquisition Closing"). Accordingly, at the Closing (as defined below), in addition to the payment of the purchase price paid by Executive for the Wingate Portion and the ASI Portion, the Executive shall reimburse each of Wingate and ASI for the interest costs of the Loans incurred by them from the date of the Loans until the Closing (the "Borrowing Costs"). Additionally, the Executive may allocate all or a portion of the Common Stock and/or Preferred Stock to be purchased hereunder to one or more individual retirement account or accounts of the Executive (collectively, the "IRA"). For purposes of this Agreement, all references to Executive herein shall include reference to his IRA to the extent appropriate.

2. Closing.

(a) The purchase and sale of the shares of Common Stock and Preferred Stock contemplated above will take place at a closing (the "Closing") at a place or places mutually acceptable to the Executive, Wingate, and ASI and shall occur on a date not later than June 1, 1992; provided the Executive shall have the right to extend the Closing two times for a period of not greater than 30 days each time by giving written notice of such requested extension to each of Wingate and ASI at their respective addresses set forth on the signature pages hereto at least two days prior to the then scheduled date for Closing, but in no event shall the Closing take place later than July 31, 1992. If any and all conditions to the Executive's obligation to purchase, and Wingate's and ASI's obligation to sell, hereunder have been satisfied or waived as of the date set for Closing, if and as extended as provided above, then any rights of the Executive to purchase all or any amount of the Wingate Portion and/or the ASI Portion shall terminate and be of no further force or effect if the Executive fails to purchase the Wingate Portion and the ASI portion on the date set for Closing, if and as extended as provided above.

(b) The Executive shall, at the Closing, deliver by wire transfer to an account or accounts designated by Wingate and ASI same day federal funds in an amount equal to the purchase price of the Wingate Portion and the ASI Portion, respectively, purchased by the Executive pursuant to this Agreement.

(c) Upon such purchase, Wingate and ASI shall cause the Company to deliver to the Executive, against payment of the purchase price therefor, a certificate representing the shares of Common Stock and a certificate representing the shares of Preferred Stock purchased by the Executive hereunder. Such certificates shall be registered in the name of the Executive. The Executive shall deposit the certificate or certificates representing such shares of Common Stock in trust pursuant to the Voting Trust Agreement (as hereinafter defined) and voting trust certificates shall be issued in respect thereof in accordance with the terms and provisions of the Voting Trust Agreement.

(d) Any tax imposed on the issuance of the shares of Common Stock or the shares of Preferred Stock purchased by the Executive hereunder will be paid by the Company at Closing.

3. Representations, Warranties, and Certain Agreements of the
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Executive. The Executive understands and agrees with the Company, Wingate, and
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ASI that the offering and sale of the Common Stock and Preferred Stock to the Executive hereunder is intended to be exempt from registration under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") by virtue of the

provisions of Section 4(2) of the Securities Act and Rule 506 of Regulation D thereunder, and that there is no existing public or other market for the Common Stock or the Preferred Stock and there can be no assurance that the Executive will be able to sell or otherwise dispose of all or any portion of the Common Stock or the Preferred Stock. In that regard, the Executive hereby represents and warrants to, and agrees with, the Company, Wingate, and ASI that:

(a) Executive is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act.

(b) Executive has such knowledge and experience in financial and business matters that Executive is capable of evaluating the merits and risks of an investment in the Common Stock and Preferred Stock; has all information deemed by Executive to be necessary or appropriate to evaluate the risks and merits of an investment in the Common Stock and Preferred Stock; has had the opportunity to ask questions of and receive answers from representatives of the Company concerning the Company and the terms and conditions of the sale of the Common Stock and Preferred Stock; has a financial condition such that Executive is under no present need to dispose of any portion of the Common Stock and Preferred Stock to satisfy any existing or contemplated undertaking or indebtedness; and is able to bear the economic risk of an investment in the Common Stock and Preferred Stock, including, without limiting the generality of the foregoing, the risk of losing part or all of Executive's investment and the possible inability to sell or transfer the Common Stock and Preferred Stock for an indefinite period of time.

(c) Executive is acquiring the Common Stock and Preferred Stock for Executive's own account for investment, and not with a view to, or for resale in connection with, any distribution thereof within the meaning of the Securities Act.

(d) Executive understands that the Common Stock and Preferred Stock have not been registered under the Securities Act or any blue sky or other state securities law or regulation (hereinafter collectively referred to as "blue sky laws") in reliance, in part, upon the representations, warranties, and covenants contained herein. Executive also understands that Executive cannot offer for sale, sell, or transfer any of the Common Stock and Preferred Stock unless such offer, sale, or transfer has been registered under the Securities Act and under any applicable blue sky laws or unless an exemption from such registration is available with respect to any such proposed offer, sale, or transfer. Executive further understands that the Company is under no obligation to register the Common Stock and Preferred Stock in the future.

(e) Executive agrees and acknowledges that a restrictive legend may be placed on certificates representing any or all of the Common Stock and Preferred Stock and that transfer of any or all of such Common Stock and Preferred Stock may be refused by the Company or its transfer agent, if any, unless such Common Stock and Preferred Stock for which transfer is sought is registered under the

Securities Act and all other applicable federal securities or blue sky laws and such laws are complied with or unless Executive provides information satisfactory to the Company that such registration is not required.

(f) Executive agrees to indemnify and hold the Company, Wingate, and ASI harmless from and against all losses, costs, liabilities, and expenses suffered or incurred by the Company, Wingate, or ASI and arising out of or related to the resale or distribution by the Executive of any Common Stock and Preferred Stock in violation of the Securities Act or any other applicable federal securities laws or blue sky laws.

4. Securities Subject to Agreement. (a) In addition to any Common Stock and Preferred Stock purchased by the Executive hereunder, the Company has granted and may hereafter grant to the Executive, options under the Company's 1992 Management Stock Option Plan, a copy of which is attached hereto as Exhibit A (the "Plan") entitling the Executive to purchase additional shares of Common Stock at the price of $10.00 per share (the "Options") and subject to the terms and conditions set forth in the Option Agreement attached hereto as Exhibit B (the "Option Agreement"). This Agreement, and the restrictions and limitations contained herein, applies to all Common Stock and Preferred Stock now owned or hereafter acquired by the Executive (through purchase hereunder or exercise of all or any portion of the Options), any voting trust certificates issued or issuable to Executive pursuant to the Voting Trust Agreement (the "Voting Trust Agreement") dated as of January 31, 1992 among the Company, the Voting Trustees named therein, and certain beneficial owners of Common Stock of the Company identified therein and who may become parties thereto, and any shares of Common Stock or Preferred Stock otherwise acquired by Executive, including any Common Stock issued with respect to Common Stock owned by Executive by way of a stock split, stock dividend, recapitalization or otherwise. All such Common Stock, Preferred Stock, and voting trust certificates to which this Agreement applies are herein collectively called the "Executive Securities." Executive Securities will continue to be Executive Securities in the hands of any other holder (except for the Company, any subsidiary of the Company, any Sponsor Holder [as defined below] or transferees in a public sale) and each such other holder of Executive Securities will succeed to all of the rights and obligations of the Executive pursuant to Section 5 hereof. As used herein, the term "Sponsor Holder" shall mean each of Wingate and its affiliates and ASI and its affiliates.

(b) As of the date hereof the Company shall, pursuant to Option Agreements, grant to the Key Executives (as defined below) Options to purchase an aggregate number of shares of Common Stock equal to 21,684 and allocated as set forth on Exhibit C hereto (the "First Options"). The Company agrees that within four years from the date hereof it shall grant to the Key Executives or

any successor officers to the Key Executives an Option or Options to purchase an additional aggregate number of shares of Common Stock equal to 21,684 (subject to the anti-dilution adjustments set forth in the Plan) as allocated by the Board of Directors of the Company (the "Second Options"). The exercise price for the Common Stock subject to the Second Options shall be $10.00 per share for each Key Executive, but, unless otherwise determined by the Board, shall be the fair market value of each such share for any successor officer to a Key Executive. As used herein, the term "Key Executives" shall collectively mean Michael D. Rowsey, Daniel J. Schleppe, Robert W. Eberspacher, and Lawrence E. Miller.

(c) The Second Options shall be granted under the same form of option agreement as the Option Agreement, except for the number of shares and except that vesting shall be in increments of 25% on the four succeeding anniversaries of the date of grant. If the Second Options have not been granted in full at the time of a Major Transaction (as defined in the Option Agreements), any ungranted Second Options shall be treated as having been granted to the Key Executives in proportion to the number of shares originally covered by the First Options and the Key Executives shall receive the special distributions contemplated by Section 2 of the Option Agreement.

5. Repurchase Right of the Company.

(a) In the event the Executive dies, retires, becomes Disabled (as defined below) or ceases to be employed or retained by the Company or one of its subsidiaries or other affiliates, for any reason (a "Termination"), the Executive Securities (whether held by Executive or one or more of Executive's transferees) will be subject to repurchase by the Company, and, if applicable, one or more of the Sponsor Holders (as determined by subparagraph (f), below) pursuant to the terms and conditions set forth in this Section 5 (the "Repurchase Right"). As used herein, the term "Disabled" shall mean the Executive's inability, due to illness, accident, injury, physical or mental incapacity or other disability, effectively to carry out his duties and obligations to the Company as an employee thereof or to participate effectively and actively in the management of the Company for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.

(b) The purchase price for each share of Common Stock included in the Executive Securities will be the net book value thereof at the date of such Termination; provided, however, that if the Repurchase Right is triggered by a Termination constituting a Special Termination Event (as defined below) then the purchase price for each such share of Common Stock will be the fair market value thereof (as determined in good faith by the Board of Directors of the Company) as of the date of such Special Termination Event. As used herein, the term "Special Termination Event" shall mean (i) the death of the Executive, (ii) the retirement by the Executive at or after age 59, (iii) a termination by Stationers of the Executive's employment under the Employment Agreement dated as

of the date hereof between Stationers and the Executive without Cause (as such term is defined in such Employment Agreement), (iv) a termination of employment due to the Executive becoming Disabled, or (v) a termination of employment (other than for Cause) at a time that there is a public market for shares of Common Stock of the Company.

(c) The purchase price for each share of Preferred Stock included in the Executive Securities with respect to the Company's exercise of the Repurchase Right in connection with any Termination shall be the redemption value of $1,000 per share plus any accrued but unpaid dividends thereon, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction (the "Preferred Stock Price").

(d) The purchase price for any vested share of Common Stock covered by an Option ("Option Share") included in the Executive Securities with respect to the Company's exercise of the Repurchase Right shall be equal to the product of (i) the price which would apply to a share of Common Stock (determined by the method set forth in subparagraph (b) above) minus the exercise price therefor and (ii) the number of Option Shares which may be acquired at the time of such purchase, according to the vesting and exercise schedule in the Option Agreement or other option agreement entered into by the Executive (the "Option Share Price").

(e) The Company shall have a first option to acquire the Executive Securities pursuant to the Repurchase Right and may elect to purchase all or any portion of the Executive Securities included therein by delivering written notice (the "Repurchase Notice") to the holder or holders of the Executive Securities within 30 days after the Termination or, in case of the death of the Executive, within 30 days after the Company first becomes aware of the Executive's death. The Repurchase Notice shall set forth the amount and price of the Executive Securities to be acquired from such holder or holders, the aggregate consideration to be paid for such Executive Securities and the time and place for the closing of the transaction. The

Executive Securities to be repurchased by the Company first shall be satisfied to the extent possible from the Executive Securities held by the Executive (or the Executive's estate) at the time of delivery of the Repurchase Notice. If the Executive Securities then held by the Executive (or the Executive's estate) are less than the Executive Securities the Company has elected to purchase, the Company shall purchase the remaining Executive Securities from the transferee holder(s) of the Executive Securities pro rata according to the amount held by such transferee holder(s) at the time of delivery of such Repurchase Notice (determined as nearly as practicable to the nearest full share).

(f) If for any reason the Company does not elect to purchase all of the Executive Securities pursuant to the Repurchase Right, the Sponsor Holders who qualify as "accredited investors" under Regulation D of the Securities Act (the "Accredited Holders") may exercise the Repurchase Right for the Executive Securities the Company has not elected to purchase (the "Available Securities").

As soon as practicable after the Company has determined that there will be Available Securities, the Company shall give written notice (the "Company Notice") to the Accredited Holders, setting forth the amount and nature of Available Securities and the purchase price for the Available Securities. Each of the Accredited Holders may select the amount and type of the Available Securities (if any) that such Accredited Holder elects to purchase by giving written notice thereof to the Company within 20 days after the Company Notice has been given to such Accredited Holder by the Company. If the Accredited Holders collectively select a number of shares of Available Securities greater than the amount of Available Securities available, then all Available Securities shall be allocated pro rata among the Accredited Holders electing to participate, based upon the number of shares of each type of Executive Securities subscribed for by each such Accredited Holder. As soon as practicable, and in any event within 5 days after the expiration of the 20-day period set forth above, the Company shall notify each proposed transferor of Executive Securities as to the number of shares of Executive Securities being purchased from such transferor by the Company and each Accredited Holder (the "Supplemental Repurchase Notice"). At the time the Company delivers the Supplemental Repurchase Notice, the Company also shall deliver written notice to the Accredited Holders electing to participate, setting forth the type and number of shares of Executive Securities the Accredited Holders electing to participate are entitled to purchase, the aggregate purchase price and the time and place of the closing of the transaction.

(g) The closing of the purchase of the Executive Securities pursuant to any exercise of the Repurchase Right shall take place on the latest date designated by the Company in the

Repurchase Notice or Supplemental Repurchase notice, which date shall not be more than 30 days nor less than 10 days after the delivery of the later of either such notice to be delivered. The Company and/or the Accredited Holders electing to participate shall pay for the Executive Securities to be purchased pursuant to the Repurchase Right in cash by a bank cashier's check, certified check or by wire transfer. If at the time of consummation of any exercise of a Repurchase Right by the Company, the terms and provisions of the credit facilities of the Company or of its subsidiary, Associated Stationers, Inc. ("Stationers"), effectively prevent the Company from paying the purchase price for the Executive Securities to be purchased in cash, then the portion of such purchase price in excess of the amount the Company is so permitted to pay in cash, if any (the "Excess Amount"), may be paid by the Company by delivery of the Company's subordinated promissory note or notes, which note or notes in the aggregate shall (i) be payable in seven equal annual installments of principal payable on each of the first seven anniversaries of such purchase, (ii) be prepayable at any time in the inverse order of maturity without any penalty, (iii) bear interest at the applicable long-term federal rate in effect at the time of the issuance of the note or notes (plus 100 basis points), and (iv) be subordinated in right of payment and upon liquidation to any senior indebtedness of the Company and/or Stationers. Accrued interest on the note or notes will be payable on the dates that the installments of principal are payable.

Notwithstanding anything in this subsection to the contrary, any payments under the subordinated notes described above shall be subject to any restrictions or limitations on such payments contained in (i) the Debt Agreements (as defined below) and (ii) any and all applicable state and federal laws, rules, and regulations or in any and all orders of any state or federal governmental authority. As used herein the term "Debt Agreements" shall mean the Credit Agreement dated as of January 31, 1992 among the Company, Associated Stationers, Inc., The Chase Manhattan Bank (National Association), as agent, and the lenders which become parties thereto and the notes and other documents and instruments executed and delivered in connection therewith, as such Credit Agreement and notes and other documents and instruments may from time to time be amended or supplemented, and any agreements evidencing any renewal, extension, refinancing, refunding or replacement thereof.

(h) In the event of the termination of a marital relationship of the Executive and his spouse by divorce or annulment and the Executive does not acquire all Executive Securities or interests therein ("Divorce Securities") awarded to his spouse (the "Divorced Spouse") within 30 days from the date such Divorce Securities are so awarded (the "Divorce Securities Determination Date"), then the Executive shall give the Company written notice of such Divorce Securities Determination Date within 20 days thereof (the "Divorce Notice"), which notice shall

describe the Divorce Securities passing to the Divorced Spouse in connection therewith. Upon receipt of the Divorce Notice, the Company shall have the option to purchase any and all Divorce Securities awarded to the Divorced Spouse (the "Divorce Call Right").

(i) The purchase price for each share of Common Stock included in the Divorce Securities to be repurchased by the Company pursuant to any exercise of the Divorce Call Right at any time shall be the net book value thereof at the date of the exercise of the Divorce Call Right by the Company.

(ii) The purchase price for each share of Preferred Stock included in the Divorce Securities with respect to the Company's exercise of the Divorce Call Right at any time shall be equal to the Preferred Stock Price.

(iii) The purchase price for any vested Option Share included in the Divorce Securities with respect to the Company's exercise of the Divorce Call Right at any time shall be equal to the Option Share Price.

(iv) Within 30 days after the date the Company receives the Divorce Notice, the Company shall notify the Divorced Spouse in writing (the "Company Divorce Election Notice") of the number of Divorce Securities that the Company desires to purchase and the date for the closing of such purchase which shall not be more than 60 days nor less than 10 days after the date the Divorced Spouse receives the Company Divorce Election Notice.

(v) At the closing of the purchase by the Company of any Divorce Securities hereunder, the Company shall pay the applicable purchase price therefor in the same manner and on the same terms and conditions as set forth in Section 5(a) hereof.

6. Executive Put Rights.

(a) In the event the Executive dies, retires at or after age 59, or becomes Disabled (each a "Put Termination Event"), the Executive or his estate, as applicable (for purposes of this Section 6 all references to the "Executive" shall include reference to his estate if applicable), may require the Company to repurchase any or all of the Executive Securities then held by the Executive (the "Executive Put Right").

(b) The purchase price for each share of Common Stock included in the Executive Securities to be put to the Company pursuant to any exercise of the Executive Put Right at any time will be the fair market value thereof (as determined in

good faith by the Board of Directors of the Company) as of date of such Put Termination Event.

(c) The purchase price for each share of Preferred Stock included in the Executive Securities with respect to the Executive's exercise of the Executive Put Right in connection with any Put Termination Event shall be equal to the Preferred Stock Price.

(d) The purchase price for any vested Option Share included in the Executive Securities with respect to the Executive's exercise of the Executive Put Right at any time shall be equal to the Option Share Price.

(e) To effectively exercise an Executive Put Right hereunder, the Executive shall give the Company written notice (the "Executive Put Notice") to the Company within 90 days after a Put Termination Event. The Executive Put Notice shall set forth the amount and price of the Executive Securities to be put to the Company. Within 60 days after the receipt by the Company of the Executive Put Notice, the Company shall notify the Executive of the determination by the Board of Directors of the Company of the fair market value of any Common Stock included in the Executive Securities (the "Company Put Response"). Within 20 days after the receipt by the Executive of the Company Put Response, the Executive shall notify the Company in writing (the "Supplemental Executive Put Notice") of his election to either (i) consummate the proposed Executive Put Right based on the fair market value of the Common Stock included in the proposed Executive Securities as determined by the Board of Directors of the Company; (ii) withdraw the Common Stock included in the Executive Securities from the exercise of the proposed Executive Put Right and continue to put Executive Securities, other than Common Stock, to the Company

pursuant to the proposed exercise of the Executive Put Right; or (iii) withdraw all Executive Securities proposed to put to the Company pursuant to the proposed exercise of the Executive Put Right. The Supplemental Executive Put Notice shall also set forth the closing date for the consummation of any such exercise of the Executive Put Right. The closing of the purchase of the Executive Securities pursuant to an exercise of the Executive Put Right shall take place on the date designated in the Supplemental Executive Put Notice, which date shall not be more than 60 days nor less than 10 days after the delivery thereof to the Company. The Company shall be obligated to pay for the Executive Securities described in the Supplemental Executive Put Notice on the same terms and conditions as set forth in Section 5(g) hereof.

(f) The Executive Put Right described in this Section 6 shall be considered personal to the Executive and shall not be transferrable to any purchaser or other holder of any

Executive Securities other than the Executive's estate and the personal representative or administrator thereof.

7. Ancillary Agreements. At Closing, the Executive agrees to execute and deliver to and for the benefit of the Company, Stationers, and/or the other parties thereto, the Option Agreement attached hereto as Exhibit B, the Registration Rights Agreement attached hereto as Exhibit D, the Voting Trust Agreement attached hereto as Exhibit E, and the Stockholders Agreement attached hereto as Exhibit F (such agreements being collectively referred to herein as the "Ancillary Agreements" and individually as an "Ancillary Agreement").

8. Additional Covenants of the Company. In addition to the other covenants and agreements of the Company contained herein the Company agrees, and agrees to cause Stationers, if applicable, to comply with the following agreements.

(a) The Company understands that the Key Executives as a group have engaged the law firm of Jones, Day, Reavis & Pogue as legal counsel to the Key Executives. The Company has been advised that Boise Cascade Corporation or one or more of its affiliates (collectively, "Boise") has agreed to reimburse the Key Executives, as a group, for the first $15,000 of the legal fees and the costs and expenses associated therewith incurred by the Key Executives in connection with the Key Executives' participation in the acquisition by the Company and Stationers of the properties, assets, and business of Boise Cascade Office Products Corporation associated with or otherwise relating to its wholesale division and the equity and debt financing transactions associated therewith (collectively, the "Acquisition"). The Company hereby agrees to

reimburse, or cause Stationers to reimburse, the Key Executives, as a group, for all legal fees, costs, and expenses of Jones, Day, Reavis & Pogue incurred by the Key Executives, as a group, in connection with their participation in the Acquisition which are in excess of the first $15,000 so incurred and up to an additional $15,000 in the aggregate, subject to verification and approval by the Company. Any portion of such legal fees, costs, and expenses in excess of $30,000 or for which the Key Executives do not receive reimbursement from Boise as contemplated shall not be the responsibility of the Company or Stationers.

(b) The initial chief financial officer of Stationers hired by the board of directors of Stationers shall be given the opportunity to purchase shares of Common Stock and Preferred Stock of the Company in the same ratio as the Executive and for the purchase price of not less than the fair market value of such shares at the time of purchase, as determined in good faith by the board of directors of the Company. The maximum dollar amount of the shares of Common Stock and Preferred Stock to be reserved for purchase by such initial chief financial

officer shall be no more than $147,500. Any purchase of shares of Common Stock and Preferred Stock of the Company by such initial chief financial officer shall dilute all holders of Common Stock and Preferred Stock on a ratable basis.

(c) The Company and/or Stationers shall pay all closing fees payable to the senior lenders to Stationers and the Company and shall pay closing fees aggregating not more than $1,500,000 to the Sponsor Holders and Good Capital Co., Inc. After the Closing, the total amount of all management, directors, and other recurrent fees payable by the Company or Stationers to the Sponsor Holders and Good Capital Co., Inc. will not exceed $350,000 to Wingate Partners, L.P. and a total of $150,000 to Cumberland Capital Corporation and Good Capital Co., Inc., unless escalated in good faith by the board of directors of the Company. If there is an extraordinary transaction affecting the Company, such as a recapitalization, refinancing or sale, the board of directors of the Company may retain the services of one or more of such parties in connection therewith if it determines that the services and fee structure therefor will be fair to the Company.

(d) The Company will, at Closing, provide to Michael D. Rowsey, as the representative of each Key Executive, complete information and documentation concerning the following matters and all other matters material to the Key Executives' investment in the Company and employment with Stationers:

(i) the various classes of Common Stock and Preferred Stock and warrants to be issued in respect thereof, including the purchase price for such Common Stock and Preferred Stock and the exercise prices in respect of the warrants;

(ii) all fees and expenses arising in respect of the Acquisition and any subsequent management or other fees including those to be paid to the Sponsor Holders or their affiliates;

(iii) loan agreements and other financing documents;

(iv) any other material agreements to be executed or commitments made as a part of the transaction; and

(v) available business plans and projections.

9. Conditions Precedent to Obligation of the Executive. The obligation of the Executive to purchase the Common Stock and Preferred Stock to be purchased by the Executive

hereunder is subject, at the Closing, to the satisfaction or waiver by Executive of the following conditions:

(a) The Company shall have performed and complied with the covenants and agreements contained in this Agreement required to be performed with and complied with by the Company prior to or at the Closing.

(b) The Executive shall have received a counterpart of this Agreement and each Ancillary Agreement, duly executed and delivered by Holdings and/or Stationers, as applicable.

10. Conditions Precedent to Obligation of Wingate and ASI. The obligations of Wingate and ASI, to sell the Wingate Portion and the ASI Portion to be sold to the Executive hereunder is subject, at the Closing, to the satisfaction or waiver by the Company of the following conditions:

(a) All representations and warranties made by the Executive herein shall be true and correct as of the Closing with the same effect as if such representations and warranties had been made as of the Closing.

(b) The Executive shall have performed and complied with the covenants and agreements contained herein required to be performed with and complied with by the Executive prior to or at the Closing.

(c) The Acquisition and all transactions contemplated thereby shall have been consummated as of the Acquisition Closing.

(d) The Company, Wingate, and ASI shall have received the opinion of counsel described in Section 8(a) above in form and substance satisfactory to the Company, Wingate, and ASI to the effect that any IRA purchaser hereunder is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act and covering such other matters as are reasonably requested by the Company.

11. Termination. The rights and obligations of the Company, the

Sponsor Holders, and/or the Executive relating to repurchases of Executive Securities pursuant to the provisions of Sections 5 and 6 hereof shall terminate (i) upon the consummation of a Qualified Public Offering (as defined below); (ii) upon the written consent of the Company and the holders of 66-2/3% or more of the Executive Securities; or (iii) in any event, the earlier of 10 years from the date hereof or the dissolution of the Company. As used herein, the term "Qualified Public Offering" shall mean the sale in an underwritten public offering or a series of public offerings, registered under the Securities Act,

of Common Stock which results in the public ownership of not less than 20% of the Common Stock of the Company on a fully-diluted basis, which shares of Common Stock are listed upon the New York Exchange, the American Stock Exchange or are approved for quotation on the NASDAQ National Market System and which offering shall have resulted in the receipt by the Company and any selling stockholders of aggregate cash proceeds (after deduction of underwriter discounts and the costs associated with the offerings) of at least $37.5 million.

12. Specific Performance. In the event of any controversy concerning the rights or obligations under this Agreement, such rights or obligations shall be enforceable in a court of equity by a decree of specific performance. Such remedy, however, shall be cumulative and nonexclusive and shall be in addition to any other remedy to which the parties may be entitled.

13. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.

14. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or mailed by registered or certified mail (postage and registration or certification fees prepaid) or sent by facsimile or reputable overnight courier service (charges prepaid) to the recipient at the address indicated by the stock records of the Company, or at such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when delivered personally, three days after deposit in the U.S. mail, on the date of delivery by facsimile, and one day after deposit with a reputable overnight courier service.

15. Severability. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so

modify the objectionable provision as to make it valid, reasonable, and enforceable.

16. Amendment. This Agreement may be amended only by an agreement in writing signed by the parties hereto.

17. Governing Law. The corporate law of the State of Delaware shall govern all issues concerning the relative rights

of the Company, Executive, and the Sponsor Holders related to the Executive Securities. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the State of Illinois.

18. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

19. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

20. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Executive's heirs, beneficiaries, and legal representatives. It is agreed that the rights and obligations of Executive may not be delegated or assigned except as specifically set forth in this Agreement. In the event of a sale of all or substantially all the Company's stock or assets, or consolidation or merger of the Company with or into another corporation or entity or individual, the Company may assign its rights and obligations under this Agreement to its successor-in-interest and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of the Company hereunder.

21. Limitation as to Partial Purchase. Notwithstanding the provisions of Sections 5 and 6 hereof, if less than all of the Executive Securities will be purchased under Sections 5 or 6, at the request of either the purchaser or purchasers or the Executive, the aggregate consideration to be paid shall be applied as follows: 63% of the consideration shall be used to purchase shares of Common Stock and 37% shall be used to purchase shares of Preferred Stock.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date set forth above.

WINGATE PARTNERS, L.P.,

By: Wingate Management Company, L.P., its general partner

By:_____
Thomas W. Sturgess,
general partner

ASI PARTNERS, L.P.,

By: Cumberland Capital Corporation, its general partner

By:_____
Gary G. Miller,
President

ASSOCIATED HOLDINGS, INC.

By:_____
Thomas W. Sturgess,
Chairman and Chief
Executive Officer

Address:
c/o Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, Texas 75201
Attn: Chairman of the Board
Telecopy: 214-871-8799

Daniel J. Schleppe

Address:
20 The Landing
Atlanta, Georgia 30350

<TABLE>
<CAPTION>

	Number	Purchase Price
<S>	<C>	<C>
Common Shares (Wingate Portion)	6,688	$ 66,880
Preferred Shares (Wingate Portion)	40	$ 40,000
Common Shares (ASI Portion)	2,600	$ 26,000
Preferred Shares (ASI Portion)	14.5	$ 14,500
Totals		
(Common)	9,288	$147,380
(Preferred)	54.5	

</TABLE>

The undersigned, being the spouse of the Executive as of the date hereof, executes and delivers this Agreement to evidence her understanding of and intent to be bound by the provisions of this Agreement to the extent applicable to her and her rights and obligations.

_____
[Spouse of Executive]

LIST OF EXHIBITS

Exhibit A - 1992 Management Stock Option Plan
- ---------

Exhibit B - Option Agreement
- ---------

Exhibit C - Allocation of Options
- ---------

Exhibit D - Registration Rights Agreement

Exhibit E - Voting Trust Agreement

Exhibit F - Stockholders Agreement

EXHIBIT C

Allocation of Options

<TABLE>
<CAPTION>

	Percentage
<S>	<C>
Michael D. Rowsey	30.8
Daniel J. Schleppe	26.2
Robert D. Eberspacher	23.8
Lawrence E. Miller	19.2
	100.0%

</TABLE>

ASSOCIATED HOLDINGS, INC.
EXECUTIVE STOCK PURCHASE AGREEMENT

This EXECUTIVE STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of January 31, 1992, and is by and among WINGATE PARTNERS, L.P., a Delaware limited partnership ("Wingate"), ASI PARTNERS, L.P., a Delaware limited partnership ("ASI"), ASSOCIATED HOLDINGS, INC., a Delaware corporation (the "Company"), and Michael D. Rowsey ("Executive").

Executive desires to purchase, and Wingate and ASI desire to sell, shares of Class A Common Stock, par value $0.01 per share ("Common Stock"), and Class A Preferred Stock, par value $0.01 per share ("Preferred Stock"), of the

Company upon the terms and subject to the conditions contained herein.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale. Subject to the terms and conditions set forth herein, each of Wingate and ASI severally agrees to sell, and the Executive agrees to purchase, the number of shares of Common Stock and the number of shares of Preferred Stock set forth below the Executive's name on the signature page hereto for the respective purchase prices also set forth below the Executive's name on the signature page hereto. The number of shares of Common Stock and Preferred Stock to be sold by Wingate is herein called the "Wingate Portion" and the number of shares of Common Stock and Preferred Stock to be sold by ASI is herein called the "ASI Portion." Executive acknowledges and understands that each of Wingate and ASI have borrowed funds (the "Loans") in order to purchase the Wingate Portion and ASI Portion at the closing of the acquisition by the Company and its wholly-owned subsidiary, Associated Stationers, Inc. ("Stationers"), of the business and assets of the wholesale division of Boise Cascade Office Products Corporation (the "Acquisition Closing"). Accordingly, at the Closing (as defined below), in addition to the payment of the purchase price paid by Executive for the Wingate Portion and the ASI Portion, the Executive shall reimburse each of Wingate and ASI for the interest costs of the Loans incurred by them from the date of the Loans until the Closing (the "Borrowing Costs"). Additionally, the Executive may allocate all or a portion of the Common Stock and/or Preferred Stock to be purchased hereunder to one or more individual retirement account or accounts of the Executive (collectively, the "IRA"). For purposes of this Agreement, all references to Executive herein shall include reference to his IRA to the extent appropriate.

2. Closing.

(a) The purchase and sale of the shares of Common Stock and Preferred Stock contemplated above will take place at a closing (the "Closing") at a place or places mutually acceptable to the Executive, Wingate, and ASI and shall occur on a date not later than June 1, 1992; provided the Executive shall have the right to extend the Closing two times for a period of not greater than 30 days each time by giving written notice of such requested extension to each of Wingate and ASI at their respective addresses set forth on the signature pages hereto at least two days prior to the then scheduled date for Closing, but in no event shall the Closing take place later than July 31, 1992. If any and all conditions to the Executive's obligation to purchase, and Wingate's and ASI's obligation to sell, hereunder have been satisfied or waived as of the date set for Closing, if and as extended as provided above, then any rights of the Executive to purchase all or any amount of the Wingate Portion and/or the ASI Portion shall terminate and be of no further force or effect if the Executive

fails to purchase the Wingate Portion and the ASI portion on the date set for Closing, if and as extended as provided above.

(b) The Executive shall, at the Closing, deliver by wire transfer to an account or accounts designated by Wingate and ASI same day federal funds in an amount equal to the purchase price of the Wingate Portion and the ASI Portion, respectively, purchased by the Executive pursuant to this Agreement.

(c) Upon such purchase, Wingate and ASI shall cause the Company to deliver to the Executive, against payment of the purchase price therefor, a certificate representing the shares of Common Stock and a certificate representing the shares of Preferred Stock purchased by the Executive hereunder. Such certificates shall be registered in the name of the Executive. The Executive shall deposit the certificate or certificates representing such shares of Common Stock in trust pursuant to the Voting Trust Agreement (as hereinafter defined) and voting trust certificates shall be issued in respect thereof in accordance with the terms and provisions of the Voting Trust Agreement.

(d) Any tax imposed on the issuance of the shares of Common Stock or the shares of Preferred Stock purchased by the Executive hereunder will be paid by the Company at Closing.

3. Representations, Warranties, and Certain Agreements of the Executive. The Executive understands and agrees with the Company, Wingate, and ASI that the offering and sale of the Common Stock and Preferred Stock to the Executive hereunder is intended to be exempt from registration under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") by virtue of the

provisions of Section 4(2) of the Securities Act and Rule 506 of Regulation D thereunder, and that there is no existing public or other market for the Common Stock or the Preferred Stock and there can be no assurance that the Executive will be able to sell or otherwise dispose of all or any portion of the Common Stock or the Preferred Stock. In that regard, the Executive hereby represents and warrants to, and agrees with, the Company, Wingate, and ASI that:

(a) Executive is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act.

(b) Executive has such knowledge and experience in financial and business matters that Executive is capable of evaluating the merits and risks of an investment in the Common Stock and Preferred Stock; has all information deemed by Executive to be necessary or appropriate to evaluate the risks and merits of an investment in the Common Stock and Preferred Stock; has had the opportunity to ask questions of and receive answers from representatives of the Company concerning the Company and the terms and conditions of the sale of the Common Stock and Preferred Stock; has a financial condition such that Executive

is under no present need to dispose of any portion of the Common Stock and Preferred Stock to satisfy any existing or contemplated undertaking or indebtedness; and is able to bear the economic risk of an investment in the Common Stock and Preferred Stock, including, without limiting the generality of the foregoing, the risk of losing part or all of Executive's investment and the possible inability to sell or transfer the Common Stock and Preferred Stock for an indefinite period of time.

(c) Executive is acquiring the Common Stock and Preferred Stock for Executive's own account for investment, and not with a view to, or for resale in connection with, any distribution thereof within the meaning of the Securities Act.

(d) Executive understands that the Common Stock and Preferred Stock have not been registered under the Securities Act or any blue sky or other state securities law or regulation (hereinafter collectively referred to as "blue sky laws") in reliance, in part, upon the representations, warranties, and covenants contained herein. Executive also understands that Executive cannot offer for sale, sell, or transfer any of the Common Stock and Preferred Stock unless such offer, sale, or transfer has been registered under the Securities Act and under any applicable blue sky laws or unless an exemption from such registration is available with respect to any such proposed offer, sale, or transfer. Executive further understands that the Company is under no obligation to register the Common Stock and Preferred Stock in the future .

(e) Executive agrees and acknowledges that a restrictive legend may be placed on certificates representing any or all of the Common Stock and Preferred Stock and that transfer of any or all of such Common Stock and Preferred Stock may be refused by the Company or its transfer agent, if any, unless such Common Stock and Preferred Stock for which transfer is sought is registered under the Securities Act and all other applicable federal securities or blue sky laws and such laws are complied with or unless Executive provides information satisfactory to the Company that such registration is not required.

(f) Executive agrees to indemnify and hold the Company, Wingate, and ASI harmless from and against all losses, costs, liabilities, and expenses suffered or incurred by the Company, Wingate, or ASI and arising out of or related to the resale or distribution by the Executive of any Common Stock and Preferred Stock in violation of the Securities Act or any other applicable federal securities laws or blue sky laws.

4. Securities Subject to Agreement. (a) In addition to any Common Stock and Preferred Stock purchased by the Executive hereunder, the Company has granted and may hereafter grant to the Executive, options under the Company's 1992 Management Stock Option Plan, a copy of which is attached hereto as Exhibit A (the "Plan") entitling the Executive to purchase additional shares of Common Stock at the price of $10.00 per share (the "Options") and subject to the

terms and conditions set forth in the Option Agreement attached hereto as Exhibit B (the "Option Agreement"). This Agreement, and the restrictions and limitations contained herein, applies to all Common Stock and Preferred Stock now owned or hereafter acquired by the Executive (through purchase hereunder or exercise of all or any portion of the Options), any voting trust certificates issued or issuable to Executive pursuant to the Voting Trust Agreement (the "Voting Trust Agreement") dated as of January 31, 1992 among the Company, the Voting Trustees named therein, and certain beneficial owners of Common Stock of the Company identified therein and who may become parties thereto, and any shares of Common Stock or Preferred Stock otherwise acquired by Executive, including any Common Stock issued with respect to Common Stock owned by Executive by way of a stock split, stock dividend, recapitalization or otherwise. All such Common Stock, Preferred Stock, and voting trust certificates to which this Agreement applies are herein collectively called the "Executive Securities." Executive Securities will continue to be Executive Securities in the hands of any other holder (except for the Company, any subsidiary of the Company, any Sponsor Holder [as defined below] or transferees in a public sale) and each such other holder of Executive Securities will succeed to all of the rights and obligations of the Executive pursuant to Section 5 hereof. As used herein, the term "Sponsor Holder" shall mean each of Wingate and its affiliates and ASI and its affiliates.

(b) As of the date hereof the Company shall, pursuant to Option Agreements, grant to the Key Executives (as defined below) Options to purchase an aggregate number of shares of Common Stock equal to 21,684 and allocated as set forth on Exhibit C hereto (the "First Options"). The Company agrees that within four years from the date hereof it shall grant to the Key Executives or any successor officers to the Key Executives an Option or Options to purchase an additional aggregate number of shares of Common Stock equal to 21,684 (subject to the anti-dilution adjustments set forth in the Plan) as allocated by the Board of Directors of the Company (the "Second Options"). The exercise price for the Common Stock subject to the Second Options shall be $10.00 per share for each Key Executive, but, unless otherwise determined by the Board, shall be the fair market value of each such share for any successor officer to a Key Executive. As used herein, the term "Key Executives" shall collectively mean Michael D. Rowsey, Daniel J. Schleppe, Robert W. Eberspacher, and Lawrence E. Miller.

(c) The Second Options shall be granted under the same form of option agreement as the Option Agreement, except for the number of shares and except that vesting shall be in increments of 25% on the four succeeding anniversaries of the date of grant. If the Second Options have not been granted in full at the time of a Major Transaction (as defined in the Option Agreements), any ungranted Second Options shall be treated as having been granted to the Key Executives in proportion to the number of shares originally covered by the First Options and the Key Executives shall receive the special distributions contemplated by Section 2 of the Option Agreement.

5. Repurchase Right of the Company.

(a) In the event the Executive dies, retires, becomes Disabled (as defined below) or ceases to be employed or retained by the Company or one of its subsidiaries or other affiliates, for any reason (a "Termination"), the Executive Securities (whether held by Executive or one or more of Executive's transferees) will be subject to repurchase by the Company, and, if applicable, one or more of the Sponsor Holders (as determined by subparagraph (f), below) pursuant to the terms and conditions set forth in this Section 5 (the "Repurchase Right"). As used herein, the term "Disabled" shall mean the Executive's inability, due to illness, accident, injury, physical or mental incapacity or other disability, effectively to carry out his duties and obligations to the Company as an employee thereof or to participate effectively and actively in the management of the Company for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.

(b) The purchase price for each share of Common Stock included in the Executive Securities will be the net book value thereof at the date of such Termination; provided, however, that if the Repurchase Right is triggered by a Termination constituting a Special Termination Event (as defined below) then the purchase price for each such share of Common Stock will be the fair market value thereof (as determined in good faith by the Board of Directors of the Company) as of the date of such Special Termination Event. As used herein, the term "Special Termination Event" shall mean (i) the death of the Executive, (ii) the retirement by the Executive at or after age 59, (iii) a termination by Stationers of the Executive's employment under the Employment Agreement dated as of the date hereof between Stationers and the Executive without Cause (as such term is defined in such Employment Agreement), (iv) a termination of employment due to the Executive becoming Disabled, or (v) a termination of employment (other than for Cause) at a time that there is a public market for shares of Common Stock of the Company.

(c) The purchase price for each share of Preferred Stock included in the Executive Securities with respect to the Company's exercise of the Repurchase Right in connection with any Termination shall be the redemption value of $1,000 per share plus any accrued but unpaid dividends thereon, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction (the "Preferred Stock Price").

(d) The purchase price for any vested share of Common Stock covered by an Option ("Option Share") included in the Executive Securities with respect to the Company's exercise of the Repurchase Right shall be equal to the product of (i) the price which would apply to a share of Common Stock (determined by the method set forth in subparagraph (b) above) minus the exercise price therefor and (ii) the number of Option Shares which may be acquired at the time of such purchase, according to the vesting and exercise

schedule in the Option Agreement or other option agreement entered into by the Executive (the "Option Share Price").

(e) The Company shall have a first option to acquire the Executive Securities pursuant to the Repurchase Right and may elect to purchase all or any portion of the Executive Securities included therein by delivering written notice (the "Repurchase Notice") to the holder or holders of the Executive Securities within 30 days after the Termination or, in case of the death of the Executive, within 30 days after the Company first becomes aware of the Executive's death. The Repurchase Notice shall set forth the amount and price of the Executive Securities to be acquired from such holder or holders, the aggregate consideration to be paid for such Executive Securities and the time and place for the closing of the transaction. The

Executive Securities to be repurchased by the Company first shall be satisfied to the extent possible from the Executive Securities held by the Executive (or the Executive's estate) at the time of delivery of the Repurchase Notice. If the Executive Securities then held by the Executive (or the Executive's estate) are less than the Executive Securities the Company has elected to purchase, the Company shall purchase the remaining Executive Securities from the transferee holder(s) of the Executive Securities pro rata according to the amount held by such transferee holder(s) at the time of delivery of such Repurchase Notice (determined as nearly as practicable to the nearest full share).

(f) If for any reason the Company does not elect to purchase all of the Executive Securities pursuant to the Repurchase Right, the Sponsor Holders who qualify as "accredited investors" under Regulation D of the Securities Act (the "Accredited Holders") may exercise the Repurchase Right for the Executive Securities the Company has not elected to purchase (the "Available Securities"). As soon as practicable after the Company has determined that there will be Available Securities, the Company shall give written notice (the "Company Notice") to the Accredited Holders, setting forth the amount and nature of Available Securities and the purchase price for the Available Securities. Each of the Accredited Holders may select the amount and type of the Available Securities (if any) that such Accredited Holder elects to purchase by giving written notice thereof to the Company within 20 days after the Company Notice has been given to such Accredited Holder by the Company. If the Accredited Holders collectively select a number of shares of Available Securities greater than the amount of Available Securities available, then all Available Securities shall be allocated pro rata among the Accredited Holders electing to participate, based upon the number of shares of each type of Executive Securities subscribed for by each such Accredited Holder. As soon as practicable, and in any event within 5 days after the expiration of the 20-day period set forth above, the Company shall notify each proposed transferor of Executive Securities as to the number of shares of Executive Securities being purchased from such transferor by the Company and each Accredited Holder (the "Supplemental Repurchase Notice"). At the time the Company delivers the Supplemental Repurchase Notice, the Company also shall deliver written notice to the Accredited Holders electing to participate, setting forth the type and

number of shares of Executive Securities the Accredited Holders electing to participate are entitled to purchase, the aggregate purchase price and the time and place of the closing of the transaction.

(g) The closing of the purchase of the Executive Securities pursuant to any exercise of the Repurchase Right shall take place on the latest date designated by the Company in the

Repurchase Notice or Supplemental Repurchase notice, which date shall not be more than 30 days nor less than 10 days after the delivery of the later of either such notice to be delivered. The Company and/or the Accredited Holders electing to participate shall pay for the Executive Securities to be purchased pursuant to the Repurchase Right in cash by a bank cashier's check, certified check or by wire transfer. If at the time of consummation of any exercise of a Repurchase Right by the Company, the terms and provisions of the credit facilities of the Company or of its subsidiary, Associated Stationers, Inc. ("Stationers"), effectively prevent the Company from paying the purchase price for the Executive Securities to be purchased in cash, then the portion of such purchase price in excess of the amount the Company is so permitted to pay in cash, if any (the "Excess Amount"), may be paid by the Company by delivery of the Company's subordinated promissory note or notes, which note or notes in the aggregate shall (i) be payable in seven equal annual installments of principal payable on each of the first seven anniversaries of such purchase, (ii) be prepayable at any time in the inverse order of maturity without any penalty, (iii) bear interest at the applicable long-term federal rate in effect at the time of the issuance of the note or notes (plus 100 basis points), and (iv) be subordinated in right of payment and upon liquidation to any senior indebtedness of the Company and/or Stationers. Accrued interest on the note or notes will be payable on the dates that the installments of principal are payable. Notwithstanding anything in this subsection to the contrary, any payments under the subordinated notes described above shall be subject to any restrictions or limitations on such payments contained in (i) the Debt Agreements (as defined below) and (ii) any and all applicable state and federal laws, rules, and regulations or in any and all orders of any state or federal governmental authority. As used herein the term "Debt Agreements" shall mean the Credit Agreement dated as of January 31, 1992 among the Company, Associated Stationers, Inc., The Chase Manhattan Bank (National Association), as agent, and the lenders which become parties thereto and the notes and other documents and instruments executed and delivered in connection therewith, as such Credit Agreement and notes and other documents and instruments may from time to time be amended or supplemented, and any agreements evidencing any renewal, extension, refinancing, refunding or replacement thereof.

(h) In the event of the termination of a marital relationship of the Executive and his spouse by divorce or annulment and the Executive does not acquire all Executive Securities or interests therein ("Divorce Securities") awarded to his spouse (the "Divorced Spouse") within 30 days from the date such Divorce Securities are so awarded (the "Divorce Securities Determination Date"), then the Executive shall give the Company written notice of such Divorce

Securities Determination Date within 20 days thereof (the "Divorce Notice"), which notice shall

describe the Divorce Securities passing to the Divorced Spouse in connection therewith. Upon receipt of the Divorce Notice, the Company shall have the option to purchase any and all Divorce Securities awarded to the Divorced Spouse (the "Divorce Call Right").

(i) The purchase price for each share of Common Stock included in the Divorce Securities to be repurchased by the Company pursuant to any exercise of the Divorce Call Right at any time shall be the net book value thereof at the date of the exercise of the Divorce Call Right by the Company.

(ii) The purchase price for each share of Preferred Stock included in the Divorce Securities with respect to the Company's exercise of the Divorce Call Right at any time shall be equal to the Preferred Stock Price.

(iii) The purchase price for any vested Option Share included in the Divorce Securities with respect to the Company's exercise of the Divorce Call Right at any time shall be equal to the Option Share Price.

(iv) Within 30 days after the date the Company receives the Divorce Notice, the Company shall notify the Divorced Spouse in writing (the "Company Divorce Election Notice") of the number of Divorce Securities that the Company desires to purchase and the date for the closing of such purchase which shall not be more than 60 days nor less than 10 days after the date the Divorced Spouse receives the Company Divorce Election Notice.

(v) At the closing of the purchase by the Company of any Divorce Securities hereunder, the Company shall pay the applicable purchase price therefor in the same manner and on the same terms and conditions as set forth in Section 5(a) hereof.

6. Executive Put Rights.

(a) In the event the Executive dies, retires at or after age 59, or becomes Disabled (each a "Put Termination Event"), the Executive or his estate, as applicable (for purposes of this Section 6 all references to the "Executive" shall include reference to his estate if applicable), may require the Company to repurchase any or all of the Executive Securities then held by the Executive (the "Executive Put Right").

(b) The purchase price for each share of Common Stock included in the Executive Securities to be put to the Company pursuant to any exercise of the Executive Put Right at any time will be the fair market value thereof (as determined in

good faith by the Board of Directors of the Company) as of date of such Put Termination Event.

(c) The purchase price for each share of Preferred Stock included in the Executive Securities with respect to the Executive's exercise of the Executive Put Right in connection with any Put Termination Event shall be equal to the Preferred Stock Price.

(d) The purchase price for any vested Option Share included in the Executive Securities with respect to the Executive's exercise of the Executive Put Right at any time shall be equal to the Option Share Price.

(e) To effectively exercise an Executive Put Right hereunder, the Executive shall give the Company written notice (the "Executive Put Notice") to the Company within 90 days after a Put Termination Event. The Executive Put Notice shall set forth the amount and price of the Executive Securities to be put to the Company. Within 60 days after the receipt by the Company of the Executive Put Notice, the Company shall notify the Executive of the determination by the Board of Directors of the Company of the fair market value of any Common Stock included in the Executive Securities (the "Company Put Response"). Within 20 days after the receipt by the Executive of the Company Put Response, the Executive shall notify the Company in writing (the "Supplemental Executive Put Notice") of his election to either (i) consummate the proposed Executive Put Right based on the fair market value of the Common Stock included in the proposed Executive Securities as determined by the Board of Directors of the Company; (ii) withdraw the Common Stock included in the Executive Securities from the exercise of the proposed Executive Put Right and continue to put Executive Securities, other than Common Stock, to the Company pursuant to the proposed exercise of the Executive Put Right; or (iii) withdraw all Executive Securities proposed to put to the Company pursuant to the proposed exercise of the Executive Put Right. The Supplemental Executive Put Notice shall also set forth the closing date for the consummation of any such exercise of the Executive Put Right. The closing of the purchase of the Executive Securities pursuant to an exercise of the Executive Put Right shall take place on the date designated in the Supplemental Executive Put Notice, which date shall not be more than 60 days nor less than 10 days after the delivery thereof to the Company. The Company shall be obligated to pay for the Executive Securities described in the Supplemental Executive Put Notice on the same terms and conditions as set forth in Section 5(g) hereof.

(f) The Executive Put Right described in this Section 6 shall be considered personal to the Executive and shall not be transferrable to any purchaser or other holder of any

Executive Securities other than the Executive's estate and the personal

representative or administrator thereof.

7. Ancillary Agreements. At Closing, the Executive agrees to execute and deliver to and for the benefit of the Company, Stationers, and/or the other parties thereto, the Option Agreement attached hereto as Exhibit B, the Registration Rights Agreement attached hereto as Exhibit D, the Voting Trust Agreement attached hereto as Exhibit E, and the Stockholders Agreement attached hereto as Exhibit F (such agreements being collectively referred to herein as the "Ancillary Agreements" and individually as an "Ancillary Agreement").

8. Additional Covenants of the Company. In addition to the other covenants and agreements of the Company contained herein the Company agrees, and agrees to cause Stationers, if applicable, to comply with the following agreements.

(a) The Company understands that the Key Executives as a group have engaged the law firm of Jones, Day, Reavis & Pogue as legal counsel to the Key Executives. The Company has been advised that Boise Cascade Corporation or one or more of its affiliates (collectively, "Boise") has agreed to reimburse the Key Executives, as a group, for the first $15,000 of the legal fees and the costs and expenses associated therewith incurred by the Key Executives in connection with the Key Executives' participation in the acquisition by the Company and Stationers of the properties, assets, and business of Boise Cascade Office Products Corporation associated with or otherwise relating to its wholesale division and the equity and debt financing transactions associated therewith (collectively, the "Acquisition"). The Company hereby agrees to reimburse, or cause Stationers to reimburse, the Key Executives, as a group, for all legal fees, costs, and expenses of Jones, Day, Reavis & Pogue incurred by the Key Executives, as a group, in connection with their participation in the Acquisition which are in excess of the first $15,000 so incurred and up to an additional $15,000 in the aggregate, subject to verification and approval by the Company. Any portion of such legal fees, costs, and expenses in excess of $30,000 or for which the Key Executives do not receive reimbursement from Boise as contemplated shall not be the responsibility of the Company or Stationers.

(b) The initial chief financial officer of Stationers hired by the board of directors of Stationers shall be given the opportunity to purchase shares of Common Stock and Preferred Stock of the Company in the same ratio as the Executive and for the purchase price of not less than the fair market value of such shares at the time of purchase, as determined in good faith by the board of directors of the Company. The maximum dollar amount of the shares of Common Stock and Preferred Stock to be reserved for purchase by such initial chief financial

officer shall be no more than $147,500. Any purchase of shares of Common Stock and Preferred Stock of the Company by such initial chief financial officer shall dilute all holders of Common Stock and Preferred Stock on a ratable basis.

(c) The Company and/or Stationers shall pay all closing fees payable to the senior lenders to Stationers and the Company and shall pay closing fees aggregating not more than $1,500,000 to the Sponsor Holders and Good Capital Co., Inc. After the Closing, the total amount of all management, directors, and other recurrent fees payable by the Company or Stationers to the Sponsor Holders and Good Capital Co., Inc. will not exceed $350,000 to Wingate Partners, L.P. and a total of $150,000 to Cumberland Capital Corporation and Good Capital Co., Inc., unless escalated in good faith by the board of directors of the Company. If there is an extraordinary transaction affecting the Company, such as a recapitalization, refinancing or sale, the board of directors of the Company may retain the services of one or more of such parties in connection therewith if it determines that the services and fee structure therefor will be fair to the Company.

(d) The Company will, at Closing, provide to Michael D. Rowsey, as the representative of each Key Executive, complete information and documentation concerning the following matters and all other matters material to the Key Executives' investment in the Company and employment with Stationers:

(i) the various classes of Common Stock and Preferred Stock and warrants to be issued in respect thereof, including the purchase price for such Common Stock and Preferred Stock and the exercise prices in respect of the warrants;

(ii) all fees and expenses arising in respect of the Acquisition and any subsequent management or other fees including those to be paid to the Sponsor Holders or their affiliates;

(iii) loan agreements and other financing documents;

(iv) any other material agreements to be executed or commitments made as a part of the transaction; and

(v) available business plans and projections.

9. Conditions Precedent to Obligation of the Executive. The obligation of the Executive to purchase the Common Stock and Preferred Stock to be purchased by the Executive

hereunder is subject, at the Closing, to the satisfaction or waiver by Executive of the following conditions:

(a) The Company shall have performed and complied with the

covenants and agreements contained in this Agreement required to be performed with and complied with by the Company prior to or at the Closing.

(b) The Executive shall have received a counterpart of this Agreement and each Ancillary Agreement, duly executed and delivered by Holdings and/or Stationers, as applicable.

10. Conditions Precedent to Obligation of Wingate and ASI. The obligations of Wingate and ASI, to sell the Wingate Portion and the ASI Portion to be sold to the Executive hereunder is subject, at the Closing, to the satisfaction or waiver by the Company of the following conditions:

(a) All representations and warranties made by the Executive herein shall be true and correct as of the Closing with the same effect as if such representations and warranties had been made as of the Closing.

(b) The Executive shall have performed and complied with the covenants and agreements contained herein required to be performed with and complied with by the Executive prior to or at the Closing.

(c) The Acquisition and all transactions contemplated thereby shall have been consummated as of the Acquisition Closing.

(d) The Company, Wingate, and ASI shall have received the opinion of counsel described in Section 8(a) above in form and substance satisfactory to the Company, Wingate, and ASI to the effect that any IRA purchaser hereunder is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act and covering such other matters as are reasonably requested by the Company.

11. Termination. The rights and obligations of the Company, the Sponsor Holders, and/or the Executive relating to repurchases of Executive Securities pursuant to the provisions of Sections 5 and 6 hereof shall terminate (i) upon the consummation of a Qualified Public Offering (as defined below); (ii) upon the written consent of the Company and the holders of 66-2/3% or more of the Executive Securities; or (iii) in any event, the earlier of 10 years from the date hereof or the dissolution of the Company. As used herein, the term "Qualified Public Offering" shall mean the sale in an underwritten public offering or a series of public offerings, registered under the Securities Act,

of Common Stock which results in the public ownership of not less than 20% of the Common Stock of the Company on a fully-diluted basis, which shares of Common Stock are listed upon the New York Exchange, the American Stock Exchange or are approved for quotation on the NASDAQ National Market System and which offering shall have resulted in the receipt by the Company and any selling stockholders of aggregate cash proceeds (after deduction of underwriter discounts and the costs associated with the offerings) of at least $37.5 million.

12. Specific Performance. In the event of any controversy concerning the rights or obligations under this Agreement, such rights or obligations shall be enforceable in a court of equity by a decree of specific performance. Such remedy, however, shall be cumulative and nonexclusive and shall be in addition to any other remedy to which the parties may be entitled.

13. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.

14. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or mailed by registered or certified mail (postage and registration or certification fees prepaid) or sent by facsimile or reputable overnight courier service (charges prepaid) to the recipient at the address indicated by the stock records of the Company, or at such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when delivered personally, three days after deposit in the U.S. mail, on the date of delivery by facsimile, and one day after deposit with a reputable overnight courier service.

15. Severability. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provision as to make it valid, reasonable, and enforceable.

16. Amendment. This Agreement may be amended only by an agreement in writing signed by the parties hereto.

17. Governing Law. The corporate law of the State of Delaware shall govern all issues concerning the relative rights

of the Company, Executive, and the Sponsor Holders related to the Executive Securities. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the State of Illinois.

18. Complete Agreement. This Agreement, those documents expressly

referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

19. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

20. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Executive's heirs, beneficiaries, and legal representatives. It is agreed that the rights and obligations of Executive may not be delegated or assigned except as specifically set forth in this Agreement. In the event of a sale of all or substantially all the Company's stock or assets, or consolidation or merger of the Company with or into another corporation or entity or individual, the Company may assign its rights and obligations under this Agreement to its successor-in-interest and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of the Company hereunder.

21. Limitation as to Partial Purchase. Notwithstanding the provisions of Sections 5 and 6 hereof, if less than all of the Executive Securities will be purchased under Sections 5 or 6, at the request of either the purchaser or purchasers or the Executive, the aggregate consideration to be paid shall be applied as follows: 63% of the consideration shall be used to purchase shares of Common Stock and 37% shall be used to purchase shares of Preferred Stock.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date set forth above.

WINGATE PARTNERS, L.P.,

By: Wingate Management Company, L.P., its general partner

By:_____
Thomas W. Sturgess,
general partner

ASI PARTNERS, L.P.,

By: Cumberland Capital Corporation, its general partner

By:_____
Gary G. Miller,
President

ASSOCIATED HOLDINGS, INC.

By:_____
Thomas W. Sturgess,
Chairman and Chief
Executive Officer

Address:
c/o Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, Texas 75201
Attn: Chairman of the Board
Telecopy: 214-871-8799

Michael D. Rowsey

Address:
2370 Sonnington Drive
Dublin, Ohio 43017

<TABLE>
<CAPTION>

	Number	Purchase Price
<S>	<C>	<C>
Common Shares (Wingate Portion)	6,688	$ 66,880
Preferred Shares (Wingate Portion)	40	$ 40,000
Common Shares (ASI Portion)	2,600	$ 26,000
Preferred Shares (ASI Portion)	14.5	$ 14,500
Totals		
(Common)	9,288	$147,380
(Preferred)	54.5	

</TABLE>

The undersigned, being the spouse of the Executive as of the date hereof, executes and delivers this Agreement to evidence her understanding of and intent to be bound by the provisions of this Agreement to the extent applicable to her and her rights and obligations.

_____
[Spouse of Executive]

LIST OF EXHIBITS

<TABLE>
<CAPTION>

<S> <C>

Exhibit A -- 1992 Management Stock Option Plan
- -----------

Exhibit B -- Option Agreement
- -----------

Exhibit C -- Allocation of Options
- -----------

Exhibit D -- Registration Rights Agreement
- -----------

Exhibit E -- Voting Trust Agreement
- -----------

Exhibit F -- Stockholders Agreement
- -----------
</TABLE>

EXHIBIT C

Allocation of Options

<TABLE>
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	Percentage
<S>	<C>
Michael D. Rowsey	30.8
Daniel J. Schleppe	26.2
Robert D. Eberspacher	23.8
Lawrence E. Miller	19.2
	100.0%

</TABLE>

ASSOCIATED HOLDINGS, INC.
EXECUTIVE STOCK PURCHASE AGREEMENT

This EXECUTIVE STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of January 31, 1992, and is by and among WINGATE PARTNERS, L.P., a Delaware limited partnership ("Wingate"), ASI PARTNERS, L.P., a Delaware limited partnership ("ASI"), ASSOCIATED HOLDINGS, INC., a Delaware corporation (the "Company"), and Lawrence E. Miller ("Executive").

Executive desires to purchase, and Wingate and ASI desire to sell, shares of Class A Common Stock, par value $0.01 per share ("Common Stock"), and Class A Preferred Stock, par value $0.01 per share ("Preferred Stock"), of the Company upon the terms and subject to the conditions contained herein.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale. Subject to the terms and conditions set forth herein, each of Wingate and ASI severally agrees to sell, and the Executive agrees to purchase, the number of shares of Common Stock and the number of shares of Preferred Stock set forth below the Executive's name on the signature page hereto for the respective purchase prices also set forth below the Executive's name on the signature page hereto. The number of shares of Common Stock and Preferred Stock to be sold by Wingate is herein called the "Wingate Portion" and the number of shares of Common Stock and Preferred Stock to be sold by ASI is herein called the "ASI Portion." Executive acknowledges and

understands that each of Wingate and ASI have borrowed funds (the "Loans") in order to purchase the Wingate Portion and ASI Portion at the closing of the acquisition by the Company and its wholly-owned subsidiary, Associated Stationers, Inc. ("Stationers"), of the business and assets of the wholesale division of Boise Cascade Office Products Corporation (the "Acquisition Closing"). Accordingly, at the Closing (as defined below), in addition to the payment of the purchase price paid by Executive for the Wingate Portion and the ASI Portion, the Executive shall reimburse each of Wingate and ASI for the interest costs of the Loans incurred by them from the date of the Loans until the Closing (the "Borrowing Costs"). Additionally, the Executive may allocate all or a portion of the Common Stock and/or Preferred Stock to be purchased hereunder to one or more individual retirement account or accounts of the Executive (collectively, the "IRA"). For purposes of this Agreement, all references to Executive herein shall include reference to his IRA to the extent appropriate.

2. Closing.

(a) The purchase and sale of the shares of Common Stock and Preferred Stock contemplated above will take place at a closing (the "Closing") at a place or places mutually acceptable to the Executive, Wingate, and ASI and shall occur on a date not later than June 1, 1992; provided the Executive shall have the right to extend the Closing two times for a period of not greater than 30 days each time by giving written notice of such requested extension to each of Wingate and ASI at their respective addresses set forth on the signature pages hereto at least two days prior to the then scheduled date for Closing, but in no event shall the Closing take place later than July 31, 1992. If any and all conditions to the Executive's obligation to purchase, and Wingate's and ASI's obligation to sell, hereunder have been satisfied or waived as of the date set for Closing, if and as extended as provided above, then any rights of the Executive to purchase all or any amount of the Wingate Portion and/or the ASI Portion shall terminate and be of no further force or effect if the Executive fails to purchase the Wingate Portion and the ASI portion on the date set for Closing, if and as extended as provided above.

(b) The Executive shall, at the Closing, deliver by wire transfer to an account or accounts designated by Wingate and ASI same day federal funds in an amount equal to the purchase price of the Wingate Portion and the ASI Portion, respectively, purchased by the Executive pursuant to this Agreement.

(c) Upon such purchase, Wingate and ASI shall cause the Company to deliver to the Executive, against payment of the purchase price therefor, a certificate representing the shares of Common Stock and a certificate representing the shares of Preferred Stock purchased by the Executive hereunder. Such certificates shall be registered in the name of the Executive. The Executive shall deposit the certificate or certificates representing such shares of Common Stock in trust pursuant to the Voting Trust Agreement (as hereinafter

defined) and voting trust certificates shall be issued in respect thereof in accordance with the terms and provisions of the Voting Trust Agreement.

(d) Any tax imposed on the issuance of the shares of Common Stock or the shares of Preferred Stock purchased by the Executive hereunder will be paid by the Company at Closing.

3. Representations, Warranties, and Certain Agreements of the Executive. The Executive understands and agrees with the Company, Wingate, and ASI that the offering and sale of the Common Stock and Preferred Stock to the Executive hereunder is intended to be exempt from registration under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") by virtue of the

provisions of Section 4(2) of the Securities Act and Rule 506 of Regulation D thereunder, and that there is no existing public or other market for the Common Stock or the Preferred Stock and there can be no assurance that the Executive will be able to sell or otherwise dispose of all or any portion of the Common Stock or the Preferred Stock. In that regard, the Executive hereby represents and warrants to, and agrees with, the Company, Wingate, and ASI that:

(a) Executive is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act.

(b) Executive has such knowledge and experience in financial and business matters that Executive is capable of evaluating the merits and risks of an investment in the Common Stock and Preferred Stock; has all information deemed by Executive to be necessary or appropriate to evaluate the risks and merits of an investment in the Common Stock and Preferred Stock; has had the opportunity to ask questions of and receive answers from representatives of the Company concerning the Company and the terms and conditions of the sale of the Common Stock and Preferred Stock; has a financial condition such that Executive is under no present need to dispose of any portion of the Common Stock and Preferred Stock to satisfy any existing or contemplated undertaking or indebtedness; and is able to bear the economic risk of an investment in the Common Stock and Preferred Stock, including, without limiting the generality of the foregoing, the risk of losing part or all of Executive's investment and the possible inability to sell or transfer the Common Stock and Preferred Stock for an indefinite period of time.

(c) Executive is acquiring the Common Stock and Preferred Stock for Executive's own account for investment, and not with a view to, or for resale in connection with, any distribution thereof within the meaning of the Securities Act.

(d) Executive understands that the Common Stock and Preferred Stock have not been registered under the Securities Act or any blue sky or other

state securities law or regulation (hereinafter collectively referred to as "blue sky laws") in reliance, in part, upon the representations, warranties, and covenants contained herein. Executive also understands that Executive cannot offer for sale, sell, or transfer any of the Common Stock and Preferred Stock unless such offer, sale, or transfer has been registered under the Securities Act and under any applicable blue sky laws or unless an exemption from such registration is available with respect to any such proposed offer, sale, or transfer. Executive further understands that the Company is under no obligation to register the Common Stock and Preferred Stock in the future.

(e) Executive agrees and acknowledges that a restrictive legend may be placed on certificates representing any or all of the Common Stock and Preferred Stock and that transfer of any or all of such Common Stock and Preferred Stock may be refused by the Company or its transfer agent, if any, unless such Common Stock and Preferred Stock for which transfer is sought is registered under the Securities Act and all other applicable federal securities or blue sky laws and such laws are complied with or unless Executive provides information satisfactory to the Company that such registration is not required.

(f) Executive agrees to indemnify and hold the Company, Wingate, and ASI harmless from and against all losses, costs, liabilities, and expenses suffered or incurred by the Company, Wingate, or ASI and arising out of or related to the resale or distribution by the Executive of any Common Stock and Preferred Stock in violation of the Securities Act or any other applicable federal securities laws or blue sky laws.

4. Securities Subject to Agreement. (a) In addition to any Common Stock and Preferred Stock purchased by the Executive hereunder, the Company has granted and may hereafter grant to the Executive, options under the Company's 1992 Management Stock Option Plan, a copy of which is attached hereto as Exhibit A (the "Plan") entitling the Executive to purchase additional shares of Common Stock at the price of $10.00 per share (the "Options") and subject to the terms and conditions set forth in the Option Agreement attached hereto as Exhibit B (the "Option Agreement"). This Agreement, and the restrictions and limitations contained herein, applies to all Common Stock and Preferred Stock now owned or hereafter acquired by the Executive (through purchase hereunder or exercise of all or any portion of the Options), any voting trust certificates issued or issuable to Executive pursuant to the Voting Trust Agreement (the "Voting Trust Agreement") dated as of January 31, 1992 among the Company, the Voting Trustees named therein, and certain beneficial owners of Common Stock of the Company identified therein and who may become parties thereto, and any shares of Common Stock or Preferred Stock otherwise acquired by Executive, including any Common Stock issued with respect to Common Stock owned by Executive by way of a stock split, stock dividend, recapitalization or otherwise. All such Common Stock, Preferred Stock, and voting trust certificates to which this Agreement applies

are herein collectively called the "Executive Securities." Executive Securities will continue to be Executive Securities in the hands of any other holder (except for the Company, any subsidiary of the Company, any Sponsor Holder [as defined below] or transferees in a public sale) and each such other holder of Executive Securities will succeed to all of the rights and obligations of the Executive pursuant to Section 5 hereof. As used herein, the term "Sponsor Holder" shall mean each of Wingate and its affiliates and ASI and its affiliates.

(b) As of the date hereof the Company shall, pursuant to Option Agreements, grant to the Key Executives (as defined below) Options to purchase an aggregate number of shares of Common Stock equal to 21,684 and allocated as set forth on Exhibit C hereto (the "First Options"). The Company agrees that
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within four years from the date hereof it shall grant to the Key Executives or any successor officers to the Key Executives an Option or Options to purchase an additional aggregate number of shares of Common Stock equal to 21,684 (subject to the anti-dilution adjustments set forth in the Plan) as allocated by the Board of Directors of the Company (the "Second Options"). The exercise price for the Common Stock subject to the Second Options shall be $10.00 per share for each Key Executive, but, unless otherwise determined by the Board, shall be the fair market value of each such share for any successor officer to a Key Executive. As used herein, the term "Key Executives" shall collectively mean Michael D. Rowsey, Daniel J. Schleppe, Robert W. Eberspacher, and Lawrence E. Miller.

(c) The Second Options shall be granted under the same form of option agreement as the Option Agreement, except for the number of shares and except that vesting shall be in increments of 25% on the four succeeding anniversaries of the date of grant. If the Second Options have not been granted in full at the time of a Major Transaction (as defined in the Option Agreements), any ungranted Second Options shall be treated as having been granted to the Key Executives in proportion to the number of shares originally covered by the First Options and the Key Executives shall receive the special distributions contemplated by Section 2 of the Option Agreement.

5. Repurchase Right of the Company.

(a) In the event the Executive dies, retires, becomes Disabled (as defined below) or ceases to be employed or retained by the Company or one of its subsidiaries or other affiliates, for any reason (a "Termination"), the Executive Securities (whether held by Executive or one or more of Executive's transferees) will be subject to repurchase by the Company, and, if applicable, one or more of the Sponsor Holders (as determined by subparagraph (f), below) pursuant to the terms and conditions set forth in this Section 5 (the "Repurchase Right"). As used herein, the term "Disabled" shall mean the Executive's inability, due to illness, accident, injury, physical or mental

incapacity or other disability, effectively to carry out his duties and obligations to the Company as an employee thereof or to participate effectively and actively in the management of the Company for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.

(b) The purchase price for each share of Common Stock included in the Executive Securities will be the net book value thereof at the date of such Termination; provided, however, that if the Repurchase Right is triggered by a Termination constituting a Special Termination Event (as defined below) then the purchase price for each such share of Common Stock will be the fair market value thereof (as determined in good faith by the Board of Directors of the Company) as of the date of such Special Termination Event. As used herein, the term "Special Termination Event" shall mean (i) the death of the Executive, (ii) the retirement by the Executive at or after age 59, (iii) a termination by Stationers of the Executive's employment under the Employment Agreement dated as of the date hereof between Stationers and the Executive without Cause (as such term is defined in such Employment Agreement), (iv) a termination of employment due to the Executive becoming Disabled, or (v) a termination of employment (other than for Cause) at a time that there is a public market for shares of Common Stock of the Company.

(c) The purchase price for each share of Preferred Stock included in the Executive Securities with respect to the Company's exercise of the Repurchase Right in connection with any Termination shall be the redemption value of $1,000 per share plus any accrued but unpaid dividends thereon, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction (the "Preferred Stock Price").

(d) The purchase price for any vested share of Common Stock covered by an Option ("Option Share") included in the Executive Securities with respect to the Company's exercise of the Repurchase Right shall be equal to the product of (i) the price which would apply to a share of Common Stock (determined by the method set forth in subparagraph (b) above) minus the exercise price therefor and (ii) the number of Option Shares which may be acquired at the time of such purchase, according to the vesting and exercise schedule in the Option Agreement or other option agreement entered into by the Executive (the "Option Share Price").

(e) The Company shall have a first option to acquire the Executive Securities pursuant to the Repurchase Right and may elect to purchase all or any portion of the Executive Securities included therein by delivering written notice (the "Repurchase Notice") to the holder or holders of the Executive Securities within 30 days after the Termination or, in case of the death of the Executive, within 30 days after the Company first becomes aware of the Executive's death. The Repurchase Notice shall set forth the amount and price of the Executive Securities to be acquired from such holder or holders, the aggregate consideration to be paid for such Executive Securities and the time and place for the closing of the transaction. The

Executive Securities to be repurchased by the Company first shall be satisfied to the extent possible from the Executive Securities held by the Executive (or the Executive's estate) at the time of delivery of the Repurchase Notice. If the Executive Securities then held by the Executive (or the Executive's estate) are less than the Executive Securities the Company has elected to purchase, the Company shall purchase the remaining Executive Securities from the transferee holder(s) of the Executive Securities pro rata according to the amount held by such transferee holder(s) at the time of delivery of such Repurchase Notice (determined as nearly as practicable to the nearest full share).

(f) If for any reason the Company does not elect to purchase all of the Executive Securities pursuant to the Repurchase Right, the Sponsor Holders who qualify as "accredited investors" under Regulation D of the Securities Act (the "Accredited Holders") may exercise the Repurchase Right for the Executive Securities the Company has not elected to purchase (the "Available Securities"). As soon as practicable after the Company has determined that there will be Available Securities, the Company shall give written notice (the "Company Notice") to the Accredited Holders, setting forth the amount and nature of Available Securities and the purchase price for the Available Securities. Each of the Accredited Holders may select the amount and type of the Available Securities (if any) that such Accredited Holder elects to purchase by giving written notice thereof to the Company within 20 days after the Company Notice has been given to such Accredited Holder by the Company. If the Accredited Holders collectively select a number of shares of Available Securities greater than the amount of Available Securities available, then all Available Securities shall be allocated pro rata among the Accredited Holders electing to participate, based upon the number of shares of each type of Executive Securities subscribed for by each such Accredited Holder. As soon as practicable, and in any event within 5 days after the expiration of the 20-day period set forth above, the Company shall notify each proposed transferor of Executive Securities as to the number of shares of Executive Securities being purchased from such transferor by the Company and each Accredited Holder (the "Supplemental Repurchase Notice"). At the time the Company delivers the Supplemental Repurchase Notice, the Company also shall deliver written notice to the Accredited Holders electing to participate, setting forth the type and number of shares of Executive Securities the Accredited Holders electing to participate are entitled to purchase, the aggregate purchase price and the time and place of the closing of the transaction.

(g) The closing of the purchase of the Executive Securities pursuant to any exercise of the Repurchase Right shall take place on the latest date designated by the Company in the

Repurchase Notice or Supplemental Repurchase notice, which date shall not be more than 30 days nor less than 10 days after the delivery of the later of

either such notice to be delivered. The Company and/or the Accredited Holders electing to participate shall pay for the Executive Securities to be purchased pursuant to the Repurchase Right in cash by a bank cashier's check, certified check or by wire transfer. If at the time of consummation of any exercise of a Repurchase Right by the Company, the terms and provisions of the credit facilities of the Company or of its subsidiary, Associated Stationers, Inc. ("Stationers"), effectively prevent the Company from paying the purchase price for the Executive Securities to be purchased in cash, then the portion of such purchase price in excess of the amount the Company is so permitted to pay in cash, if any (the "Excess Amount"), may be paid by the Company by delivery of the Company's subordinated promissory note or notes, which note or notes in the aggregate shall (i) be payable in seven equal annual installments of principal payable on each of the first seven anniversaries of such purchase, (ii) be prepayable at any time in the inverse order of maturity without any penalty, (iii) bear interest at the applicable long-term federal rate in effect at the time of the issuance of the note or notes (plus 100 basis points), and (iv) be subordinated in right of payment and upon liquidation to any senior indebtedness of the Company and/or Stationers. Accrued interest on the note or notes will be payable on the dates that the installments of principal are payable. Notwithstanding anything in this subsection to the contrary, any payments under the subordinated notes described above shall be subject to any restrictions or limitations on such payments contained in (i) the Debt Agreements (as defined below) and (ii) any and all applicable state and federal laws, rules, and regulations or in any and all orders of any state or federal governmental authority. As used herein the term "Debt Agreements" shall mean the Credit Agreement dated as of January 31, 1992 among the Company, Associated Stationers, Inc., The Chase Manhattan Bank (National Association), as agent, and the lenders which become parties thereto and the notes and other documents and instruments executed and delivered in connection therewith, as such Credit Agreement and notes and other documents and instruments may from time to time be amended or supplemented, and any agreements evidencing any renewal, extension, refinancing, refunding or replacement thereof.

(h) In the event of the termination of a marital relationship of the Executive and his spouse by divorce or annulment and the Executive does not acquire all Executive Securities or interests therein ("Divorce Securities") awarded to his spouse (the "Divorced Spouse") within 30 days from the date such Divorce Securities are so awarded (the "Divorce Securities Determination Date"), then the Executive shall give the Company written notice of such Divorce Securities Determination Date within 20 days thereof (the "Divorce Notice"), which notice shall

describe the Divorce Securities passing to the Divorced Spouse in connection therewith. Upon receipt of the Divorce Notice, the Company shall have the option to purchase any and all Divorce Securities awarded to the Divorced Spouse (the "Divorce Call Right").

(i) The purchase price for each share of Common Stock included in the Divorce Securities to be repurchased by the Company pursuant to any

exercise of the Divorce Call Right at any time shall be the net book value thereof at the date of the exercise of the Divorce Call Right by the Company.

(ii) The purchase price for each share of Preferred Stock included in the Divorce Securities with respect to the Company's exercise of the Divorce Call Right at any time shall be equal to the Preferred Stock Price.

(iii) The purchase price for any vested Option Share included in the Divorce Securities with respect to the Company's exercise of the Divorce Call Right at any time shall be equal to the Option Share Price.

(iv) Within 30 days after the date the Company receives the Divorce Notice, the Company shall notify the Divorced Spouse in writing (the "Company Divorce Election Notice") of the number of Divorce Securities that the Company desires to purchase and the date for the closing of such purchase which shall not be more than 60 days nor less than 10 days after the date the Divorced Spouse receives the Company Divorce Election Notice.

(v) At the closing of the purchase by the Company of any Divorce Securities hereunder, the Company shall pay the applicable purchase price therefor in the same manner and on the same terms and conditions as set forth in Section 5(a) hereof.

6. Executive Put Rights.

(a) In the event the Executive dies, retires at or after age 59, or becomes Disabled (each a "Put Termination Event"), the Executive or his estate, as applicable (for purposes of this Section 6 all references to the "Executive" shall include reference to his estate if applicable), may require the Company to repurchase any or all of the Executive Securities then held by the Executive (the "Executive Put Right").

(b) The purchase price for each share of Common Stock included in the Executive Securities to be put to the Company pursuant to any exercise of the Executive Put Right at any time will be the fair market value thereof (as determined in

good faith by the Board of Directors of the Company) as of date of such Put Termination Event.

(c) The purchase price for each share of Preferred Stock included in the Executive Securities with respect to the Executive's exercise of the Executive Put Right in connection with any Put Termination Event shall be equal to the Preferred Stock Price.

(d) The purchase price for any vested Option Share included in

the Executive Securities with respect to the Executive's exercise of the Executive Put Right at any time shall be equal to the Option Share Price.

(e) To effectively exercise an Executive Put Right hereunder, the Executive shall give the Company written notice (the "Executive Put Notice") to the Company within 90 days after a Put Termination Event. The Executive Put Notice shall set forth the amount and price of the Executive Securities to be put to the Company. Within 60 days after the receipt by the Company of the Executive Put Notice, the Company shall notify the Executive of the determination by the Board of Directors of the Company of the fair market value of any Common Stock included in the Executive Securities (the "Company Put Response"). Within 20 days after the receipt by the Executive of the Company Put Response, the Executive shall notify the Company in writing (the "Supplemental Executive Put Notice") of his election to either (i) consummate the proposed Executive Put Right based on the fair market value of the Common Stock included in the proposed Executive Securities as determined by the Board of Directors of the Company; (ii) withdraw the Common Stock included in the Executive Securities from the exercise of the proposed Executive Put Right and continue to put Executive Securities, other than Common Stock, to the Company pursuant to the proposed exercise of the Executive Put Right; or (iii) withdraw all Executive Securities proposed to put to the Company pursuant to the proposed exercise of the Executive Put Right. The Supplemental Executive Put Notice shall also set forth the closing date for the consummation of any such exercise of the Executive Put Right. The closing of the purchase of the Executive Securities pursuant to an exercise of the Executive Put Right shall take place on the date designated in the Supplemental Executive Put Notice, which date shall not be more than 60 days nor less than 10 days after the delivery thereof to the Company. The Company shall be obligated to pay for the Executive Securities described in the Supplemental Executive Put Notice on the same terms and conditions as set forth in Section 5(g) hereof.

(f) The Executive Put Right described in this Section 6 shall be considered personal to the Executive and shall not be transferrable to any purchaser or other holder of any

Executive Securities other than the Executive's estate and the personal representative or administrator thereof.

7. Ancillary Agreements. At Closing, the Executive agrees to execute and deliver to and for the benefit of the Company, Stationers, and/or the other parties thereto, the Option Agreement attached hereto as Exhibit B, the Registration Rights Agreement attached hereto as Exhibit D, the Voting Trust Agreement attached hereto as Exhibit E, and the Stockholders Agreement attached hereto as Exhibit F (such agreements being collectively referred to herein as

the "Ancillary Agreements" and individually as an "Ancillary Agreement").

8. Additional Covenants of the Company. In addition to the other covenants and agreements of the Company contained herein the Company agrees, and agrees to cause Stationers, if applicable, to comply with the following agreements.

(a) The Company understands that the Key Executives as a group have engaged the law firm of Jones, Day, Reavis & Pogue as legal counsel to the Key Executives. The Company has been advised that Boise Cascade Corporation or one or more of its affiliates (collectively, "Boise") has agreed to reimburse the Key Executives, as a group, for the first $15,000 of the legal fees and the costs and expenses associated therewith incurred by the Key Executives in connection with the Key Executives' participation in the acquisition by the Company and Stationers of the properties, assets, and business of Boise Cascade Office Products Corporation associated with or otherwise relating to its wholesale division and the equity and debt financing transactions associated therewith (collectively, the "Acquisition"). The Company hereby agrees to reimburse, or cause Stationers to reimburse, the Key Executives, as a group, for all legal fees, costs, and expenses of Jones, Day, Reavis & Pogue incurred by the Key Executives, as a group, in connection with their participation in the Acquisition which are in excess of the first $15,000 so incurred and up to an additional $15,000 in the aggregate, subject to verification and approval by the Company. Any portion of such legal fees, costs, and expenses in excess of $30,000 or for which the Key Executives do not receive reimbursement from Boise as contemplated shall not be the responsibility of the Company or Stationers.

(b) The initial chief financial officer of Stationers hired by the board of directors of Stationers shall be given the opportunity to purchase shares of Common Stock and Preferred Stock of the Company in the same ratio as the Executive and for the purchase price of not less than the fair market value of such shares at the time of purchase, as determined in good faith by the board of directors of the Company. The maximum dollar amount of the shares of Common Stock and Preferred Stock to be reserved for purchase by such initial chief financial

officer shall be no more than $147,500. Any purchase of shares of Common Stock and Preferred Stock of the Company by such initial chief financial officer shall dilute all holders of Common Stock and Preferred Stock on a ratable basis.

(c) The Company and/or Stationers shall pay all closing fees payable to the senior lenders to Stationers and the Company and shall pay closing fees aggregating not more than $1,500,000 to the Sponsor Holders and Good Capital Co., Inc. After the Closing, the total amount of all management, directors, and other recurrent fees payable by the Company or Stationers to the Sponsor Holders and Good Capital Co., Inc. will not exceed $350,000 to Wingate Partners, L.P. and a total of $150,000 to Cumberland Capital Corporation and Good Capital Co., Inc., unless escalated in good faith by the board of directors

of the Company. If there is an extraordinary transaction affecting the Company, such as a recapitalization, refinancing or sale, the board of directors of the Company may retain the services of one or more of such parties in connection therewith if it determines that the services and fee structure therefor will be fair to the Company.

(d) The Company will, at Closing, provide to Michael D. Rowsey, as the representative of each Key Executive, complete information and documentation concerning the following matters and all other matters material to the Key Executives' investment in the Company and employment with Stationers:

(i) the various classes of Common Stock and Preferred Stock and warrants to be issued in respect thereof, including the purchase price for such Common Stock and Preferred Stock and the exercise prices in respect of the warrants;

(ii) all fees and expenses arising in respect of the Acquisition and any subsequent management or other fees including those to be paid to the Sponsor Holders or their affiliates;

(iii) loan agreements and other financing documents;

(iv) any other material agreements to be executed or commitments made as a part of the transaction; and

(v) available business plans and projections.

9. Conditions Precedent to Obligation of the Executive. The obligation of the Executive to purchase the Common Stock and Preferred Stock to be purchased by the Executive

hereunder is subject, at the Closing, to the satisfaction or waiver by Executive of the following conditions:

(a) The Company shall have performed and complied with the covenants and agreements contained in this Agreement required to be performed with and complied with by the Company prior to or at the Closing.

(b) The Executive shall have received a counterpart of this Agreement and each Ancillary Agreement, duly executed and delivered by Holdings and/or Stationers, as applicable.

10. Conditions Precedent to Obligation of Wingate and ASI. The obligations of Wingate and ASI, to sell the Wingate Portion and the ASI Portion to be sold to the Executive hereunder is subject, at the Closing, to the satisfaction or waiver by the Company of the following conditions:

(a) All representations and warranties made by the Executive herein shall be true and correct as of the Closing with the same effect as if such representations and warranties had been made as of the Closing.

(b) The Executive shall have performed and complied with the covenants and agreements contained herein required to be performed with and complied with by the Executive prior to or at the Closing.

(c) The Acquisition and all transactions contemplated thereby shall have been consummated as of the Acquisition Closing.

(d) The Company, Wingate, and ASI shall have received the opinion of counsel described in Section 8(a) above in form and substance satisfactory to the Company, Wingate, and ASI to the effect that any IRA purchaser hereunder is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act and covering such other matters as are reasonably requested by the Company.

11. Termination. The rights and obligations of the Company, the Sponsor Holders, and/or the Executive relating to repurchases of Executive Securities pursuant to the provisions of Sections 5 and 6 hereof shall terminate (i) upon the consummation of a Qualified Public Offering (as defined below); (ii) upon the written consent of the Company and the holders of 66-2/3% or more of the Executive Securities; or (iii) in any event, the earlier of 10 years from the date hereof or the dissolution of the Company. As used herein, the term "Qualified Public Offering" shall mean the sale in an underwritten public offering or a series of public offerings, registered under the Securities Act,

of Common Stock which results in the public ownership of not less than 20% of the Common Stock of the Company on a fully-diluted basis, which shares of Common Stock are listed upon the New York Exchange, the American Stock Exchange or are approved for quotation on the NASDAQ National Market System and which offering shall have resulted in the receipt by the Company and any selling stockholders of aggregate cash proceeds (after deduction of underwriter discounts and the costs associated with the offerings) of at least $37.5 million.

12. Specific Performance. In the event of any controversy concerning the rights or obligations under this Agreement, such rights or obligations shall be enforceable in a court of equity by a decree of specific performance. Such remedy, however, shall be cumulative and nonexclusive and shall be in addition to any other remedy to which the parties may be entitled.

13. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.

14. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or mailed by registered or certified mail (postage and registration or certification fees prepaid) or sent by facsimile or reputable overnight courier service (charges prepaid) to the recipient at the address indicated by the stock records of the Company, or at such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when delivered personally, three days after deposit in the U.S. mail, on the date of delivery by facsimile, and one day after deposit with a reputable overnight courier service.

15. Severability. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provision as to make it valid, reasonable, and enforceable.

16. Amendment. This Agreement may be amended only by an agreement in writing signed by the parties hereto.

17. Governing Law. The corporate law of the State of Delaware shall govern all issues concerning the relative rights

of the Company, Executive, and the Sponsor Holders related to the Executive Securities. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the State of Illinois.

18. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

19. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

20. Successors and Assigns. This Agreement shall be binding upon and

inure to the benefit of and shall be enforceable by and against Executive's heirs, beneficiaries, and legal representatives. It is agreed that the rights and obligations of Executive may not be delegated or assigned except as specifically set forth in this Agreement. In the event of a sale of all or substantially all the Company's stock or assets, or consolidation or merger of the Company with or into another corporation or entity or individual, the Company may assign its rights and obligations under this Agreement to its successor-in-interest and such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of the Company hereunder.

21. Limitation as to Partial Purchase. Notwithstanding the provisions of Sections 5 and 6 hereof, if less than all of the Executive Securities will be purchased under Sections 5 or 6, at the request of either the purchaser or purchasers or the Executive, the aggregate consideration to be paid shall be applied as follows: 63% of the consideration shall be used to purchase shares of Common Stock and 37% shall be used to purchase shares of Preferred Stock.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date set forth above.

WINGATE PARTNERS, L.P.,

By: Wingate Management Company, L.P., its general partner

By: _____
Thomas W. Sturgess,
general partner

ASI PARTNERS, L.P.,

By: Cumberland Capital Corporation, its general partner

By: _____
Gary G. Miller,
President

ASSOCIATED HOLDINGS, INC.

By:

Thomas W. Sturgess,
Chairman and Chief
Executive Officer

Address:
c/o Wingate Partners, L.P.
750 North St. Paul
Suite 1200
Dallas, Texas 75201
Attn: Chairman of the Board
Telecopy: 214-871-8799

Lawrence E. Miller

Address:
415 Sterling Road
Kenilworth, Illinois 60043

<TABLE>
<CAPTION>

	Number	Purchase Price
<S>	<C>	<C>
Common Shares (Wingate Portion)	6,688	$ 66,880
Preferred Shares (Wingate Portion)	40	$ 40,000
Common Shares (ASI Portion)	2,600	$ 26,000
Preferred Shares (ASI Portion)	14.5	$ 14,500
Totals		
(Common)	9,288	$147,380
(Preferred)	54.5	

</TABLE>

The undersigned, being the spouse of the Executive as of the date hereof, executes and delivers this Agreement to evidence her understanding of and intent to be bound by the provisions of this Agreement to the extent applicable to her and her rights and obligations.

_____
[Spouse of Executive]

LIST OF EXHIBITS

Exhibit A	--	1992 Management Stock Option Plan
Exhibit B	--	Option Agreement
Exhibit C	--	Allocation of Options
Exhibit D	--	Registration Rights Agreement
Exhibit E	--	Voting Trust Agreement
Exhibit F	--	Stockholders Agreement

EXHIBIT C

Allocation of Options

<TABLE>

	Percentage
<S>	<C>

Michael D. Rowsey	30.8
Daniel J. Schleppe	26.2
Robert D. Eberspacher	23.8
Lawrence E. Miller	19.2
	100.0%

</TABLE>

ASSOCIATED HOLDINGS, INC.
EXECUTIVE STOCK PURCHASE AGREEMENT

This EXECUTIVE STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of January 31, 1992, and is by and among WINGATE PARTNERS, L.P., a Delaware limited partnership ("Wingate"), ASI PARTNERS, L.P., a Delaware limited partnership ("ASI"), ASSOCIATED HOLDINGS, INC., a Delaware corporation (the "Company"), and Robert W. Eberspacher ("Executive").

Executive desires to purchase, and Wingate and ASI desire to sell, shares of Class A Common Stock, par value $0.01 per share ("Common Stock"), and Class A Preferred Stock, par value $0.01 per share ("Preferred Stock"), of the Company upon the terms and subject to the conditions contained herein.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale. Subject to the terms and conditions set forth herein, each of Wingate and ASI severally agrees to sell, and the Executive agrees to purchase, the number of shares of Common Stock and the number of shares of Preferred Stock set forth below the Executive's name on the signature page hereto for the respective purchase prices also set forth below the Executive's name on the signature page hereto. The number of shares of Common Stock and Preferred Stock to be sold by Wingate is herein called the "Wingate Portion" and the number of shares of Common Stock and Preferred Stock to be sold by ASI is herein called the "ASI Portion." Executive acknowledges and understands that each of Wingate and ASI have borrowed funds (the "Loans") in order to purchase the Wingate Portion and ASI Portion at the closing of the acquisition by the Company and its wholly-owned subsidiary, Associated Stationers, Inc. ("Stationers"), of the business and assets of the wholesale division of Boise Cascade Office Products Corporation (the "Acquisition Closing"). Accordingly, at the Closing (as defined below), in addition to the payment of the purchase price paid by Executive for the Wingate Portion and the ASI Portion, the Executive shall reimburse each of Wingate and ASI for the interest costs of the Loans incurred by them from the date of the Loans until

the Closing (the "Borrowing Costs"). Additionally, the Executive may allocate all or a portion of the Common Stock and/or Preferred Stock to be purchased hereunder to one or more individual retirement account or accounts of the Executive (collectively, the "IRA"). For purposes of this Agreement, all references to Executive herein shall include reference to his IRA to the extent appropriate.

2. Closing.

(a) The purchase and sale of the shares of Common Stock and Preferred Stock contemplated above will take place at a closing (the "Closing") at a place or places mutually acceptable to the Executive, Wingate, and ASI and shall occur on a date not later than June 1, 1992; provided the Executive shall have the right to extend the Closing two times for a period of not greater than 30 days each time by giving written notice of such requested extension to each of Wingate and ASI at their respective addresses set forth on the signature pages hereto at least two days prior to the then scheduled date for Closing, but in no event shall the Closing take place later than July 31, 1992. If any and all conditions to the Executive's obligation to purchase, and Wingate's and ASI's obligation to sell, hereunder have been satisfied or waived as of the date set for Closing, if and as extended as provided above, then any rights of the Executive to purchase all or any amount of the Wingate Portion and/or the ASI Portion shall terminate and be of no further force or effect if the Executive fails to purchase the Wingate Portion and the ASI portion on the date set for Closing, if and as extended as provided above.

(b) The Executive shall, at the Closing, deliver by wire transfer to an account or accounts designated by Wingate and ASI same day federal funds in an amount equal to the purchase price of the Wingate Portion and the ASI Portion, respectively, purchased by the Executive pursuant to this Agreement.

(c) Upon such purchase, Wingate and ASI shall cause the Company to deliver to the Executive, against payment of the purchase price therefor, a certificate representing the shares of Common Stock and a certificate representing the shares of Preferred Stock purchased by the Executive hereunder. Such certificates shall be registered in the name of the Executive. The Executive shall deposit the certificate or certificates representing such shares of Common Stock in trust pursuant to the Voting Trust Agreement (as hereinafter defined) and voting trust certificates shall be issued in respect thereof in accordance with the terms and provisions of the Voting Trust Agreement.

(d) Any tax imposed on the issuance of the shares of Common Stock or the shares of Preferred Stock purchased by the Executive hereunder will be paid by the Company at Closing.

3. Representations, Warranties, and Certain Agreements of the

Executive. The Executive understands and agrees with the Company, Wingate, and
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ASI that the offering and sale of the Common Stock and Preferred Stock to the Executive hereunder is intended to be exempt from registration under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") by virtue of the

provisions of Section 4(2) of the Securities Act and Rule 506 of Regulation D thereunder, and that there is no existing public or other market for the Common Stock or the Preferred Stock and there can be no assurance that the Executive will be able to sell or otherwise dispose of all or any portion of the Common Stock or the Preferred Stock. In that regard, the Executive hereby represents and warrants to, and agrees with, the Company, Wingate, and ASI that:

(a) Executive is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act.

(b) Executive has such knowledge and experience in financial and business matters that Executive is capable of evaluating the merits and risks of an investment in the Common Stock and Preferred Stock; has all information deemed by Executive to be necessary or appropriate to evaluate the risks and merits of an investment in the Common Stock and Preferred Stock; has had the opportunity to ask questions of and receive answers from representatives of the Company concerning the Company and the terms and conditions of the sale of the Common Stock and Preferred Stock; has a financial condition such that Executive is under no present need to dispose of any portion of the Common Stock and Preferred Stock to satisfy any existing or contemplated undertaking or indebtedness; and is able to bear the economic risk of an investment in the Common Stock and Preferred Stock, including, without limiting the generality of the foregoing, the risk of losing part or all of Executive's investment and the possible inability to sell or transfer the Common Stock and Preferred Stock for an indefinite period of time.

(c) Executive is acquiring the Common Stock and Preferred Stock for Executive's own account for investment, and not with a view to, or for resale in connection with, any distribution thereof within the meaning of the Securities Act.

(d) Executive understands that the Common Stock and Preferred Stock have not been registered under the Securities Act or any blue sky or other state securities law or regulation (hereinafter collectively referred to as "blue sky laws") in reliance, in part, upon the representations, warranties, and covenants contained herein. Executive also understands that Executive cannot offer for sale, sell, or transfer any of the Common Stock and Preferred Stock unless such offer, sale, or transfer has been registered under the Securities Act and under any applicable blue sky laws or unless an exemption from such registration is available with respect to any such proposed offer, sale, or transfer. Executive further understands that the Company is under no obligation to register the Common Stock and Preferred Stock in the future.

(e) Executive agrees and acknowledges that a restrictive legend may be placed on certificates representing any or all of the Common Stock and Preferred Stock and that transfer of any or all of such Common Stock and Preferred Stock may be refused by the Company or its transfer agent, if any, unless such Common Stock and Preferred Stock for which transfer is sought is registered under the Securities Act and all other applicable federal securities or blue sky laws and such laws are complied with or unless Executive provides information satisfactory to the Company that such registration is not required.

(f) Executive agrees to indemnify and hold the Company, Wingate, and ASI harmless from and against all losses, costs, liabilities, and expenses suffered or incurred by the Company, Wingate, or ASI and arising out of or related to the resale or distribution by the Executive of any Common Stock and Preferred Stock in violation of the Securities Act or any other applicable federal securities laws or blue sky laws.

4. Securities Subject to Agreement. (a) In addition to any Common Stock and Preferred Stock purchased by the Executive hereunder, the Company has granted and may hereafter grant to the Executive, options under the Company's 1992 Management Stock Option Plan, a copy of which is attached hereto as Exhibit A (the "Plan") entitling the Executive to purchase additional shares of Common Stock at the price of $10.00 per share (the "Options") and subject to the terms and conditions set forth in the Option Agreement attached hereto as Exhibit B (the "Option Agreement"). This Agreement, and the restrictions and limitations contained herein, applies to all Common Stock and Preferred Stock now owned or hereafter acquired by the Executive (through purchase hereunder or exercise of all or any portion of the Options), any voting trust certificates issued or issuable to Executive pursuant to the Voting Trust Agreement (the "Voting Trust Agreement") dated as of January 31, 1992 among the Company, the Voting Trustees named therein, and certain beneficial owners of Common Stock of the Company identified therein and who may become parties thereto, and any shares of Common Stock or Preferred Stock otherwise acquired by Executive, including any Common Stock issued with respect to Common Stock owned by Executive by way of a stock split, stock dividend, recapitalization or otherwise. All such Common Stock, Preferred Stock, and voting trust certificates to which this Agreement applies are herein collectively called the "Executive Securities." Executive Securities will continue to be Executive Securities in the hands of any other holder (except for the Company, any subsidiary of the Company, any Sponsor Holder [as defined below] or transferees in a public sale) and each such other holder of Executive Securities will succeed to all of the rights and obligations of the Executive pursuant to Section 5 hereof. As used herein, the term "Sponsor Holder" shall mean each of Wingate and its affiliates and ASI and its affiliates.

(b) As of the date hereof the Company shall, pursuant to Option Agreements, grant to the Key Executives (as defined below) Options to purchase an aggregate number of shares of Common Stock equal to 21,684 and allocated as set forth on Exhibit C hereto (the "First Options"). The Company agrees that within four years from the date hereof it shall grant to the Key Executives or any successor officers to the Key Executives an Option or Options to purchase an additional aggregate number of shares of Common Stock equal to 21,684 (subject to the anti-dilution adjustments set forth in the Plan) as allocated by the Board of Directors of the Company (the "Second Options"). The exercise price for the Common Stock subject to the Second Options shall be $10.00 per share for each Key Executive, but, unless otherwise determined by the Board, shall be the fair market value of each such share for any successor officer to a Key Executive. As used herein, the term "Key Executives" shall collectively mean Michael D. Rowsey, Daniel J. Schleppe, Robert W. Eberspacher, and Lawrence E. Miller.

(c) The Second Options shall be granted under the same form of option agreement as the Option Agreement, except for the number of shares and except that vesting shall be in increments of 25% on the four succeeding anniversaries of the date of grant. If the Second Options have not been granted in full at the time of a Major Transaction (as defined in the Option Agreements), any ungranted Second Options shall be treated as having been granted to the Key Executives in proportion to the number of shares originally covered by the First Options and the Key Executives shall receive the special distributions contemplated by Section 2 of the Option Agreement.

5. Repurchase Right of the Company.

(a) In the event the Executive dies, retires, becomes Disabled (as defined below) or ceases to be employed or retained by the Company or one of its subsidiaries or other affiliates, for any reason (a "Termination"), the Executive Securities (whether held by Executive or one or more of Executive's transferees) will be subject to repurchase by the Company, and, if applicable, one or more of the Sponsor Holders (as determined by subparagraph (f), below) pursuant to the terms and conditions set forth in this Section 5 (the "Repurchase Right"). As used herein, the term "Disabled" shall mean the Executive's inability, due to illness, accident, injury, physical or mental incapacity or other disability, effectively to carry out his duties and obligations to the Company as an employee thereof or to participate effectively and actively in the management of the Company for 90 consecutive days or shorter periods aggregating at least 180 days (whether or not consecutive) during any twelve-month period.

(b) The purchase price for each share of Common Stock included in the Executive Securities will be the net book value thereof at the date of such Termination; provided, however, that if the Repurchase Right is triggered by a Termination constituting a Special Termination Event (as defined below) then the purchase price for each such share of Common Stock will be the fair market value thereof (as determined in good faith by the Board of Directors of the Company) as of the date of such Special Termination Event. As used herein, the term "Special Termination Event" shall mean (i) the death of the Executive, (ii) the retirement by the Executive at or after age 59, (iii) a termination by Stationers of the Executive's employment under the Employment Agreement dated as of the date hereof between Stationers and the Executive without Cause (as such term is defined in such Employment Agreement), (iv) a termination of employment due to the Executive becoming Disabled, or (v) a termination of employment (other than for Cause) at a time that there is a public market for shares of Common Stock of the Company.

(c) The purchase price for each share of Preferred Stock included in the Executive Securities with respect to the Company's exercise of the Repurchase Right in connection with any Termination shall be the redemption value of $1,000 per share plus any accrued but unpaid dividends thereon, subject to appropriate adjustment in the event of a stock split, reverse stock split or similar transaction (the "Preferred Stock Price").

(d) The purchase price for any vested share of Common Stock covered by an Option ("Option Share") included in the Executive Securities with respect to the Company's exercise of the Repurchase Right shall be equal to the product of (i) the price which would apply to a share of Common Stock (determined by the method set forth in subparagraph (b) above) minus the exercise price therefor and (ii) the number of Option Shares which may be acquired at the time of such purchase, according to the vesting and exercise schedule in the Option Agreement or other option agreement entered into by the Executive (the "Option Share Price").

(e) The Company shall have a first option to acquire the Executive Securities pursuant to the Repurchase Right and may elect to purchase all or any portion of the Executive Securities included therein by delivering written notice (the "Repurchase Notice") to the holder or holders of the Executive Securities within 30 days after the Termination or, in case of the death of the Executive, within 30 days after the Company first becomes aware of the Executive's death. The Repurchase Notice shall set forth the amount and price of the Executive Securities to be acquired from such holder or holders, the aggregate consideration to be paid for such Executive Securities and the time and place for the closing of the transaction. The

Executive Securities to be repurchased by the Company first shall be satisfied to the extent possible from the Executive Securities held by the Executive (or the Executive's estate) at the time of delivery of the Repurchase Notice. If the Executive Securities then held by the Executive (or the Executive's estate)

are less than the Executive Securities the Company has elected to purchase, the Company shall purchase the remaining Executive Securities from the transferee holder(s) of the Executive Securities pro rata according to the amount held by such transferee holder(s) at the time of delivery of such Repurchase Notice (determined as nearly as practicable to the nearest full share).

(f) If for any reason the Company does not elect to purchase all of the Executive Securities pursuant to the Repurchase Right, the Sponsor Holders who qualify as "accredited investors" under Regulation D of the Securities Act (the "Accredited Holders") may exercise the Repurchase Right for the Executive Securities the Company has not elected to purchase (the "Available Securities"). As soon as practicable after the Company has determined that there will be Available Securities, the Company shall give written notice (the "Company Notice") to the Accredited Holders, setting forth the amount and nature of Available Securities and the purchase price for the Available Securities. Each of the Accredited Holders may select the amount and type of the Available Securities (if any) that such Accredited Holder elects to purchase by giving written notice thereof to the Company within 20 days after the Company Notice has been given to such Accredited Holder by the Company. If the Accredited Holders collectively select a number of shares of Available Securities greater than the amount of Available Securities available, then all Available Securities shall be allocated pro rata among the Accredited Holders electing to participate, based upon the number of shares of each type of Executive Securities subscribed for by each such Accredited Holder. As soon as practicable, and in any event within 5 days after the expiration of the 20-day period set forth above, the Company shall notify each proposed transferor of Executive Securities as to the number of shares of Executive Securities being purchased from such transferor by the Company and each Accredited Holder (the "Supplemental Repurchase Notice"). At the time the Company delivers the Supplemental Repurchase Notice, the Company also shall deliver written notice to the Accredited Holders electing to participate, setting forth the type and number of shares of Executive Securities the Accredited Holders electing to participate are entitled to purchase, the aggregate purchase price and the time and place of the closing of the transaction.

(g) The closing of the purchase of the Executive Securities pursuant to any exercise of the Repurchase Right shall take place on the latest date designated by the Company in the

Repurchase Notice or Supplemental Repurchase notice, which date shall not be more than 30 days nor less than 10 days after the delivery of the later of either such notice to be delivered. The Company and/or the Accredited Holders electing to participate shall pay for the Executive Securities to be purchased pursuant to the Repurchase Right in cash by a bank cashier's check, certified check or by wire transfer. If at the time of consummation of any exercise of a Repurchase Right by the Company, the terms and provisions of the credit facilities of the Company or of its subsidiary, Associated Stationers, Inc. ("Stationers"), effectively prevent the Company from paying the purchase price for the Executive Securities to be purchased in cash, then the portion of such

purchase price in excess of the amount the Company is so permitted to pay in cash, if any (the "Excess Amount"), may be paid by the Company by delivery of the Company's subordinated promissory note or notes, which note or notes in the aggregate shall (i) be payable in seven equal annual installments of principal payable on each of the first seven anniversaries of such purchase, (ii) be prepayable at any time in the inverse order of maturity without any penalty, (iii) bear interest at the applicable long-term federal rate in effect at the time of the issuance of the note or notes (plus 100 basis points), and (iv) be subordinated in right of payment and upon liquidation to any senior indebtedness of the Company and/or Stationers. Accrued interest on the note or notes will be payable on the dates that the installments of principal are payable. Notwithstanding anything in this subsection to the contrary, any payments under the subordinated notes described above shall be subject to any restrictions or limitations on such payments contained in (i) the Debt Agreements (as defined below) and (ii) any and all applicable state and federal laws, rules, and regulations or in any and all orders of any state or federal governmental authority. As used herein the term "Debt Agreements" shall mean the Credit Agreement dated as of January 31, 1992 among the Company, Associated Stationers, Inc., The Chase Manhattan Bank (National Association), as agent, and the lenders which become parties thereto and the notes and other documents and instruments executed and delivered in connection therewith, as such Credit Agreement and notes and other documents and instruments may from time to time be amended or supplemented, and any agreements evidencing any renewal, extension, refinancing, refunding or replacement thereof.

(h) In the event of the termination of a marital relationship of the Executive and his spouse by divorce or annulment and the Executive does not acquire all Executive Securities or interests therein ("Divorce Securities") awarded to his spouse (the "Divorced Spouse") within 30 days from the date such Divorce Securities are so awarded (the "Divorce Securities Determination Date"), then the Executive shall give the Company written notice of such Divorce Securities Determination Date within 20 days thereof (the "Divorce Notice"), which notice shall

describe the Divorce Securities passing to the Divorced Spouse in connection therewith. Upon receipt of the Divorce Notice, the Company shall have the option to purchase any and all Divorce Securities awarded to the Divorced Spouse (the "Divorce Call Right").

(i) The purchase price for each share of Common Stock included in the Divorce Securities to be repurchased by the Company pursuant to any exercise of the Divorce Call Right at any time shall be the net book value thereof at the date of the exercise of the Divorce Call Right by the Company.

(ii) The purchase price for each share of Preferred Stock included in the Divorce Securities with respect to the Company's exercise of the Divorce Call Right at any time shall be equal to the Preferred Stock Price.

(iii) The purchase price for any vested Option Share included in the Divorce Securities with respect to the Company's exercise of the Divorce Call Right at any time shall be equal to the Option Share Price.

(iv) Within 30 days after the date the Company receives the Divorce Notice, the Company shall notify the Divorced Spouse in writing (the "Company Divorce Election Notice") of the number of Divorce Securities that the Company desires to purchase and the date for the closing of such purchase which shall not be more than 60 days nor less than 10 days after the date the Divorced Spouse receives the Company Divorce Election Notice.

(v) At the closing of the purchase by the Company of any Divorce Securities hereunder, the Company shall pay the applicable purchase price therefor in the same manner and on the same terms and conditions as set forth in Section 5(a) hereof.

6. Executive Put Rights.

(a) In the event the Executive dies, retires at or after age 59, or becomes Disabled (each a "Put Termination Event"), the Executive or his estate, as applicable (for purposes of this Section 6 all references to the "Executive" shall include reference to his estate if applicable), may require the Company to repurchase any or all of the Executive Securities then held by the Executive (the "Executive Put Right").

(b) The purchase price for each share of Common Stock included in the Executive Securities to be put to the Company pursuant to any exercise of the Executive Put Right at any time will be the fair market value thereof (as determined in

good faith by the Board of Directors of the Company) as of date of such Put Termination Event.

(c) The purchase price for each share of Preferred Stock included in the Executive Securities with respect to the Executive's exercise of the Executive Put Right in connection with any Put Termination Event shall be equal to the Preferred Stock Price.

(d) The purchase price for any vested Option Share included in the Executive Securities with respect to the Executive's exercise of the Executive Put Right at any time shall be equal to the Option Share Price.

(e) To effectively exercise an Executive Put Right hereunder, the Executive shall give the Company written notice (the "Executive Put Notice") to the Company within 90 days after a Put Termination Event. The Executive Put Notice shall set forth the amount and price of the Executive Securities to be put to the Company. Within 60 days after the receipt by the Company of the

Executive Put Notice, the Company shall notify the Executive of the determination by the Board of Directors of the Company of the fair market value of any Common Stock included in the Executive Securities (the "Company Put Response"). Within 20 days after the receipt by the Executive of the Company Put Response, the Executive shall notify the Company in writing (the "Supplemental Executive Put Notice") of his election to either (i) consummate the proposed Executive Put Right based on the fair market value of the Common Stock included in the proposed Executive Securities as determined by the Board of Directors of the Company; (ii) withdraw the Common Stock included in the Executive Securities from the exercise of the proposed Executive Put Right and continue to put Executive Securities, other than Common Stock, to the Company pursuant to the proposed exercise of the Executive Put Right; or (iii) withdraw all Executive Securities proposed to put to the Company pursuant to the proposed exercise of the Executive Put Right. The Supplemental Executive Put Notice shall also set forth the closing date for the consummation of any such exercise of the Executive Put Right. The closing of the purchase of the Executive Securities pursuant to an exercise of the Executive Put Right shall take place on the date designated in the Supplemental Executive Put Notice, which date shall not be more than 60 days nor less than 10 days after the delivery thereof to the Company. The Company shall be obligated to pay for the Executive Securities described in the Supplemental Executive Put Notice on the same terms and conditions as set forth in Section 5(g) hereof.

(f) The Executive Put Right described in this Section 6 shall be considered personal to the Executive and shall not be transferrable to any purchaser or other holder of any

Executive Securities other than the Executive's estate and the personal representative or administrator thereof.

7. Ancillary Agreements. At Closing, the Executive agrees to execute and deliver to and for the benefit of the Company, Stationers, and/or the other parties thereto, the Option Agreement attached hereto as Exhibit B, the Registration Rights Agreement attached hereto as Exhibit D, the Voting Trust Agreement attached hereto as Exhibit E, and the Stockholders Agreement attached hereto as Exhibit F (such agreements being collectively referred to herein as the "Ancillary Agreements" and individually as an "Ancillary Agreement").

8. Additional Covenants of the Company. In addition to the other covenants and agreements of the Company contained herein the Company agrees, and agrees to cause Stationers, if applicable, to comply with the following agreements.

(a) The Company understands that the Key Executives as a group have engaged the law firm of Jones, Day, Reavis & Pogue as legal counsel to the Key Executives. The Company has been advised that Boise Cascade Corporation or one or more of its affiliates (collectively, "Boise") has agreed to reimburse the Key Executives, as a group, for the first $15,000 of the legal fees and the costs and expenses associated therewith incurred by the Key Executives in connection with the Key Executives' participation in the acquisition by the Company and Stationers of the properties, assets, and business of Boise Cascade Office Products Corporation associated with or otherwise relating to its wholesale division and the equity and debt financing transactions associated therewith (collectively, the "Acquisition"). The Company hereby agrees to reimburse, or cause Stationers to reimburse, the Key Executives, as a group, for all legal fees, costs, and expenses of Jones, Day, Reavis & Pogue incurred by the Key Executives, as a group, in connection with their participation in the Acquisition which are in excess of the first $15,000 so incurred and up to an additional $15,000 in the aggregate, subject to verification and approval by the Company. Any portion of such legal fees, costs, and expenses in excess of $30,000 or for which the Key Executives do not receive reimbursement from Boise as contemplated shall not be the responsibility of the Company or Stationers.

(b) The initial chief financial officer of Stationers hired by the board of directors of Stationers shall be given the opportunity to purchase shares of Common Stock and Preferred Stock of the Company in the same ratio as the Executive and for the purchase price of not less than the fair market value of such shares at the time of purchase, as determined in good faith by the board of directors of the Company. The maximum dollar amount of the shares of Common Stock and Preferred Stock to be reserved for purchase by such initial chief financial

officer shall be no more than $147,500. Any purchase of shares of Common Stock and Preferred Stock of the Company by such initial chief financial officer shall dilute all holders of Common Stock and Preferred Stock on a ratable basis.

(c) The Company and/or Stationers shall pay all closing fees payable to the senior lenders to Stationers and the Company and shall pay closing fees aggregating not more than $1,500,000 to the Sponsor Holders and Good Capital Co., Inc. After the Closing, the total amount of all management, directors, and other recurrent fees payable by the Company or Stationers to the Sponsor Holders and Good Capital Co., Inc. will not exceed $350,000 to Wingate Partners, L.P. and a total of $150,000 to Cumberland Capital Corporation and Good Capital Co., Inc., unless escalated in good faith by the board of directors of the Company. If there is an extraordinary transaction affecting the Company, such as a recapitalization, refinancing or sale, the board of directors of the Company may retain the services of one or more of such parties in connection therewith if it determines that the services and fee structure therefor will be fair to the Company.

(d) The Company will, at Closing, provide to Michael D. Rowsey, as the representative of each Key Executive, complete information and

documentation concerning the following matters and all other matters material to the Key Executives' investment in the Company and employment with Stationers:

(i) the various classes of Common Stock and Preferred Stock and warrants to be issued in respect thereof, including the purchase price for such Common Stock and Preferred Stock and the exercise prices in respect of the warrants;

(ii) all fees and expenses arising in respect of the Acquisition and any subsequent management or other fees including those to be paid to the Sponsor Holders or their affiliates;

(iii) loan agreements and other financing documents;

(iv) any other material agreements to be executed or commitments made as a part of the transaction; and

(v) available business plans and projections.

9. Conditions Precedent to Obligation of the Executive. The obligation of the Executive to purchase the Common Stock and Preferred Stock to be purchased by the Executive

hereunder is subject, at the Closing, to the satisfaction or waiver by Executive of the following conditions:

(a) The Company shall have performed and complied with the covenants and agreements contained in this Agreement required to be performed with and complied with by the Company prior to or at the Closing.

(b) The Executive shall have received a counterpart of this Agreement and each Ancillary Agreement, duly executed and delivered by Holdings and/or Stationers, as applicable.

10. Conditions Precedent to Obligation of Wingate and ASI. The obligations of Wingate and ASI, to sell the Wingate Portion and the ASI Portion to be sold to the Executive hereunder is subject, at the Closing, to the satisfaction or waiver by the Company of the following conditions:

(a) All representations and warranties made by the Executive herein shall be true and correct as of the Closing with the same effect as if such representations and warranties had been made as of the Closing.

(b) The Executive shall have performed and complied with the covenants and agreements contained herein required to be performed with and complied with by the Executive prior to or at the Closing.

(c) The Acquisition and all transactions contemplated thereby shall have been consummated as of the Acquisition Closing.

(d) The Company, Wingate, and ASI shall have received the opinion of counsel described in Section 8(a) above in form and substance satisfactory to the Company, Wingate, and ASI to the effect that any IRA purchaser hereunder is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act and covering such other matters as are reasonably requested by the Company.

11. Termination. The rights and obligations of the Company, the Sponsor Holders, and/or the Executive relating to repurchases of Executive Securities pursuant to the provisions of Sections 5 and 6 hereof shall terminate (i) upon the consummation of a Qualified Public Offering (as defined below); (ii) upon the written consent of the Company and the holders of 66-2/3% or more of the Executive Securities; or (iii) in any event, the earlier of 10 years from the date hereof or the dissolution of the Company. As used herein, the term "Qualified Public Offering" shall mean the sale in an underwritten public offering or a series of public offerings, registered under the Securities Act,

of Common Stock which results in the public ownership of not less than 20% of the Common Stock of the Company on a fully-diluted basis, which shares of Common Stock are listed upon the New York Exchange, the American Stock Exchange or are approved for quotation on the NASDAQ National Market System and which offering shall have resulted in the receipt by the Company and any selling stockholders of aggregate cash proceeds (after deduction of underwriter discounts and the costs associated with the offerings) of at least $37.5 million.

12. Specific Performance. In the event of any controversy concerning the rights or obligations under this Agreement, such rights or obligations shall be enforceable in a court of equity by a decree of specific performance. Such remedy, however, shall be cumulative and nonexclusive and shall be in addition to any other remedy to which the parties may be entitled.

13. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.

14. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or mailed by registered or certified mail (postage and registration or certification fees prepaid) or sent by facsimile or reputable overnight courier service (charges prepaid) to the recipient at the address indicated by the stock records of the Company, or at such other address or to the attention of such other person as the recipient

party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when delivered personally, three days after deposit in the U.S. mail, on the date of delivery by facsimile, and one day after deposit with a reputable overnight courier service.

15. Severability. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provision as to make it valid, reasonable, and enforceable.

16. Amendment. This Agreement may be amended only by an agreement in writing signed by the parties hereto.

17. Governing Law. The corporate law of the State of Delaware shall govern all issues concerning the relative rights

of the Company, Executive, and the Sponsor Holders related to the Executive Securities. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the State of Illinois.

18. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

19. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

20. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against Executive's heirs, beneficiaries, and legal representatives. It is agreed that the rights and obligations of Executive may not be delegated or assigned except as specifically set forth in this Agreement. In the event of a sale of all or substantially all the Company's stock or assets, or consolidation or merger of the Company with or into another corporation or entity or individual, the Company may assign its rights and obligations under this Agreement to its successor-in-interest and such successor-in-interest shall be deemed to have

acquired all rights and assumed all obligations of the Company hereunder.

21. Limitation as to Partial Purchase. Notwithstanding the provisions of Sections 5 and 6 hereof, if less than all of the Executive Securities will be purchased under Sections 5 or 6, at the request of either the purchaser or purchasers or the Executive, the aggregate consideration to be paid shall be applied as follows: 63% of the consideration shall be used to purchase shares of Common Stock and 37% shall be used to purchase shares of Preferred Stock.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date set forth above.

WINGATE PARTNERS, L.P.,

By: Wingate Management Company, L.P., its general partner

By:_____
Thomas W. Sturgess,
general partner

ASI PARTNERS, L.P.,

By: Cumberland Capital Corporation, its general partner

By:_____
Gary G. Miller,
President

ASSOCIATED HOLDINGS, INC.

By:_____
Thomas W. Sturgess,
Chairman and Chief
Executive Officer

Address:
c/o Wingate Partners, L.P.

750 North St. Paul
Suite 1200
Dallas, Texas 75201
Attn: Chairman of the Board
Telecopy: 214-871-8799

_____
Robert W. Eberspacher

Address:
6907 Huntfield Drive
Charlotte, North Carolina 28226

<TABLE>
<CAPTION>

	Number	Purchase Price
<S>	<C>	<C>
Common Shares (Wingate Portion)	6,688	$ 66,880
Preferred Shares (Wingate Portion)	40	$ 40,000
Common Shares (ASI Portion)	2,600	$ 26,000
Preferred Shares (ASI Portion)	14.5	$ 14,500
Totals		
(Common)	9,288	$147,380
(Preferred)	54.5	

</TABLE>

The undersigned, being the spouse of the Executive as of the date hereof, executes and delivers this Agreement to evidence her understanding of and intent to be bound by the provisions of this Agreement to the extent applicable to her and her rights and obligations.

_____
[Spouse of Executive]

LIST OF EXHIBITS

<TABLE>
<CAPTION>

<S>		<C>
Exhibit A	--	1992 Management Stock Option Plan
Exhibit B	--	Option Agreement
Exhibit C	--	Allocation of Options
Exhibit D	--	Registration Rights Agreement
Exhibit E	--	Voting Trust Agreement
Exhibit F	--	Stockholders Agreement

</TABLE>

EXHIBIT C

Allocation of Options

<TABLE>
<CAPTION>

	Percentage
<S>	<C>
Michael D. Rowsey	30.8
Daniel J. Schleppe	26.2
Robert D. Eberspacher	23.8
Lawrence E. Miller	19.2
	100.0%

</TABLE>

EXHIBIT 10.27

FIRST AMENDMENT TO EXECUTIVE STOCK PURCHASE AGREEMENT

This FIRST AMENDMENT TO EXECUTIVE STOCK PURCHASE AGREEMENT (this "Amendment Agreement") is made and entered into as of the Effective Time (hereinafter defined), by and among United Stationers Inc., a Delaware corporation and successor-in-interest to AHI (as hereinafter defined) (the "Surviving Corporation"), Wingate Partners, L.P., a Delaware limited partnership ("Wingate"), ASI Partners, L.P., a Delaware limited partnership ("ASI Partners"), and the undersigned officer of the Surviving Corporation (the "Executive").

RECITALS

A. Associated Holdings, Inc., a Delaware corporation ("AHI"), Wingate, ASI Partners and the Executive are parties to that certain Executive Stock Purchase Agreement dated as of January 31, 1992 (the "Executive Purchase Agreement");

B. Pursuant to that certain Agreement and Plan of Merger (the "Merger Agreement"), dated as of February 13, 1995, between AHI and the Surviving Corporation, AHI was merged with and into the Surviving Corporation (the "Merger"), with the Surviving Corporation surviving the Merger (the time upon which the Merger became effective pursuant to the terms and conditions of the Merger Agreement and as defined therein, is referred to herein as the "Effective Time"); and

C. In connection with the Merger, the parties to the Executive Purchase Agreement desire to amend the Executive Purchase Agreement as provided herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Surviving Corporation, Wingate, ASI Partners and the Executive hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to such terms in the Executive Purchase Agreement.

2. Amendments. The Executive Purchase Agreement is hereby amended as follows:

(a) The second and third sentences of Section 4(b) of the Executive Purchase Agreement shall be amended and restated in their entirety as follows:

"The Company agrees that within four years from the date hereof it shall grant to the Key Executives or any successor officers to the Key Executives an Option or Options to purchase an additional aggregate number of shares of Common Stock equal to 50,303.95 (subject to the anti-dilution adjustments set forth in the Plan) as allocated by the Board of Directors of the Company (the "Second Options"). The exercise price for the Common Stock subject to the Second Options shall be $2.90 per share for each Key Executive, but, unless otherwise determined by the Board, shall be the fair market value of each such share for any successor officer to a Key Executive; provided, however, that as of the Termination Date (as defined in the Escrow Agreement, dated as of March __, 1995, among Chase Securities, Inc., The Roebling Fund, the Escrow Agent (as defined therein), and the stockholders party thereto (the "Escrow Agreement")), the number of shares of Common Stock into which the Second Options may be exercised shall be increased by a portion of the Second Option Additional Amount (as hereinafter defined) equal to the percentage of shares of Common Stock returned to the Stockholders as defined in the Escrow Agreement) on the Termination Date. The "Second Option Additional Amount" shall mean 24,425.32 shares of Common Stock."

(b) Section 4(c) of the Executive Purchase Agreement shall be amended by deleting the second sentence thereof in its entirety.

3. Surviving Corporation as Successor-in-Interest to AHI. The Executive and the Surviving Corporation hereby acknowledge that all references to "Executive Securities" and "Common Stock" shall mean the securities of the Surviving Corporation into which such Executive Securities or shares of Common

Stock, respectively, were converted in the Merger pursuant to the formulas set forth in the Merger Agreement. The Executive and the Surviving Corporation further acknowledge that the rights and obligations of the Executive Purchase Agreement, including without limitation, the rights and obligations contained in Sections 3, 4, 5 and 6 thereof, shall be binding upon and inure to the benefit of the Surviving Corporation, as successor-in-interest to AHI.

4. Executive Purchase Agreement Otherwise Unchanged. Except as expressly amended hereby, the Executive Purchase Agreement shall remain unchanged and in full force and effect.

5. Counterparts. This Amendment Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

6. Successors and Assigns. The rights and obligations of the parties hereunder shall be binding upon and inure to the benefit of the Surviving Corporation, Wingate, ASI Partners and the Executive and each of their respective successors and assigns.

7. Headings. The headings of the sections of this Amendment Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof.

8. Governing Law. This Amendment Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without giving effect to conflict of law principles.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment Agreement on the day and year first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

WINGATE PARTNERS, L.P.

By: WINGATE MANAGEMENT COMPANY, L.P., its general partner

By:_____
Thomas W. Sturgess,
General Partner

ASI PARTNERS, L.P.

By: CUMBERLAND CAPITAL CORPORATION, its general partner

By:_____
Gary G. Miller,
President

_____
Robert W. Eberspacher

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exercise price for the Common Stock subject to the Second Options shall be $2.90 per share for each Key Executive, but, unless otherwise determined by the Board, shall be the fair market value of each such share for any successor officer to a Key Executive; provided, however, that as of the Termination Date (as defined in the Escrow Agreement, dated as of March __, 1995, among Chase Securities, Inc., The Roebling Fund, the Escrow Agent (as defined therein), and the stockholders party thereto (the "Escrow Agreement")), the number of shares of Common Stock into which the Second Options may be exercised shall be increased by a portion of the Second Option Additional Amount (as hereinafter defined) equal to the percentage of shares of Common Stock returned to the Stockholders as defined in the Escrow Agreement) on the Termination Date. The "Second Option Additional Amount" shall mean 24,425.32 shares of Common Stock."

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UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

WINGATE PARTNERS, L.P.

By: WINGATE MANAGEMENT COMPANY, L.P., its general partner

By:_____
Thomas W. Sturgess,
General Partner

ASI PARTNERS, L.P.

By: CUMBERLAND CAPITAL CORPORATION, its general partner

By:_____
Gary G. Miller,
President

_____
Lawrence E. Miller

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UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

WINGATE PARTNERS, L.P.

By: WINGATE MANAGEMENT COMPANY, L.P., its general partner

By:_____
Thomas W. Sturgess,
General Partner

ASI PARTNERS, L.P.

By: CUMBERLAND CAPITAL CORPORATION, its general partner

By:_____
Gary G. Miller,
President

_____
Michael D. Rowsey

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shall be $2.90 per share for each Key Executive, but, unless otherwise determined by the Board, shall be the fair market value of each such share for any successor officer to a Key Executive; provided, however, -------- -------
that as of the Termination Date (as defined in the Escrow Agreement, dated as of March __, 1995, among Chase Securities, Inc., The Roebling Fund, the Escrow Agent (as defined therein), and the stockholders party thereto (the "Escrow Agreement")), the number of shares of Common Stock into which the Second Options may be exercised shall be increased by a portion of the Second Option Additional Amount (as hereinafter defined) equal to the percentage of shares of Common Stock returned to the Stockholders as defined in the Escrow Agreement) on the Termination Date. The "Second Option Additional Amount" shall mean 24,425.32 shares of Common Stock."

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8. Governing Law. This Amendment Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, without giving effect to conflict of law principles.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment Agreement on the day and year first above written.

UNITED STATIONERS INC.

By:_____
Thomas W. Sturgess,
Chairman of the Board

WINGATE PARTNERS, L.P.

By: WINGATE MANAGEMENT COMPANY, L.P., its general partner

By:_____
Thomas W. Sturgess,
General Partner

ASI PARTNERS, L.P.

By: CUMBERLAND CAPITAL CORPORATION, its general partner

By:_____
Gary G. Miller,
President

_____
Daniel J. Schleppe

EXHIBIT 10.29

??????01-0012

LEASE AGREEMENT 79 — Alameda Distribution Center

March 4, 1988

LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into by and between Crow-Alameda Limited Partnership, hereinafter referred to as ``Landlord'' and Stationers Distributing Company, Inc., hereinafter referred to as ``Tenant'';

WITNESSETH:

1. Premises and Term. In consideration of the obligation of Tenant to pay rent herein provided, and in consideration of the other terms, provisions and convenants hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby takes from Landlord certain premises situated within the County of Maricopa, State of Arizona, more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, together with all rights, privileges, easements, appurtenances, and immunities belonging to or in any way pertaining to the premises and together with the buildings and other improvements situated or to be situated upon said premises, said real property, buildings and improvements being hereinafter referred to as the "premises").

TO HAVE AND TO HOLD the names for a term commencing on the "commencement date", as hereinafter defined, and ending 60 month thereafter, provided, however, that, in the event the "commencement date" is a date other than the first day of a calendar month, said term shall extend for said number of months in addition to the remainder of the calendar month following the "commencement date."

A. The "commencement date" shall be April 1, 1988, Tenant acknowledges that it has inspected and accepts the premises, and specifically the buildings and improvements comprising the same, in their present condition as suitable for the purpose for which the premises are leased. Taking of possession by Tenant

shall be deemed conclusively to establish that said buildings and other improvements are in, good and satisfactory condition as of when possession was taken. Tenant further acknowledges that no representations as to the repair of the premises, nor promises to alter, remodel or improve the premises have been made by Landlord, unless such are expressly set forth in this lease. If this lease is executed before the premises become vacant or otherwise available and ready for occupancy, or if any present tenant or occupant of the premises holds over, and Landlord cannot acquire possession of the premises prior to said "commencement date," Landlord shall not be deemed to be in default hereunder, and Tenant agrees to accept possession of the premises at such time as Landlord is able to tender the same, which date shall thenceforth be deemed the "commencement date"; and Landlord hereby waives payment of rent covering any period prior to the tendering of possession to Tenant hereunder. After the commencement date Tenant shall, upon demand, execute and deliver to Landlord a letter of acceptance of delivery of the premises.

B. In the event this lease pertains to a building to be constructed, the provisions of this subparagraph B shall apply in lieu of the provisions of subparagraph A above and the "commencement date" shall be the date upon which the buildings and other improvements erected and to be erected upon the premises shall have been substantially completed in accordance with the plans and specifications described on Exhibit "B" attached hereto and incorporated herein by reference. Landlord shall notify Tenant in writing as soon as Landlord deems said buildings and other improvements to be completed and ready for occupancy as aforesaid. In the event that said buildings and other improvements have not in fact been substantially completed as aforesaid, Tenant shall notify Landlord in writing of its objections. Landlord shall have a reasonable time after delivery of such notice in which to take such corrective action as may be necessary, and shall notify Tenant in writing as soon as it deems such corrective action has been completed so that said buildings and other improvements are completed and ready for occupancy. Taking of possession by Tenant shall be deemed conclusively to establish that said buildings and other improvements have been completed in accordance with the plans and specifications and that the premises are in good and satisfactory condition, as of when possession was so taken. Tenant acknowledges that no representations as to the repair of the premises have been made by Landlord, unless such are expressly set forth in this lease. After such "commencement date" Tenant shall, upon demand, execute and deliver to Landlord a letter of acceptance of delivery of the premises. In the event of any dispute as to substantial completion or work performed or required to be performed by Landlord, the certificate of Landlord's architect or general contractor shall be conclusive.

2. BASE RENT AND SECURITY DEPOSIT.

A. Tenant agrees to pay to Landlord rent for the premises in advance, without demand, deduction or set off, for the entire term hereof at the rate of _____ See Addendum Paragraph 28 Dollars ($_____), per month. One such monthly installment shall be due and payable on the date hereof and a like monthly installment shall be due and payable, without demand, on or before the first day of each calendar month succeeding the "commencement date" during the hereby demised term, except that the rental payment for any fractional calendar month at the commencement of the lease term shall be

prorated.

B. In addition, Tenant agrees to deposit with Landlord on the date hereof the sum of _____ Dollars ($ _____), which sum shall be held by Landlord, without obligation for interest, as security for the performance of Tenant's convenants and obligations under this lease, it being expressly understood and agreed that such deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenants default. Upon the occurrence of any event of default by Tenant, Landlord may, from time to time, without prejudice to any other remedy provided herein or provided by law, use such fund to the extent necessary to make good any arrears of rent or other payments due Landlord hereunder, and any other damage, injury, expense or liability caused by such event of default; and Tenant shall pay to Landlord, on demand, the amount so applied in order to restore the security deposit to its original amount. Although the security deposit shall be deemed the property of Landlord, any remaining balance of such deposit shall be returned by Landlord to Tenant at such time after termination of this lease that all of the Tenant's obligations under this lease have been fulfilled.

3. Use. The premises shall be used only for the purpose of receiving storing, shipping and selling (other than retail) products, materials and merchandise made and/or distributed by Tenant, and for such other lawful purposes as may be incidental thereto. Outside storage is prohibited, without Landlord's prior written consent. Tenant shall, at is own cost and expense, obtain any and all licenses and permits necessary for any such use. Tenant shall comply with all governmental laws, ordinances and regulations applicable to the use of the premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with, the premises, all at Tenant's sole expense. Tenant shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the premises, nor take any other action which would constitute a nuisance or would disturb or endanger any other tenants of the building in which the premises are situated or unreasonably interfere with their use of their respective premises. Without Landlord's prior written consent, Tenant shall not receive, store or otherwise handle any product, material or merchandise which is explosive or highly inflammable. Tenant will not permit the premises to be used for any purpose or in any manner (including without limitation any method at storage) which would render the insurance, thereon void or the insurance risk more hazardous or cause the State limit of Insurance or other insurance authority to disallow any sprinkler credits. Nothing herein shall require Tenant to make improvements to the leasehold premises unless the requirement for such improvements is caused by a particular use of the premises by Tenant not common to normal warehouse operations.

A. Tenant agrees to pay its proportionate share of all taxes assessments, and governmental charges of any kind and nature whatsoever (hereinafter collectively referred to as the "taxes") lawfully levied or assessed against the building and the grounds, parking areas driveways and alleys around the building. Tenant shall furnish to Landlord, not later than twenty (20) days before the date any such taxes become delinquent, official receipts of the appropriate taxing authority or other evidence satisfactory to Landlord evidencing payment thereof. If Tenant should fail to pay any taxes, assessments,

or governmental charges required to be paid by Tenant hereunder, in addition to any other remedies provided herein, Landlord may, if it so elects, pay such taxes, assessments and governmental charges. Any sums so paid by Landlord shall be deemed to be so much additional rental owing by Tenant to Landlord and due and payable, on demand, by Landlord together with interest thereon, at the rate of ten per cent (10%) per annum from date paid by Landlord to date of repayment by Tenant.

B. The premises constitute a portion of a multiple company building Landlord agrees to pay, before they become delinquent, all "taxes" lawfully levied or assessed against such building and the grounds, parking areas, driveways and alleys around the building, and Tenant agrees to pay to Landlord, as additional rental, upon demand, the amount of Tenant's "proportionate share " of all such "taxes" paid by Landlord. Tenant's "proportionate share" as used in this lease, shall mean a fraction, the numerator of which is the space contained in the premises and the denominator of which is the entire space contained in the building.

C. If, at any time during the term of this lease, the present method of taxation shall be changed so that in lieu of the whole or any part of any taxes, assessments or governmental charges levied, assessed or imposed on real estate and the improvements thereon, there shall be levied, assessed or imposed on Landlord a capital levy or other tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents for the present or any future building or buildings on the premises, then all such taxes, assessments, levies or charges, or the part thereof so measured or based, shall be deemed to be included within the term "taxes" for the purposes hereof.

D. Tenant may, alone or along with any other tenants of said building, at its or their sole cost and expense, in its or their own name(s) and/or in the name of Landlord, dispute and contest any "taxes" by appropriate proceedings diligently conducted in good faith, but only after Tenant and all other tenants, if any, joining with Tenant in such contest, have deposited with Landlord the amount so contested and unpaid, or their proportionate shares thereof, as the case may be, which shall be held by Landlord without obligation for interest until the termination of the proceedings, at which time the amount(s) deposited shall be applied by Landlord toward the payment of the items held valid (plus any court costs, interest, penalties, and other liabilities associated with the proceedings), and Tenant's share of any excess shall be returned to Tenant. Tenant further agrees to pay to Landlord, upon demand, Tenant's share (as among all tenants who participated in the contest) of all court costs, interest, penalties, and other liabilities relating to such proceedings. Tenant hereby indemnities and agrees to hold harmless the Landlord from and against any cost, damage, or expense (including attorneys' fees) in connection with any such proceedings.

E. Any payment to be made pursuant to this Paragraph 4, with respect to the real estate tax year in which this lease commences or terminates shall be prorated.

5. REPAIRS AND MAINTENANCE.

A. Tenant shall, at its own cost and expense, keep and maintain all parts of the premises in good condition, promptly making all necessary repairs and replacements, interior and exterior, structural and non-structural ordinary and extraordinary, including but not limited to, windows, glass and plate glass, doors and any special office entry work and finish work, floors and doors ?????????????

spouts, gutters, heating and air conditioning systems, dock boards, truck doors, dock bumpers, paving, plumbing work and fixtures, termite and pest extermination, regular removal of trash and debris, regular mowing of any grass, trimming, weed removal and general landscape maintenance, including rail spur areas, keeping the parking areas, driveways, alleys and the whole of the premises in a clean and sanitary condition, and maintaining any spur track serving the premises (Tenant agrees to sign a joint maintenance agreement with the railroad company servicing the premises, if requested by the railroad company). Tenant shall at its own cost and expense repaint exterior overhead doors, canopies, entries, handrails, gutters, and other exposed parts of the building which reasonably require periodic repainting to prevent deterioration or to maintain aesthetic standards.

B. The cost of maintenance and repair of any common party wall (any wall, divider, partition or any other structure separating the premises from any adjacent premises occupied by other tenants) shall be shared equally by Tenant and the tenant occupying adjacent premises. Tenant shall not damage any party wall or disturb the integrity and support provided by any party wall and shall, at its sole cost and expense, promptly repair any damage or injury to any party wall caused by Tenant or its employees, agents or invitees.

C. In the event the premises constitute a portion of a multiple occupancy building, Tenant and its employees, customers and licensees shall have the exclusive right to use the parking areas, if any, as may be designated by Landlord in writing, subject to such reasonable rules and regulations as Landlord may from time to time prescribe. Further, in multiple occupancy buildings. Landlord reserves the right to perform the rent????, paving and landscape maintenance, exterior painting and common sewage line plumbing which are otherwise Tenant's obligations under subparagraph A above, and Tenant shall, in lieu of the obligations set forth under subparagraph A above with respect to such items, he liable for its proportionate share (as defined in subparagraph 4 (B) above) of the cost and expense of the care for the ground around the building, including but not limited to, the mowing of grass, care of shrubs, general landscaping, maintenance of parking areas, driveways and alleys, exterior repainting and common sewage line plumbing; provided, however, that Landlord shall have the right to require Tenant to pay such other reasonable proportion of said mowing, shrub care and general landscaping costs as may be determined by Landlord in its sole discretion: and further provided that if Tenant or any other particular tenant of the building can be clearly identified as being responsible for obstruction or stoppage of the common sanitary sewage lien then Tenant, if Tenant is responsible, or such other responsible tenant, shall pay the entire cost thereof, upon demand, as additional rent. Tenant shall pay when due its share, determined as aforesaid, of such costs and expenses

along with the other tenants of the building to Landlord upon demand, as additional rent, for the amount of its share as aforesaid of such costs and expenses in the event Landlord elects to perform or cause to be performed such work. Landlord shall perform all maintenance and repair on roof, exterior wall, and foundation without cost to Tenant.

D. In the event the premises constitute a portion of a multiple occupancy building, Landlord shall be responsible for coordinating any repairs and other maintenance of any rail tracks serving or to serve the building, and if Tenant uses such rail tracks. Tenant shall reimburse Landlord from time to time upon demand, as additional rent, for a share of the costs of such repairs and maintenance and any other sums specified in any agreement to which Landlord is a party respecting such tracks, such share to be a fraction, the numerator of which is the space contained on the premises, and the denominator of which is the entire space occupied by rail users in the building.

E. Tenants shall, at its own cost and expense, enter into a regularly scheduled preventive maintenance/service contract with a maintenance contractor for servicing all heating and air conditioning systems and equipment within the premises. The maintenance contractor and the contract must be approved by Landlord. The service contract must include all services suggested by the equipment manufacturer within the operation/maintenance manual and must become effective (and a copy thereof delivered to Landlord) within thirty (30) days of the date Tenant takes possession of the premises.

6. Alterations. Tenant shall not make any alterations, additions or improvements to the premises costing more than five thousand ($5,000) dollars without the prior written consent of Landlord. Tenant may, without the consent of Landlord, but at its own cost and expense and in a good workmanlike manner make such minor alterations, additions or improvements or erect, remove or alter such partitions, or erect such shelves, bins, machinery and trade fixtures as it may deem advisable, without altering the basic character of the building or improvements and without overloading or damaging such building or improvements, and in each case complying with all applicable governmental laws, ordinances, regulations and other requirements. All alterations, additions, improvements and partitions erected by Tenant shall be and remain the property of Tenant during the term of this lease and Tenant shall unless Landlord otherwise elects as hereinafter provided, remove all alterations, additions, improvements and partitions erected by Tenant and restore the premises to their original condition by the date of termination of this lease; provided, however, that if Landlord so elects prior to termination of this lease, such alterations, additions, improvements and partitions shall become the property of Landlord as of the date of termination of this lease and shall be delivered up to the Landlord with the premises. All shelves, bins, machinery and trade fixtures installed by Tenant may be removed by Tenant prior to the termination of this lease if Tenant so elects, and shall be removed if returned by Landlord: upon any such removal Tenant shall restore the premises to their condition at commencement of the lease. All such removals and restoration shall be accomplished in a good workmanlike manner so as not to damage the primary structure or structures qualities of the buildings and other improvements situated on the premises.

7. Signs. Tenant shall have the right to install signs upon the premises only when first approved in writing by Landlord and subject to any applicable governmental laws, ordinances, regulations and other requirements. Tenant shall remove all such signs by the termination of this lease. Such installations and removals shall be made in such manner as to avoid injury to or defacement of the building and other improvements, and Tenant shall repair any injury or defacement including without limitation discoloration, caused by such installation or removal.

8. Inspection. Landlord and Landlord's agents and representatives shall have the right to enter and inspect the premises at any reasonable time during business hours, for the purpose of ascertaining the condition of the premises or in order to make such repairs as may be required or permitted to be made by Landlord under the terms of this lease. During the period that is six (6) months prior to the end of the term hereof, Landlord and Landlord's agents and representatives shall have the right to enter the premises at any reasonable time during business hours for the purpose of showing the premises, and shall have the right to erect on the premises a suitable sign indicating that the premises are available. Tenant shall give written notice to Landlord at least thirty (30) days prior to vacating the premises and shall arrange to meet with Landlord for a joint inspection of the premises at the time of vacating. In the event of Tenant's failure to give such notice or arrange such joint inspection, Landlord's inspection at or after Tenant's vacating the premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

9. Utilities. Landlord agrees to provide, at its cost, water, electricity and telephone service connections and meters to the premises: but Tenant shall pay for all water, gas, heat, light, power, telephone, sewer, sprinkler charges and other utilities and services used on or from the premises, together with any taxes, penalties, surcharges or the like pertaining thereto, and maintenance charges for utilities, and shall furnish all electric light bulbs and tubes. If any such services are not separately metered in Tenant, Tenant shall pay a reasonable proportion, as determined by Landlord, of all charges jointly metered with other premises. Landlord shall in no event be liable for any interruption or failure of utility services on the premises.

10. Assignment and Subletting. Tenant shall not have the right to assign this lease or to sublet the whole or any part of the premises without the prior written consent of Landlord which consent shall not be unreasonably withheld. Notwithstanding any permitted assignment or subletting, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of the rent herein specified and for compliance with all of Tenant's other obligations under the terms, provisions and covenants of this lease. Upon the occurrence of an "event of default" as hereinafter deemed, if the premises or any part thereof are then assigned or sublet. Landlord, in addition to any other remedies herein provided or provided by law, may at its option collect directly from such assignee or subtenant all rents becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant hereunder, and no such collection shall be construed to constitute a novation or a release of Tenant from the further performance of Tenant's obligations hereunder.

11. INSURANCE, FIRE AND CASUALTY DAMAGE.

A. Landlord agrees to maintain insurance covering the building of which the premises are a part in an amount not less than eighty per cent (80%) (or such greater percentage as may be necessary to comply with the provisions of any co-insurance clauses of the policy) of the "replacement cost" thereof as such term is defined in the Replacement Cost Endorsement to be attached therein, insuring against the perils of Fire, Lightning, Extended Coverage, Vandalism and Malicious Mischief, extended by Special Extended Coverage Endorsement to insure against all other Risks of Direct Physical Loss, such coverages and endorsements to be as defined, provided and limited in the standard bureau forms prescribed by the insurance regulatory authority for the State in which the premises are situated for use by insurance companies admitted in such state for the writing of such insurance on risks located within such state. Subject to the provisions of subparagraphs 11B and 11D below, such insurance shall be for the sole benefit of Landlord and under its sole control. Tenant agrees to pay, to Landlord, as additional rental, Landlord's cost of maintaining such insurance on said building (or, in the event the premises constitute a portion of a multiple occupancy building, Tenant's full proportionate share (as defined in subparagraph 4(B) above) of such cost). Said payments shall be made to Landlord within ten (10) days after presentation to Tenant of Landlord's statement setting forth the amount due. Any payment to be made pursuant to this subparagraph A. with respect to the year in which this lease commences or terminates shall bear the same ratio to the payment which would be required to be made for the full year as that part of such year covered by the term of this lease bears to a full year.

B. If the buildings situated upon the premises should be damaged or destroyed by any peril covered by the insurance to be provided by Landlord under subparagraph 11A above, Tenant shall give immediate notice thereof to Landlord, and in Lessor's estimation, rebuilding or repairs can be substantially completed within one hundred eighty (180) days after the date of such damage, this lease shall not terminate. Notice of renewal???? to rebuild or repair must be given to Tenant?????? Landlord shall at its sole cost and expense thereupon proceed with reasonable diligence to rebuild and repair such buildings to substantially the condition in which they existed prior to such damage or destruction, except the Landlord shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements which may have been placed in, on or about the premises by Tenant. If such repairs and rebuilding have not been substantially completed within one hundred eighty (180) days after the date of such damage, Lessee, as Lessees's exclusive remedy, may terminate this lease by delivering written notice of termination to Lessor in which event the rights and obligations hereunder shall cease and terminate.

D. Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the premises requires that the insurance proceeds be applied to such indebtedness, then Landlord or Tenant, shall have the right to terminate this lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

E. Each of Landlord and Tenant hereby releases the other from any and all liability or responsibility to the other or any claiming through or under them by way of subrogation or otherwise for any loss or damage to property caused by fire or any other perils insured in policies of insurance covering such property, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible, provided, however, that this release shall be applicable and in force and effect only with respect to loss or damage occurring during such times as the releasor's policies shall contain a clause or endorsement to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasor to recover thereunder and then only to the extend of the insurance proceeds payable under such policies. Each of Landlord and Tenant agrees that it will request its insurance carriers to include in its policies such a clause or endorsement. If extra cost shall be charged therefore, each party shall advise the other thereof and of the amount of the extra cost, and the other party, at its election, may pay the same, but shall not be obligated to do so.

1. Liability. Landlord shall not be liable to Tenant or Tenant's employees to the exer ???ents. patrons or visitors, or to any other person whomsoever, for any injury to person or damage to property on or about the premises, resulting from and/or caused in part or whole by the negligence or misconduct of Tenant, its agents, servants or employees, or of any other person entering upon the premises, or caused by the buildings and improvements located on the premises becoming out of repair, or caused by leakage of gas, oil, water or steam, or by electricity emanating from the premises, or due to any cause whatsoever, and Tenant hereby covenants and agrees that it will at all times indemnity and hold safe and harmless the property, the Landlord (including without limitation the trustee and beneficiaries if Landlord is a trust), Landlord's agents and employees from any loss, liability, claims, suits, costs, expenses, including without limitation attorneys less and damages, both real and alleged, arising out of any such damage or injury; except injury to persons or damage to property the cause of which is the negligence of Landlord. Tenant shall procure and maintain throughout the term of this lease a policy or policies of insurance, at its sole cost and expense, insuring both Landlord and Tenant against all claims, demands, or actions arising out of or in connection with: twenty (20) days, then Tenant shall not be in default ???? so long as Tenant acts promptly to effect such cure. (iii) Tenant's operations in and maintenance and use of the premises: and (iv) Tenant's liability assumed under this lease, the limits of such policy or policies to be in the amount of not less than $300,000 per occurrence in respect of injury in persons (including death), and in the amount of not less than $50,000 per occurrence in respect of property damage or destruction, including loss of use thereof. All such policies shall be procured by Tenant from responsible insurance companies satisfactory to Landlord. Certified copies of such policies, together with receipt evidencing payment of premiums therefor, shall be delivered to Landlord prior to the commencement date of this lease. Not less than fifteen (15) days prior to the expiration date of any such policies, certified copies of the renewals thereof (bearing notations evidencing the payment of renewal premiums) shall be delivered to Landlord. Such policies shall further provide that not less than thirty (30) days written notice shall be

given to Landlord before such policy may be cancelled or changed to reduce insurance provided thereby.

13. CONDEMNATION.

A. If the whole or any substantial part of the premises shall be taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and the taking would prevent or materially interfere with the use of the premises for the purpose for which they are then being used, this lease shall terminate and the rent shall be abated during the unespired portion of this lease, effective when the physical taking of said premises shall occur.

B. If part of the premises shall be taken for any public or quasi-public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and this lease is not terminated as, provided in the subparagraph above, this lease shall not terminate, but the rent payable hereunder during the unespired portion of the lease shall be reduced to such extent as may be fair and reasonable under all of the circumstances.

C. In the event of any such taking or private purchase in lieu thereof, Landlord and Tenant shall each be entitled to receive and retain such separate awards and/or portion of lump sum awards as may be allocated to their respective interests in any condemnation proceedings.

14. Holding Over. Tenant will, at the termination of this lease by lapse of time or otherwise, yield up immediate possession to Landlord. In the event of any holding over by Tenant or any of its successors in interest after the expiration or termination of this lease, unless the parties hereto otherwise agree in writing, the hold over tenancy shall be subject to termination by Landlord at any time upon not less than five (5) days advance written notice, or by Tenant at any time upon not less than thirty (30) days advance written notice, and all of the other terms and provisions of this lease shall be applicable during that period, except that Tenant shall pay Landlord from time to time upon demand, as rental for the period of any hold over, an amount equal to one and one-half (1 1/2) the rent in effect on the termination date, computed on a daily basis for each day of the holdover period. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this lease except as otherwise expressly provided.

15. Quiet Enjoyment. Landlord covenants that it now has, or will acquire before Tenant takes possession of the premises, good title to the premises, free and clear of all liens and encumbrances, excepting only the lien for current taxes not yet due, such mortgage or mortgages as are permitted by the terms of this lease, zoning ordinances, and other building and fire ordinances and governmental regulations relating to the use of such property, and easements, restrictions, and other conditions of record. In the event this lease is a sublease, then Tenant agrees to take the premises subject in the provisions of the prior leases. Landlord represents and warrants that it has full right and authority to enter into this lease and that Tenant, upon paying the rental herein set forth and performing its other covenants and agreements herein set

forth, shall peaceably and quietly have, hold, and enjoy the premises for the term hereof without hindrance or molestation from Landlord, subject to the terms and provisions of this lease.

16. Events of Default. The following events shall be deemed to be events of default by Tenant under this lease:

(a) Tenant shall fail to pay any installment of the rent hereby reserved when due, or any payment with respect to taxes hereunder when due, or any other payment or reimbursement to Landlord required herein when due, and such failure shall continue for a period of five (5) days after written notice from Landlord to Tenant.

(b) Tenant shall become insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors.

(c) Tenant shall file a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof; or Tenant shall be adjudged bankrupt or insolvent in proceedings filed against Tenant thereunder.

(d) A receiver or trustee shall be appointed for all or substantially all of the assets of Tenant.

(e) Tenant shall desert or vacate any substantial portion of the premises.

(f) Tenant shall fail to comply with any term, provision, or covenant of this lease (other than the foregoing in this Paragraph 16), and shall not cure such failure within twenty (20) days after written notice thereof to Tenant.*?????

17. Remedies. Upon the occurrence of any of such events of default described in Paragraph 16 hereof, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

(a) Terminate this lease, in which event Tenant shall immediately surrender the premises to Landlord, and if Tenant fails so to do, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the premises and expel or remove Tenant and any other person who may be occupying such premises or any part thereof, by force if necessary, without being liable for prosecution or any claim or damages therefor; and Tenant agrees to pay to Landlord on demand the amount of any loss and damage which Landlord may suier by reason of such termination, whether through inability to relet the premises on satisfactory terms or otherwise.

(b) Enter upon and take possession of the premises and expel or remove Tenant and any other person who may be occupying such premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefor, and relet the premises and receive the rent therefor; and Tenant agrees to pay to the Landlord on demand any deficiency

that may arise by reason of such reletting. In the event Landlord is successful in reletting the premises at a rental in excess of that agreed to be paid by Tenant pursuant to the terms of this Agreement. Landlord and Tenant each mutually agree that Tenant shall not be entitled, under any circumstances, to such excess rental, and Tenant does hereby specifically waive any claim to such excess rental.

(c) Enter upon the premises, by force if necessary, without being liable for prosecution or any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this lease; and Tenant agrees to reimburse Landlord, on demand, for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this lease, and Tenant further agrees that Landlord shall not be liable for any damages resulting to the Tenant from such action, whether caused by the negligence of the Landlord or otherwise.

In the event Tenant fails to pay any installment of rent hereunder as and when such installment is due, to help defray the additional cost in Landlord for processing such late payments Tenant shall pay to Landlord on demand a late charge in an amount equal to one hundred ($100) dollars at a maximum occurance of four (4) times during the term of the lease, after which the late charge will increase to five percent (5%) of such installment; and the failure to pay such amount within ten (10) days after demand therefor shall be an event of default hereunder. The provision for such late charge shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions and covenants herein contained. No act or thing doing by the Landlord or its agents during the term hereby granted shall be deemed a termination of this lease or an acceptance of the surrender of the premises, and no agreement to terminate this lease or to accept a surrender of said premises shall be valid unless in writing signed by Landlord. No waiver by Landlord or any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Landlord's acceptance of the payment of rental or other payments hereunder after the occurrence of an event of default shall not be construed as a waiver of such default, unless Landlord so notifies Tenant in writing. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default or of Landlord's right to enforce any such remedies with respect to such default or any subsequent default. If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney concerning or to enforce or defend any of Landlord's rights or remedies hereunder, Tenant agrees to pay any reasonable attorneys' fees so incurred.

19. Mortgages. Tenant accepts this lease subject and subordinate to any mortgage(s) and/or deed(s) of trust now or at any time hereafter constituting a lien or charge upon the premises or the improvements situated therein: provided, however, that if the mortgages, trustee, or holder of any such mortgage or deed of trust elects to have Tenant's interest in this lease superior to any such instrument, then by notice to Tenant from such mortgages, trustee or holder, this lease shall be deemed superior in such lien, whether this lease was executed before or after said mortgage or deed of trust. Tenant shall at any time hereafter, on demand, execute any instruments, releases or other documents which may be required by any mortgages for the purpose of subjecting and subordinating this lease to the lien of any such mortgage. ???? receiving a commitment from any such encumbrance holder to recognize this Lease and Tenant's rights hereunder so long as Tenant is not in default.

20. Landlord's Default. In the event Landlord should become in default ???? payments due ???? such mortgage described in Paragraph 15 ????. Tenant is authorized and empowered, after giving Landlord five???? (5) days prior written notice of such default and Landlord's failure to cure such default. In pay any such items for and on behalf of Landlord, and the amount of any item so paid by Tenant for or on behalf of Landlord, together with any interest or penalty required to be paid in connection therewith, shall be payable on demand by Landlord to Tenant: permitted, however, that Tenant shall not be authorized and empowered to make any payment under the terms of this Paragraph 20, unless the item paid shall be superior to Tenant's interest hereunder in the event Tenant pays any mortgage debt in full, in accordance with this paragraph, it shall, at its election, be entitled to the mortgage security by assignment or subrogation.

21. Mechanic's Liens. Tenant shall have no authority, express or impired, to create or place any lien or encumbrance, of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the premises or to charge the tenants payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the premises on which any lien is or can be validly and legally asserted against its leasehold interest in the premises or the improvements thereon and that it will save and hold Landlord harmless from any and all loss, cost or expense based on or arising out of asserted claims or liens against the leasehold estate or against the right, title and interest of the Landlord in the premises or under the terms of this lease.

22. Notices. Each provision of this instrument or of any applicable governmental laws, ordinances, regulations and other requirements with reference to the sending, mailing or delivery of any notice or the making of any payment by Landlord to Tenant or with reference to the sending, mailing, or delivery of any notice or the making of any payment by Tenant to Landlord shall be deemed to be complied with when and if the following steps are taken:

(a) All rent and other payments required to be made by Tenant to Landlord hereunder shall be payable to Landlord at the address hereinbelow set forth or at such other address as Landlord may specify from time to time by written notice delivered in accordance herewith. Tenant's obligation to pay rent and any other amounts to Landlord under the terms of this lease shall not be deemed satisfied until such rent and other amounts have been actually received by Landlord.

(b) All payment required to be made by Landlord to Tenant hereunder shall be payable to Tenant at the address hereinbelow set forth, or at such other address within the continental United States as Tenant may specify from time to time by written notice delivered in accordance herewith.

(c) Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not when deposited in the United States Mail, postage prepaid. Certified or Registered Mail, addressed to the parties hereto at the respective addresses set out below, or at such other address as they have theretofore specified by written notice delivered in accordance herewith:

LANDLORD:	TENANT:
Crow-Alameda Limited Partnership	Stationers Distributing Company, Inc.
c/o Trammell Crow Company	1009-1017 W. Alameda Drive
2 N. Central Avenue, Suite 400	Tempe, AZ 85282
Phoenix, AZ 85004	

If and when included within the term "Landlord", as used in this instrument, there are more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of such a notice specifying some individual at some specific address for the receipt of notices and payments to Landlord; if and when included within the term "Tenant", as used in this instrument, there are more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of such a notice specifying some individual at some specific address within the continental United States for the receipt of notices and payments to Tenant. All parties included within the terms "Landlord" and "Tenant", respectively, shall be bound by notices given in accordance with the provisions of this paragraph to the same effect as if each had received such notice.

23. Miscellaneous.

A. Words of any gender used in this lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

B. The terms, provisions, covenants, and conditions contained in this lease

shall apply to, inure to the benefit of, and be binding upon, the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns except as otherwise herein expressly provided. Each party agrees to furnish the other, promptly upon demand, a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization of such party to enter into this lease.

C. The captions inserted in this lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this lease, or any provision hereof, or in any way affect the interpretation of this lease.

D. Tenant agrees from time to time within ten (10) days after request of Landlord, to deliver to Landlord, or Landlord's designee, an estoppel certificate stating that this lease is in full force and effect, the date to which rent has been paid, the unexpired term of this lease and such other matters pertaining to this lease as may be reasonably requested by Landlord. It is understood and agreed that Tenant's obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Landlord's execution of this lease.

E. This lease may not be altered, changed or amended except by an instrument in writing signed by both parties hereto.

F. All obligations of Tenant hereunder not fully performed as of the expiration or earlier termination of the term of this lease shall survive the expiration or earlier termination of the term hereof, including without limitation all payment obligations with respect to taxes and insurance and all obligations concerning the condition of the premises. Upon the expiration or earlier termination of the term hereof, and prior to Tenant vacating the premises. Tenant shall pay to Landlord any amount reasonably estimated by Landlord as necessary to put the premises, including without limitation all heating and air conditioning systems and equipment therein, in good condition and repair. Tenant shall also, prior to vacating the premises, pay to Landlord the amount, as estimated by Landlord, of Tenant's obligation hereunder for real estate taxes and insurance premiums for the year in which the lease expires or terminates. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant hereunder, with Tenant being liable for any additional costs therefor upon demand by Landlord, or with any excess to be returned to Tenant after all such obligations have been determined and satisfied, as the case may be. Any security deposit held by Landlord shall be credited against the amount payable by Tenant under this Paragraph 23(F).

G. If any clause or provision of this lease is illegal, invalid or unenforceable under present or future laws effective during the term of this lease, then and in that event, it is the intention of the parties hereto that the remainder of this lease shall not be affected thereby, and it is also the intention of the parties of this lease that in lieu of each clause or provision of this lease that is illegal, invalid or unenforceable, there be added as a part of this lease contract a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

H. Because the premises are on the open market and are presently being shown, this lease shall be treated as an offer with the premises being subject to prior lease and offer subject to withdrawal or non-acceptance by Landlord or to other use of the premises without notice, and this lease shall not be valid or binding unless and until accepted by Landlord in writing and a fully executed copy delivered to both parties hereto.

I. All references in this lease to "the date hereof" or similar references shall be deemed to refer to the last date, in point of time, on which all parties hereto have executed this lease.

24. Additional Provisions.

EXECUTED BY LANDLORD, this_____ day of _____, 19__.

LANDLORD:

Attest/Witness: [SIGNATURE NOT LEGIBLE]

_____ CROW-ALAMEDA LIMITED PARTNERSHIP,
XX: a Texas Limited Partnership

By Wilford M. Farnsworth, III

Title Title: as Attorney in Fact for

_____ Charles R. Paul, Managing General Partner

EXECUTED BY TENANT, this _____ day of _____, 19__.

TENANT:

Attest/Witness:

_____ [SIGNATURE NOT LEGIBLE]

_____ By:

Title: _____ Title: President

EXHIBIT B
BUILDING RULES & REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed, printed or affixed on or to any part of the outside or inside of the building, the Premises or the surrounding area without the written consent of the Landlord being first obtained. If such consent is given by Landlord, Landlord may regulate the manner of display of the sign, placard, picture, advertisement, name or notice. Landlord shall have the right to remove any sign, placard, picture, advertisement, name or notice which has not been

approved by Landlord or is being displayed in a non-approved manner without notice to and at the expense of the Tenant. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at expense of Tenant by a person approved by Landlord.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside of Premises.

2. The sidewalks, paved area, exits and entrances, shall not be obstructed by any of the Tenants or used by them for any purpose other than for ingress to and egress from their respective Premises. The paved areas, exits, entrances, and roof are not for the use of the general public and the Landlord shall in all cases retain the right to control thereof and prevent access thereto by all persons whose presence in the judgment of the Landlord shall be prejudicial to the safety, character, reputation, and interests of the Building or its Tenants; provided, however, that nothing herein contained shall be construed to prevent access by persons with whom Tenant normally deals in the ordinary course of Tenant's business unless such persons are engaged in illegal activities. No Tenant and no employees, invitees, contractors or subcontractors of any Tenant shall go upon the roof of the Building. In addition, the Tenant will cause to be removed all debris, pallets or any outside storage immediately in front or to the rear of his space. If Landlord has to remove the above then Tenant will be charged a minimum of $30 for the removal of the material.

3. Tenant shall not alter any lock or install any new additional locks or any bolts on any door of the Premises without the written consent of Landlord.

4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from a violation of this rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it.

5. Tenant shall not overload the floor of the Premises, shall not mark on or drive nails, screw or drill into the partitions, woodwork or plaster (except as may be incidental to the hanging of the wall decoration), and shall not in any way deface the Premises or any part thereof.

6. Tenant shall not use, keep or permit to be used or keep any food or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the building by reason of noise, odors and/or vibrations, or interfere in any way with the other Tenants or those having business in the Building. No animals or birds shall be brought in or kept in or about the Premises or the Building. No Tenant shall neighboring Buildings or Premises, or with those having business with such occupants, by the use of any musical instruments, radio, phonograph, unusual noise, or in any other way. No Tenant shall throw anything out of doors or down the passageways. No cooking shall be done or permitted by Tenant in the Premises.

7. Tenant shall not use or keep in the Premises or the Building any

kerosene, gasoline or inflammable or combustible fluid or material or use any method of heating or air conditioning other than that supplied by Landlord.

8. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for or stringing of wires will be allowed without the consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

9. All keys to the Building, offices, rooms and toilet rooms shall be obtained from Landlord's office. Tenant, upon termination of the tenancy, shall deliver to the Landlord the keys to the Building, offices, rooms and toilet rooms which shall have been furnished and shall pay the Landlord the cost of replacing any lost key or of changing the lock or locks opened by such lost key if Landlord deems it necessary to make such change.

10. No Tenant shall lay linoleum, tile, carpet or other similar floor coverings so that the same shall be affixed to the floor of the Premises in any manner except as approved by the Landlord. The expense of repairing any damage resulting from a violation of this rule or removal of any floor covering shall be borne by the Tenant by whom, or by whose contractors, employees or invitees, the floor covering shall have been laid.

11. Landlord reserves the right to exclude or expel from the Building any person who, in the judgement of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

12. Any requests of Tenant will be considered only upon application at the office of the Landlord. Employees of Landlord shall not be requested to perform any work or do anything outside of their regular duties unless under special instructions from the Landlord.

13. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change name and the street address of the Building on which the Premises are a part.

14. Tenant agrees that it shall comply with all fire regulations that may be issued from time to time by Landlord and Tenant also shall provide Landlord with the name of a designated responsible employee to represent Tenants in all matters pertaining to fire regulations.

15. Landlord reserves the right by written notice to Tenant, to rescind, alter or waive any rule or regulation at any time prescribed for the Building when, in Landlord's judgment, it is necessary, desirable or proper for the best interest of the Building or its Tenants.

16. Tenant shall not disturb, solicit, or canvas any occupant of the Building and shall cooperate to prevent same.

17. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promotion or advertising the business

of Tenant except as Tenant's address.

18. Tenant shall be entitled to use parking spaces during working hours, the exact location of which shall be designated by Landlord. Tenant shall not park in driveways or loading areas nor reserved parking spaces of other Tenants. Landlord or its agents shall have the right to cause to be removed any car of Tenant, its employees or agents, that may be parked in unauthorized areas, and Tenant agrees to save and hold harmless Landlord, its agents and employees from any and all claims, losses, damages and demands asserted or arising in respect to or in connection with the removal of any such vehicle and for all expenses incurred by Landlord in connection with such removal. Tenant will from time to time, upon request of Landlord, supply Landlord with a list of license plate numbers of vehicles owned and/or operated by its employees and agents.

ADDENDUM TO LEASE AGREEMENT

DATE: March 4, 1988

The parties hereto agree that the provisions of this Addendum to Lease Agreement shall constitute an integral part of the Lease Agreement of even date herewith, between Crow-Alameda Limited Partnership as Landlord, and Stationers Distributing Company, Inc. as Tenant, (the "Lease") and in the event of a conflict between the terms and provisions contained in this Addendum to Lease Agreement and the terms and provisions set forth in the Lease Agreement, the terms and provisions contained in this Addendum to Lease Agreement shall govern and prevail.

Paragraph 25. A new Paragraph 25 is hereby added to the Lease Agreement as follows:

"25. Taxes on Rental and Other Sums Payable to Landlord.

Tenant shall pay to Landlord, in addition to and along with the rental otherwise payable hereunder, a sum equal to the aggregate of any municipal, city, county, state, or federal excise, sales, use or transaction privilege taxes legally levied or imposed, or hereafter legally levied or imposed, during the term hereof or any extension or renewal hereof, against or on account of any or all amounts payable hereunder by Tenant of the receipts thereof by Landlord (except state, federal or any other income taxes imposed or levied against Landlord), which shall be paid monthly together with the minimum rental as hereinabove provided."

Paragraph 26. A new Paragraph 26 is hereby added to the Lease Agreement as follows:

"26. Parking.

Tenant shall be entitled to park in common with other tenants of the development in those areas designated for common or non-reserved parking. Tenant agrees not to burden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Landlord reserves the right, in its absolute discretion, to determine whether parking facilities are becoming crowded, and in such event, to allocate parking spaces among Tenant and other tenants. No storage of vehicles shall be allowed without Landlord's prior consent."

Paragraph 27. A new Paragraph 27 is hereby added to the Lease Agreement as follows:

"27. Building Rules and Regulations.

Landlord and Tenant do hereby agree to the Building Rules and Regulations attached as Exhibit B of this Lease Agreement. In the event of conflict, the terms of the Lease Agreement shall control."

Paragraph 28. A new Paragraph 28 is hereby added to the Lease Agreement as follows:

"28. Rental Schedule.

The Base Monthly Rental amount shall be as set forth in the rent schedule below:

April 1, 1988 through May 31, 1988	: No Base Rental Charge
June 1, 1988 through October 31, 1989	: $5,051.00 per month"
November 1, 1989 through March 31, 1993	: $24,420.00 per month."

Paragraph 29. A new Paragraph 29 is hereby added to the Lease Agreement as follows:

"29. Tenant Improvements.

Landlord agrees to provide the following tenant improvements:

- Landlord will provide evaporative cooling, if required by the Tenant, for Premises A (18,040 square feet). The number and size of units will approximate the number of air exchanges per hour currently provided at Premises B (63,360 square feet).

- Landlord will provide three (3) 12'x 12' openings in the demising wall between Premises A and Premises B.

- Landlord agrees to construct and modify existing office space in Premises B as specified by the Tenant and approved by the Landlord up to an amount not to exceed $32,000.00."

Paragraph 30. A new Paragraph 30 is hereby added to the Lease Agreement as follows :

"30. Occupancy.

This Lease Agreement provides for occupancy of the premises labeled "Premises A" (18,040 square feet) in Exhibit A, commencing April 1, 1988 and expiring sixty (60) months thereafter on March 31, 1993. Occupancy for the premises labeled "Premises B" (63,360 square feet) in Exhibit A shall commence November 1, 1989 and expire forty-one (41) months thereafter on March 31, 1993."

IN WITNESS WHEREOF, the parties hereto have executed this Addendum to Lease Agreement this _____ day of _____, 19 _____.

LANDLORD: CROW-ALAMEDA LIMITED PARTNERSHIP, a Texas Limited Partnership	TENANT: Stationers Distributing Company, Inc.
/s/ Wilford M. Farnsworth, III	[SIGNATURE NOT LEGIBLE]
By Wilford M. Farnsworth, III as Attorney in Fact for Charles R. Paul, Managing General Partner	

EXHIBIT C

LEASE RENEWAL AGREEMENT
LEASE AGREEMENT NUMBER: 801014-01-0012
DATE: MAY 31, 1990

This Lease Renewal Agreement is made this 31 day of May, 1990, by and between CROW-ALAMEDA LIMITED PARTNERSHIP as Landlord, and STATIONER'S DISTRIBUTING COMPANY, INC., as Tenant, covering the premises known as that approximate 81,400 s.f. of space located at The Alameda Distribution Center, 1009-1017 Alameda Drive, Tempe, Arizona 85282.

RECITALS:

1A. Landlord and Tenant have heretofore entered into that certain Lease Agreement Number 801014-01-0012, dated March 4, 1988 (the "Lease") and the Addendum dated March 10, 1988, the term of which expires March 31, 1993.

B. Landlord and Tenant desire to renew the Lease on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual convenants herein contained, it is agreed as follows:

(a) The renewal term of the Lease shall be for thirty-six (36) months, commencing on April 1, 1993, and expiring on March 31, 1996.

(b) The base rent payable under Paragraph 2A of the Lease shall be $24,420.00 per month upon commencement of the renewal term.

(c) Landlord will provide Tenant with a $10,000.00 refurbishment allowance, payable within sixty (60) days after executing this Agreement.

(d) Landlord shall become responsible for repairing damage to the expansion joints within the warehouse during the entire term of this Lease. Within thirty (30) days after executing this agreement, Landlord shall repair 280 lineal feet.

All other applicable terms, covenants, and conditions of the Base Lease shall apply during this renewal lease term.

IN WITNESS WHEREOF, the parties have executed this Lease Renewal Agreement as of the date first set forth above.

LANDLORD:
CROW-ALAMEDA LIMITED PARTNERSHIP, A TEXAS LIMITED PARTNERSHIP

/s/Wilford M. Farnsworth,

By: Wilford M. Farnsworth, III
Title: Managing General Partner

Executed by Tenant this 7th day of June, 1990.

TENANT:
STATIONERS DISTRIBUTING COMPANY, INC.

/s/ B. Neal Perkey VPs CFO

By: B. Neal Perkey
Title: Vice President & Chief Financial Off:

EXHIBIT A
LEGAL DESCRIPTION

That approximate 110,000 square feet located at the Alamada Distribution Center, 1005-1017 W. Alamada Drive, Tempe, A2 35282.

[DIAGRAM APPEARS HERE]

LETTER AGREEMENT 3/10/88

[Letterhead of Trammell Crow Company appears here]

William D Petsas

Commercial
Two North Central Avenue
Suite 400
Phoenix, Arizona 85004

602/254-1500

March 10, 1988

Mr. Rob Hicks
STATIONERS DISTRIBUTING CO.
1009-1017 W. Alameda Dr.
Tempe, AZ 85282

RE: Addendum to Lease Agreement Number 801014-01-0012 dated March 4, 1988, for approximately 81,400 square feet at the Alameda Distribution Center, 1009-1019 W. Alameda Drive, Tempe, AZ 85282.

Dear Rob:

The parties hereto agree that the provisions of this Addendum to Lease Agreement shall constitute an integral part of the Lease Agreement, between Crow-Alameda Limited Partnership as Landlord, and Stationers Distributing Company, Inc. as Tenant, and in the event of a conflict between the terms and provisions contained in this Addendum to Lease Agreement and the terms and provisions set forth in the Lease Agreement, the terms and provisions contained in this Addendum to Lease Agreement shall govern and prevail.

Paragraph 31. A new Paragraph 31 is hereby added to the Lease Agreement as follows :

"31. Option to Renew.

Tenant shall have the right and option to renew this Lease for two (2) additional terms of five (5) years each by delivering written notice of the exercise thereof to Landlord at least 180 days prior to the expiration of the primary lease term or any extension thereof pursuant to this paragraph, provided that at the time of any such notice and at the commencement of any such extended

lease term Tenant is not in default hereunder. Upon the delivery of said notice and subject to the conditions set forth in the preceding sentence, and upon the execution by Landlord and Tenant of an extension agreement containing such terms and provisions which are consistent with the provisions of this paragraph, this Lease shall be extended upon the same terms, covenants and conditions as provided in this Lease except as follows:

A. The Base Monthly Rent shall be established between Landlord and Tenant at the market rate in effect at that time. If both parties are unable to agree to a market rate and both parties consent to be bound, then the method described in the following subparagraph B may be used to determine the market rate.

B. In the event this Lease provides for the payment of rental at "the prevailing rental rate" or at "the market rate" (the "Market Rate") during the primary term hereof or during any extension or renewal thereof or in connection with any expansion of the premises, and during the primary term hereof or during any extension or renewal thereof or in connection with any expansion of the premises, and Landlord and Tenant are unable to agree upon the Market Rate, Landlord and Tenant shall each promptly appoint a real estate appraiser who is a member of the American Institute of Real Estate Appraisers (or its equivalent) to assist in the determination of the Market Rate, and the two appraisers shall appoint a third appraiser who is also a member of the American Institute of Real Estate Appraisers (or its equivalent). The determination of the Market Rate by the agreement of any two of such three appraisers shall be accepted by and binding upon Landlord and Tenant as the Market Rate, which rate shall thereafter be payable until further adjustment as provided hereunder. Landlord and Tenant will use all reasonable diligence to cause their appointed appraisers to perform in good faith and in a timely manner in order to make the determination of the Market Rate on or before the date on which the Market Rate is to become effective. In the event such appraisers shall not make such determination prior to the date on which the Market Rate is to become effective, this Lease shall nevertheless continue in full force and effect until such determination is made, and the rental for such period shall be payable at the rate otherwise payable hereunder. Upon the determination by such appraisers of the Market Rate, the payment of the Market Rate shall commence on the first day of the month following the date of such determination, and in addition to such monthly installment of rental, Tenant shall pay to Landlord the increase in the rental payable hereunder, if any, applicable to the period from the date on which the Market Rate was scheduled to become effective to the

payment of the first installment at the Market Rate. Landlord and Tenant shall each bear the costs and fees of their respective appraisers and shall share equally the cost of the third appraiser."

Paragraph 32. A new Paragraph 32 is hereby added to the Lease Agreement as follows:

"32. Expansion Option.

Tenant is hereby granted the option to expand into Premises C (as shown on the attached exhibit). Premises C is comprised of approximately 28,600 square feet, and the right hereby granted gives Tenant the right to expand into the entire 28,600 square feet or the southern-most 10,560 square feet of Premises C. This option is subject to the following conditions:

Premises A. If Tenant so chooses, Tenant will be responsible for returning the 18,040 square foot premises to the Landlord in good condition, normal wear and tear excepted. Tenant shall pay to Landlord as additional rent, the difference between the rental amount that would have been owed on the 18,040 square feet and the rent that is due on the 10,560 square feet. At such time as Landlord commences to receive, from another tenant, rent on such 18,040 square feet, Tenant's obligation to pay the difference in rent between the 18,040 square feet and the 10,560 square feet (as noted above) is terminated."

All other terms, covenants and conditions of the Lease Agreement shall remain in full force and effect, and apply to any expansions exercised hereunder.

Sincerely,

/s/William D. Petsas

William D. Petsas
Marketing

Signed and agreed to this _____ day of _____, 1988.

LANDLORD: CROW-ALAMEDA LIMITED PARTNERSHIP, a Texas Limited Partnership

TENANT: Stationers Distributing Company, Inc.

/s/Wilford M. Farnsworth, III [SIGNATURE NOT LEGIBLE]
- ---------- ----------

By Wilford M. Farnsworth, III
as Attorney in Fact for
Charles R. Paul,
Managing General Partner

Trannell Crow Company

Mr. Rob Hicks
March 10, 1988
Page 3

1. No such option exists until the Lease with Welch Distributing, or its assigns, has expired (whether through expiration of the initial term, extensions that may be negotiated, or expiration of any options to renew heretofore granted) or by other earlier termination of the Lease Agreement.

2. Tenant has not been and is not currently in default of the Lease Agreement.

3. Tenant agrees to pay all costs incidental to such expansion including, but not limited to costs of constructing any demising partitions (particularly given the expansion by 10,560 square feet), wiring and/or re-wiring of any light fixtures to correspond with Tenant's electrical plan, any architectural, engineering, or any municipal permit fees required, and any other cost associated with such a move.

4. The Base Monthly Rent shall be increased as follows:
In the event Tenant chooses to expand by 10,560 square feet, the additional Base Monthly Rent from April 1, 1988 through October 31, 1989 shall be $2,956.80, thereafter, for each month until March 31, 1993 the increase in the monthly rent shall be $3,168.00. In the event the Tenant chooses to expand by 28,600 square feet, the increase in the Base Monthly Rent from April 1, 1988 through October 31, 1989 shall be $8,008.00, and thereafter, until March 31, 1993 the increase in the Base Monthly Rent shall be $8,580.00 per month.

Upon written notification from Landlord that Premises C has become available, or will become available, Tenant will have five (5) working days to sign such documentation consistent with this option paragraph which Landlord deems necessary to effectuate such change in the Lease Agreement. If Landlord has not received such documentation by the end of the fifth working day, this option will be null and void and of no effect.

In the event Tenant signs the documentation amending the Lease Agreement for 28,600 square feet of Premises C, Landlord and Tenant will immediately, at Tenant's option and upon Tenant's written request, further amend the Lease Agreement to reduce the Leased Premises by the 18,040 square feet known as Exhibit A. If Tenant so chooses, Tenant will be responsible for returning the

18,040 square foot premises to the Landlord in good condition, normal wear and tear excepted.

In the event Tenant signs the documentation amending the Lease Agreement for 10,560 square feet of Premises C, Landlord and Tenant will immediately, at Tenant's option and upon Tenant's written request, further amend the Lease Agreement to reduce the Leased Premises by the 18,040 square feet known as

ADDENDUM TO LEASE 11/30/92

ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE is made this 30th day of November, 1992, to be effective December 1, 1992, by and between SECURITY CAPITAL INDUSTRIAL INVESTORS INCORPORATED, formerly INDUSTRIAL PROPERTY INVESTORS, INC., ("Landlord") and UNITED STATIONERS SUPPLY CO., ("Tenant").

RECITALS

A. Landlord (by Crow-Alameda Limited Partnership, predecessor-in-interest) heretofore entered into a certain Lease Agreement Number 801014-01-0012 (the "Lease"), dated March 4, 1988 with STATIONERS DISTRIBUTING COMPANY, INC. ("Stationers") covering the premises located at The Alameda Distribution Center, 1009-1017 Alameda Drive, Tempe, Arizona, 85282, containing approximately 81,400 square feet.

B. The Lease has previously been amended, the most recent amendment being dated May 31, 1990, which amendment, among other things, extended the term of the Lease to March 31, 1996.

C. Stationers has been merged with and into Tenant as of June 24, 1992, and Tenant has, by reason of the merger, succeeded to all of the interests and obligations of Stationers under the Lease, as amended.

D. Tenant desires to lease from Landlord, and Landlord desires to lease to Tenant, adjacent space containing approximately 28,600 square feet.

THEREFORE, in consideration of the mutual agreements herein contained, the parties agree that the Lease be amended as follows:

1. Assumption of Interest in Lease. Tenant, as successor in interest to STATIONERS DISTRIBUTING COMPANY, INC. ("Stationers") by reason of merger, assumed all of the rights and obligations of Stationers as tenant in and under

the Lease.

2. Premises: Effective December 1, 1992, the leased premises are increased by approximately 28,600 square feet, to include the area described in and outlined in red on Exhibit A attached hereto, commonly known as 1005 West Alameda, Tempe, Arizona.

3. Base Rent: Effective April 1, 1993, the base rent for the premises including the additional portion added by this Addendum shall be increased by $7,150.00 per month. Monthly Rent as increased shall be $31,570.00.

4. Operating Expenses: 1993 operating expenses for the premises, including taxes, insurance, utilities, and common area maintenance shall be $.0755 per square foot per month.

5. Improvements: Landlord, at its expense, shall make the following improvements:

(a) Paint, recarpet and repair as necessary, the existing office space in the premises at 1005 West Alameda.

(b) Install two openings in the south demising wall separating the original premises from the additional space, at locations to be designated by Tenant.

(c) Install metal-halide warehouse lighting per attached Richco Electric bid and specifications.

(d) Service all HVAC equipment currently existing in the premises.

(e) Update electrical service to Tenant's requirements.

6. Condition of Premises: Landlord shall deliver the additional portion of the premises to Tenant in broom-clean condition, with the roof and structure, all HVAC equipment, overhead doors and electrical, and plumbing and sprinkler systems in good operating condition. Except as specified above, Tenant agrees to accept the additional premises in its present condition.

7. Commencement Date: The commencement date for the occupancy of the additional portion of the premises shall be December 1, 1992. All improvements specified herein shall be completed prior to the commencement date.

8. Environmental: Tenant shall indemnify and save Landlord harmless from any costs, expenses, losses or damages (including reasonable attorney's fees and

expenses) arising out of any violation or claimed violation of any federal, state or local environmental law or regulation, caused by Tenant or Tenant's use and occupancy of the premises.

Landlord shall indemnify and save Tenant harmless from any costs, expenses, losses, or damages (including reasonable attorney's fees and expenses) arising out of any violation or claimed violation of any federal, state or local environmental law or regulation arising prior to Tenant's occupancy of the additional premises or due to any cause other than Tenant or Tenant's use and occupancy of the premises.

Except as so amended herein, the Lease is otherwise in full force and effect according to its terms.

LANDLORD: SECURITY CAPITAL INDUSTRIAL INVESTORS INCORPORATED (formerly Industrial Property Investors, Inc.)	TENANT: United Stationers Supply Co., an Illinois corporation
By: /s/Robert A. Taitt	By: /s/Otis H Halleen
Its: Vice President	Its: Vice President

EXHIBIT A

[FLOOR PLAN APPEARS HERE]

FEATURES

- Building spaces-18,040 s.f., 42,030 s.f.,21,330 s.f.,28,600 s.f
- Dock-High
- Rail-served by Southern Pacific
- 24' clear height
- Foil insulation on roof deck
- Column spacing 48' x 48'
- 36 4' x 8' skylights in warehouse
- 4 dock levelers
- Security lighting
- 8 10' x 10' rail doors
- 12 10' x 10' truck doors
- Fully sprinklered
- Gas available, electric service by SRP
- 3 phase, 120/280 Volts
- 136 parking spaces
- Mature landscaping
- Office area

EXHIBIT D

ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE is made this 30th day of November, 1992, to be effective December 1, 1992, by and between SECURITY CAPITAL INDUSTRIAL

INVESTORS INCORPORATED, formerly INDUSTRIAL PROPERTY INVESTORS, INC.,
("Landlord") and UNITED STATIONERS SUPPLY CO., ("Tenant").

RECITALS

A. Landlord (by Crow-Alameda Limited Partnership, predecessor-in-interest) heretofore entered into a certain Lease Agreement Number 801014-01-0012 (the "Lease"), dated March 4, 1988 with STATIONERS DISTRIBUTING COMPANY, INC. ("Stationers") covering the premises located at The Alameda Distribution Center, 1009-1017 Alameda Drive, Tempe, Arizona, 85282, containing approximately 81,400 square feet.

B. The Lease has previously been amended, the most recent amendment being dated May 31, 1990, which amendment, among other things, extended the term of the Lease to March 31, 1996.

C. Stationers has been merged with and into Tenant as of June 24, 1992, and Tenant has, by reason of the merger, succeeded to all of the interests and obligations of Stationers under the Lease, as amended.

D. Tenant desires to lease from Landlord, and Landlord desires to lease to Tenant, adjacent space containing approximately 28,600 square feet.

THEREFORE, in consideration of the mutual agreements herein contained, the parties agree that the Lease be amended as follows:

1. Assumption of Interest in Lease. Tenant, as successor in interest to STATIONERS DISTRIBUTING COMPANY, INC. ("Stationers") by reason of merger, assumed all of the rights and obligations of Stationers as tenant in and under the Lease.

2. Premises: Effective December 1, 1992, the leased premises are increased by approximately 28,600 square feet, to include the area described in and outlined in red on Exhibit A attached hereto, commonly known as 1005 West Alameda, Tempe, Arizona.

3. Base Rent: Effective April 1, 1993, the base rent for the premises including the additional portion added by this Addendum shall be increased by $7,150.00 per month. Monthly Rent as increased shall be $31,570.00.

4. Operating Expenses: 1993 operating expenses for the premises, including taxes, insurance, utilities, and common area maintenance shall be $.0755 per square foot per month.

5. Improvements: Landlord, at its expense, shall make the following
improvements:

(a) Paint, recarpet and repair as necessary, the existing office space in the premises at 1005 West Alameda.

(b) Install two openings in the south demising wall separating the original premises from the additional space, at locations to be designated by Tenant.

(c) Install metal-halide warehouse lighting per attached Richco Electric bid and specifications.

(d) Service all HVAC equipment currently existing in the premises.

(e) Update electrical service to Tenant's requirements.

6. Condition of Premises: Landlord shall deliver the additional portion of the premises to Tenant in broom-clean condition, with the roof and structure, all HVAC equipment, overhead doors and electrical, and plumbing and sprinkler systems in good operating condition. Except as specified above, Tenant agrees to accept the additional premises in its present condition.

7. Commencement Date: The commencement date for the occupancy of the additional portion of the premises shall be December 1, 1992. All improvements specified herein shall be completed prior to the commencement date.

8. Environmental: Tenant shall indemnify and save Landlord harmless from any costs, expenses, losses or damages (including reasonable attorney's fees and expenses) arising out of any violation or claimed violation of any federal, state or local environmental law or regulation, caused by Tenant or Tenant's use and occupancy of the premises.

Landlord shall indemnify and save Tenant harmless from any costs, expenses, losses, or damages (including reasonable attorney's fees and expenses) arising out of any violation or claimed violation of any federal, state or local environmental law or regulation arising prior to Tenant's occupancy of the additional premises or due to any cause other than Tenant or Tenant's use and occupancy of the premises.

Except as so amended herein, the Lease is otherwise in full force and effect according to its terms.

LANDLORD: SECURITY CAPITAL INDUSTRIAL INVESTORS INCORPORATED (formerly Industrial Property Investors, Inc.)

TENANT:

United Stationers Supply Co.,

an Illinois corporation

By: /s/Robert A. Taitt
Its: Vice President

By: /s/Otis H Halleen
Its: Vice President

EXHIBIT A

[FLOOR PLAN APPEARS HERE]

FEATURES

- Building spaces-18,040 s.f., 42,030 s.f.,21,330s.f.,28,600 s.f
- Dock-High
- Rail-served by Southern Pacific
- 24' clear height
- Foil insulation on roof deck
- Column spacing 48' x 48'
- 36 4' x 8' skylights in warehouse
- 4 dock levelers
- Security lighting
- 8 10' x 10' rail doors
- 12 10' x 10' truck doors
- Fully sprinklered
- Gas available, electric service by SRP
- 3 phase, 120/280 Volts
- 136 parking spaces
- Mature landscaping
- Office area

[Letterhead of Trammell Crow Company appears here]

Two North Central Avenue
Suite 400
Phoenix, Arizona 85004-2322

602/254-1500

December 1, 1992

Mr. Otis H. Halleen
V.P., Secretary and
General Counsel
UNITED STATIONERS SUPPLY CO.
2200 E. Golf Road
Des Plaines, IL 60016-1267

Re: Addendum to Lease No. 801014-01-0012

Dear Mr. Halleen:

Pursuant to the terms, covenants and conditions of the above referenced Addendum, it is hereby agreed and understood that the following items shall be modified:

Par. 5 (e) Upgraded electrical service allowance shall not exceed $3,100.00.

Par. 7 The Commencement date of this Addendum shall be December 1, 1992.

Tenant shall be granted immediate access to the warehouse portion of the premises while Landlord completes those items so referenced in Paragraph 5 (a) thru (e) as expeditiously as feasible and Tenant agrees to fully cooperate with Landlord's contractor in completion of same.

Your continued interest and support of this property is greatly appreciated.

Respectfully,

/s/Jim F. Clark

Jim F. Clark
Marketing Director
Trammell Crow Asset Manager
for Industrial Properties Investors, Inc.

Signed and agreed to on this 1st day of December 1992 by:

LANDLORD: SECURITY CAPITAL INDUSTRIAL INVESTORS INCORPORATED (formerly INDUSTRIAL PROPERTY INVESTORS, INC.)	TENANT: UNITED STATIONERS SUPPLY CO., an Illinois Corporation
By: /s/Robert A Taitt	By: /s/Otis H. Halleen
Its: Vice President	Its: Vice President

LETTER AGREEMENT 12/1/92

[LOGO OF UNITED STATIONERS SUPPLY CO. APPEARS HERE]

EXECUTIVE OFFICES
2200 E. Golf Road
Des Plaines, IL 60016-1267
708/699-5000

A subsidiary of UNITED STATIONERS INC.

December 10, 1992

TRAMMEL CROW COMPANY
Two North Central Avenue
Suite 400
Phoenix, Arizona 85004-2322

ATTN: Jim F. Clark
Marketing Director

RE: Addendum to Lease
No. 801014-01-0012

Dear Jim:

Enclosed are two signed copies of the clarification letter.

We greatly appreciate your cooperation.

Sincerely,

/s/Otis
Otis H. Halleen
Vice President, Secretary
and General Counsel

Enclosures

[Letterhead of Trammell Crow Company appears here]

Two North Central Avenue
Suite 400
Phoenix, Arizona 85004-2322

602/254-1500

December 1, 1992

Mr. Otis H. Halleen
V.P., Secretary and
General Counsel
UNITED STATIONERS SUPPLY CO.
2200 E. Golf Road
Des Plaines, IL 60016-1267

Re: Addendum to Lease No. 801014-01-0012

Dear Mr. Halleen:

Pursuant to the terms, covenants and conditions of the above referenced Addendum, it is hereby agreed and understood that the following items shall be modified:

Par. 5 (e) Upgraded electrical service allowance shall not exceed $3,100.00.

Par. 7 The Commencement date of this Addendum shall be December 1, 1992. Tenant shall be granted immediate access to the warehouse portion of the premises while Landlord completes those items so referenced in Paragraph 5 (a) thru (e) as expeditiously as feasible and Tenant

agrees to fully cooperate with Landlord's contractor in completion of same.

Your continued interest and support of this property is greatly appreciated.

Respectfully,

/s/ Jim F. Clark

Jim F. Clark
Marketing Director
Trammell Crow Asset Manager
for Industrial Properties Investors, Inc.

Signed and agreed to on this 1st day of December 1992 by:

LANDLORD: SECURITY CAPITAL INDUSTRIAL INVESTORS INCORPORATED (formerly INDUSTRIAL PROPERTY INVESTORS, INC.)	TENANT: UNITED STATIONERS SUPPLY CO., an Illinois Corporation
By: /s/Robert A Taitt	By: /s/Otis H. Halleen
Its: Vice President	Its: Vice President

[Letterhead of Trammell Crow company appears here]

December 8, 1992

Jim F. Clark
Marketing Principal

Commercial
Two North Central Avenue
Suite 400
Phoenix, Arizona 85004

602/254-1500

Mr. Otis H. Halleen
Vice President, Secretary
and General Counsel
UNITED STATIONERS SUPPLY CO.
2200 E. Golf Road
Des Plaines, IL 60016-1267

Re: Addendum to Lease No. 801014-01-0012
Alameda

Dear Mr. Halleen:

Please find enclosed a fully executed Addendum and an Agreement Clarification Letter to be signed by you.

Our client, Security Capital Industrial Investors Incorporated (formerly Industrial Property Investors, Inc.), wanted to make sure that their exposure

on item 5(e) would be limited to $3,100.00 or less based on a low bid to replace an outdated Sylvania Breaker Panel in the warehouse area of United Stationers Supply Co.'s main facility.

They also felt that the additional month's free rent specified in the Addendum was satisfactory; however, they felt that in exchange for this, the Addendum would have to start December 1, 1992 as drawn.

The Tenant Improvements have been started and, with the exception of the warehouse lighting, should be completed by Friday, December 11, 1992. The lighting has to be special ordered. Meanwhile, your people can have full access to the additional space.

I hope this meets with your satisfaction and your continued interest in this property is greatly appreciated.

Respectfully,

Jim F. Clark
Marketing Director
Trammell Crow Asset Manager for
Security Capital Industrial Investors Incorporated

\dq
Enclosures

EXHIBIT 10.30

Southern California Chapter of the

[LOGO OF SIOR APPEARS HERE] Society of Industrial and Office Realtors,(R) Inc.

INDUSTRIAL REAL ESTATE LEASE
(MULTI-TENANT FACILITY)

ARTICLE ONE: BASIC TERMS

This Article One contains the Basic Terms of this Lease between the Landlord and Tenant named below. Other Articles, Sections and Paragraphs of the Lease referred to in this Article One explain and define the Basic Terms and are to be read in conjunction with the Basic Terms.

Section 1.01. DATE OF LEASE: May 17, 1993

Section 1.02. LANDLORD (INCLUDE LEGAL ENTITY): MAJESTIC REALTY CO. AND PATRICIAN ASSOCIATES, INC., both California corporations

Address of Landlord: 13191 Crossroads Parkway North, Sixth Floor, City of Industry, California 91746

Section 1.03. TENANT (INCLUDE LEGAL ENTITY): UNITED STATIONERS SUPPLY CO., an Illinois corporation

Address of Tenant: 2200 East Golf Road, Des Plaines, Illinois 60016-1267

Section 1.04. PROPERTY: The Property is part of Landlord's multitenant real property development known as that approximately 250,000 sq. ft. industrial building situated on 13.95 acres of land more commonly known as 18305 - 18385 E. San Jose Avenue, City of Industry and described of depicted in Exhibit "A" (the "Project"). The Project includes the land, the buildings and all other improvements located on the land, and the common areas described in Paragraph 4.05(a). The Property is (include street address, approximate square footage and description) that approximately 125,000 sq. ft. portion of the Project & associated paving, landscaping and other improvements thereon as shown on

Exhibit "A" attached hereto and made a part thereof and more commonly known as 18385 East San Jose Avenue, City of Industry, subject to the rights of adjoining properties to use the arealabeled "Common Ingress and Egress".

Section 1.05. LEASE TERM: 5 years -- months beginning on June 1, 1993 or such other date as is specified in this Lease, and ending on May 31, 1998

Section 1.06. PERMITTED USES: (See Article Five) Warehousing and distribution of office supplies, furniture and equipment only.

Section 1.07. TENANT'S GUARANTOR: (If none, so state) None

Section 1.08. BROKERS: (See Article Fourteen) (If none, so state)
Landlord's Broker: Majestic Realty Co.
Tenant's Broker: The Seeley Co.

Section 1.09. COMMISSION PAYABLE TO LANDLORD'S BROKER: (See Article Fourteen) S per agreement

Section 1.10. INITIAL SECURITY DEPOSIT: (See Section 3.03) S None

Section 1.11. VEHICLE PARKING SPACES ALLOCATED TO TENANT: (See Section 4.05) 121 cars

Section 1.12. RENT AND OTHER CHARGES PAYABLE BY TENANT:
(a) BASE RENT: THIRTY FIVE THOUSAND AND NO/100----------Dollars ($35,000.00) per month for all 60 months, as provided in Section 3.01.

(b) OTHER PERIODIC PAYMENTS: (i) Real Property Taxes (See Section 4.02): (ii) Utilities (See Section 4.03); (iii) Insurance Premiums (See Section 4.0); (iv) Tenant's Initial Pro Rata Share of Common Area Expenses 50 % (See Section 4.05); (v) Impounds for Insurance Premiums and Property Taxes (See Section 4.08); (vi) Maintenance, Repairs and Alterations (See Article Six).

Section 1.13. LANDLORD'S SHARE OF PROFIT ON ASSIGNMENT OR SUBLEASE:

(See Section 9.05) fifty percent (50 %) of the Profit (the "Landlord's Share").

Section 1.14. RIDERS: The following Riders are attached to and made a part of this Lease: (If none, so state) _____

Rider pages 1 through 13, Option to Extend Term Lease Rider, Exhibits "A", "B", "C", "D", and "E"

ARTICLE TWO: LEASE TERM

Section 2.01. LEASE OF PROPERTY FOR LEASE TERM. Landlord leases the Property to Tenant and Tenant leases the Property from Landlord for the Lease Term. The Lease Term is for the period stated in Section 1.05 above and shall begin and end on the dates specified in Section 1.05 above, unless the beginning or end of the Lease Term is changed under any provision of this Lease. The "Commencement Date" shall be the date specified in Section 1.05 above for the beginning of the Lease Term, unless advanced or delayed under any provision of this Lease.

Section 2.02. DELAY IN COMMENCEMENT. Landlord shall not be liable to Tenant if Landlord does not deliver possession of the Property to Tenant on the Commencement Date. Landlord's non-delivery of the Property to Tenant on that date shall not affect this Lease or the obligations of Tenant under this Lease except that the Commencement Date shall be delayed until Landlord delivers possession of the Property to Tenant and the Lease Term shall be extended for a period equal to the delay in delivery of possession of the Property to Tenant, plus the number of days necessary to end the Lease Term on the last day of a month. If Landlord does not deliver possession of the Property to Tenant within sixty (60) days after the Commencement Date, Tenant may elect to cancel this Lease by giving written notice to Landlord within ten (10) days after the sixty (60) -day period ends. If Tenant gives such notice, the Lease shall be cancelled and neither Landlord nor Tenant shall have any further obligations to the other. If Tenant does not give such notice, Tenant's right to cancel the Lease shall expire and the Lease Term shall commence upon the delivery of possession of the Property to Tenant. If delivery of possession of the Property to Tenant is delayed, Landlord and Tenant shall, upon such delivery, execute an amendment to this Lease setting forth the actual Commencement Date and expiration date of the Lease. Failure to execute such amendment shall not affect the actual Commencement Date and expiration date of the Lease.

Section 2.04. HOLDING OVER. Tenant shall vacate the Property upon the expiration or earlier termination of this Lease. Tenant shall reimburse Landlord for and indemnify Landlord against all damages which Landlord incurs from Tenant's delay in vacating the Property. If Tenant does not vacate the Property

upon the expiration or earlier termination of the Lease and Landlord thereafter accepts rent from Tenant. Tenant's occupancy of the property shall be a "month-to-month" tenancy, subject to all of the terms of this Lease applicable to a month-to-month tenancy, except that the Base Rent then in effect shall be increased by twenty-five percent (25%).

ARTICLE THREE: BASE RENT

Section 3.01. TIME AND MANNER OF PAYMENT. Upon execution of this Lease, Tenant shall pay Landlord the Base Rent in the amount stated in Paragraph 1.12(a) above for the first month of the Lease Term. On the first day of the second month of the Lease Term and each month thereafter, Tenant shall pay Landlord the Base Rent, in advance, without offset, deduction or prior demand. The Base Rent shall be payable at Landlord's address or at such other place as Landlord may designate in writing.

Section 3.02. COST OF LIVING INCREASES. The "Index" described in the attached Option to Extend Term Lease Rider shall be the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (all items for the geographical Statistical Area in which the Property is located on the base of 1982-1984 = 100). If the format or components of the Index are materially changed after the Commencement Date, Landlord shall substitute an index which is published by the Bureau of Labor Statistics or similar agency and which is most nearly equivalent to the Index in effect on the Commencement Date. The substitute index shall be used to calculate the increase in the Base Rent unless Tenant objects to such index in writing within fifteen (15) days after receipt of Landlord's notice. If Tenant objects, Landlord and Tenant shall submit the selection of the substitute index for binding arbitration in accordance with the rules and regulations of the American Arbitration Association at its office closest to the Property. The costs of arbitration shall be borne equally by Landlord and Tenant.

ARTICLE FOUR: OTHER CHARGES PAYABLE BY TENANT

Section 4.01. ADDITIONAL RENT. All charges payable by Tenant other than Base Rent are called "Additional Rent" Unless this Lease provides otherwise, Tenant shall pay all Additional Rent then due with the next monthly installment of Base Rent. The term "rent" shall mean Base Rent and Additional Rent.

Section 4.02. PROPERTY TAXES.

(a) REAL PROPERTY TAXES. Tenant shall pay all real property taxes on the Property (including any fees, taxes or assessments against, or as a result of, any tenant improvements installed on the Property by or for the benefit of Tenant) during the Lease Term. Subject to Paragraph 4.02(c) and Section 4.08 below, such payment shall be made at least ten (10) days prior to the delinquency date of the taxes. Within such ten (10) -day period. Tenant shall furnish Landlord with satisfactory evidence that the real property taxes have

been paid. Landlord shall reimburse Tenant for any real property taxes paid by tenant covering any period of time prior to or after the Lease Term. If Tenant fails to pay the real property taxes when due, landlord may pay the taxes and Tenant shall reimburse Landlord for the amount of such tax payment as Additional Rent. Alternatively, Landlord may elect to bill Tenant in advance for such taxes and Tenant shall pay Landlord the amount of such taxes, as Additional Rent, at least ten (10) days prior to delinquency. Landlord shall pay such taxes prior to delinquency provided Tenant has timely made such payments to Landlord. Any penalty caused by Tenant's failure to timely make such payments shall also be Additional Rent owed by Tenant immediately upon demand.

(b) DEFINITION OF "REAL PROPERTY TAX." "Real property tax" means: (i) any fee, license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty or tax imposed by any taxing authority against the Property; (ii) any tax on the Landlord's right to receive, or the receipt of rent or income from the Property or against Landlord's business of leasing the Property; (iii) any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Property by any governmental agency; (iv) any tax imposed upon this transaction or based upon a re-assessment of the Property due to a change of ownership, as defined by applicable law, or other transfer of all or part of Landlord's interest in the Property; and (v) any charge or fee replacing any tax previously included within the definition of real property tax. "Real property tax" does not, however, include Landlord's federal or state income, franchise, inheritance or estate taxes.

(c) JOINT ASSESSMENT. As used herein, "real property taxes" for the Property shall be Tenant's pro-rata share as defined in Section 1.12(b) (iv) of the real property taxes for the Project.

(d) PERSONAL PROPERTY TAXES.

(i) Tenant shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Tenant. Tenant shall try to have personal property taxed separately from the property.

(ii) If any of Tenant's personal property is taxed with the Property, Tenant shall pay Landlord the taxes for the personal property within fifteen (15) days after Tenant receives a written statement from Landlord for such personal property taxes.

Section 4.03. UTILITIES. Tenant shall pay, directly to the appropriate supplier, the cost of all natural gas, heat, light, power, sewer service, telephone, water, refuse disposal and other utilities and services supplied to the Property. However, if any services or utilities are jointly metered with other property, Landlord shall make a reasonable determination of Tenant's proportionate share of the cost of such utilities and services and Tenant shall pay such share to Landlord within fifteen (15) days after receipt of Landlord's written statement.

Section 4.04. INSURANCE POLICIES.

(a) LIABILITY INSURANCE. During the Lease Term, Tenant shall maintain a policy of commercial general liability insurance (sometimes known as broad form comprehensive general liability insurance) insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury arising out of the operation, use or occupancy of the Property. Tenant shall name Landlord as an additional insured under such policy. The initial amount of such insurance shall be Three Million Dollars ($3,000,000) per occurrence. The liability insurance obtained by Tenant under this Paragraph 4.04(a) shall (i) be primary and non-contributing; (ii) contain cross-liability endorsements; and (iii) insure Landlord against Tenant's performance under Section 5.05, if the matters giving rise to the indemnity under Section 5.05 result from the negligence of Tenant. The amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease. Landlord may also obtain comprehensive public liability insurance in an amount and with coverage determined by Landlord insuring Landlord against liability arising out of ownership, operation, use or occupancy of the Property. The policy obtained by Landlord shall not be contributory and shall not provide primary insurance.

(b) PROPERTY AND RENTAL INCOME INSURANCE. During the Lease Term, Landlord shall maintain policies of insurance covering loss of or damage to the Property in the full amount of its replacement value. Such policy shall contain an Inflation Guard Endorsement and shall provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), sprinkler leakage and any other perils which Landlord deems reasonably necessary. Landlord shall have the right to obtain flood and earthquake insurance if required by any lender holding a security interest in the Property. Landlord shall not obtain insurance for Tenant's fixtures or equipment or building improvements installed by Tenant on the Property. During the Lease Term, Landlord shall also maintain a rental income insurance policy, with loss payable to Landlord, in an amount equal to one year's Base Rent, plus estimated real property taxes and insurance premiums. Tenant shall be liable for the payment of any deductible amount under Landlord's or Tenant's insurance policies maintained pursuant to this Section 4.04 (other than Landlord's liability insurance) in an amount not to exceed Ten Thousand Dollars ($10,000). Tenant shall not do or permit anything to be done which invalidates any such insurance policies.

(c) PAYMENT OF PREMIUMS. Subject to Section 4.08, Tenant shall pay all premiums for the insurance policies described in Paragraphs 4.04(a) and (b) (whether obtained by Landlord or Tenant) within fifteen (15) days after Tenant's receipt of a copy of the premium statement or other evidence of the amount due, except Landlord shall pay all premiums for non-primary comprehensive public liability insurance which Landlord elects to obtain as provided in Paragraph 4.04(a). For insurance policies maintained by Landlord which cover improvements on the entire Project. Tenant shall pay Tenant's prorated share of the premiums, in accordance with the formula in Paragraph 4.05(e) for determining Tenant's

share of Common Area costs. If insurance policies maintained by Landlord cover improvements on real property other than the Project, Landlord shall deliver to Tenant a statement of the premium applicable to the Property showing in reasonable detail how Tenant's share of the premium was computed. If the Lease Term expires before the expiration of an insurance policy maintained by Landlord, Tenant shall be liable for Tenant's prorated share of the insurance premiums. Before the Commencement Date, Tenant shall deliver to Landlord a copy of any policy of insurance which Tenant is required to maintain under this Section 4.04. At least thirty (30) days prior to the expiration of any such policy, Tenant shall deliver to Landlord a renewal of such policy. As an alternative to providing a policy of insurance, Tenant shall have the right to provide Landlord a certificate of insurance, executed by an authorized officer of the insurance company, showing that the insurance which Tenant is required to maintain under this Section 4.04 is in full force and effect and containing such other information which Landlord reasonably requires.

(d) GENERAL INSURANCE PROVISIONS.

(i) Any insurance which Tenant is required to maintain under this Lease shall include a provision which requires the insurance carrier to give Landlord not less than thirty (30) days' written notice prior to any cancellation or modification of such coverage.

(ii) If Tenant fails to deliver any policy, certificate or renewal to Landlord required under this Lease within the prescribed time period or if any such policy is cancelled or modified during the Lease Term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance within fifteen (15) days after receipt of a statement that indicates the cost of such insurance.

(iii) Tenant shall maintain all insurance required under this Lease with companies holding a "General Policy Rating" of A-12 or better, as set forth in the most current issue of "Best Key Rating Guide". Landlord and Tenant acknowledge the insurance markets are rapidly changing and that insurance in the form and amounts described in this Section 4.04 may not be available in the future. Tenant acknowledges that the insurance described in this Section 4.04 is for the primary benefit of Landlord. If at any time during the Lease Term, Tenant is unable to maintain the insurance required under the Lease, Tenant shall nevertheless maintain insurance coverage which is customary and commercially reasonable in the insurance industry for Tenant's type of business, as that coverage may change from time to time. Landlord makes no representation as to the adequacy of such insurance to protect Landlord's or Tenant's interests. Therefore, Tenant shall obtain any such additional property or liability insurance which Tenant deems necessary to protect Landlord and Tenant.

(iv) Unless prohibited under applicable insurance policies

maintained, Landlord and Tenant each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage. Upon obtaining the required policies of insurance, Landlord and Tenant shall give notice to the insurance carriers of this mutual waiver of subrogation.

Section 4.05. COMMON AREAS; USE, MAINTENANCE AND COSTS.

(a) COMMON AREAS. As used in this Lease, "Common Areas" shall mean all areas within the Project which are available for the common use of tenants of the Project and which are not leased or held for the exclusive use of Tenant or other tenants, including, but not limited to, parking areas, driveways, sidewalks, loading areas, access roads, corridors, landscaping and planted areas. Landlord, from time to time, may change the size, location, nature and use of any of the Common Areas, convert Common Areas into leaseable areas, construct additional parking facilities (including parking structures) in the Common Areas, and increase or decrease Common Area land and/or facilities. Tenant acknowledges that such activities may result in inconvenience to Tenant. Such activities and changes are permitted if they do not materially affect Tenant's use of the Property.

(b) USE OF COMMON AREAS. Tenant shall have the nonexclusive right (in common with other tenants and all others to whom Landlord has granted or may grant such rights) to use the Common Areas for the purposes intended, subject to such reasonable rules and regulations as Landlord may establish from time to time. Tenant shall abide by such rules and regulations and shall use its best effort to cause others who use the Common Areas with Tenant's express or implied permission to abide by Landlord's rules and regulations. At any time, Landlord may close any Common Areas to perform any acts in the Common Areas as, in Landlord's judgment, are desirable to improve the Project provided such closure shall not unreasonably interfere with Tenant's use of or access to the Property. Tenant shall not interfere with the rights of Landlord, other tenants or any other person entitled to use the Common Areas.

(c) SPECIFIC PROVISION RE: VEHICLE PARKING. Tenant shall be entitled to use the number of vehicle parking spaces in the Project allocated to Tenant in Section 1.11 of the Lease without paying any additional rent. Tenant's parking shall not be reserved and shall be limited to vehicles no larger than standard size automobiles or pickup utility vehicles. Tenant shall not cause large trucks or other large vehicles to be parked within the Project or on the adjacent public streets. Temporary parking of large delivery vehicles in the Project may be permitted by the rules and regulations established by Landlord. Vehicles shall be parked only in striped parking spaces and not in driveways, loading areas or other locations not specifically designated for parking. Handicapped spaces shall only be used by those legally permitted to use them. If Tenant parks more vehicles in the parking area than the number set forth in Section 1.11 of this Lease, such conduct shall be a material breach of this Lease. In addition to Landlord's other remedies under the Lease, Tenant shall pay a daily charge determined by Landlord for each such additional vehicle.

(d) MAINTENANCE OF COMMON AREAS. Landlord shall maintain the Common Areas in good order, condition and repair and shall operate the Project, in Landlord's sole discretion, as a first-class industrial/commercial real property development. Tenant shall pay Tenant's pro rata share (as determined below) of all costs incurred by Landlord for the operation and maintenance of the Common Areas. Common Area costs include, but are not limited to, costs and expenses for the following: gardening and landscaping; utilities, water and sewage charges; maintenance of signs (other than tenants' signs): premiums for liability, property damage, fire and other types of casualty insurance on the Common Areas and worker's compensation insurance; all property taxes and assessments levied on or attributable to the Common Areas and all Common Area improvements; all personal property taxes levied on or attributable to personal property used in connection with the Common Areas; straight-line depreciation on personal property owned by Landlord which is consumed in the operation or maintenance of the Common Areas; rental or lease payments paid by Landlord for rented or leased personal property used in the operation or maintenance of the Common Areas; fees for required licenses and permits; repairing, resurfacing, repaving, maintaining, painting, lighting, cleaning, refuse removal, security and similar items; and a reasonable allowance to Landlord for Landlord's supervision of the Common Areas (not to exceed five percent (5%) of the gross rents of the Project for the calendar year). Landlord may cause any or all of such services to be provided by third parties and the cost of such services shall be included in Common Area costs. Common Area costs shall not include depreciation of real property which forms part of the Common Areas.

(e) TENANT'S SHARE AND PAYMENT. Tenant shall pay Tenant's annual pro rata share of all Common Area costs (prorated for any fractional month) upon written notice from Landlord that such costs are due and payable, and in any event prior to delinquency. Tenant's pro rata share shall be calculated by dividing the square foot area of the Property, as set forth in Section 1.04 of the Lease, by the aggregate square foot area of the Project which is leased or held for lease by tenants, as of the date on which the computation is made. Tenant's initial pro rata share is set out in Paragraph 1.12(b). Any changes in the Common Area costs and/or the aggregate area of the Project leased or held for lease during the Lease Term shall be effective on the first day of the month after such change occurs. Landlord may, at Landlord's election, estimate in advance and charge to Tenant as Common Area costs, all maintenance and repair costs for which Tenant is liable under Section 6.04 of the Lease, and all other Common Area costs payable by Tenant hereunder. At Landlord's election, such statements of estimated Common Area costs shall be delivered monthly, quarterly or at any other periodic intervals to be designated by Landlord. Landlord may adjust such estimates at any time based upon Landlord's experience and reasonable anticipation of costs. Such adjustments shall be effective as of the next rent payment date after notice to Tenant. Within sixty (60) days after the end of each calendar year of the Lease Term, Landlord shall deliver to Tenant a statement prepared in accordance with generally accepted accounting principles setting forth, in reasonable detail, the Common Area costs paid or incurred by

Landlord during the preceding calendar year and Tenant's pro rata share. Upon receipt of such statement, there shall be an adjustment between Landlord and Tenant, with payment to or credit given by Landlord (as the case may be) so that Landlord shall receive the entire amount of Tenant's share of such costs and expenses for such period.

Section 4.06. LATE CHARGES. Tenant's failure to pay rent promptly may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Property. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

Section 4.07. INTEREST ON PAST DUE OBLIGATIONS. Any amount owed by Tenant to Landlord which is not paid when due shall bear interest at the rate of fifteen percent (15%) per annum from the due date of such amount. However, interest shall not be payable on late charges to be paid by Tenant under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant under this Lease. If the interest rate specified in this Lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law.

Section 4.08. IMPOUNDS FOR INSURANCE PREMIUMS AND REAL PROPERTY TAXES. If requested by any ground lessor or lender to whom Landlord has granted a security interest in the Property, or if Tenant is more than ten (10) days late in the payment of rent more than once in any consecutive twelve (12) -month period. Tenant shall pay Landlord a sum equal to one-twelfth (1/12) of the annual real property taxes and insurance premiums payable by Tenant under this Lease, together with each payment of Base Rent. Landlord shall hold such payments in a non-interest bearing impound account. If unknown, Landlord shall reasonably estimate the amount of real property taxes and insurance premiums when due. Tenant shall pay any deficiency of funds in the impound account to Landlord upon written request. If Tenant defaults under this Lease, Landlord may apply any funds in the impound account to any obligation then due under this Lease.

ARTICLE FIVE: USE OF PROPERTY

Section 5.01. PERMITTED USES. Tenant may use the Property only for the Permitted Uses set forth in Section 1.06 above.

Section 5.02. MANNER OF USE. Tenant shall not cause or permit the Property to be used in any way which constitutes a violation of any law, ordinance, or governmental regulation or order, which annoys or interferes with the rights of tenants of the Project, or which constitutes a nuisance or waste. Tenant shall obtain and pay for all permits, including a Certificate of Occupancy, required for Tenant's occupancy of the Property and shall promptly take all actions necessary to comply with all applicable statutes, ordinances, rules,

regulations, orders and requirements regulating the use by Tenant of the Property, including the Occupational Safety and Health Act. See Rider Section 5.03

Section 5.04. SIGNS AND AUCTIONS. Tenant shall not place any signs on the Property without Landlord's prior written consent. Tenant shall not conduct or permit any auctions or sheriff's sales at the Property.

Section 5.05. INDEMNITY. Tenant shall indemnify Landlord against and hold Landlord harmless from any and all costs, claims or liability arising from: (a) Tenant's use of the Property; (b) the conduct of Tenant's business or anything else done or permitted by Tenant to be done in or about the Property, including any contamination of the Property or any other property resulting from the presence or use of Hazardous Material caused or permitted by Tenant; (c) any breach or default in the performance of Tenant's obligations under this Lease; (d) any misrepresentation or breach of warranty by Tenant under this Lease; or (e) other acts or omissions of Tenant. Tenant shall defend Landlord against any such cost, claim or liability at Tenant's expense with counsel reasonably acceptable to Landlord. As a material part of the consideration to Landlord, Tenant assumes all risk of damage to property or injury to persons in or about the Property arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, except for any claim arising out of Landlord's gross negligence or willful misconduct. As used in this Section, the term "Tenant" shall include Tenant's employees, agents, contractors and invitees, if applicable.

Section 5.06. LANDLORD'S ACCESS. Landlord or its agents may enter the Property at all reasonable times to show the Property to potential buyers, investors or tenants or other parties; to do any other act or to inspect and conduct tests in order to monitor Tenant's compliance with all applicable environmental laws and all laws governing the presence and use of Hazardous Material; or for any other purpose Landlord deems necessary. Landlord shall give Tenant prior notice of such entry, except in the case of an emergency. Landlord may place customary "For Sale" or "For Lease" signs on the Property.

Section 5.07. QUIET POSSESSION. If Tenant pays the rent and complies with all other terms of this Lease, Tenant may occupy and enjoy the Property for the full Lease Term, subject to the provisions of this Lease.

ARTICLE SIX: CONDITION OF PROPERTY; MAINTENANCE, REPAIRS AND ALTERATIONS

Section 6.01. EXISTING CONDITIONS.* Tenant accepts the Property in its condition as of the execution of the Lease, subject to all recorded matters, laws, ordinances, and governmental regulations and orders. Except as provided herein, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation as to the condition of the Property or the suitability of the Property for Tenant's intended use. Tenant represents and warrants that

Tenant has made its own inspection of and inquiry regarding the condition of the Property and is not relying on any representations of Landlord or any Broker with respect thereto.

Section 6.02. EXEMPTION OF LANDLORD FROM LIABILITY. Landlord shall not be liable for any damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant. Tenant's employees, invitees, customers or any other person in or about the Property, whether such damage or injury is caused by or results from: (a) fire, steam, electricity, water, gas or rain; (b) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or any other cause; (c) conditions arising in or about the Property or upon other portions of the Project, or from other sources or places; or (d) any act or omission of any other tenant of the Project. Landlord shall not be liable for any such damage or injury even though the cause of or the means of repairing such damage or injury are not accessible to Tenant. The provisions of this Section 6.02 shall not, however, exempt Landlord from liability for Landlord's gross negligence or willful misconduct.

Section 6.03. LANDLORD'S OBLIGATIONS.

(a) Except as provided in Article Seven (Damage or Destruction) and Article Eight (Condemnation). Landlord shall keep the following in good order, condition and repair: the foundations, exterior walls and roof of the Property (including painting the exterior surface of the exterior walls of the Property not more often than once every five (5) years, if necessary) and all components of electrical, mechanical, plumbing, heating and air conditioning systems and facilities located in the Property which are concealed or used in common by tenants of the Project. However, Landlord shall not be obligated to maintain or repair windows, doors, plate glass or the interior surfaces of exterior walls. Landlord shall make repairs under this Section 6.03 within a reasonable time after receipt of written notice from Tenant of the need for such repairs.

(b) Tenant shall pay or reimburse Landlord for all costs Landlord incurs under Paragraph 6.03(a) above as Common Area costs as provided for in Section 4.05 of the Lease.** Tenant waives the benefit of any statute in effect now or in the future which might give Tenant the right to make repairs at Landlord's expense or to terminate this Lease due to Landlord's failure to keep the Property in good order, condition and repair.

*Landlord shall deliver the Property to Tenant in compliance with all applicable laws including, but not limited to, the Americans with Disabilities Act, as applied to a "non-public" facility. Furthermore, Landlord and Tenant shall meet within fourteen days (14) of Tenant's occupancy to agree upon a "punchlist" of non-working items in the Property as of the Commencement Date, which items Landlord shall promptly repair. Except as set forth above, and except for completion of Tenant Improvements,

**provided, however, in no event shall Tenant's share of Common Area Expenses attributable to roof, foundation and structural repairs exceed ONE THOUSAND AND NO/100 DOLLARS ($1,000.00) per calendar year.

Section 6.04. TENANT'S OBLIGATIONS.

(a) Except as provided in Section 6.03, Article Seven (Damage or Destruction) and Article Eight (Condemnation), Tenant shall keep all portions of the Property (including structural, nonstructural, interior, systems and equipment) in good order, condition and repair (including interior repainting and refinishing, as needed). If any portion of the Property or any system or equipment in the Property which Tenant is obligated to repair cannot be fully repaired or restored, Tenant shall promptly replace such portion of the Property or system or equipment in the Property, regardless of whether the benefit of such replacement extends beyond the Lease Term; but if the benefit or useful life of such replacement extends beyond the Lease Term (as such term may be extended by exercise of any options), the useful life of such replacement shall be prorated over the remaining portion of the Lease Term (as extended), and Tenant shall be liable only for that portion of the cost which is applicable to the Lease Term (as extended). Tenant shall maintain a preventive maintenance contract providing for the regular inspection and maintenance of the heating and air conditioning system by a licensed heating and air conditioning contractor, unless Landlord maintains such equipment under Section 6.03 above. If any part of the Property or the Project is damaged by any act or omission of Tenant, Tenant shall pay Landlord the cost of repairing or replacing such damaged property, whether or not Landlord would otherwise be obligated to pay the cost of maintaining or repairing such property. It is the intention of Landlord and Tenant that at all times Tenant shall maintain the portions of the Property which Tenant is obligated to maintain in an attractive, first-class and fully operative condition.

(b) Tenant shall fulfil all of Tenant's obligations under this Section 6.04 Tenant's sole expense. If Tenant fails to maintain, repair or replace the Property as required by this Section 6.04, Landlord may, upon ten (10) days' prior notice to Tenant except that no notice shall be required in the case of an emergency), enter the Property and perform such maintenance or repair (including replacement, as needed) on behalf of Tenant. In such case, Tenant shall reimburse Landlord for all costs incurred in performing such maintenance or repair immediately upon demand.

Section 6.05. ALTERATIONS, ADDITIONS, AND IMPROVEMENTS.

(a) Tenant shall not make any alterations, additions, or improvements to the Property without Landlord's prior written consent, except for non-structural alterations which do not exceed Ten Thousand Dollars ($10,000) in cost cumulatively over the Lease Term and which are not visible from the outside of any building of which the Property is part. Landlord may require Tenant to provide demolition and/or lien and completion bonds in form and amount satisfactory to Landlord. Tenant shall promptly remove any alterations, additions, or improvements constructed in violation of this Paragraph 6.05(a) upon Landlord's written request. All alterations, additions, and improvements shall be done in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord. Upon

completion of any such work, Tenant shall provide Landlord with "as built" plans, copies of all construction contracts, and proof of payment for all labor and materials.

(b) Tenant shall pay when due all claims for labor and material furnished to the Property. Tenant shall give Landlord at least twenty (20) days' prior written notice of the commencement of any work on the Property, regardless of whether Landlord's consent to such work is required. Landlord may elect to record and post notices of non-responsibility on the Property.

Section 6.06. CONDITION UPON TERMINATION. Upon the termination of the Lease, Tenant shall surrender the Property to Landlord, broom clean and in the same condition as received except for ordinary wear and tear which Tenant was not otherwise obligated to remedy under any provision of this Lease. However, Tenant shall not be obligated to repair any damage which Landlord is required to repair under Article Seven (Damage or Destruction). In addition, Landlord may require Tenant to remove any alterations, additions or improvements other than the Tenant Improvements described herein (whether or not made with Landlord's consent) prior to the expiration of the Lease and to restore the Property to its prior condition, all at Tenant's expense. All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the expiration or earlier termination of the Lease, except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Property. Tenant shall repair, at Tenant's expense, any damage to the Property caused by the removal of any such machinery or equipment. In no event, however, shall Tenant remove any of the following materials or equipment (which shall be deemed Landlord's property) without Landlord's prior written consent: any power wiring or power panels; lighting or lighting fixtures; wall coverings; drapes, blinds or other window coverings; carpets or other floor coverings; heaters, air conditioners or any other heating or air conditioning equipment; fencing or security gates; or other similar building operating equipment and decorations.

ARTICLE SEVEN: DAMAGE OR DESTRUCTION

Section 7.01. PARTIAL DAMAGE TO PROPERTY

(a) Tenant shall notify Landlord in writing immediately upon occurrence of any damage to the Property. If the Property is only partially damaged (i.e., less than twenty five percent (25%) of the Property is untenantable as a result of such damage or less than twenty five percent (25%) of Tenant's operations are materially impaired) and if the proceeds received by Landlord from the insurance policies described in Paragraph 4.04(b) are sufficient to pay for the necessary repairs, this Lease shall remain in effect and Landlord shall repair the damage as soon as reasonably possible. Landlord may elect (but is not required) to repair any damage to Tenant's fixtures, equipment, or improvements.

(b) If the insurance proceeds received by Landlord are not sufficient to pay the entire cost of repair, or if the cause of the damage is not covered by the insurance policies which Landlord maintains under Paragraph 4.04(b), Landlord may elect either to (i) repair the damage as soon as reasonably possible, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease as of the date the damage occurred. Landlord shall notify Tenant within thirty (30) days after the occurrence of the damage whether Landlord elects to repair the damage or terminate the Lease. If Landlord elects to repair the damage, Tenant shall pay Landlord the "deductible amount" (if any) under Landlord's insurance policies and, if the damage was due to an act or omission of Tenant, or Tenant's employees, agents, contractors or invitees, the difference between the actual cost of repair and any insurance proceeds received by Landlord. If Landlord elects to terminate this Lease, Tenant may elect to continue this Lease in full force and effect, in which case Tenant shall repair any damage to the Property and any building in which the Property is located. Tenant shall pay the cost of such repairs, except that upon satisfactory completion of such repairs, Landlord shall deliver to Tenant any insurance proceeds received by Landlord for the damage repaired by Tenant. Tenant shall give Landlord written notice of such election within ten (10) days after receiving Landlord's termination notice.

(c) If the damage to the Property occurs during the last six (6) months of the Lease Term and such damage will require more than thirty (30) days to repair, either Landlord or Tenant may elect to terminate this Lease as of the date the damage occurred, regardless of the sufficiency of any insurance proceeds. The party electing to terminate this Lease shall give written notification to the other party of such election within thirty (30) days after Tenant's notice to Landlord of the occurrence of the damage.

Section 7.02. SUBSTANTIAL OR TOTAL DESTRUCTION. If the Property is substantially or totally destroyed by any cause whatsoever (i.e., the damage to the Property is greater than partial damage as described in Section 7.01), and regardless of whether Landlord receives any insurance proceeds, this Lease shall terminate as of the date the destruction occurred at the election of either party.

Section 7.03. TEMPORARY REDUCTION OF RENT. If the Property is destroyed or damaged and Landlord or Tenant repairs or restores the Property pursuant to the provisions of this Article Seven, any rent payable during the period of such damage, repair and/or restoration shall be reduced according to the degree, if any, to which Tenant's use of the Property is impaired. However, the reduction shall not exceed the sum of one year's payment of Base Rent, insurance premiums and real property taxes. Except for such possible reduction in Base Rent, insurance premiums and real property taxes, Tenant shall not be entitled to any compensation, reduction, or reimbursement from Landlord as a result of any damage, destruction, repair, or restoration of or to the Property.

Section 7.04. WAIVER. Tenant waives the protection of any statute, code or judicial decision which grants a tenant the right to terminate a lease in the event of the substantial or total destruction of the leased property. Tenant agrees that the provisions of Section 7.02 above shall govern the rights and obligations of Landlord and Tenant in the event of any substantial or total

destruction to the Property.

ARTICLE EIGHT: CONDEMNATION

If all or any portion of the Property is taken under the power of eminent domain or sold under the threat of that power (all of which are called "Condemnation"), this Lease shall terminate as to the part taken or sold on the date the condemning authority takes title or possession, whichever occurs first. If more than twenty percent (20%) of the floor area of the building in which the Property is located, or which is located on the Property, is taken, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes title or possession, by delivering written notice to the other within ten (10) days after receipt of written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority takes title or possession). If neither Landlord nor Tenant terminates this Lease, this Lease shall remain in effect as to the portion of the Property not taken, except that the Base Rent and Additional Rent shall be reduced in proportion to the reduction in the floor area of the Property. Any Condemnation award or payment shall be distributed in the following order: (a) first, to any ground lessor, mortgagee or beneficiary under a deed of trust encumbering the Property, the amount of its interest in the Property; (b) second, to Tenant, only the amount of any award specifically designated for loss of or damage to Tenant's trade fixtures or removable personal property; and (c) third, to Landlord, the remainder of such award, whether as compensation for reduction in the value of the leasehold, the taking of the fee, or otherwise. If this Lease is not terminated, Landlord shall repair any damage to the Property caused by the Condemnation, except that Landlord shall not be obligated to repair any damage for which Tenant has been reimbursed by the condemning authority. If the severance damages received by Landlord are not sufficient to pay for such repair, Landlord shall have the right to either terminate this Lease or make such repair at Landlord's expense.

ARTICLE NINE: ASSIGNMENT AND SUBLETTING

Section 9.01. LANDLORD'S CONSENT REQUIRED. No portion of the Property or of Tenant's interest in this Lease may be acquired by any other person or entity, whether by sale, assignment, mortgage, sublease, transfer, operation of law, or act of Tenant, without Landlord's prior written consent, except as provided in Section 9.02 below, Landlord has the right to grant or withhold its consent as provided in Section 9.05 below. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Lease. If Tenant is a partnership, any cumulative transfer of more than twenty percent (20%) of the partnership interests shall require Landlord's consent. Tenant is a corporation, any change in the ownership of a controlling interest of the voting stock of the corporation shall require Landlord's consent.

Section 9.02. TENANT AFFILIATE. Tenant may assign this Lease or sublease

the Property, without Landlord's consent, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from the merger of or consolidation with Tenant ("Tenant's Affiliate"). In such case, any Tenant's Affiliate shall assume in writing all of Tenant's obligations under this Lease.

Section 9.03. NO RELEASE OF TENANT. No transfer permitted by this Article Nine, whether with or without Landlord's consent, shall release Tenant or change Tenant's primary liability to pay the rent and to perform all other obligations of Tenant under this Lease. Landlord's acceptance of rent from any other person is not a waiver of any provision of this Article Nine. Consent to one transfer is not a consent to any subsequent transfer. If Tenant's transferee defaults under this Lease, Landlord may proceed directly against Tenant without pursuing remedies against the transferee. Landlord may consent to subsequent assignments or modifications of this Lease by Tenant's transferee, without notifying Tenant or obtaining its consent. Such action shall not relieve Tenant's liability under this Lease.

Section 9.05. LANDLORD'S CONSENT.

(a) Tenant's request for consent to any transfer described in Section 9.01 shall set forth in writing the details of the proposed transfer, including the name, business and financial condition of the prospective transferee, financial details of the proposed transfer (e.g., the term of and the rent and security deposit payable under any proposed assignment or sublease), and any other information Landlord deems relevant. Landlord shall have the right to terminate this Lease or to withhold consent, if reasonable, or to grant consent, based on the following factors: (i) the business of the proposed assignee or subtenant and the proposed use of the Property; (ii) the net worth and financial reputation of the proposed assignee or subtenant; (iii) Tenant's compliance with all of its obligations under the Lease; and (iv) such other factors as Landlord may reasonably deem relevant. If Landlord objects to a proposed assignment solely because of the net worth and/or financial reputation of the proposed assignee, Tenant may nonetheless sublease (but not assign), all or a portion of the Property to the proposed transferee, but only on the other terms of the proposed transfer.

(b) If Tenant assigns or subleases, the following shall apply:

(i) Tenant shall pay to Landlord as Additional Rent under the Lease the Landlord's Share (stated in Section 1.13) of the Profit (defined below) on such transaction as and when received by Tenant, unless Landlord gives written notice to Tenant and the assignee or subtenant that Landlord's Share shall be paid by the assignee or subtenant to Landlord directly. The "Profit" means (A) all amounts paid to Tenant for such assignment or sublease, including "key" money, monthly rent in excess of the monthly rent payable under the Lease, and all fees and other consideration paid for the assignment or sublease, including fees under any collateral agreements, less (B) costs and expenses directly incurred by Tenant in connection with the execution and performance of such assignment or sublease for real estate broker's commissions and costs of renovation or construction of tenant improvements required under such assignment or sublease. Tenant is entitled to recover such costs and expenses before Tenant is obligated to

pay the Landlord's Share to Landlord. The Profit in the case of a sublease of less than all the Property is the rent allocable to the subleased space as a percentage on a square footage basis.

(ii) Tenant shall provide Landlord a written statement certifying all amounts to be paid from any assignment or sublease of the Property within thirty (30) days after the transaction documentation is signed, and Landlord may inspect Tenant's books and records to verify the accuracy of such statement. On written request, Tenant shall promptly furnish to Landlord copies of all the transaction documentation, all of which shall be certified by Tenant to be complete, true and correct. Landlord's receipt of Landlord's Share shall not be a consent to any further assignment or subletting. The breach of Tenant's obligation under this Paragraph 9.05(b) shall be a material default of the Lease.

(c) See Rider Section 9.05 (c)

Section 9.06. NO MERGER. No merger shall result from Tenant's sublease of the Property under this Article Nine, Tenant's surrender of this Lease or the termination of this Lease in any other manner. In any such event, Landlord may terminate any or all subtenancies or succeed to the interest of Tenant as sublandlord under any or all subtenancies.

ARTICLE TEN: DEFAULTS; REMEDIES

Section 10.01. Covenants and Conditions. Tenant's performance of each of Tenant's obligations under this Lease is a condition as well as a covenant. Tenant's right to continue in possession of the Property is conditioned on such performance. Time is of the essence in the performance of all covenants and conditions.

Section 10.02. DEFAULTS. Tenant shall be in material default under this Lease:

(a) If Tenant abandons the Property or if Tenant's vacation of the Property results in the cancellation of any insurance described in Section 4.04;

(b) If Tenant fails to pay rent or any other charge when due;

(c) If Tenant fails to perform any of Tenant's non-monetary obligations under this Lease for a period of thirty (30) days after written notice from Landlord; provided that if more than thirty (30) days are required to complete such performance, Tenant shall not be in default if Tenant commences such performance within the thirty (30) -day period and thereafter diligently pursues its completion. However, Landlord shall not be required to give such notice if Tenant's failure to perform constitutes a non-curable breach of this Lease. The notice required by this Paragraph is tended to satisfy any and all notice requirements imposed by law on Landlord and is not in addition to any such

requirement.

(d) (i) If Tenant makes a general assignment or general arrangement for the benefit of creditors; (ii) if a petition or adjudication of bankruptcy or for reorganization or rearrangement is filed by or against Tenant and is not dismissed within thirty (30) days; (iii) if a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease and possession is not restored to Tenant within thirty (30) days; or (iv) if substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease is subjected to attachment, execution or other judicial seizure which is not discharged within thirty (30) days. If a court of competent jurisdiction determines that any of the acts described in this subparagraph (d) is not a default under this Lease, and a trustee is appointed to take possession (or if Tenant remains a debtor in possession) and such trustee or Tenant transfers Tenant's interest hereunder, then Landlord shall receive, as Additional Rent, the excess, if any, of the rent (or any other consideration) paid in connection with such assignment or sublease over the rent payable by Tenant under this Lease.

Section 10.03. REMEDIES. On the occurrence of any material default by Tenant. Landlord may, at any time thereafter, with three (3) days prior written notice (which notice may be in the form of a three (3) day notice to pay rent or quit) or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have:

(a) Terminate Tenant's right to possession of the Property by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Property to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including (i) the worth at the time of the award of the unpaid Base Rent. Additional Rent and other charges which Landlord had earned at the time of the termination; (ii) the worth at the time of the award of the amount by which the unpaid Base Rent, Additional Rent and other charges which Landlord would have earned after termination until the time of the award exceeds the amount of such rental loss that Tenant proves Landlord could have reasonably avoided; (iii) the worth at the time of the award of the amount by which the unpaid Base Rent, Additional Rent and other charges which Tenant would have paid for the balance of the Lease term after the time of award exceeds the amount of such rental loss that Tenant proves Landlord could have reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses Landlord incurs in maintaining or preserving the Property after such default, the cost of recovering possession of the Property, expenses of reletting, including necessary renovation or alteration of the Property, Landlord's reasonable attorneys' fees incurred in connection therewith, and any real estate commission paid or payable. As used in subparts (i) and (ii) above, the "worth at the time of the award" is computed by allowing interest on unpaid amounts at the rate of fifteen percent (15%) per annum, or such lesser amount as may then be the maximum lawful rate. As used in subpart (iii) above, the "worth at the time of the award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent

(1%). If Tenant has abandoned the Property, Landlord shall have the option of (i) retaking possession of the Property and recovering from Tenant the amount specified in this Paragraph 10.03(a), or (ii) proceeding under Paragraph 10.03(b);

(b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant has abandoned the Property. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due:

(c) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state in which the Property is located.

Section 10.04. REPAYMENT OF "FREE" RENT. If this Lease provides for a postponement of any monthly rental payments, a period of "free" rent or other rent concession, such postponed rent or "free" rent is called the "Abated Rent". Tenant shall be credited with having paid all of the Abated Rent on the expiration of the Lease Term only if Tenant has fully, faithfully, and punctually performed all of Tenant's obligations hereunder, including the payment of all rent (other than the Abated Rent) and all other monetary obligations and the surrender of the Property in the physical condition required by this Lease. Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under this Lease. If Tenant defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such rent abatement or other rent concession. In such case Abated Rent shall be calculated based on the full initial rent payable under this Lease.

Section 10.05. AUTOMATIC TERMINATION. Notwithstanding any other term or provision hereof to the contrary, the Lease shall terminate on the occurrence of any act which affirms the Landlord's intention to terminate the Lease is provided in Section 10.03 hereof, including the filing of an unlawful detainer action against Tenant. On such termination. Landlord's damages for default shall include all costs and fees, including reasonable attorneys' fees that Landlord incurs in connection with the successful filing, commencement, pursuing and/or defending of any action in any bankruptcy court or other court with respect to the Lease; the obtaining of relief from any stay in bankruptcy restraining any action to evict Tenant; or the pursuing of any action with respect to Landlord's right to possession of the Property. All such damages suffered (apart from Base Rent and other rent payable hereunder) shall constitute pecuniary damages which must be reimbursed to Landlord prior to assumption of the Lease by Tenant or any successor to Tenant in any bankruptcy or other proceeding.

Section 10.06. CUMULATIVE REMEDIES. Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy.

ARTICLE ELEVEN: PROTECTION OF LENDERS

Section 11.01. SUBORDINATION. Landlord shall have the right to subordinate this Lease to any ground lease, deed of trust or mortgage encumbering the Property, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Tenant shall cooperate with Landlord and any lender which is acquiring a security interest in the Property or the Lease. Tenant shall execute such further documents and assurances as such lender may require, in the form attached hereto as Exhibit "B" or such other form as is then required by Landlord's lender, provided that Tenant's obligations under this Lease shall not be increased in any material way (the performance of ministerial acts shall not be deemed material), and Tenant shall not be deprived of its rights under this Lease. Tenant's right to quiet possession of the Property during the Lease Term shall not be disturbed if Tenant pays the rent and performs all of Tenant's obligations under this Lease and is not otherwise in default. If any ground lessor, beneficiary or mortgagee elects to have this Lease prior to the lien of its ground lease, deed of trust or mortgage and gives written notice thereof to Tenant, this Lease shall be deemed prior to such ground lease, deed of trust or mortgage whether this Lease is dated prior or subsequent to the date of said ground lease, deed of trust or mortgage or the date of recording thereof.

Section 11.02. ATTORNMENT. If Landlord's interest in the Property is acquired by any ground lessor, beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale. Tenant shall attorn to the transferee of or successor to Landlord's interest in the Property and recognize such transferee or successor as Landlord under this Lease. Tenant waives the protection of any statute or rule of law which gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Property upon the transfer of Landlord's interest.

Section 11.03. SIGNING OF DOCUMENTS. Tenant shall sign and deliver any instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so. If Tenant fails to do so within ten (10) days after receipt of written request. Tenant hereby makes, constitutes and irrevocably appoints Landlord, or any transferee or successor of Landlord, the attorney-in-fact of Tenant to execute and deliver any such instrument or document.

Section 11.04. ESTOPPEL CERTIFICATES.

(a) Upon Landlord's written request, Tenant shall execute, acknowledge and deliver to Landlord a written statement in the form attached hereto as Exhibit "C" or such other form as is then required by Landlord's lender, certifying: (i) that none of the terms or provisions of this Lease have been changed (or if they have been changed, stating how they have been changed); (ii) that this Lease has not been cancelled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; (iv) that Landlord is not in default under this Lease (or, if Landlord is claimed to be in default, stating why); and (v) such other representations or information with respect to Tenant or the Lease as Landlord may reasonably request or which any prospective purchaser or encumbrancer of the Property may require. Tenant shall

deliver such statement to Landlord within ten (10) days after receipt of Landlord's request. Landlord may give any such statement by Tenant to any prospective purchaser or encumbrancer of the Property. Such purchaser or encumbrancer may rely conclusively upon such statement as true and correct.

(b) If Tenant does not deliver such statement to Landlord within such ten (10) -day period, Landlord, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been cancelled or terminated except as otherwise represented by Landlord; (iii) that not more than one month's Base Rent or other charges have been paid in advance; and (iv) that Landlord is not in default under the Lease. In such event, Tenant shall be estopped from denying the truth of such facts.

Section 11.05. TENANT'S FINANCIAL CONDITION. Within ten (10) days after written request from Landlord, Tenant shall deliver to Landlord such financial statements as Landlord reasonably requires to verify the net worth of Tenant or any assignee, subtenant, or guarantor of Tenant. In addition, Tenant shall deliver to any lender designated by Landlord any financial statements required by such lender to facilitate the financing or refinancing of the Property, Tenant represents and warrants to Landlord that each such financial statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth in this Lease.

ARTICLE TWELVE: LEGAL COSTS

Section 12.01 LEGAL PROCEEDINGS. If Tenant or Landlord shall be in breach or default under this Lease, such party (the "Defaulting Party") shall reimburse the other party (the "Nondefaulting Party") upon demand for any costs or expenses that the Nondefaulting Party incurs in connection with any breach or default of the Defaulting Party under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Furthermore, if any action for breach of or to enforce the provisions of this Lease is commenced, the court in such action shall award to the party in whose favor a judgment is entered, a reasonable sum as attorneys' fees and costs. The losing party in such action shall pay such attorneys' fees and costs. Tenant shall also indemnify Landlord against and hold Landlord harmless from all costs, expenses, demands and liability Landlord may incur if Landlord becomes or is made a party to any claim or action (a) instituted by Tenant against any third party, or by any third party against Tenant, or by or against any person holding any interest under or using the Property by license of or agreement with Tenant; (b) for foreclosure of any lien for labor or material furnished to or for Tenant or such other person; (c) otherwise arising out of or resulting from any act or transaction of Tenant or such other person; or (d) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or

other proceeding under Title 11 of the United States Code, as amended. Tenant shall defend Landlord against any such claim or action at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election. Tenant shall reimburse Landlord for any legal fees or costs Landlord incurs in any such claim or action.

Section 12.02. LANDLORD'S CONSENT. Tenant shall pay Landlord's reasonable attorneys' fees incurred in connection with Tenant's request for Landlord's consent under Article Nine (Assignment and Subletting), or in connection with any other act which Tenant proposes to do and which requires Landlord's consent.

ARTICLE THIRTEEN: MISCELLANEOUS PROVISIONS

Section 13.01. NON-DISCRIMINATION. Tenant promises, and it is a condition to the continuance of this Lease, that there will be no discrimination against, or segregation of, any person or group of persons on the basis of race, color, sex, creed, national origin or ancestry in the leasing, subleasing, transferring, occupancy, tenure or use of the Property or any portion thereof.

Section 13.02. LANDLORD'S LIABILITY; CERTAIN DUTIES.

(a) As used in this Lease, the term "Landlord" means only the current owner or owners of the fee title to the Property or Project or the leasehold estate under a ground lease of the Property or Project at the time in question. Each Landlord is obligated to perform the obligations of Landlord under this Lease only during the time such Landlord owns such interest or title. Any Landlord who transfers its title or interest is relieved of all liability with respect to the obligations of Landlord under this Lease to be performed on or after the date of transfer. However, each Landlord shall deliver to its transferee all funds that Tenant previously paid if such funds have not yet been applied under the terms of this Lease.

(b) Tenant shall give written notice of any failure by Landlord to perform any of its obligations under this Lease to Landlord and to any ground lessor, mortgagee or beneficiary under any deed of trust encumbering the Property whose name and address have been furnished to Tenant in writing. Landlord shall not be in default under this Lease unless Landlord (or such ground lessor, mortgagee or beneficiary) fails to cure such non-performance within thirty (30) days after receipt of Tenant's notice. However, if such non-performance reasonably requires more than thirty (30) days to cure, Landlord shall not be in default if such cure is commenced within such thirty (30) -day period and thereafter diligently pursued to completion.

(c) Notwithstanding any term or provision herein to the contrary, the liability of Landlord for the performance of its duties and obligations under this Lease is limited to Landlord's interest in the Property and the Project, and neither the Landlord nor its partners, shareholders, officers or other principals shall have any personal liability under this Lease.

Section 13.03. SEVERABILITY. A determination by a court of competent jurisdiction that any provision of this Lease or any part thereof is illegal or unenforceable shall not cancel or invalidate the remainder of such provision or

this Lease, which shall remain in full force and effect.

Section 13.04. INTERPRETATION. The captions of the Articles or Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents, employees, contractors, invitees, successors or others using the Property with Tenant's expressed or implied permiss ion.

Section 13.05. INCORPORATION OF PRIOR AGREEMENTS: MODIFICATIONS. This Lease is the only agreement between the parties pertaining to the lease of the Property and no other agreements are effective. All amendments to this Lease shall be in writing and signed by all parties. Any other attempted amendment shall be void.

Section 13.06. NOTICES. All notices required or permitted under this Lease shall be in writing and shall be personally delivered sent by legible telecopy with hard copy to follow by mail, sent by authorized prepaid overnight delivery or sent by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address specified in Section 1.03 above. Notices to Landlord shall be delivered to the address specified in Section 1.02 above. All notices shall be effective upon delivery. Either party may change its notice address upon written notice to the other party.

Section 13.07. WAIVERS. All waivers must be in writing and signed by the waiving party. Landlord's failure to enforce any provision of this Lease or its acceptance of rent shall not be a waiver and shall not prevent Landlord from enforcing that provision or any other provision of this Lease in the future. No statement on a payment check from Tenant or in a letter accompanying a payment check shall be binding on Landlord. Landlord may, with or without notice to Tenant, negotiate such check without being bound to the conditions of such statement.

Section 13.08. NO RECORDATION. Tenant shall not record this Lease without prior written consent from Landlord. However, either Landlord or Tenant may require that a "Short Form" memorandum of this Lease executed by both parties be recorded. The party requiring such recording shall pay all transfer taxes and recording fees.

Section 13.09. BINDING EFFECT; CHOICE OF LAW. This Lease binds any party who legally acquires any rights or interest in this Lease from Landlord or Tenant. However, Landlord shall have no obligation to Tenant's successor unless the rights or interests of Tenant's successor are acquired in accordance with the terms of this Lease. The laws of the state in which the Property is located shall govern this Lease.

Section 13.10. CORPORATE AUTHORITY; PARTNERSHIP AUTHORITY. If Tenant is a corporation, each person signing this Lease on behalf of Tenant represents and warrants that he has full authority to do so and that this Lease binds the corporation. Within thirty (30) days after this Lease is signed, Tenant shall deliver to Landlord a certified copy of a resolution of Tenant's Board of Directors authorizing the execution of this Lease or other evidence of such authority reasonably acceptable to Landlord.

Section 13.11. JOINT AND SEVERAL LIABILITY. All parties signing this Lease as Tenant shall be jointly and severally liable for all obligations of Tenant.

Section 13.12. FORCE MAJEURE. If either party cannot perform any of its obligations due to events beyond its control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond control include, but are not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, government regulation or restriction and weather conditions.

Section 13.13. EXECUTION OF LEASE. This Lease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument. Landlord's delivery of this Lease to Tenant shall not be deemed to be an offer to lease and shall not be binding upon either party until executed and delivered by both parties.

Section 13.14. SURVIVAL. All representations and warranties of Landlord and Tenant shall survive the termination of this Lease.

ARTICLE FOURTEEN: BROKERS

Section 14.01. BROKER'S FEE. When this Lease is signed by and delivered to both Landlord and Tenant, Landlord shall pay a real estate commission to Landlord's Broker named in Section 1.08 above, if any, as provided in the written agreement between Landlord and Landlord's Broker, or the sum stated in Section 1.09 above for services rendered to Landlord by Landlord's Broker in this transaction. Landlord shall pay Landlord's Broker a commission if Tenant exercises any option to extend the Lease Term or to buy the Property, or any similar option or right which Landlord may grant to Tenant, or if Landlord's Broker is the procuring cause of any other lease or sale entered into between Landlord and Tenant covering the Property. Such commission shall be the amount set forth in Landlord's Broker's commission schedule in effect as of the execution of this Lease. If a Tenant's Broker is named in Section 1.08 above, Landlord's Broker shall pay an appropriate portion of its commission to Tenant's Broker if so provided in any agreement between Landlord's Broker and Tenant's Broker. Nothing contained in this Lease shall impose any obligation on Landlord to pay a commission or fee to any party other than Landlord's Broker.

Section 14.02. PROTECTION OF BROKERS. If Landlord sells the Property, or assigns Landlord's interest in this Lease, the buyer or assignee shall, by accepting such conveyance of the Property or assignment of the Lease, be conclusively deemed to have agreed to make all payments to Landlord's Broker

thereafter required of Landlord under this Article Fourteen. Landlord's Broker shall have the right to bring a legal action to enforce or declare rights under this provision. The prevailing party in such action shall be entitled to reasonable attorneys' fees to be paid by the losing party. Such attorneys' fees shall be fixed by the court in such action. This Paragraph is included in this Lease for the benefit of Landlord's Broker.

Section 14.03. BROKER'S DISCLOSURE OF AGENCY. Landlord's Broker hereby discloses to Landlord and Tenant and Landlord and Tenant hereby consent to Landlord's Broker acting in this transaction as the agent of (check one):

[X] Landlord exclusively; or

[_] both Landlord and Tenant.

Section 14.04. NO OTHER BROKERS. Tenant represents and warrants to Landlord that the brokers named in Section 1.08 above are the only agents, brokers, finders or other parties with whom Tenant has dealt who are or may be entitled to any commission or fee with respect to this Lease or the Property.

ADDITIONAL PROVISIONS MAY BE SET FORTH IN A RIDER OR RIDERS ATTACHED HERETO OR IN THE BLANK SPACE BELOW. IF NO ADDITIONAL PROVISIONS ARE INSERTED, PLEASE DRAW A LINE THROUGH THE SPACE BELOW.

Landlord and Tenant have signed this Lease at the place and on the dates specified adjacent to their signatures below and have initialled all Riders which are attached to or incorporated by reference in this Lease.

"LANDLORD"

Signed on _____, 19____

at _____.

MAJESTIC REALTY CO., a California corporation

BY: _____

By: _____

PATRICIAN ASSOCIATES, INC., a California corporation

By: _____

BY: _____

"TENANT"

Signed on June 3, , 1993

UNITED STATIONERS SUPPLY CO., an Illinois corporation

at Des Ploines, Illinois.

_____

By:_____

Its: Vice President

By: _____

Its: _____

IN ANY REAL ESTATE TRANSACTION, IT IS RECOMMENDED THAT YOU CONSULT WITH A PROFESSIONAL, SUCH AS A CIVIL ENGINEER, INDUSTRIAL HYGIENIST OR OTHER PERSON WITH EXPERIENCE IN EVALUATING THE CONDITION OF THE PROPERTY, INCLUDING THE POSSIBLE PRESENCE OF ASBESTOS, HAZARDOUS MATERIALS AND UNDERGROUND STORAGE TANKS.

THIS PRINTED FORM LEASE HAS BEEN DRAFTED BY LEGAL COUNSEL AT THE DIRECTION OF THE SOUTHERN CALIFORNIA CHAPTER OF THE SOCIETY OF INDUSTRIAL AND OFFICE REALTORS,<RM> INC. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE SOUTHERN CALIFORNIA CHAPTER OF THE SOCIETY OF INDUSTRIAL AND OFFICE REALTORS,<RM> INC., ITS LEGAL COUNSEL, THE REAL ESTATE BROKERS NAMED HEREIN, OR THEIR EMPLOYEES OR AGENTS, AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT OR TAX CONSEQUENCES OF THIS LEASE OR OF THIS TRANSACTION. LANDLORD AND TENANT SHOULD RETAIN LEGAL COUNSEL TO ADVISE THEM ON SUCH MATTERS AND SHOULD RELY UPON THE ADVICE OF SUCH LEGAL COUNSEL.

RIDER TO INDUSTRIAL REAL ESTATE LEASE DATED MAY 17, 1993 BY AND BETWEEN MAJESTIC REALTY CO. AND PATRICIAN ASSOCIATES, INC., BOTH CALIFORNIA CORPORATION, LANDLORD AND UNITED STATIONERS SUPPLY CO., AN ILLINOIS CORPORATION, TENANT

ADDITIONAL TERMS, REVISIONS, AND PROVISIONS:

SECTION 5.03 HAZARDOUS MATERIALS:

5.03.1 DEFINITIONS.

A. "Hazardous Material" means any substance, whether solid, liquid or gaseous in nature:

(i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; or

(ii) which is or becomes defined as a "hazardous waste", "hazardous substance," pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. section 6901 et seq.); or

(iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous or is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; or

(iv) the presence of which on the Property causes or threatens to cause a nuisance upon the Property or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Property; or

(v) the presence of which on adjacent properties could constitute a trespass by Tenant; or

(vi) without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(vii) without limitation which contains polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde foam insulation; or

RIDER TO INDUSTRIAL REAL ESTATE LEASE DATED MAY 17, 1993 BY AND BETWEEN MAJESTIC REALTY CO. AND PATRICIAN ASSOCIATES, INC., BOTH CALIFORNIA CORPORATION, LANDLORD AND UNITED STATIONERS SUPPLY CO., AN ILLINOIS CORPORATION, TENANT

ADDITIONAL TERMS, REVISIONS, AND PROVISIONS:

(viii) without limitation which contains radon gas.

B. "Environmental Requirements" means all applicable present and future:

(i) statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items (including, but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation), of all Governmental Agencies; and

(ii) all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment,

including, without limitation, all requirements pertaining to emissions, discharges, releases, or threatened releases of Hazardous Materials or chemical substances into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Materials or chemical substances.

C. "Environmental Damages" means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses (including the expense of investigation and defense of any claim, whether or not such claim is ultimately defeated, or the amount of any good faith settlement or judgment arising from any such claim) of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable (including without limitation reasonable attorneys' fees and disbursements and consultants' fees) any of which are incurred at any time as a result of the existence of Hazardous Material upon, about, or beneath the Property or migrating or threatening to migrate to or from the

Property, or the existence of a violation of Environmental Requirements pertaining to the Property and the activities thereon, regardless of whether the existence of such Hazardous

Material or the violation of Environmental Requirements arose prior to the present ownership or operation of the Property. Environmental Damages include, without limitation:

(i) damages for personal injury, or injury to property or natural resources occurring upon or off of the Property, including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest, penalties and damages arising from claims brought by or on behalf of employees of Tenant (with respect to which Tenant waives any right to raise as a defense against Landlord any immunity to which it may be entitled under any industrial or worker's compensation laws);

(ii) fees, costs or expenses incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with the investigation or remediation of such Hazardous Materials or violation of such Environmental Requirements, including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any Governmental Agency or reasonably necessary to make full economic use of the Property or any other property in a manner consistent with its current use or otherwise expended in connection with such conditions, and including without limitation any attorneys' fees, costs and expenses

ADDITIONAL TERMS, REVISIONS, AND PROVISIONS:

incurred in enforcing the provisions of this Lease or collecting any sums due hereunder;

(iii) liability to any third person or Governmental Agency to indemnify such person or Governmental Agency for costs expended in connection with the items referenced in subparagraph (ii) above; and

(iv) diminution in the fair market value of the Property including without limitation any reduction in fair market rental value or life expectancy of the Property or the improvements located thereon or the restriction on the use of or adverse impact on the marketing of the Property or

any portion thereof.

D. "Governmental Agency" means all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states, counties, cities and political subdivisions thereof.

E. The "Tenant Group" means Tenant, Tenant's successors, assignees, guarantors, officers, directors, agents, employees, invitees, permitees or other parties under the supervision or control of Tenant or entering the Property during the term of this Lease with the permission or knowledge of Tenant other than Landlord or its agents or employees.

5.03.2 PROHIBITIONS.

A. Other than normal quantities of general office supplies and except as specified on Exhibit "D" attached hereto, Tenant shall not cause, permit or suffer any Hazardous Material to be brought upon, treated, kept, stored, disposed of, discharged, released, produced, manufactured, generated, refined or used upon, about or beneath the Property by The Tenant Group, or any other person without the prior written consent of Landlord. From time to time during the term of this Lease, Tenant may request Landlord's approval of Tenant's

use of other Hazardous Materials, which approval may be withheld in Landlord's sole discretion. Tenant shall, prior to the Commencement Date, provide to Landlord for those Hazardous Materials described on Exhibit "D" (a) a description of handling, storage, use and disposal procedures, and (b) all "community right to know" plans or disclosures and/or emergency response plans which Tenant is required to supply to local governmental agencies pursuant to any Environmental Requirements.

B. Tenant shall not cause, permit or suffer the existence or the commission by The Tenant Group, or by any other person, of a violation of any Environmental Requirements upon, about or beneath the Property.

C. Tenant shall neither create or suffer to exist, nor permit The Tenant Group to create or suffer to exist any lien, security interest or other charge or encumbrance of any kind with respect to the Property, including without limitation, any lien imposed pursuant to section 107 (f) of the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. section 9607 (1)) or any similar state statute.

D. Tenant shall not install, operate or maintain any above or below grade tank, sump, pit, pond, lagoon or other storage or treatment vessel or device on the property without Landlord's prior written consent.

5.03.3 INDEMNITY.

A. Tenant, its successors, assigns and guarantors, agree to indemnify, defend, reimburse and hold harmless:

(i) Landlord; and

(ii) any other person who acquires all or a portion of the Property in any manner (including purchase at a foreclosure sale) or who becomes entitled to exercise the rights

and remedies of Landlord under this Lease; and

(iii) the directors, officers, shareholders, employees, partners, agents, contractors, subcontractors, experts, licensees, affiliates, lessees, mortgagees, trustees, heirs, devisees, successors, assigns and invitees of such persons,

from and against any and all Environmental Damages which exist as a result of the activities and negligence of The Tenant Group or which exist as a result of the breach of any warranty or covenant or the inaccuracy of any representation of Tenant contained in this Lease, or by Tenant's remediation of the Property or failure to meet its remediation obligations contained in this Lease. Landlord shall indemnify, defend, reimburse and hold Tenant and its employees, directors, officers and agents harmless from and against any other Environmental Damages which exist on the Property as of the Commencement Date of this Lease or which are placed on the Property by Landlord, its agents, employees or

contractors.

B. The obligations contained in this Section 5.03 shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings, even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified persons. Each party, at its sole expense, may employ additional counsel of its choice to associate with counsel representing the other party.

C. The indemnified party shall have the right but not the obligation to join and participate in, and Landlord may control, if it so elects, any legal proceedings or actions initiated in connection

with the indemnifying party's activities. Landlord may also negotiate, defend, approve and appeal any action taken or issued by any applicable governmental authority with regard to contamination of the Property by a Hazardous Material.

D. The obligations in this paragraph shall survive the expiration or termination of this Lease.

E. The obligations under this paragraph shall not be affected by any investigation by or on behalf of the other party, or by any information which the other party may have or obtain with respect thereto.

5.03.4 OBLIGATION TO REMEDIATE.

In addition to the obligations to indemnify pursuant to this Lease, the indemnifying party shall, upon approval and demand of the indemnified parties, at its sole cost and expense and using contractors approved by Landlord, promptly take all actions to remediate the Property which are required by any Governmental Agency, or which are reasonably necessary to mitigate Environmental Damages or to allow full economic use of the Property, which remediation is necessitated from the presence upon, about or beneath the Property, at any time during or upon termination of this Lease, of a Hazardous Material or a violation of Environmental Requirements existing as a result of the activities or negligence of the indemnifying party. Such actions shall include, but not be limited to, the investigation of the environmental condition

of the Property, the preparation of any feasibility studies, reports or remedial plans, and the performance of any cleanup, remediation, containment, operation, maintenance, monitoring or restoration work, whether on or off the Property, which shall be performed in a manner approved by Landlord. The indemnifying party shall take all actions necessary to restore the Property to the condition existing prior to the introduction of Hazardous Material upon, about or beneath the Property, notwithstanding any lesser standard of remediation allowable under applicable law or governmental policies.

RIDER TO INDUSTRIAL REAL ESTATE LEASE DATED MAY 17, 1993 BY AND BETWEEN MAJESTIC REALTY CO. AND PATRICIAN ASSOCIATES, INC., BOTH CALIFORNIA CORPORATION, LANDLORD AND UNITED STATIONERS SUPPLY CO., AN ILLINOIS CORPORATION, TENANT

ADDITIONAL TERMS, REVISIONS, AND PROVISIONS:

5.03.5 RIGHT TO INSPECT.

Landlord shall have the right in its sole and absolute discretion, but not the duty, to enter and conduct an inspection of the Property, including invasive tests, at any reasonable time to determine whether Tenant is complying with the terms of the Lease, including but not limited to the compliance of the Property and the activities thereon with Environmental Requirements and the existence of Environmental Damages as a result of the condition of the Property or surrounding properties and activities thereon. Landlord shall have the right, but not the duty, to retain any independent professional consultant (the "Consultant") to enter the Property to conduct such an inspection or to review any report prepared by or for Tenant concerning such compliance. The cost of the Consultant shall be paid by Landlord unless such investigation discloses a violation of any Environmental Requirement by The Tenant Group or the existence of a Hazardous Material on the Property or any other property caused by the activities or negligence of The Tenant Group (other than Hazardous Materials used in compliance with all Environmental Requirements and previously approved by Landlord), in which case Tenant shall pay the cost of the Consultant. Tenant hereby grants to Landlord, and the agents, employees, consultants and contractors of Landlord the right to enter the Property and to perform such tests on the Property as are reasonably necessary to conduct such reviews and investigations. Landlord shall use its best efforts to minimize interference with the business of Tenant.

5.03.6 NOTIFICATION.

If Tenant shall become aware of or receive notice or other communication concerning any actual, alleged, suspected or threatened violation of Environmental Requirements, or liability of Tenant for Environmental Damages in connection with the Property or past or present activities of any person thereon, including but not any actual or threatened investigation, inquiry, lawsuit, claim, citation, directive, summons, proceeding, complaint, notice,

order, writ, or injunction, relating to same, then Tenant shall deliver to Landlord within ten (10) days of the receipt of such notice or communication by Tenant, a written description of said violation, liability, or actual or threatened

event or condition, together with copies of any documents evidencing same. Receipt of such notice shall not be deemed to create any obligation on the part of Landlord to defend or otherwise respond to any such notification.

Prior to the Commencement Date of this Lease, and on January 1 of each year thereafter (each such date being hereafter referred to as a "Disclosure Date"), Tenant shall disclose to Landlord the names and amounts of all Hazardous Materials other than general office supplies referred to in Section 5.03.2 of this Rider, which were used, generated, treated, handled, stored or disposed of on the Property or which Tenant intends to use, generate, treat, handle, store or dispose of on the Property, for the year prior to and after such Disclosure Date. The foregoing in no way shall limit the necessity for Tenant obtaining Landlord's consent pursuant to Section 5.03.2 of this Rider.

5.03.7 SURRENDER OF PREMISES.

In the ninety (90) days prior to the expiration or termination of the Lease Term, and for up to ninety (90) days after Tenant fully surrenders possession of the Property, Landlord may have an environmental assessment of the Property performed in accordance with Section 5.03.5 of this Rider. Tenant shall perform, at its sole cost and expense, any clean-up or remedial work recommended by the Consultant which is necessary to remove, mitigate or remediate any Hazardous Materials and/or contamination of the Property caused by the activities or negligence of The Tenant Group.

5.03.8 ASSIGNMENT AND SUBLETTING.

In the event the Lease provides that Tenant may assign the Lease or sublet the Property subject to Landlord's consent and/or certain other conditions, and if the proposed assignee's or sublessee's activities in or about the Property involve the use, handling, storage or disposal of any Hazardous Materials other than those used by Tenant and in quantities and processes similar to Tenant's uses in compliance with the Rider, (i) it shall be reasonable for Landlord to withhold its consent to such assignment or sublease in light of the risk of contamination posed by such activities and/or (ii) Landlord may impose an additional condition to such assignment or sublease which

requires Tenant to reasonably establish that such assignee's or sublessee's activities pose no materially greater risk of

contamination to the Property than do Tenant's permitted activities in view of the (a) quantities, toxicity and other properties of the Hazardous Materials to be used by such assignee or sublessee, (b) the precautions against a release of Hazardous Materials such assignee or sublessee agrees to implement, (c) such assignee's or sublessee's financial condition as it relates to its ability to fund a major clean-up and (d) such assignee's or sublessee's policy and historical record respecting its willingness to respond to the clean up of a release of Hazardous Materials.

5.03.9 SURVIVAL OF HAZARDOUS MATERIALS OBLIGATION.

A party's breach of any of its covenants or obligations under this Rider shall constitute a material default under the Lease. The obligations of the parties under this Rider shall survive the expiration or earlier termination of the Lease without any limitation, and shall constitute obligations that are independent and severable from Tenant's covenants and obligations to pay rent under the Lease.

5.03.10 ENVIRONMENTAL AUDIT:

Landlord has ordered an environmental assessment of the Property and shall provide Tenant a copy upon receipt.

SECTION 9.05 LANDLORD'S CONSENT:

(c) If Landlord elects to terminate this Lease pursuant to Section 9.05 (a), Landlord may, if it elects, enter into a new lease covering the Property with the intended assignee or sublessee on such terms as Landlord and such person may agree or enter into a new lease covering the Property with any other person; in such event, Tenant shall not be entitled to any portion of the profit, if any, which Landlord may realize on account of such termination and reletting. From and after the date of such termination of this Lease, Tenant shall have no further obligation to Landlord hereunder, except for matters occurring or obligations arising hereunder prior to the date of such termination.

ARTICLE FIFTEEN: REVENUE AND EXPENSE ACCOUNTING:

Landlord and Tenant agree that, for all purposes (including any determination under Section 467 of the Internal Revenue Code), rental income will accrue to the Landlord

and rental expenses will accrue to the Tenant in the amounts and as of the dates rent is payable under the Lease.

ARTICLE SIXTEEN: LANDSCAPE MAINTENANCE:

Notwithstanding the provisions of Sections 6.03 and 6.04, Landlord shall maintain, at Tenant's expense, the landscaping of the Premises and, if applicable, the common areas. Such maintenance shall include gardening, tree trimming, replacement or repair of landscaping, landscape irrigation systems and similar items. Such maintenance shall also include sweeping and cleaning of asphalt, concrete or other surfaces on the driveway, parking areas, yard areas, loading areas or other paved or covered surfaces. In connection with Landlord's obligations under this Article, Landlord may enter into a contract with a landscape contractor of Landlord's choice to provide some (but not necessarily all) of the maintenance services listed above. Tenant's pro-rata share of the monthly cost of such contract, hereinafter referred to as the "Landscape Fee" is currently SIX HUNDRED AND SIXTY AND NO/100 DOLLARS ($660.00). Landlord shall use its best efforts to maintain competitive contracts and shall promptly notify Tenant of any increase in the Landscape Fee. Tenant agrees to pay monthly to Landlord, as additional rent, the Landscape Fee. Tenant shall make such payment together with Tenant's monthly rental payment, without the necessity of notice from Landlord. It is the understanding of the parties that the Landscape Fee only pertains to routine landscape maintenance on the Premises and that Landlord may incur expenses in addition to the Landscape Fee in meeting its obligations set forth above. Tenant shall pay to Landlord, as additional rent, within ten (10) days after demand therefore, the cost of such additional expenses.

ARTICLE SEVENTEEN: TENANT IMPROVEMENTS

Landlord shall space plan, design, engineer, and construct certain tenant improvements consisting of: (a) remodeling existing offices and locker rooms, a lunchroom, a computer room and two (2) small offices, all as

shown on the space plan attached hereto as Exhibit "E" ("Space Plan"); and (b) the relocation of warehouse lighting as mutually agreed upon by Landlord and Tenant (the "Tenant Improvements").

RIDER TO INDUSTRIAL REAL ESTATE LEASE DATED MAY 17, 1993 BY AND BETWEEN MAJESTIC REALTY CO. AND PATRICIAN ASSOCIATES, INC., BOTH CALIFORNIA CORPORATION, LANDLORD AND UNITED STATIONERS SUPPLY CO., AN ILLINOIS CORPORATION, TENANT

ADDITIONAL TERMS, REVISIONS, AND PROVISIONS:

Landlord shall prepare final working drawings and specifications consistent with the Space Plan and submit such plans and specifications to Tenant within thirty (30) days of execution by Tenant of this Lease. Tenant shall approve or disapprove such plans and specifications within seven (7) days after receipt from Landlord. Tenant shall have the right to disapprove such drawings and specifications only if they materially differ from the Space Plan. Final working drawings and specifications prepared in accordance with this ARTICLE SEVENTEEN and approved by Landlord and Tenant, together with the Cost Estimate, are hereafter referred to as the "Final Plans".

Landlord will be responsible for all costs of the Tenant Improvements (including any engineering or design costs) in the maximum amount of EIGHTY THOUSAND AND NO/100 DOLLARS ($80,000.00) ("Allowance"). If the cost of constructing the Tenant Improvements exceeds the Allowance, Tenant will be solely responsible for all costs of the Tenant Improvements in excess of the Allowance. Tenant shall pay or reimburse Landlord for such excess costs within fifteen (15) days after billing.

Landlord shall diligently pursue completion of the Tenant Improvements and shall use its best efforts to substantially complete the Tenant Improvements described in the Final Plans by August 1, 1993. Tenant shall not interfere with Landlord's construction of the Tenant Improvements. For the purposes of this Lease, the Tenant Improvements shall be conclusively deemed to be substantially completed when all Tenant Improvements described in the Final Plans are completed, except for minor items of work (e.g., "pick-up work") which can be completed with only minor interference with Tenant's conduct of business on the Property. Tenant shall execute an Estoppel Certificate in the form attached hereto as Exhibit "C" immediately following substantial completion of the Tenant Improvements.

Landlord's obligation to prepare the Property for Tenant's occupancy is limited to the completion of the Tenant Improvements set forth in the Final Plans. Landlord shall not be required to furnish, construct or install any items not shown thereon or on the Final Plans. If Tenant requests any change, addition or alteration ("Changes") in the Final Plans or in the construction of the Tenant Improvements, Landlord shall promptly

give Tenant an estimate of the additional cost, or cost reduction, if any, of such Changes and the resulting delay in the delivery of the Property to Tenant. Within three (3) Business Days after receipt of such estimate, Tenant shall give Landlord written notice whether Tenant elects to proceed with such Changes. If Tenant notifies Landlord in writing the Tenant elects to proceed with such Changes and if Landlord approves such Changes, Landlord shall promptly make such Changes. If Tenant fails to notify Landlord of its election with the three (3) Business Day period, Landlord shall complete the Tenant Improvements without making such Changes. Tenant shall pay or reimburse Landlord for the net additional costs of such Changes in excess of the Allowance within fifteen (15) days after billing. The Tenant Improvements shall be the property of Landlord and shall remain upon and be surrendered with the Property upon the expiration of the Lease Term.

Landlord shall allow Tenant, pursuant to the terms of this Lease and subject to Landlord's review and approval of Tenant's specifications, to install a wire guidance system in the warehouse floor and a satellite/microwave dish on the roof of the Property.

ARTICLE EIGHTEEN: FIRST RIGHT OF REFUSAL ON ADJOINING SPACE

If at any time during the Lease Term, Landlord desires to lease to third parties the adjoining 125,000 square feet of a 250,000 square foot building, Landlord shall first give written notice to Tenant of the rent and other material terms upon which Landlord intends to offer the space for lease. Tenant shall have seven (7) business days after receipt of such notice in which to accept Landlord's offer to lease such space at the monthly rental and upon the other terms set forth in Landlord's notice. The parties agree to negotiate in good faith the proposed rent and other terms of such Lease. If Tenant fails to accept Landlord's offer, or if the parties fail to otherwise agree, within the seven (7) business day period, or if Tenant gives Landlord notice that Tenant does not intend to lease such space on the terms set forth in Landlord's notice, the Tenant's right under this Article Eighteen shall terminate and Landlord shall thereafter be free to lease such space to other tenants upon such terms as Landlord desires.

LEASE RIDER

This Rider is attached to and made part of that certain Lease (the "Lease") dated May 17, 1993 between Majestic Realty Co. and Patrician Associates, Inc., as Landlord, and United Stationers Supply Co., as Tenant, covering the Property commonly known as 18385 E. San Jose Avenue, City of Industry, CA (the "Property"). The terms used herein shall have the same definitions as set forth in the Lease. The provisions of this Rider shall supersede any inconsistent or conflicting provisions of the Lease.

A. OPTION(S) TO EXTEND TERM.

1. Landlord hereby grants to Tenant two (2) option(s) (the "Option(s)") to extend the Lease Term for additional term(s) of three (3) years each (the "Extension(s)"), on the same terms and conditions as set forth in the Lease, but at an increased rent as set forth below. Each Option shall be exercised only by written notice delivered to Landlord at least one hundred twenty (120) days before the expiration of the Lease Term or the preceding Extension of the Lease Term, respectively. If Tenant fails to deliver Landlord written notice of the exercise of an Option within the prescribed time period, such Option and any succeeding Options shall lapse, and there shall be no further right to extend the Lease Term. Each Option shall be exercisable by Tenant on the express conditions that (a) at the time of the exercise, and at all times prior to the commencement of such Extension, Tenant shall not be in default under any of the provisions of this Lease and (b) Tenant has not been ten (10) or more days late in the payment of rent more than a total of three (3) times during the Lease Term and all preceding Extensions.

2. PERSONAL OPTIONS.

The Option(s) are personal to the Tenant named in Section 1.03 of the Lease or any Tenant's Affiliate described in Section 9.02 of the Lease. If Tenant subleases any portion of the Property or assigns or otherwise transfers any interest under the Lease to an entity other than a Tenant Affiliate prior to the exercise of an Option (whether with or without Landlord's consent), such Option and any succeeding Options shall lapse. If Tenant subleases any portion of the Property or assigns or otherwise transfers any interest of Tenant under the Lease to an entity other than a Tenant Affiliate after the exercise of an Option but prior to the commencement of the respective Extension (whether with or without Landlord's consent), such Option and any succeeding Options shall lapse and the Lease Term shall expire as if such Option were not exercised. If Tenant subleases any portion of the Property or assigns or otherwise transfers any interest of Tenant under the Lease in accordance with Article 9 of the Lease after the exercise of an Option and after the commencement of the Extension related to such Option, then the term of the Lease shall expire upon the expiration of the Extension during which such sublease or transfer occurred and

only the succeeding Options shall lapse.

B. CALCULATION OF RENT.

The Base Rent during the Extension(s) shall be determined by one or a combination of the following methods (INDICATE YOUR CHOICE UPON EXECUTION OF THE LEASE):

1. Cost of Living Adjustment (Section B(1), below) [*]

1. COST OF LIVING ADJUSTMENT.

The Base Rent shall be increased on the first day of the 1st month(s) of the 1st & 2nd Extension(s) of the Lease Term (the "Rental Adjustment Date") by reference to the Index defined in Section 3.02 of the Lease or the substitute index described in Section 3.02 of the Lease, as follows: The Base Rent in effect immediately prior to the applicable Rental Adjustment Date (the "Comparison Base Rent") shall be increased by the percentage that the Index has increased from the month in which the payment of the Comparison Base Rent commenced through the month in which the applicable Rental Adjustment Date occurs. In no event shall the Base Rent be reduced by reason of such computation AND IN NO EVENT SHALL THE BASE RENT BE INCREASED BY MORE THAN TWENTY PERCENT (20 FOR THE FIRST EXTENSION OR BY MORE THAN TWELVE PERCENT (12%) FOR THE SECOND EXTENSION.

Initials _____

_____

Initials _____

_____

EXHIBIT "B"

Recording Requested By:

When Recorded, Mail To:

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

THIS AGREEMENT, made and entered into as of the _____ day of _____, 1991, by and between _____, with its principal office at _____ (hereinafter called "Beneficiary"), _____, with its

principal office at _____, (hereinafter called "Landlord") and _____, having its principal office at _____ (hereinafter called "Tenant");

W I T N E S S E T H
- - - - - - - - - -

WHEREAS, Tenant has heretofore under date of _____ by a written lease (hereinafter called the "Lease") leased from Landlord all or part of certain real estate and improvements thereon, located at _____ (hereinafter called the "Demised Premises"); and

WHEREAS, Landlord has encumbered the Demised Premises as security for a loan from Beneficiary to Landlord (the "Deed of Trust"); and

WHEREAS, Tenant, Landlord and Beneficiary have agreed to the following as respects their mutual rights and obligations pursuant to the Lease and the Deed of Trust;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt whereof is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

(1) Tenant's interest in the Lease and all rights of Tenant thereunder Lease shall be and hereby are declared subject and subordinate to the Deed of Trust upon the Demised Premises. The term "Deed of Trust" as used herein shall also include any amendment, supplement, modification, renewal or replacement thereof.

(2) In the event of a foreclosure or conveyance in lieu of foreclosure, and provided that the Lease, immediately prior to such foreclosure or conveyance in lieu of foreclosure, shall have been in full force and effect and Tenant shall not then be in default thereunder beyond any grace period therein provided for curing the same, then in any of such events, Tenant shall not be made a party in any action or proceeding to remove or evict Tenant or to disturb its possession, nor shall the leasehold estate of Tenant created by the Lease be affected in any way, and the Lease shall continue in full force and effect as a direct lease between Tenant and Beneficiary.

(3) After the receipt by Tenant of notice from Beneficiary of any foreclosure or any conveyance of the Demised Premises in lieu of foreclosure, Tenant will thereafter attorn to and recognize Beneficiary as its substitute Landlord, and having thus attorned, Tenant's possession shall not thereafter be disturbed providing, and as long as, it shall continue to pay annual rental under the Lease, and otherwise observes or performs the covenants, terms and conditions of the Lease to be observed and performed by Tenant thereunder. Any such attornment and recognition of a substitute Landlord shall be upon all of the terms, covenants, conditions and agreements as are then set forth in the Lease except as otherwise stated herein.

(4) Tenant shall not prepay any of the rents or income from the Demised Premises for more than one month except with the written consent of Beneficiary.

(5) In no event shall Beneficiary be liable for any prior act or omission of the Landlord, nor shall Beneficiary be subject to any offsets or deficiencies which Tenant may be entitled to assert against the Landlord as a result of any act or omissions of Landlord occurring prior to Beneficiary's obtaining possession of the premises.

(6) No conveyance by Landlord of its interest in the Demised Premises shall insofar as Beneficiary, its successors and assigns are concerned, cause the fee simple ownership of the Demised Premises and the Tenant's leasehold estate created by the Lease to merge, but said estate shall remain separate and distinct notwithstanding the union of such estates in Beneficiary, Tenant or any third party by reason of purchase or otherwise.

(7) Beneficiary has received an assignment of the Lease and the Lease may not be amended or altered and Tenant may not be released therefrom or from any of its obligations except with the written consent of Beneficiary.

(8) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including without limitation, any purchaser at any foreclosure sale.

IN WITNESS WHEREOF, this Agreement has been fully executed under seal on the day and year first above written.

_____,
Tenant

By: _____

By: _____

_____,
Beneficiary

By: _____

By: _____

_____,
Landlord

By: _____

By: _____

EXHIBIT "C"

ESTOPPEL CERTIFICATE

The undersigned, _____, does hereby make the following statements:

1. They are the Tenant under a certain Lease dated _____ with _____, as Landlord, leasing the Property commonly known as _____, California.

2. The Lease dated _____ is in full force and effect and the undersigned is aware of no defaults under the terms and conditions of the Lease and has no offsets against rentals due the Landlord or to become due the Landlord.

3. The undersigned accepted possession of the Property on _____, the Lease Term began on _____, and ends on _____, and the obligation to pay Base Rent begins on _____, pursuant to the terms and conditions of the Lease.

4. The total Base Rent to be paid pursuant to the terms of said Lease is not less than $_____ and no Base Rent has been paid more than one month in advance.

5. In the event of a default by the Landlord under any of the terms and conditions of the Lease, the undersigned at the same time notice thereof is given to the Landlord, will notify holder of any first mortgage or deed of trust covering the Property, provided Landlord has provided Tenant the address of such Mortgagee. In the event that the default is not cured by the Landlord within the time provided for under the terms and conditions of the Lease and provided the Mortgagee has given the undersigned written notice of Mortgagee's intention to cure such default, the undersigned will allow the Mortgagee the opportunity and sufficient additional time within which to correct Landlord's default, provided the Mortgagee diligently pursues such cure.

_____

By: _____

Title: _____

Date: _____

EXHIBIT "D"

Tenant's office products which it carries in its catalogs and intends to store and distribute from the Property, include some products which are deemed Hazardous Materials under certain environmental laws. All such products will be used, handled and stored in a manner that complies with all applicable laws relating to such materials. Copies of Material Safety Data Sheets, and of all notices and reports to governmental agencies, will be provided to Landlord.

[FLOOR PLAN APPEARS HERE]

EXHIBIT 10.31

STANDARD INDUSTRIAL LEASE - NET NET NET

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION

[LOGO OF AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION APPEARS HERE]

1. PARTIES. This Lease, dated for reference purposes only, March 15, 1991, is made by and between Shelley B. & Barbara Detrick 101 First Street #145, Los Altos, CA 94022 (herein called "Lessor") and Lynn Edwards Corp, 3030 Orange Grove, North Highlands, CA 95660 (herein called "Lessee").

2. PREMISES. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Sacramento State of California, commonly known as 3030 Orange Grove, North Highlands, CA and described as that certain warehouse building containing approximately 119,260 square feet of net leaseable area including approximately 23,120 square feet of office area

Said real property including the land and all improvements therein, is herein called "the Premises".

3. TERM.

3.1 TERM. The term of this Lease shall be for One Hundred Forty Four Months (144 months) (12 years) commencing on June 1, 1991 and ending on May 30, 2003 unless sooner terminated pursuant to any provision hereof.

4. RENT. Lessee shall pay to Lessor as rent for the Premises, monthly payments of $33,431.00, in advance, on the first day of each month of the term hereof. Lessee shall pay Lessor upon the execution hereof $33,431.00 as rent for

the first months rent. On every two year anniversary date of the commencement date, rent will be adjusted by the change in the Consumer Price Index (CPI)- see paragraph #52

Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

5. SECURITY DEPOSIT. Lessee shall deposit with Lessor upon execution hereof $50,000.00 as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefore deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount hereinabove stated and Lessee's failure to do so shall be a material breach of this Lease. If the monthly rent shall, from time to time, increase during the term of this Lease. Lessee shall thereupon deposit with Lessor additional security deposit so that the amount of security deposit held by Lessor shall at all times bear the same proportion to current rent as the original security deposit bears to the original monthly rent set forth in paragraph 4 hereof. Lessor shall not be required to keep said deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises. No trust relationship is created herein between Lessor and Lessee with respect to said Security Deposit.

6. USE.

6.1 USE. The Premises shall be used and occupied only for warehousing and distribution as legally permitted under current zoning and regulations. or any other use which is reasonably comparable and for no other purpose.

6.2 COMPLIANCE WITH LAW.

(a) Lessor warrants to Lessee that the Premises, in its state existing on the date that the Lease term commences, but without regard to the

use for which Lessee will use the Premises, does not violate any covenants or restrictions of record, or any applicable building code, regulation or ordinance in effect on such Lease term commencement date. In the event it is determined that this warranty has been violated, then it shall be the obligation of the Lessor, after written notice from Lessee, to promptly, at Lessor's sole cost and expense, rectify any such violation. In the event Lessee does not give to Lessor written notice of the violation of this warranty within six months from the date that the Lease term commences, the section of same shall be the obligation of the Lessee at Lessee's sole cost. The warranty contained in this paragraph 6.2 (a) shall be of no force or if, prior to the date of this Lease, Lessee was the owner or occupant of the Premises, and, in such event, Lessee shall correct any such violation at Lessee's sole cost.

(b) Except as provided in paragraph 6.2(a), Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term or any part of the term hereof, regulating the use by Lessee of the Premises. Lessee shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant in the building containing the Premises, shall tend to disturb such other tenants.

6.3 CONDITION OF PREMISES.

(a) Lessor shall deliver the Premises to Lessee clean and free of debris on Lease commencement date (unless Lessee is already in possession) and Lessor further warrants to Lessee that the plumbing, lighting, air conditioning, heating, and loading doors in the Premises shall be in good operating condition on the Lease commencement date. In the event that it is determined that this warranty has been violated, then it shall be the obligation of Lessor, after receipt of written notice from Lessee setting forth with specificity the nature of the violation, to promptly, at Lessor's sole cost, rectify such violation. Lessee's failure to give such written notice to Lessor within thirty (30) days after the Lease commencement date shall cause the conclusive presumption that Lessor has complied with all of Lessor's obligations hereunder. The warranty contained in this paragraph 6.3(a) shall be of no force or effect if prior to the date of this Lease, Lessee was the owner or occupant of the Premises.

(b) Except as otherwise provided in this Lease, Lessee hereby accepts the Premises in their condition existing as of the Lease commencement date or the date that Lessee takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Lessee's business.

7. MAINTENANCE, REPAIRS AND ALTERATIONS.

7.1 LESSEE'S OBLIGATIONS. Lessee shall keep in good order, condition and repair the Premises and every part thereof, structural and non structural,

(whether or not such portion of the Premises requiring repair, or the means of repairing the same are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises) including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, (Lessee shall procure and maintain, at Lessee's expense, an air conditioning system maintenance contract) ventilating, electrical, lighting facilities and equipment within the Premises, fixtures, walls (interior and exterior), foundations, ceilings, roofs (interior and exterior), floors, windows, doors, plate glass and skylights located within the Premises, and all landscaping, driveways, parking lots, fences and signs located on the Premises and sidewalks and parkways adjacent to the Premises.

7.2 SURRENDER. On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as when received, ordinary wear and tear excepted, clean and free of debris. Lessee shall repair any damage to the Premises occasioned

Initials: _____

by the installation or removal of Lessee's trade fixtures, furnishings and equipment. Notwithstanding anything to the contrary otherwise stated in this Lease. Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing and fencing on the premises in good operating condition.

7.3 LESSOR'S RIGHTS. If Lessee fails to perform Lessee's obligations under this Paragraph 7, or under any other paragraph of this Lease, Lessor may at its option (but shall not be required to) enter upon the Premises after ten (10) days' prior written notice, to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the maximum rate than allowable by law shall become due and payable as additional rental to Lessor together with Lessee's next rental installment.

7.4 LESSOR'S OBLIGATIONS. Except for the obligations of Lessor under Paragraph 6.2(a) and 6.3(a) (relating to Lessor's warranty). Paragraph 9 (relating to destruction of the Premises) and under Paragraph 14 (relating to condemnation of the Premises), it is intended by the parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises nor the building located thereon nor the equipment therein, whether structural or non structural, all of which obligations are intended to be that of the Lessee under Paragraph 7.1 hereof. Lessee expressly waives the benefit of any statute now or hereinafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the premises in good order, condition and repair.

7.5 ALTERATIONS AND ADDITIONS.

(a) Lessee shall not, without Lessor's prior written consent make any

alterations, improvements, additions, or Utility installations in, on or about the Premises, except for nonstructural alterations not exceeding $2,500 in cumulative costs during the term of this Lease. In any event, whether or not in excess of $2,500 in cumulative cost, Lessee shall make no change or alteration to the exterior of the Premises nor the exterior of the building(s) on the Premises without Lessor's prior written consent. As used in this Paragraph 7.5 the term "Utility Installation" shall mean carpeting, window coverings, air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing and fencing. Lessor may require that Lessee remove any or all of said alterations, improvements, additions or Utility installations at the expiration of the term, and restore the Premises to their prior condition. Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanic's and materialmon's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions of Utility installations without the prior approval of Lessor, Lessor may require that Lessee remove any or all of the same.

(b) Any in, or about the consent of the Lessor shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from appropriate governmental agencies, the furnishing of a copy thereof to Lessor prior to the commencement of the work and the compliance by Lessee of all conditions of said permit in a prompt and expeditious manner.

(c) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, upon the condition that if Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested lien claim or demand indemnifying Lessor against liability for the same and holding the Premises free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's attorneys fees and costs in participating in such action if Lessor shall decide it is to its best interest to do so.

(d) Unless Lessor requires their removal, as set forth in Paragraph 7.5(a), all alterations, improvements, additions and Utility installations (whether or not such Utility Installations constitute trade fixtures of Lessee), which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 7.5(d), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 7.2.

8. INSURANCE INDEMNITY.

8.1 INSURING PARTY. As used in this Paragraph 8, the term "Insuring party" shall mean the party who has the obligation to obtain the Property Insurance required hereunder. The insuring party shall be designated in Paragraph 46 hereof. In the event Lessor is the insuring party, Lessor shall also maintain the liability insurance described in paragraph 8.2 hereof, in addition to, and not in lieu of, the insurance required to be maintained by Lessee under said paragraph 8.2, but Lessor shall not be required to name Lessee as an additional insured on such policy. Whether the insuring party is the Lessor or the Lessee, Lessee shall, as additional rent for the Premises, pay the cost of all insurance required hereunder, except for that portion of the cost attributable to Lessor's liability insurance coverage in excess of $1,000,000 per occurrence. If Lessor is the insuring party Lessee shall, within ten (10) days following demand by Lessor, reimburse Lessor for the cost of the insurance so obtained.

8.2 LIABILITY INSURANCE. Lessee shall, at Lessee's expense obtain and keep in force during the term of this Lease a policy of Combined Single Limit, Bodily Injury and Property Damage Insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be a combined single limit policy in an amount not less than $500,000 per occurrence. The policy shall insure performance by Lessee of the Indemnity provisions of this Paragraph 8. The limits of said insurance shall not, however, limit the liability of Lessee hereunder.

8.3 PROPERTY INSURANCE.

(a) The insuring party shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, in the amount of the full replacement value thereof, as the same may exist from time to time, which replacement value is now $ _____, but in no event less than the total amount required by lenders having liens on the Premises, against all perils included within the classification of lire, extended coverage, vandalism, malicious mischief, flood (in the event same is required by a lender having a lien on the Premises), and special extended perils ("all risk" as such term is used in the insurance industry). Said insurance shall provide for payment of loss thereunder to Lessor or to the holders of mortgages or deeds of trust on the Premises. The insuring party shall, in addition, obtain and keep in force during the term of this Lease a policy of rental value insurance covering a period of one year, with loss payable to Lessor, which insurance shall also cover all real estate taxes and insurance costs for said period. A stipulated value or agreed amount endorsement deleting the coinsurance provision of the policy shall be procured with said insurance as well as an automatic increase in insurance endorsement causing the increase in annual property insurance coverage by 2% per quarter. If the insuring party shall fail to procure and maintain said insurance the other party may, but shall not be required to, procure and maintain the same, but at the expense of Lessee. If such insurance coverage has a deductible clause, the deductible amount shall not exceed $1,000 per occurrence, and Lessee shall be liable for such deductible amount.

(b) If the Premises are part of a larger building, or if the Premises are part of a group of buildings owned by Lessor which are adjacent to the Premises, then Lessee shall pay for any increase in the property insurance of such other building or buildings if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(c) If the Lessor is the insuring party the Lessor will not insure Lessee's fixtures, equipment or tenant improvements unless the tenant improvements have become a part of the Premises under paragraph 7, hereof. But if Lessee is the insuring party the Lessee shall insure its fixtures, equipment and tenant improvements.

8.4 INSURANCE POLICIES. Insurance required hereunder shall be in companies holding a "General Policyholders Rating" of at least B plus or such other rating as may be required by a lender having a lien on the Premises, as set forth in the most current issue of "Best's insurance Guide". The insuring party shall deliver to the other party copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable clauses as required by this paragraph 8. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days' prior written notice to Lessor. If Lessee is the insuring party Lessee shall, at least thirty (30) days prior to the expiration of such policies, furnish Lessor with renewals of "binders" thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee upon demand. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in Paragraph 8.3. If Lessee does or permits to be done anything which shall increase the cost of the insurance policies referred to in Paragraph 8.3, then Lessee shall forthwith upon Lessor's demand reimburse Lessor for any additional premiums attributable to any act or omission or operation of Lessee causing such increase in the cost of insurance. If Lessor is the insuring party, and if the insurance policies maintained hereunder cover other improvements in addition to the Premises, Lessor shall deliver to Lessee a written statement setting forth the amount of any such insurance cost increase and showing in reasonable detail the manner in which it has been computed.

8.5 WAIVER OF SUBROGATION. Lessee and Lessor each hereby release and relieve the other, and waive their entire right of recovery against the character loss or damage arising out of or incident to the perils insured against under Paragraph 8.3, which perils occur in, on or about the Premises, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. Lessee and Lessor shall, upon obtaining the policies of Insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

8.6 INDEMNITY. Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnity and hold harmless Lessor from and against any and all claims arising from any breach of default in the performance of any obligation

on Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon: and in case any action or proceeding be brought against Lessor by reason of any such claim. Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.7 EXEMPTION OF LESSOR FROM LIABILITY. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee. Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources of places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising from any act of neglect of any other tenant. If any, of the building in which the Premises are located.

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9. DAMAGE OR DESTRUCTION.

9.1 DEFINITIONS.

(a) "Premises Partial Damage" shall herein mean damage or destruction to the Premises to the extent that the cost of repair is less than 50% of the then replacement cost of the Premises. "Premises Building Partial Damage" shall herein mean damage or destruction to the building of which the Premises are a part to the extent that the cost of repair is less than 50% of the then replacement cost of such building as a whole.

(b) "Premises Total Destruction" shall herein mean damage or destruction to the Premises to the extent that the cost of repair is 50% or more of the then replacement cost of the Premises. "Premises Building Total Destruction" shall herein mean damage or destruction to the Building of which the Premises are a part to the extent that the cost of repair is 50% or more of the then replacement cost of such building as a whole.

(c) "Insured Loss" shall herein mean damage or destruction which was caused by an event required to be covered by the insurance described in

paragraph 8.

9.2 PARTLY DAMAGE-INSURED LOSS. Subject to the provisions of paragraphs 9.4, 9.5 and 9.6, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of Premises Partial Damage or Premises Building Partial Damage, then Lessor shall, at Lessor's expense, repair such damage, but not Lessee's fixtures, equipment or tenant improvements unless the same have become a part of the Premises pursuant to Paragraph 7.5 hereof as soon as reasonably possible and this Lease shall continue in full force and effect. Notwithstanding the above, if the Lessee is the Insuring party, and if the insurance proceeds received by Lessor are not sufficient to effect such repair, Lessor shall give notice to Lessee of the amount required in addition to the insurance proceeds to effect such repair. Lessee shall contribute the required amount to Lessor within ten days after Lessee has received notice from Lessor of the shortage in the insurance. When Lessee shall contribute such amount to Lessor, Lessor shall make such repairs as soon as reasonably possible and this Lease shall continue in full force and effect. Lessee shall in no event have any right to reimbursement for any such amounts so contributed.

9.3 PARTIAL DAMAGE-UNINSURED LOSS. Subject to the provisions of Paragraphs 9.4, 9.5 and 9.6, if at any time during the term of this Lease there is damage which is not an insured Loss and which falls within the classification of Premises Partial Damage or Premises Building Partial Damage, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense). Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease, as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such 10-day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

9.4 TOTAL DESTRUCTION. If at any time during the term of this Lease there is damage, whether or not an Insured Loss, (including destruction required by any authorized public authority), which falls into the classification of Premises Total Destruction or Premises Building Total Destruction, this Lease shall automatically terminate as of the date of such total destruction.

9.5 DAMAGE NEAR END OF TERM.

(a) If at any time during the last six months of the term of this Lease there is damage, whether or not an insured Loss, which fails within the classification of Premises Partial Damage, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the

date of occurrence of such damage.

(b) Notwithstanding paragraph 9.5(a), in the event that Lessee has an option to extend or renew this Lease, and the time within which said option may be exercised has not yet expired, Lessee shall exercise such option, if it is to be exercised at all, no later than 20 days after the occurrence of an insured Loss falling within the classification of Premises Partial Damage during the last six months of the term of this Lease. If Lessee duly exercises such option during said 20 day period, Lessor shall, at Lessor's expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option during said 20 day period, then Lessor may at Lessor's option terminate and cancel this Lease as of the expiration of said 20 day period by giving written notice to Lessee of Lessor's election to do so within 10 days after the expiration of said 20 day period, notwithstanding any term or provision in the grant of option to the contrary.

9.6 ABATEMENT OF RENT; LESSEE'S REMEDIES.

(a) In the event of damage described in paragraphs 9.2 or 9.3, and Lessor or Lessee repairs or restores the Premises pursuant to the provisions of this Paragraph 9, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence such repair or restoration within 90 days after such obligations shall accure, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

9.7 TERMINATION-ADVANCE PAYMENTS. Upon termination of this Lease pursuant to this Paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

9.8 WAIVER. Lessor and Lessee waive the provisions of any statutes which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

10. REAL PROPERTY TAXES.

10.1 PAYMENT OF TAXES. Lessee shall pay the real property tax, as defined in paragraph 10.2, applicable to the Premises during the term of this Lease. All such payments shall be made at least ten (10) days prior to the delinquency date of such payment. Lessee shall promptly furnish Lessor with satisfactory evidence that such taxes have been paid. If any such taxes paid by Lessee shall cover any period of time prior to or after the expiration of the

term hereof. Lessee's share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which this Lease shall be in effect, and Lessor shall reimburse Lessee to the extent required. If Lessee shall fail to pay any such taxes. Lessor shall have the right to pay the same, in which case Lessee shall repay such amount to Lessor with Lessee's next rent installment together with interest at the maximum rate then allowable by law.

10.2 DEFINITION OF "REAL PROPERTY TAX". As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed on the Premises by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, and as against Lessor's business of leasing the Premises. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge herein above included within the definition of "real property tax," or (ii) the nature of which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed for a service or right not charged prior to June 1, 1978, or, if previously charged, has been increased since June 1, 1978, or (iv) which is imposed as a result of a transfer, either partial or total, of Lessor's interest in the Premises or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer, or (v) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfers hereof.

10.3 JOINT ASSESSMENT. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the real property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.4 PERSONAL PROPERTY TAXES.

(a) Lessee shall pay prior to delinquency all taxes assessed against and leveled upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. UTILITIES. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

12. ASSIGNMENT AND SUBLETTING.

12.1 LESSOR'S CONSENT REQUIRED. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's Interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

12.2 LESSEE AFFILIATE. Notwithstanding the provisions of paragraph 12.1 hereof, Lessee may assign or sublet the Premises, or any portion thereof, without Lessor's consent, to any corporation which controls, is controlled by or is under common control with Lessee, or to any corporation resulting from the merger or consolidation with Lessee, or to any person or entity which acquires all the assets of Lessee as a going concern of the business that is being conducted on the Premises, provided that said assignee assumes, in full, the obligations of Lessee under this Lease. Any such assignment shall not, in any way, affect or limit the liability of Lessee under the terms of this Lease even if after such assignment or subletting the terms of this Lease are materially changed or altered without the consent of Lessee, the consent of whom shall not be necessary.

12.3 NO RELEASE OF LESSEE. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a walver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by any assignee of Lessee or any successor of Lessee, in the performance of any of the terms hereof, Lessor may proceed directly against Lessee without the necessity of exhausting remedies against said assignee. Lessor may consent to subsequent assignments or subletting of this Lease or amendments or modifications to this Lease with assignees.

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of Lessee, without notifying Lessee, or any successor of Lessee, and without obtaining its or their consent thereto and such action shall not relieve Lessee of liability under this Lease.

12.4 ATTORNEY'S FEES. In the event Lessee shall assign or sublet the Premises or request the consent of Lessor to any assignment or subletting or if

Lessee shall request the consent of Lessor for any act Lessee proposes to do then Lessee shall pay Lessor's reasonable attorneys fees incurred in connection therewith, such attorneys fees not to exceed $350.00 for each such request.

13. DEFAULTS; REMEDIES.

13.1 DEFAULTS. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(a) The vacating or abandonment of the Premises by Lessee.

(b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee. In the event that Lessor served Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.

(c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than 30 days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Lessee of any general arrangement or assignment for the benefit of creditors; (ii) Lessee becomes a "debtor" as defined in 11 U.S.C. (S)101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days. Provided, however, in the event that any provision of this paragraph 13.1(d) is contrary to any applicable law, such provision shall be of no force or effect.

(e) The discovery by Lessor that any financial statement given to Lessor by Lessee, any assignee of Lessee, any subtenant of Lessee, any successor in interest of Lessee or any guarantor of Lessee's obligation hereunder, and any of them, was materially false.

13.2 REMEDIES. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall

immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Paragraph 15 applicable to the unexpired term of this Lease.

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

13.3 DEFAULT BY LESSOR. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13.4 LATE CHARGES. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of rent, then rent shall automatically become due and payable quarterly in advance, rather than monthly,

notwithstanding paragraph 4 or any other provision of this Lease to the contrary.

13.5 IMPOUNDS. In the event that a late charge is payable hereunder, whether or not collected, for three (3) installments of rent or any other monetary obligation of Lessee under the terms of this Lease, Lessee shall pay to Lessor, if Lessor shall so required under this Lease, a time as the monthly rent, as estimated by Lessor, for real property tax and insurance expenses on the Premises which are payable by Lessee under the terms of this Lease. Such fund shall be established to insure payment when due, before delinquency, of any or all such real property taxes and insurance premiums. If the amounts paid to Lessor by Lessee under the provisions of this paragraph are insufficient to discharge the obligations of Lessee to pay such real property taxes and insurance premiums as the same become due, Lessee shall pay to Lessor, upon Lessor's demand, such additional sums necessary to pay such obligations. All moneys paid to Lessor under this paragraph may be intermingled with other moneys of Lessor and shall not bear interest. In the event of a default in the obligations of Lessee to perform under this Lease, then any balance remaining from funds paid to Lessor under the provisions of this paragraph may, at the option of Lessor, be applied to the payment of any monetary default of Lessee in lieu of being applied to the payment of real property tax and insurance premiums.

14. CONDEMNATION. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area Premises which is not occupied by any building, is taken by condemnation. Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area of the building taken bears to the total floor area of the building situated on the Premises. No reduction of rent shall occur if the only area taken is that which does not have a building located thereon. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. BROKER'S FEE.

(a) Upon execution of this Lease by both parties, Lessor shall pay to _____ Licensed real estate broker(s), between Lessor and said broker(s), or in the event there is no separate agreement between Lessor and said broker(s), the sum of $ _____, for brokerage services rendered by said broker(s) to Lessor in this transaction.

(b) Lessor further agrees that if Lessee exercises any Option as defined in paragraph 39.1 of this Lease, which is granted to Lessee under this Lease, or any subsequently granted option which is substantially similar to an Option granted to Lessee under this Lease, or if Lessee acquires any rights to the Premises or other premises described in this Lease which are substantially similar to what Lessee would have acquired had an Option herein granted to Lessee been exercised, or if Lessee remains in possession of the Premises after the expiration of the term of this Lease after having failed to exercise an Option, or if said broker(s) are the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, then as to any of said transactions, Lessor shall pay said broker(s) a fee in accordance with the schedule of said broker(s) in effect at the time of execution of this Lease.

(c) Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, whether such transfer is by agreement or by operation of law, shall be deemed to have assumed Lessor's obligation under this Paragraph 15. Said broker shall be a third party beneficiary of the provisions of this Paragraph 15.

16. ESTOPPEL CERTIFICATE.

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) At Lessor's option, Lessee's failure to deliver such statement within such time shall be a material breach of this Lease or shall be

Initials: _____

conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one month's rent has been paid in advance or such failure may be considered by

Lessor as a default by Lessee under this Lease.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender or purchaser designated by Lessor such financial statements of Lessee as may be reasonably required by such lender or purchaser. Such statements include the past three years' financial statements of Lessee. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. LESSOR'S LIABILITY. The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 15, in the event of any transfer of such title or interest. Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

18. SEVERABILITY. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. INTEREST ON PAST-DUE OBLIGATIONS. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at the maximum rate then allowable by law from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease, provided, however, that interest shall not be payable on late charges incurred by Lessee nor on any amounts upon which late charges are paid by Lessee.

20. TIME OF ESSENCE. Time is of the essence.

21. ADDITIONAL RENT. Any monetary obligations of Lessee to Lessor under the terms of this Lease shall be deemed to be rent.

22. INCORPORATION OF PRIOR AGREEMENTS; AMENDMENTS. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Lessee hereby acknowledges that neither the real estate broker listed in Paragraph 15 hereof nor any cooperating broker on this transaction nor the Lessor or any employees or agents of any of said persons has made any oral or written warranties or representations to Lessee relative to the condition or use by Lessee of said Premises and Lessee acknowledges that Lessee assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease except as otherwise specifically stated in this Lease.

23. NOTICES. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified mail, and if given personally or by mail, shall be deemed sufficiently given if addressed to Lessee or to Lessor at the address noted below the signature of the respective parties, as the case may be. Either party may by notice to the other specify a different address for notice purposes except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice purposes. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by notice to Lessee.

24. WAIVERS. No waiver by Lessor or any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Lessee of the same or any other provision. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

25. RECORDING. Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

26. HOLDING OVER. If Lessee, with Lessor's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Lessee, but all options and rights of first refusal, if any, granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

27. CUMULATIVE REMEDIES. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. COVENANTS AND CONDITIONS. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

29. BINDING EFFECT; CHOICE OF LAW. Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of Paragraph 17, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State wherein the Premises are located.

30. SUBORDINATION.

(a) This Lease, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the real property of which the Premises are a part

and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate an attornment, a subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Lessee's failure to execute such documents within 10 days after written demand shall constitute a material default by Lessee hereunder, or, at Lessor's option, Lessor shall execute such documents on behalf of Lessee as Lessee's attorney-in-fact. Lessee does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney-in-fact and in Lessee's name, place and stead, to execute such documents in accordance with this paragraph 30(b).

31. ATTORNEY'S FEES. If either party or the broker named herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to his reasonable attorney's fees to be paid by the losing party as fixed by the court. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder.

32. LESSOR'S ACCESS. Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are a part as Lessor may deem necessary or desirable. Lessor may at any time place or about the Premises any ordinary "For Sale" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate or rent or liability to Lessee.

33. AUCTIONS. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

34. SIGNS. Lessee shall not place any sign upon the Premises without Lessor's prior written consent except that Lessee shall have the right, without the prior permission of Lessor to place ordinary and usual for rent or sublet signs thereon.

35. MERGER. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, or a termination by Lessor, shall not work a

merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Lessor of any or all of such subtenancies.

36. CONSENTS. Except for paragraph 33 hereof, wherever in this Lease the consent of one party is required to an act of the other party such consent shall not be unreasonably withheld.

37. GUARANTOR. In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Lessee under this Lease.

38. QUIET POSSESSION. Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and that such execution is binding upon all parties holding an ownership interest in the Premises.

39. OPTIONS.

39.1 DEFINITION. As used in this paragraph the word "Options" has the following meaning: (1) the right or option to extend the term of this Lease or to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (2) the option or right of first refusal to lease the Premises or the right of first offer to lease the Premises or the right of first refusal to lease other property of Lessor or the right of first offer to lease other property of Lessor; (3) the right or option to purchase the Premises, or the right of first refusal to purchase the Premises, or the right of first offer to purchase the Premises or the right or option to purchase other property of Lessor, or the right of first refusal to purchase other property of Lessor or the right of first offer to purchase other property of Lessor.

Initials: _____

39.2 OPTIONS PERSONAL. Each Option granted to Lessee in this Lease are personal to Lessee and may not be exercised or be assigned voluntarily or involuntarily by or to any person or entity other than Lessee, provided however, the Option may be exercised by or assigned to any Lessee Affiliate as defined in paragraph 12.2 of this Lease. The Options herein granted to Lessee are not assignable separate and apart from this Lease.

39.3 MULTIPLE OPTIONS. In the event that Lessee has any multiple options to extend or renew this Lease a later option cannot be exercised unless the prior option to extend or renew this Lease has been so exercised.

39.4 EFFECT OF DEFAULT ON OPTIONS.

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary. (i) during the time commencing from the date Lessor gives to Lessee a notice of default pursuant to paragraph 13.1(b) or 13.1(c) and continuing until the default alleged in said notice of default is cured, or (ii) during the period of time commencing on the day after a monetary obligation to Lessor is due from Lessee and unpaid (without any necessity for notice thereof to Lessee) continuing until the obligation is paid, or (iii) at any time after an event of default described in paragraphs 13.1(a), 13.1(d), or 13.1(e) (without any necessity of Lessor to give notice of such default to Lessee), or (iv) in the event that Lessor has given to Lessee three or more notices of default under paragraph 13.1(b), where a late charge has become payable under paragraph 13.4 for each of such defaults, or paragraph 13.1(c), whether or not the defaults are cured, during the 12 month period prior to the time that Lessee intends to exercise the subject Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of paragraph 39.4(a).

(c) All rights of Lessee under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligation of Lessee for a period of 30 days after such obligation becomes due (without any necessity of Lessor to give notice thereof to Lessee), or (ii) Lessee fails to commence to cure a default specified in paragraph 13.1(c) within 30 days after the date that Lessor gives notice to Lessee of such default and/or Lessee fails thereafter to diligently prosecute said cure to completion, or (iii) Lessee commits a default described in paragraph 13.1(a), 13.1(d) or 13.1(e) (without any necessity of Lessor to give notice of such default to Lessee), or (iv) Lessor gives to Lessee three or more notices of default under paragraph 13.1(b), where a late charge becomes payable under paragraph 13.4 for each such default, or paragraph 13.1(c), whether or not the defaults are cured.

40. MULTIPLE TENANT BUILDING. In the event that the Premises are part of a larger building or group of buildings then Lessee agrees that it will abide by, keep and observe all reasonable rules and regulations which Lessor may make from time to time for the management, safety, care, and cleanliness of the building and grounds, the parking of vehicles and the preservation of good order therein as well as for the convenience of other occupants and tenants of the building. The violations of any such rules and regulations shall be deemed a material breach of this Lease by Lessee.

41. SECURITY MEASURES. Lessee hereby acknowledges that the rental payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of Lessee, its agents and invitees from acts of third parties.

42. EASEMENTS. Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications that Lessor deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions, so long as such easements, rights, dedications. Maps and restrictions do not unreasonably

interfere with the use of the Premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall constitute a material breach of this Lease.

43. PERFORMANCE UNDER PROTEST. If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum or any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

44. AUTHORITY. If Lessee is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

45. CONFLICT. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

46. INSURING PARTY. The insuring party under this lease shall be the Leasee
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47. ADDENDUM. Attached hereto is an addendum or addenda containing paragraphs 48 through 56 which constitutes a part of this Lease.
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LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILLED IN IT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR HIS APPROVAL NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY THE REAL ESTATE BROKER OR ITS AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION RELATING THERETO: THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN LEGAL COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

THE PARTIES HERETO HAVE EXECUTED THIS LEASE AT THE PLACE ON THE DATES SPECIFIED

IMMEDIATELY ADJACENT TO THEIR RESPECTIVE SIGNATURES.

Executed at _____ _____

on _____ By [SIGNATURE NOT LEGIBLE]

Address _____ By [SIGNATURE NOT LEGIBLE]

_____ "LESSOR" (Corporate seal)

Executed at _____ _____

on _____ By _____

Address _____ By [SIGNATURE NOT LEGIBLE]

_____ "LESSEE" (Corporate seal)

NOTE: These forms are often modified to meet obtaining requirements of law and needs of the industry. A ???? write or call to make sure you are utilizing the most current form AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION 345 So Figueroa ???? Los Angeles. CA 90071 (213) 687-8777

48. Option Clause: Tenant, at Tenant's option, by giving Landlord 180 days written notice before the expiration of this lease, may extend the term of the lease for three (3) three (3) separate additional period of five (5) years, provided Tenant is not in default hereunto at time option is exercised and at the time of option period.

All terms remain the same excepting rental agreed to by lessor and lessee. If rental is not agreed to by lessors or lessee then the Landlord and Tenant shall thereupon determine the appraised rent as set forth in section A below. However, in no event shall the rent be less than the ending rental of the lease.

A. Appraised Rent. Appraised Rent shall mean the triple net fair market rent a willing tenant would pay a willing landlord in an arm's-length transaction exclusive of a brokerage commission. The value of improvements to the Premises made or paid for by Tenant shall not be included in the determination of Appraised Rent. Further, the value to the Premises of the leasehold created by this Lease shall not be included in the determination of Appraised Rent. The parties shall attempt to mutually determine the Appraised Rent for the Premises. If the parties are unable to agree on the Appraised Rent within thirty (30) days following delivery of Tenant's notice of intent to exercise its option to extend, each party shall appoint an independent appraiser who shall be a member of the American Institute of Real Estate Appraisers with at least five (5) years experience in appraising commercial properties in the Sacramento, California area, to appraise and determine the Appraised Rent for the Premises. If a party does not appoint an appraiser within ten (10) days after the other party has given written notice of the name of its appraiser, the single appraiser

appointed shall be the sole appraiser and shall set the Appraised Rent for the Premises. The two (2) appraisers shall attempt to determine the Appraised Rent for the Premises. If the appraisers are unable to agree within thirty (30) days after the second appraiser has been appointed, the appraisers shall elect a third independent appraiser meeting the qualifications stated above. If the two (2) appraisers are unable to agree upon a third appraiser within a ten (10) day period, then either appraiser within five (5) day period, on behalf of both, may petition the presiding judge of the Superior Court of the County in which the Premises is located to appoint the third appraiser. Within thirty (30) days after the appointment of the third appraiser, the third appraiser shall determine the Appraised Rent for the Premises. This third appraisal shall then be averaged with the closer of the two (2) previous appraisals for a determination of the Appraised Rent for the Premises which will be binding to both parties and become effective for the option period. Each party shall pay the costs of the appraiser appointed by such party and one-half of the cost of the third appraiser. The appraisers shall have no power to modify the provisions of this Lease and the jurisdiction of the appraisers is limited accordingly.

49. Tenant shall do all future tenant improvements at tenant's expense during the lease terms and any options.

50. Tenant will execute estoppel and subordination certificates on forms required by lender. Any such requirements may include, but not be limited to tenant notifying lender of any breach by lessor with lender having an opportunity to cure same. Failure to timely sign such documents or those pursuant to lease paragraph 1.8 will result in a material breach of this lease.

51. Tenant's Quitclaim: At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within ten (10) days after written demand from landlord to Tenant, any quitclaim deed or other document required by any reputable title company, licensed to operate in the State of California, to remove the cloud or encumbrance created by this Lease from the real property of which Tenant's Premises are a part. This obligation shall survive said expiration or termination.

52. The rent as set forth in paragraph 4 of this lease agreement shall be increased if Consumer Price Index - for all urban consumers - San Francisco-Oakland - all items (Index) as published by the United States Department of Labor's Bureau of Labor Statistics increases over the base period index. The base period index shall be the Index for the calendar month which is four months prior to the month in which the rentals commence (the month and each yearly anniversary thereof in which the rent hereunder commences shall be known as the rental commencement month). The base period index shall be compared with the Index for the same calendar month for each subsequent year (comparison month). If the Index for any comparison month is higher than the base period index, then the rental for the next year shall be increased by the identical percentage

commencing with the next rental commencement month. In no event shall the rental be less than the preceding year of this lease agreement. (By the way of illustration only, if Tenant commenced paying rent in August 1977, then the base period index is that of April 1977 (assume 130) and the Index shall be compared with the Index for April 1978 (assume 136), and because the Index for April 1987

is 4.61% higher, the rental commencing August 1978 shall be 4.61% higher; likewise the Index for April 1979 shall be compared with the Index for April 1977). Lease escalations to be based on the above annual cumulative CPI increases adjusted every 24 months.

Should the Bureau discontinue the publication of the above Index, or publish same less frequently, or alter same in some other manner, then Landlord shall adopt a substitute Index or substitute procedure which reasonably reflects and monitors consumer prices.

53. Lessee's Covenants Regarding Hazardous Materials.

(A) Compliance with Environmental Laws. Lessee shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations ("Hazardous Materials Laws") relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, flammable explosives, asbestos, urea formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under any such laws, ordinances or regulations (collectively, "Hazardous Materials").

(B) Hazardous Materials Handling. Lessee shall at its own expense procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Lessee's use of the Premises, including, without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Premises. Except as discharged into the sanitary sewer in strict accordance and conformity with all applicable Hazardous Materials Laws, Lessee shall cause any and all Hazardous Materials removed from the Premises to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes. Lessee shall in all respects handle, treat, deal with and manage any and all Hazardous Materials in, on, under or about the Premises in total conformity with all applicable Hazardous Materials Laws and prudent industry practices regarding management of such Hazardous Materials. Upon expiration or earlier termination of the term of the Lease, Lessee shall cause all Hazardous Materials to be removed from the Premises and transported for use, storage or disposal in accordance and compliance with all applicable Hazardous Materials Laws. Lessee shall not take any remedial action in response to the presence of any Hazardous Materials in any way connected with the Premises, without first notifying Lessor of Lessee's intention to do so and affording Lessor ample opportunity to appear, intervene or otherwise appropriately assert and protect Lessor's interest with respect thereto.

(C) Notices relating to hazardous materials or property violations. Lessee shall immediately notify Lessor in writing of: (i) any enforcement, cleanup, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws; (ii) any claim made or threatened by any person against Lessee, the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (iii) any reports made to

any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises, including any complaints, notices, warnings or asserted violations in connection therewith. Lessee shall also supply to Lessor as promptly as possible, and in any event within five (5) business days after Lessee first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Lessee's use thereof. Lessee shall promptly deliver to Lessor copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises.

54. Indemnification of Lessor. Lessee shall indemnify, defend (by counsel reasonably acceptable to Lessor), protect, and hold Lessor, and each of Lessor's partners, employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including attorney's fees) or death of or injury

to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly to indirectly, by (i) the presence in, on, under or about the Premises or discharge in or from the Premises of any Hazardous materials of Lessee's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous materials to, in, on, under, about or from the Premises, or (ii) Lessee's failure to comply with any Hazardous Materials Law. Lessee's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, cleanup or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith, and shall survive the expiration or earlier termination of the term of the Lease. For purposes of the release and indemnity provisions hereof, any acts or omissions of Lessee, or by employees, agents, assignees, contractors or subcontractors of Lessee (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Lessee.

55. Lessee or lessor shall have the benefit of all construction and equipment warranties affecting the real property and all of its improvements.

56. Assignment and Subletting. Lessee shall be entitled to receive all rents and profits paid to Lessee by reason of any assignment or subletting.

EXHIBIT 10.32

LEASE AGREEMENT

STATIONERS ANTELOPE JOINT VENTURE, A CALIFORNIA GENERAL PARTNERSHIP, AVP TRUST, ADON V. PANATTONI AND YOLANDA M. PANATTONI

AND

UNITED STATIONERS SUPPLY CO., AN ILLINOIS CORPORATION

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") effective this January 12, 1993, by and between STATIONERS ANTELOPE JOINT VENTURE, A CALIFORNIA GENERAL PARTNERSHIP, AVP TRUST, ADON V. PANATTONI and YOLANDA M. PANATTONI, (the "Landlord") and, UNITED STATIONERS SUPPLY CO., a corporation organized under the laws of the State of Illinois (the "Tenant");

RECITALS

WHEREAS on the 6th day of March, 1990, the Landlord entered into a Lease Agreement with Stationers Distributing Company, Inc., a Delaware corporation (the "Prior Lease") for the Premises described on Exhibit A attached hereto and made a part hereof; and

WHEREAS on the 24th day of June, 1992, Stationers Distributing Company, Inc. was merged with and into Tenant; and

WHEREAS by virtue of the merger, the Tenant has assumed all liabilities and

responsibilities with reference to the Prior Lease; and

WHEREAS the Landlord and Tenant now desire to enter into a new Lease Agreement (the "Lease") which would replace the Prior Lease hereinabove referred to; and

WHEREAS the Tenant shall occupy the premises described in the Prior Lease between Landlord and Stationers Distributing Company, Inc., and additionally will lease approximately 72,000 square feet to be constructed by Landlord;

NOW THEREFORE Landlord and Tenant agree to the following terms, covenants and conditions:

ASSUMPTION OF THE MARCH 6, 1990 LEASE BY TENANT

Tenant does hereby agree to accept, assume and fulfill all the obligations set forth for Tenant under the Prior Lease. The Prior Lease is attached hereto, marked Exhibit "A-1" and made a part hereof by reference. Landlord has agreed to recognize United Stationers Supply Co. as Tenant under said Prior Lease. Tenant hereby represents that is has no claims or offsets against Landlord for any of the obligations of Landlord set forth in said Prior Agreement as of the mutual execution of this Lease. On the Commencement Date of the Lease, the Prior Lease shall terminate and be removed as an Exhibit and Exhibit "A-1" shall be physically removed as an Exhibit to this Lease.

SECTION 1
CONSTRUCTION OF NEW IMPROVEMENTS

1.1 General. Landlord and Tenant agree that Landlord shall construct an additional approximate 72,000 square feet as more fully described and as set forth in Exhibit "B" (which shall include a Tenant Building Specification Sheet, Tenant approved drawings, plans and specifications, attached hereto and made a part hereof by reference. Upon completion of the new construction and upon the issuance of a Permanent Certificate of Occupancy therefor, or a Temporary Certificate to be followed by a Permanent Certificate, the premises described in Exhibit "A" and the premises shown on Exhibit "B" shall be deemed one premises and shall thereafter be subject to performance of the terms, covenants and conditions set forth in this Lease beginning with Section 1 through Section 26. Tenant recognizes and acknowledges that Landlord will expend substantial amounts of money, time and effort in the construction of new improvements as contemplated hereunder, and both Landlord and Tenant hereby affirm the binding effect of this Lease upon the mutual execution hereof, and limited only by any rights of termination as may be set forth herein. Upon execution hereof, Landlord will commence the following improvements at Landlord's sole cost and expense, all of which shall be completed as soon as practicable but in no event, later than August 15, 1993. Preliminary drawings, plans and specifications have been initialed and approved by both Landlord and Tenant. The legal description

of the Parcel upon which the Premises is located is depicted on Exhibit "C", attached hereto and made a part hereof by reference.

1.2 Plans and Specifications; Binding Effect of Prior Lease. Landlord agrees that it will, after execution of this Lease Agreement in accordance with plans and specifications for the 72,000 square feet addition in accordance with Exhibit "B", initialed by the parties contemporaneously with the execution of this Lease Agreement, prepare and provide, within thirty (30) days of the date hereof and at its sole cost and expense, final plans and specifications which must be approved in writing by Tenant before Tenant becomes obligated under the terms and provisions of this Lease. If Tenant does not approve the final plans and specifications, or if Landlord fails to provide Tenant with such final plans and specifications, Tenant may terminate this Lease. Any termination of this Lease by Tenant prior to the Commencement Date shall not affect its duties and obligations under the Prior Lease which Tenant has assumed. Once the final plans and specifications have been approved by the Tenant, the Landlord shall commence any demolition and removal, if any is required, and diligently proceed (but in no event later than sixty [60] days after such approval of the final plans and specifications, provided however that if a delay beyond sixty [60] days is caused by a delay in the issuance of any necessary permit or license required for demolition or construction, Landlord shall have one hundred twenty [120] days to proceed) at its expense with the construction of the

improvements as required in the approved plans and specifications and diligently prosecute the work to completion. The work required by the final plans and specifications shall hereinafter be referred to as the "Improvements". True and correct copies of the initially approved plans and specifications are attached hereto, marked Exhibit "B", and are incorporated herein by reference. In the event that the drawings, plans and specifications so approved are so voluminous as to make it impracticable to attach copies to the Lease, the Landlord and Tenant may agree to attach, in place of such drawings, plans and specifications, a statement signed by both indicating the location and custody of the original drawings, plans and specifications and an agreement that such will remain as Exhibits to the Lease even though not attached hereto.

1.3 Construction. Landlord shall cause the construction work for which it is responsible hereunder to be performed in a good and workmanlike manner without unreasonably interfering with Tenant's occupancy and use of the Premises covered by the Prior Lease. Landlord represents the improvements will be substantially complete on or before June 15, 1993, unless delays are caused by events or occurrences beyond the control of Landlord, as more particularly described in Section 20.

1.4 Completion. The work shall be deemed completed when all work

specified on the plans and specifications has been completed, except for "punch-list" items and such other items as will not substantially interfere with Tenant's beneficial use and occupancy thereof and a temporary or permanent Certificate of Occupancy has been issued for the building or the portion thereof to be occupied by Tenant. If, however, the issuance of such Certificate of Occupancy is delayed by reason of Tenant's work, installation of Tenant's equipment, or Tenant's application for use permits or licenses or other governmental inspections or requirements occasioned by Tenant's use of the Premises, the term of this Lease shall coincide with the completion of Landlord's work, as aforesaid, and the Certificate of Occupancy shall be obtained thereafter upon completion of Tenant's work.

1.5 Tenant's Work. Tenant, at it's own cost and subject to all the terms of this Lease, may perform work in the building concurrently with Landlord's work, to fit the building for Tenant's occupancy, provided such work does not interfere with Landlord's contractor or, if no labor discord would be caused thereby, through Tenant's own contractor and/or employees.

1.6 Possession. If Landlord shall fail to substantially complete the construction of the Improvements by June 15, 1993, Landlord shall be in default hereunder unless the Improvements shall not have been substantially complete on or before such date because of any delay due to the enumerated contingencies in Section 20. If Landlord shall fail to substantially complete the construction of the Improvements by such date plus any additional

time due to an enumerated contingency, or in any event by August 15, 1993, Tenant may terminate this Lease by giving Landlord written notice of its intention to do so, and Landlord and Tenant shall thereupon be relieved of all liability hereunder.

1.7 Modifications. If in connection with obtaining construction and/or permanent financing for this project, a bank, insurance company, pension trust or other institutional lender shall request reasonable modifications in this Lease Agreement as a condition of such financing, Landlord and Tenant will not unreasonably withhold, delay or condition their consent thereto, provided that such modifications do not increase the obligations of either party hereunder or materially adversely affect the respective interests of either party.

1.8 Warranties. Landlord shall obtain and assign to Tenant warranties from Landlord's general contractor respecting the construction of the Improvements on the 72,000 square feet addition which shall warrant such improvements to be free of defects in material and workmanship for a one (1) year period from the Commencement Date.

1.9 Objections. Landlord shall notify Tenant in writing as soon as Landlord deems said Improvements to be substantially completed. In the event that said Improvements have not in fact been substantially completed as aforesaid, Tenant shall notify Landlord in writing of its objections. Landlord shall have a reasonable time (but not less than ten (10) days) after delivery of such notice in which to commence corrective action as may be necessary, and shall notify Tenant in writing as soon as it deems such corrective action has been completed so that said Improvements are substantially completed. Landlord shall diligently pursue such corrective action to completion.

SECTION 2
PREMISES

2.1 Leasehold. Landlord hereby leases unto Tenant and Tenant hereby leases from Landlord, subject to the terms of this Lease, the real property located at the corner of Roseville Road and B Way, Sacramento County, California, more particularly described in Exhibit "A" attached hereto and made a part hereof together with all improvements, easements, rights and appurtenances in connection therewith and all improvements now or hereafter located thereon. The premises described on Exhibit "A" is made up of the premises under the Prior Lease, as described in Exhibit "A-1" to the Prior Lease and the 72,000 square foot addition described on Exhibit "B" to this Lease. The real property and the structures existing and contemplated thereon are collectively referred to herein as the "Premises". Upon the completion of the construction described in Section 1, and the issuance of a permanent Certificate of Occupancy therefor, or a temporary Certificate of Occupancy to be followed by

a permanent Certificate of Occupancy, this Lease shall commence (the "Commencement Date"). On the Commencement Date of this Lease, the Prior Lease shall be deemed canceled, terminated and of no further force and effect, and the rights and liabilities of Landlord and Tenant with reference to the Premises shall be limited, controlled and governed solely by this Lease Agreement.

2.2 Representation and Warranties of Landlord. In order to induce Tenant to enter into this Lease Agreement, Landlord represents and warrants to Tenant currently and as of the Commencement Date; that:

(a) Landlord is fully authorized to lease the Premises and has or will have good and marketable title to the Premises subject to existing easements and rights-of-way of record.

(b) The location and construction (including the buildings, improvements, fixtures and equipment installed by Landlord) do not violate any applicable law,

statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenants or deed restrictions (recorded or otherwise) affecting the subject property, including without limitation all applicable zoning ordinances and building codes, flood disaster laws and health and environmental laws and regulations (hereinafter sometimes collectively called "Applicable Laws"). Notwithstanding the above, Landlord makes no representations or warranties concerning the nature of Tenant's business activities or Tenant's uses of the building and whether said business or use conforms to existing law. As to Tenant's business and uses, Tenant shall bear the sole responsibility for determining compliance with existing law, except that Landlord represents and warrants that the Tenant's proposed use as an office and warehouse is permitted use under the Applicable Laws relating to the Property.

(c) Except for violations caused by the Tenant, or Tenant's predecessor in interest under the Prior Lease, the Premises, at Tenant's occupancy date, shall not be in violation of any Applicable Laws pertaining to health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"), including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), the Resource Conservation and Recovery Act of 1976 ("RCRA"), any California laws and regulations regulating water and the maintenance or disposal of solid waste, and this representation and warranty would continue to be true and correct following disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to the Premises;

(d) To the best of Landlord's knowledge, there is no pending or threatened condemnation or similar proceeding or assessment affecting the Premises or any part thereof, nor to the best knowledge and belief of Landlord is any such proceeding or assessment contemplated by any governmental authority;

(e) The appearance of the Premises as revealed by a normal inspection of same accurately reflects its present condition and general state of repair;

(f) There are no unpaid charges, costs, or expenses for improvements in, on, or upon the Premises which might form the basis for affixation of any type of mechanic's, materialman's, laborer's, artisan's, or other statutory lien; and

(g) Except as hereinafter provided, there are no actions, suits, or proceedings pending, or to the knowledge of Landlord, threatened against or affecting the Premises or any portion thereof or relating to the ownership thereof, before any court or before or by any federal, state, county, or municipal department, commission, board, bureau, agency, or other governmental instrumentality.

(h) The Premises and Building will be built and constructed in a good and workmanlike manner, free from defects. Landlord specifically warrants the

structural soundness of the Premises and Building to be free from defects. The Landlord further warrants and represents that all plumbing and electrical improvements will be constructed in a good and workmanlike manner free from defects in accordance with the plans and specifications described in Section 1.1. Landlord makes this warranty which shall endure for a period of one (1) year from the Commencement Date and shall only apply to the construction of the 72,000 square feet addition.

(i) However, recognizing that Tenant, and Tenant's predecessor in interest, have had exclusive possession of the Premises since November 19, 1990, the representations and warranties of Landlord set forth herein do not extend to any matter, event or occurrence caused by Tenant, or Tenant's predecessor in interest.

(j) Landlord has taken all steps necessary to determine and has determined that no Hazardous Materials or solid wastes have been disposed of or otherwise released on, in or to the Premises, as of the Commencement Date of the Prior Lease, but makes no representation or warranty with reference to Hazardous Materials after the Commencement Date of the Prior Lease.

2.3 Tenant's Environmental Compliance.

(a) Tenant shall bear any liability and be required to process at its own cost, any use license, permit, toxic waste management plan or other governmental permission or review required by any rule, regulation or law relative to Tenant's use or occupancy of the Premises. The effective date for performance of this Lease by Tenant shall not be changed, extended or delayed for failure of Tenant to obtain said license or permit.

(b) Reporting Requirements. Tenant or any occupant, sublessee or assignee (collectively "User"), shall be required to report to the City or County Division of Environmental Health or other applicable governmental agency, all hazardous and extremely hazardous materials handled, stored, used, generated or manufactured on the Premises as required by the California Health and Safety Code, and all other Federal, State and local statutes and regulations. Any such User shall be required to clean up and

abate any environmental pollution and/or contamination resulting from the User's use, generation, storage, manufacture, handling, spillage, of hazardous and/or extremely hazardous materials upon the Premises. Tenant shall be required to adhere to all Federal and State statutes, laws, rules, regulations and orders regulating the presence, use, storage and disposal of toxic or hazardous materials.

(c) Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises by Tenant, its agents, employees,

contractors or invitees, without the prior written consent of Landlord (which Landlord shall not unreasonably withhold as long as Tenant demonstrates to Landlord's reasonable satisfaction that such Hazardous Material is necessary or useful to Tenant's business and will be used, kept and stored in a manner that complies with all laws relating to any such Hazardous Material so brought upon or used or kept in or about the Premises). Landlord hereby consents to Tenant bringing upon, storing and/or using in or about the Premises, all products carried from time to time in its catalog and/or offered generally for sale to its customers, however Tenant shall be solely responsible for product compliance with all Applicable Laws. If Tenant breaches the obligations stated in this paragraph, then Tenant shall indemnify, defend and hold Landlord Harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or useable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of the Premises, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the lease term as a result of such contamination. The indemnification set forth herein shall run to the benefit of any bank or other lender to which Landlord or Landlord's successors and assigns may grant a security interest in the Premises and/or the Premises. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local government agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Premises caused or permitted by Tenant. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises caused or permitted by Tenant results in contamination of the Premises, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior its introduction of any such Hazardous Material to the Premises; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld as long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises.

As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance" or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the

California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) asbestos; (vii) listed under Article 9 or deemed as hazardous or extremely hazardous pursuant to Article II or Title 22 of the California Administrative Code, Division 4, Chapter 20; (viii) designated as a "hazardous substance" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et. seq. (42 U.S.C. Section 6903); (ix) defined as "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et. seq. (42 U.S.C. Section 9601); or (x) any substance requiring remediation under any federal, state, municipal or other governmental statute, ordinance, rule, regulation or policy.

2.4 Parties' Rights and Obligations. Anything to the contrary notwithstanding, in the event any environmental hazard is discovered on or about the Premises that relates to any violation or obligation under any Applicable Environmental Laws, and it is the direct result of Landlord's activities on the Premises, or preexisted the Commencement Date (unless caused or permitted by Tenant or Tenant's predecessor-in-interest), then Landlord shall, within twenty (20) days of written request from Tenant, undertake to remedy said violation of Applicable Environmental Law, provided, however, such violation or obligation is not a direct result of the Tenant's release or storage of a Hazardous Material in or about the Premises. The obligation of Tenant to pay rent shall not abate during the remedy period unless Tenant is unable to use the Premises as intended or if the use thereof may constitute a health risk or hazard to Tenant or Tenant's agents, employees and invitees. It is the Parties' intent that any violation or obligation so imposed that is a result of the construction of the Building, the construction of any improvements on or about the Premises by Landlord, its predecessors in interest or by other tenants or other parties in possession, or the use of the Building

and/or Premises by parties other than the Tenant or Tenant's predecessor-in-interest, shall not be deemed to be a direct result of Tenant's release or storage of any Hazardous Material. The term Tenant, for the purpose of this paragraph, shall include Tenant's invitees, licensees, permitted users, subtenants or predecessors having a leasehold interest in all or part of the Premises. Should Landlord decline in writing to remedy said violation, or should said violation not be remedied within 120 days of said notice to Landlord, the Tenant may, upon twenty (20) days written notice, terminate this Lease.

SECTION 3
TERM

3.1 Commencement. The term of this Lease shall commence on the Commencement Date as defined in paragraph 2.1. In no event, shall the obligation

of Tenant to begin paying rent accrue prior to the Commencement Date, unless Tenant takes full possession of the Premises under a legal occupancy permit prior to such Commencement Date, in which case Tenant shall pay rent from the actual occupancy date according to the schedule contained in Section 4.1 (Monthly Rent), 4.2 (Additional Rent), 4.3 (Partial Month) and 4.4 (Interest on Late Payments).

3.2 Term. The term of this Lease shall continue for One Hundred Eighty (180) full months from the Commencement Date, as specified in Section 3.1.

SECTION 4
RENT

4.1 Monthly Rent. The consideration for the one hundred eighty (180) full months of this Lease (exclusive of Additional Rent, as herein set forth, and exclusive of Base Monthly Rent for the first partial calendar month, if any, following the Commencement Date) shall be based on the following Rent formulas and computation:

The Base Monthly Rent herein is calculated by adding two separate rent rates described as follows: (a) the first rate encompasses 195,284 square feet (the square footage constructed pursuant to the Prior Lease or March 6, 1990) (Exhibit A) and described in Section 4.1(a), and (b) the second rate encompasses approximately 72,000 square feet as more fully described in Section 1 of this Lease (construction of new improvements) and Exhibit "B" and described in Section 4.1(b).

<TABLE>
<CAPTION>

MONTHS	NUMBER OF SQ. FEET	BASE MONTHLY RENT
<S>	<C>	<C>
4.1(a): 1-30	195,284	$65,329.44

</TABLE>

The Base Monthly Rent set forth above shall be adjusted at the end of each thirty (30) month period by adding to said Base Monthly Rent an amount equal to ninety-five percent (95%) of the increases over the prior thirty (30) month period in an average of the Consumer Price Index for (1) all Urban Consumers, All Items (San Francisco-Oakland-San Jose Metropolitan Area), and (2) the National United States City Average, 1982-84=100, as published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"). Any increase in Monthly Base Rent caused by increases in CPI shall not result in a Base Monthly Rent greater than one hundred twelve percent (112%) of $65,329.44; plus

<TABLE>
<S> <C> <C> <C>
4.1(b): 1-30 72,000 $15,480.00
</TABLE>

In the event that the new improvements described in Section 1 of this Lease result in square footage greater than or less than 72,000 square feet, the Lease shall be amended to reflect the change in square footage and the resulting change in Monthly Base Rent. The Monthly Base Rent for the 72,000 square feet is calculated on twenty-one and one-half cents (.215) per square foot per month.

Tenant agrees to pay to Landlord on the Commencement Date and thereafter on the first (1st) day of every calendar month thereafter for the first full one hundred eighty (180) months of the term of this Lease, in lawful money of the United States of America, without notice or demand, the amounts described and calculated immediately above in this Section 4.1.

The Base Monthly Rent for the entire Premises shall be the sum of the two Base Monthly Rent figures above set forth. The Base Monthly Rent for months 31 through 180 shall be adjusted every thirty (30) months from the Commencement Date, based on 95% of the increases in an average of the Consumer Price Index for (1) all Urban Consumers, All Items (San Francisco-Oakland-San Jose Metropolitan Area), and (2) the National United States City average, 1982-81=100, as published by the United States Department of Labor, Bureau of Labor Statistics. Notwithstanding anything to the contrary in the preceding sentence, the rent after adjustment shall not be greater than 112.0 percent (112.0%) of the rent for the preceding thirty (30) month period.

4.2 Additional Rent. Tenant shall also be obligated to pay directly as "Additional Rent" hereunder all "Property Taxes" and "All-risk Insurance" (as such terms are hereinafter defined) with respect to each calendar year of the Lease Term:

(i) Property Taxes:

(a) The term "Property Taxes" for the purposes of this Lease means all general and special ad valorem real estate taxes, all special assessments for local improvements, and all other similar general and special ordinary and extraordinary, governmental charges assessed, levied, charged, or imposed upon the

Premises or Building during the term of the Lease, or any holdover or renewal period, by any political or governmental body, or subdivision thereof, having jurisdiction over the Premises or Building; excluding, however, franchise, estate, inheritance, succession, capital levy, transfer, income, employment, head or excess profits tax imposed upon Landlord. In the event that any

political body, or sub-division thereof, or any governmental authority having jurisdiction over the Premises or Building imposes a tax, assessment, or charge that is calculated by a method that values the rents payable by Tenant to Landlord, by way of substitution for the taxes and assessments levied against the Premises or Building, such tax, assessment, or charge may be deemed to constitute a Property Tax for purposes of this Lease. Landlord shall not initiate any procedure for placement of improvement bonds upon the Premises.

(b) Tenant shall pay directly to the appropriate taxing authority, before the same become delinquent, all Property Taxes levied or assessed against the Premises or Building during the Lease term.

(ii) All Risk Insurance. Tenant shall maintain standard "all-risk" insurance, acceptable in the State of California, insuring the full value of the Building, excluding cost of land, foundation, and footings (the "All-risk Insurance"), as set forth in Section 8.5

With reference to the 72,000 square feet addition referred to in Section 1 above, Landlord and Tenant shall cause an inspection of the Premises to be made simultaneously with the Commencement Date at a mutually agreeable time by their respective representatives to determine and record the condition of the Premises. These representatives shall prepare and sign a statement indicating any defects, damage or deterioration existing at the time of the inspections. Tenant shall not be responsible to return any item on said statement to Landlord in a condition better than its condition on the date of the inspection indicated on said statement. However, Landlord specifically agrees to promptly undertake appropriate repairs to the Building heating, ventilation, air conditioning system (HVAC), the electrical system and wiring (including computer requirements), roof, doors, docks doors, floor, security system (including security lighting), interior lighting and sprinklers upon execution of this Lease Agreement.

4.3 Partial Month. If the term shall commence upon a day other than the first (1st) day of a calendar month, or shall end upon a day other than the last day of the calendar month, then Tenant shall pay upon such Commencement Date and on the first (1st) day of the last calendar month, one-thirtieth (1/30th) of the Base Monthly Rent as set forth in Section 4.1 hereof, if any, for each day of such fractional calendar month.

4.4 Interest on Late Payments. In the event that Tenant fails to pay any installment of Base Monthly Rent or Additional Rent when such installment is due, the total amount then due shall bear interest at the rate of twelve percent (12%) per annum until paid after Landlord has given Tenant twenty (20) days written notice of its obligation and/or delinquency, provided however, that if Landlord has given such notice twice during any consecutive twelve (12) month

period, then Tenant shall pay such interest hereunder agreed to without the requirement of written notice.

SECTION 5
USE

5.1 Prescribed Use. Tenant shall use the Premises for offices and warehouse and reasonably related activities.

5.2 Nuisance. Neither Landlord nor Tenant shall commit, or suffer to be committed, upon the Premises, any nuisance or thing which may disturb the quiet enjoyment of Tenant or any other lessee or any person or business within a reasonable distance from the Premises.

5.3 Compliance with Laws. Landlord and Tenant shall comply with all laws ordinances, orders, rules and regulations promulgated by all federal, state, county, municipal bodies and agencies having jurisdiction, which laws, ordinances, orders, rules and regulations relate to the business of Landlord and Tenant.

5.4 Dangerous Goods and Activities. Tenant hereby agrees not to engage in any activity or store upon the Premises such goods or equipment which would render the insurance described in Section 4.2 (ii) hereof void.

SECTION 6
UTILITIES

Tenant shall be responsible for and promptly pay all charges incurred for all utility services to the Premises, including, but not limited to water, natural gas, sanitary sewer, electricity and telephone. Tenant shall also provide all replacement light bulbs and tubes after the Commencement Date of this Lease.

SECTION 7
MAINTENANCE

7.1 Landlord's Obligations. Landlord shall, at its sole expense, maintain the structural soundness of the roof, roof trusses and structure of the exterior walls and of the foundation, downspouts and roof gutters attached to exterior Premises (other than for damages caused by Tenant's operation), concealed plumbing, electrical and other repairs due to defective construction, installation or design, reasonable wear and tear and events

covered by the destruction provisions hereof excepted. The phrase "exterior walls" shall not include windows or glass or plate glass, doors, window mullions or gaskets or signs. Landlord shall also remedy or remove any inherent safety problems or risks that may arise or exist because of hazardous or toxic materials used in Building or construction of the Building or improvements. The phrase "reasonable wear and tear" shall include minor cracking in the walls or foundation, caused by the elements, or otherwise, which affects neither the structural integrity nor safety of the Premises or the Tenant, its agents, employees and invitees or Tenant's products. Landlord, at its sole expense, shall guarantee and replace as necessary the heating, ventilation and air conditioning systems which were installed at the time of construction of the 72,000 square feet addition referred to in Section 1 for a period of one (1) year from the Commencement Date; any such repair or replacement shall thereafter be the responsibility of Tenant. Provided, however, that Landlord shall not be responsible for the following: (a) damage to the roof, exterior walls, and/or foundation resulting from the negligent act or acts, or omissions of Tenant, or Tenant's employees, contractors, agents, vendors, materialmen, suppliers, customers, invitees or concessionaires; and (b) the upkeep or repair of any air conditioning, heating, ventilation or refrigeration systems used or required for the Premises except as otherwise provided herein.

7.2 Tenant's Obligations.

(i) Tenant, at Tenant's sole cost and expense, shall maintain and repair all other parts of the Premises, including but not limited to, the following items: all glass, including windows of glass or glass plate, window mullions and gaskets; interior portion of the doors and attached hardware; special store fronts; interior walls, cabinets, millwork, paneling and other finish work; floor and floor coverings; heating, ventilation, refrigeration and air conditioning systems and related mechanical equipment; dock boards, dock levelers, and/or dock bumpers; overhead truck doors; downspouts of roof gutters attached to exterior of Premises for damage caused by Tenant's operation; plumbing fixtures and above ground, non-concealed plumbing; electrical facilities and electrical fixtures and all other fixtures and trade fixtures except those plumbing and electrical repairs which may be due to defective construction, installation, design or products. Provided, however, Tenant shall incur no liability or expenses relative to reasonably required repair or removal of hazardous substances, if any, in or about the Building except as set forth hereinabove. Tenant shall also be responsible for the cleaning and sweeping of Tenant's parking spaces as designated by Landlord pursuant to the terms of Section 21. Tenant shall be responsible for the disposal of its trash and will maintain adequate receptacles for such disposal. Replacement and repair parts, materials, and equipment shall be of quality equivalent to those initially installed within the Premises; repair and maintenance

work shall be done in accordance with the then existing federal, state and local

laws, regulations and

(ii) Tenant shall maintain all landscaping, exterior lighting, site concrete and paving including driveway and parking area surfaces (subject, however, to the limitations of Section 7.2(i) hereof and to the warranties contained in Section 1.8), and pedestrian walks.

7.3 Surrender of Possession. Upon any termination of this Lease, Tenant shall surrender the Premises in a condition and repair similar to their original condition, reasonable wear and tear, events of destruction, and modifications, alterations and improvements for office facilities, storage, lighting and sprinklers excepted.

The term "Original Condition" shall refer to the condition of the 195,284 square feet referred to in Section 3.1 above and Exhibit "A" to this Lease as it existed on November 19, 1990; and shall refer to the condition of the 72,000 square feet addition set forth in Exhibit "B" on the Commencement Date.

SECTION 8
INSURANCE

8.1 Indemnification of Landlord. Tenant will indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with the loss of life, personal injury, and/or damage to Property arising from or out of (i) any occurrence in, upon or at the Premises caused by the sole or contributory negligence or intentional misconduct of Tenant or its respective agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, (ii) any occurrence elsewhere on the Premises occasioned wholly or in part by any act or omission caused by Tenant or its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, or (iii) any occurrence occasioned by the violation of any law, regulation or ordinance by Tenant or its agents, customers, invitees, concessionaires, contractors, servants, vendors materialmen or suppliers. In case the Landlord shall be made a party to any litigation commenced by or against the Tenant for any of the above reasons, then Tenant shall protect and hold the Landlord harmless and pay all reasonable attorneys' fees paid by the Landlord. It is understood that the provisions of this Section 8.1 shall not be applicable to any such claims, actions, liabilities, or expenses, arising out of any negligent act or omission, or intentional misconduct, of Landlord, its agents, materialmen, vendors or suppliers.

8.2 Indemnification of Tenant. Landlord will indemnify Tenant and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with the loss of life, personal injury, and/or damage to property arising from or

out of (i) any occurrence in, upon or at the Premises caused by the sole or contributory negligence or intentional misconduct of Landlord or its respective agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, (ii) any occurrence elsewhere on the Premises occasioned wholly or in part by any act or omission caused by Landlord or its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, or (iii) any occurrence occasioned by the violation of any law, regulation or ordinance by Landlord or its agents, customers, invitees, concessionaires, contractors, servants, vendors materialmen or suppliers. In case the Tenant shall be made a party to any litigation commenced by or against the Landlord for any of the above reasons, then Landlord shall protect and hold the Tenant harmless and pay all reasonable attorneys' fees paid by the Tenant. It is understood that the provisions of this Section 8.2 shall not be applicable to any such claims, actions, liabilities, or expenses, arising out of any negligent act or omission, or intentional misconduct, of Tenant, its agents, materialmen, vendors or suppliers.

8.3 Waiver of Subrogation. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all right to recovery, claim, action or cause of action, against the other, its agents, directors, officers or employees, for any loss or damage that may occur to the Premises, or any improvements thereto, or the Building, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause which could be insured against under the terms of insurance policies referred to in Section 4.2 (ii) hereof, regardless of cause or origin, including negligence of the other party hereto, its agents, directors, officers or employees, and covenants that no insurer shall hold any right of subrogation against such other party.

8.4 Public Liability and Property Damage. Bodily injury liability insurance and property damage liability insurance will be carried and maintained by Tenant, at Tenant's sole cost and expense, after the date of delivery of the Premises from Landlord to Tenant in the following amounts:

Bodily Injury or Death, per occurrence:	$3,000,000
Property Damage:	Full Replacement Value
Landlord's Rent Loss Coverage:	$1,000,000 (to be increased each thirty (30) months by the same percentage as the Base Monthly Rent by reference to CPI pursuant to Section 4.1 hereinabove.)

All such bodily injury liability insurance and property damage liability insurance shall specifically make reference to the indemnity agreement in Section 8.1 hereof, and Tenant shall add Landlord as an additional insured on each of the policies herein mentioned.

8.5 Policy Form. All policies of insurance provided for herein to be carried by Tenant shall be issued by insurance companies certified to do business in the State of California and its insurance regulatory bodies and shall be issued in the names of both Landlord and Tenant. Executed copies of such policies of insurance or certificates thereof shall be delivered to the Landlord within ten (10) days after delivery of possession of the Premises and thereafter within thirty (30) days prior to the expiration of such policy. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by the Tenant in like manner and to like extent. All policies of insurance delivered to Landlord must contain a provision that the company writing said policy will give to the Landlord at least twenty (20) days notice in writing in advance of any cancellation or lapse or the effective date or any reduction in amounts of insurance. All public liability and property damage policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry, if any. Tenant shall pay all premiums for the insurance policies described in Section 8.4 within fifteen (15) days after receipt by Tenant of a copy of the premium statement or other evidence of the amount due. All insurance shall be maintained with companies holding a "General Policyholder's Rating of B+ or better, as set forth in the most current issue of "Best's Insurance Guide." Tenant shall be liable for the payment of any deductible amount under Landlord's insurance policies required hereunder; said deductible shall in no event be greater than $100,000.00. Notwithstanding the foregoing, any insurance coverage required to be carried by Tenant hereunder may be carried in whole or in part (i) under any plan of self-insurance which Tenant may from time-to-time have in force and effect and approved by the Insurance Commissioner and other governmental authorities of the State of California whose approval is legally necessary to operate as a self-insured in said state, so long as Tenant or any assignee of this Lease who is liable hereunder shall have a net worth of $25,000,000.000 or more, subject to Landlord's prior consent which shall not be unreasonably withheld (Landlord shall be a named insured for the purposes of this Lease under any approved program of self-insurance), or (ii) under a "blanket" policy or policies covering other properties of Tenant and its assignee of this Lease. The scope and extent of the insurance protection afforded Landlord pursuant to this article shall not be diminished as a result of any rights of self-insurance as hereinabove provided.

SECTION 9
ALTERATIONS AND FIXTURES

9.1 Prior Consent. Tenant shall not make any alterations improvements,

modifications, or additions to the Premises costing more than $20,000.00, without first having obtained the written consent of Landlord which consent shall not be unreasonably withheld; provided, however, planned modifications and improvements, including minor modification or improvements to the office facilities, the sprinkler and lighting systems and the installation of normal trade fixtures, shelves, machinery, racks, conveyors and apparatus are hereby specifically approved. Tenant shall notify Landlord upon completion of any other alterations, improvements, modifications, or additions and Landlord may inspect same for workmanship and compliance with the approved plans and specifications. Any alterations, improvements, modifications, or fixture which is installed by either Landlord or Tenant on the Premises and which is in any manner attached to the floors, walls, or ceilings shall remain upon the Premises when the Premises are surrendered by Tenant except as described hereinbelow.

9.2 Trade Fixtures. Notwithstanding anything in this Section 9 to the contrary, all normal trade fixtures, equipment, shelves, machinery, racks, conveyors, apparatus, signs and furniture installed in the Premises at the cost of Tenant, may be removed by Tenant on or before the termination date of this Lease. Tenant must repair any damage caused by such removal.

9.3 Mechanics' Lien. Neither Landlord nor Tenant will create or permit to be created or to remain any lien (including but not limited to, the liens of mechanics, laborers, artisans, or materialmen for work or materials alleged to be done or furnished in connection with the Premises), encumbrance or other charge upon the Premises or any part thereof, upon Landlord's interest therein, or upon Tenant's leasehold interest; provided that Tenant shall not be required to discharge any such liens, encumbrances or charges as may be placed upon the Premises by the act of Landlord.

SECTION 10
GRAPHICS AND ARCHITECTURAL CONTROL

10.1 Consistent with existing rules, requirements and regulations, Tenant may place reasonable signage on the Building all at Tenant's own cost and expense and Tenant shall remain liable for the upkeep and maintenance thereof.

10.2 Landlord agrees it will not alter or change the name of the Building, Premises or street address thereof without first obtaining the prior written consent of Tenant or in the alternative, by paying directly all costs, expenses, fees and charges incurred by Tenant due to such change in name or address.

SECTION 11
ASSIGNMENT AND SUBLETTING

In the event Tenant should desire to assign this Lease or sublet the

Premises or any part thereof, Tenant shall give Landlord written notice of such desire and Landlord shall then have a period of twenty (20) days following receipt of such notice within which to notify Tenant in writing that Landlord approves of such assignment or subletting. If Landlord should fail to notify Tenant in writing of such approval within the twenty (20) day period, Landlord shall be deemed to have elected not to permit such assignment or subletting. Landlord shall not unreasonably withhold its consent to any such assignment or subletting. No assignment or subletting by Tenant shall relieve Tenant of any obligations under this Lease. In the event that the Landlord approves any such assignment or subletting, such approval is conditional upon the assignee or subtenant assuming in writing all of the terms, covenants, conditions and obligations of Tenant under this Lease.

SECTION 12
RIGHT OF ACCESS

Landlord shall have the right to enter the Premises under ordinary circumstances during normal business hours upon twenty-four (24) hours prior written notice to Tenant, to examine the same and to make such repairs, alterations, improvements, or additions as Landlord may deem necessary or desirable to comply with this Lease. Landlord shall be allowed to take all materials into and upon the Premises that may be required therefore without the same constituting an eviction of Tenant, actual or constructive, and the rent shall in no way abate while such repairs, alterations, improvements or additions are being made, by reason of loss or interruption of business of Tenant unless such repairs, alterations, improvements or additions restrict or interfere with Tenant's use of a portion of the Building. In that event, the rent shall abate as to that portion of the Building wherein the use thereof is restricted. Landlord shall make reasonable efforts not to interfere with the normal business operations of Tenant. In the event of any emergency, no prior written notice on the part of the Landlord will be required to enter the Building and Premises. During the three (3) months prior to the expiration of the term of this Lease, Landlord may exhibit with twenty-four (24) hour notice the Premises to prospective lessees or purchasers during normal business hours and place upon the Premises the usual notices "For Sale" or "For Rent", and Tenant shall permit the same to remain.

SECTION 13
HOLDING OVER

Should Tenant remain in possession of the Premises, or any part thereof, after termination of this Lease (whether by the expiration of the term of this Lease or otherwise) without the

execution of a new lease by Landlord and Tenant, Tenant, at the option of Landlord, shall become a tenant from month-to-month of the Premises, or part thereof occupied, at one and one-quarter the Base Monthly Rent, under all other terms, conditions, provisions and obligations of this Lease insofar as the same

are applicable to a tenancy from month-to-month.

SECTION 14
DEFAULTS AND REMEDIES

14.1 Events of Default by Tenant. The occurrence of one or more of the following events shall constitute a default pursuant to the terms of this Lease: (i) the failure of Tenant to comply with or to observe any terms, provisions, or conditions of this Lease performable by and obligatory upon Tenant, within thirty (30) days after written notice by Landlord; (ii) the assignment of this Lease or subleasing of the Premises by Tenant without the prior written approval of Landlord; (iii) the taking of Tenant's leasehold estate by execution or other process of law; (iv) the judicial declaration of Tenant as bankrupt or insolvent according to law or an assignment of a substantial part of Tenant's property for the benefit of creditors; (v) the appointment of a receiver, guardian, conservator, trustee in involuntary bankruptcy or similar officer by a court of competent jurisdiction to take charge of a substantial part of Tenant's property; (vi) the filing of a petition for involuntary or voluntary reorganization or arrangement or bankruptcy of Tenant pursuant to any provision of the Bankruptcy Code without subsequent dismissal thereof within sixty (60) days.

14.2 Landlord's Remedies. Upon the occurrence of any event of default enumerated in Section 14.1 hereof, Landlord shall have the option of (i) terminating this Lease by written notice thereof to Tenant, or (ii) continuing this Lease in full force and effect, or (iii) curing the default of Tenant, or (iv) pursuing any other remedy to which it may be entitled by law.

(i) In the event Landlord shall elect to terminate this Lease, upon written notice to Tenant, this Lease shall be ended as to Tenant and all persons holding under Tenant, and all of Tenant's rights shall be forfeited and lapsed, as fully as if this Lease had expired by lapse of time. In such event, Tenant shall be required immediately to vacate the Premises and there shall immediately become due and payable the amount by which (a) the present value (determined using the then current Prime Rate per annum as charged by Irving Bank of New York, New York) of the total rent and other benefits which would have accrued to Landlord under this Lease for the remainder of the Lease term if the terms and provisions of this Lease had been fully complied with by Tenant exceeds (b) the total fair market rent value (determined using the then current Prime Rate per annum as charged by the Irving Bank of New York, New York) of the Premises for the balance of the Lease term (it being the intention of both parties hereto that Landlord shall receive the

benefit of its bargain); and the Landlord shall at once have all the rights of re-entry upon the Premises, without becoming liable for damages, or guilty of trespass. In addition to the sum immediately due from Tenant under the foregoing

provision, there shall be recoverable from Tenant: (a) cost of restoring the Premises to good condition, normal wear and tear excepted, (b) all accrued, unpaid sums, plus interest at the maximum rate then permitted by law and late charges, if in arrears, under the terms of this Lease up to the date of termination, (c) Landlord's cost of recovering possession of the Premises, and (d) rent and sums accruing subsequent to the date of termination pursuant to the holdover provisions of Section 13.

(ii) In the event that Landlord shall elect to continue this Lease in full force and effect, Tenant shall continue to be liable for all rents. Landlord shall nevertheless have all the rights of re-entry upon the Premises without becoming liable for damages, or guilty of a trespass and Landlord may relet the Premises, or any part thereof, to a substitute tenant or tenant, for a period of time equal to or lesser or greater than the remainder of the Lease term on whatever terms and conditions Landlord reasonably deems advisable. Against the rents and sums due from Tenant to Landlord during the remainder of the term, credit shall be give Tenant in the net amount of rent received from the new tenant after deduction by Landlord for: (a) the costs incurred by Landlord in reletting the Premises (including, without limitation, remodeling costs, brokerage fees, legal fees, and the like), (b) the accrued sums, plus interest and late charges if in arrears, under the terms of this Lease, (c) Landlord's cost of recovering possession of the Premises, and (d) the cost of restoring any of Tenant's property left on the Premises after re-entry. Notwithstanding any provision in this Section 14.2 (ii) to the contrary, upon the default of any substitute tenant or upon the expiration of the Lease term hereof, Landlord may, at Landlord's election, either relet to still another substitute tenant, or terminate this Lease and exercise its rights under Section 14.2(i) hereof.

14.3 Attorneys' Fees. In the event either party hereto defaults in the performance of any of the terms, covenants, agreements or conditions contained in this Lease and the other party hereto places the enforcement of this Lease, or any part thereof, or the collection of any rent or charge due, or to become due, or the recovery or the possession of the Premises, in the hands of attorneys, or files suit upon the same, the non-prevailing party agrees to pay the reasonable attorneys' fees of the prevailing party.

14.4 Waiver. Failure on the part of Landlord or Tenant to complain of any action or non-action on the part of Landlord or Tenant, no matter how long the same may continue, shall never be deemed to be a waiver by either party of any of his rights hereunder. Further, it is covenanted and agreed that no waiver at any time of any of the provisions hereof by either party shall be

construed as a waiver of any of the other provisions hereof and that a waiver at any time of the provisions hereof shall not be construed as a waiver at any subsequent time of the same provisions.

SECTION 15
SUBORDINATION

15.1 Subordination. This Lease shall be subject and subordinate to any mortgages or deeds of trust that may have been placed or may be hereafter placed upon the Premises by Landlord and to any advances to be made thereunder, and to any interest thereon, and all renewals, replacements and extensions thereof, provided no such mortgage or deed of trust shall impair or disturb Tenant's right to quiet enjoyment of the Premises under this Lease so long as Tenant is not in default. Any mortgages or trustee may elect by written notification to give the rights and interests of Tenant under this Lease priority over the lien of its mortgage or deed of trust. In the event of foreclosure or trustee's sale thereunder, the purchaser of Landlord's interest shall become Landlord hereunder subject to all the terms, provisions and obligations created hereby. Tenant shall, in the event any proceedings are brought for foreclosure of the Premises, or the power of sale under any mortgage made by Landlord covering the Premises is exercised, attorn to the purchaser (at the option of said purchaser, and not otherwise) upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

15.2 Necessary Instruments. Although Section 15.1 hereof is self-executing, Tenant shall execute and deliver instruments that may be reasonably required by Landlord's mortgagees for the purpose of evidencing the subordination of this Lease within ten (10) days of written notice by Landlord or such mortgagee or its trustee, the language thereof to be agreed upon by the parties hereto.

SECTION 16
SALE BY LANDLORD

Landlord shall have the right to sell, transfer, or assign its interest hereunder or any part thereof without the prior consent of Tenant. However, Landlord shall give Tenant thirty (30) days written notice of the proposed transfer and the transferee and assignee must assume all of the obligations of Landlord hereunder in writing. After such sale, transfer or assignment, Tenant shall attorn to such purchaser, transferee or assignee, and Landlord shall be released of all obligation hereunder after the effective date of such sale, transfer, or assignment, but only if the requirements created hereby have been met by Landlord.

SECTION 17
ESTOPPEL CERTIFICATES

Each party agrees within ten (10) days following request by the other party (i) to execute and deliver to requesting party reasonably required documents (including an estoppel certificate) (a) certifying that this Lease is unmodified

and in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect and the date to which the rent and other charges are paid in advance, if any, and (b) acknowledging that there are not, to such party's knowledge, any uncured defaults hereunder, or so specifying such defaults, if any, (as are claimed), evidencing the status of the Lease.

SECTION 18
DESTRUCTION

18.1 Landlord's Obligations. (i) In the event the Premises shall be damaged by fire, act of God, or other casualty, but shall not be rendered untenantable in whole or in part, regardless of the time remaining in the term of this Lease, Landlord shall, at its own expense, cause such damage to be repaired, and the rent shall not be abated. (ii) If the Premises shall be rendered partially untenantable, unless the damage occurs within the last one (1) year of the term of this Lease, Landlord shall, at its own expense, cause the damage to be repaired, and the Base Monthly Rent and Additional Rent shall be abated proportionately as to the portion of the Premises rendered untenantable. If, however, the damage occurs within the last one (1) year of the term of this Lease, Landlord may, at its option, cause such damage to be repaired or either party may terminate this Lease by giving the other party written notice of termination within thirty (30) days from the date of such occurrence, and in the event of such termination, rent shall be adjusted as of the date of such occurrence. (iii) If the Premises shall be rendered wholly untenantable by reason of such occurrence, regardless of the time remaining in the term of this Lease, Landlord may at it own cost and expense cause such damage to be repaired, and the Base Monthly Rent and the Additional Rent shall abate until the Premises have been restored and rendered tenantable, or either party may elect to terminate this Lease by giving the other party written notice of termination within thirty (30) days from the date of said occurrence, and in the event of such termination, rent shall be adjusted as of the date of such occurrence. (iv) If the Building shall be damaged to such an extent that Landlord shall determine that the repairs shall not be made or that demolition of the Building is appropriate, then notwithstanding anything to the contrary contained above, and whether or not the Premises have been damaged, Landlord or Tenant may terminate this Lease by giving the other party written notice of termination, in which event rent shall be adjusted as of the

date of termination. (v) If Landlord has not initiated repair or restoration within thirty (30) days of the event of the casualty, Tenant shall have the right to terminate this Lease by written notice to Landlord at any time within thirty (30) days after said thirty (30) days.

18.2 Scope of Landlord's Obligations. In the event Landlord elects or shall be obligated to repair or to restore any damage or destruction aforesaid,

the scope of the work shall be limited to the original basic Building and Standard Leasehold Improvements, and time of completion shall be subject to the provisions of Section 20, ("Force Majeure"). If Landlord notifies Tenant within thirty (30) days after the casualty that the insurance proceeds are inadequate to restore the Building and the standard leasehold improvements as aforesaid, Tenant shall have right to terminate this Lease by giving written notice to Landlord within thirty (30) days after Landlord's notice to Tenant.

SECTION 19
EMINENT DOMAIN

19.1 Total Taking. In the event of a taking of the Premises or damage related to the exercise of the power of eminent domain by any agency, authority, public utility, person, or corporation or entity empowered to condemn property ("Taking") of the entire Premises or so much thereof as to prevent substantially impair their use by Tenant during the Lease term (i) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the Premises shall cease and terminate as of the date upon which title to the Premises, or a portion thereof, passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor ("Date of Taking"), (ii) Landlord shall refund to Tenant any prepaid rent, (iii) Tenant shall pay to Landlord any rent or charges due Landlord under the Lease, each prorated as of the Date of Taking (iv) Tenant shall receive from the Award those portions of the Award attributable to relocation of Tenant, improvements to the Premises made and paid for by Tenant and trade fixtures, equipment, and furniture of Tenant, and (v) the remainder of the Award shall be paid to and be the Property of Landlord.

19.2 Partial Taking. In the event of a Taking of less than 58,000 square feet, a "Partial Taking" of the Premises, which does not constitute a "Total Taking" during the Lease term (i) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the portion of the Premises taken shall cease and terminate as of the Date of Taking, (ii) from and after the Date of Taking the Total Monthly Rent shall be the product obtained by multiplying (a) the Total Monthly Rent by (b) the quotient obtained by the total square feet of the Premises after the Taking by the total square feet of the Premises prior to the Taking, (iii) Tenant shall receive from the Award those portions of the Award

attributable to improvements to the Premises made and paid for by Tenant and trade fixtures, equipment, and furniture of Tenant, and (iv) the remainder of the Award shall be paid to and be the property of Landlord. Landlord, form his portion of the Award, shall restore the remainder of the Premises, as nearly as possible, to one architectural unit, and (v) if Landlord has not initiated repair or restoration within ninety (90) days of the Partial Taking, Tenant shall have the right to terminate this Lease by written notice to Landlord

within thirty (30) days after said ninety (90) days. In the event of a taking of greater than 58,000 square feet, Tenant will have the option to treat same as a Total Taking as set forth in Section 19.1

SECTION 20
FORCE MAJEURE

In the event Landlord shall be delayed, hindered or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor disputes, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, environmental issues (including but not limited to wetlands and endangered species), or other governmental laws or regulations, riots, insurrection, war or other cause not within the reasonable control of Landlord, then the performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. In the event Landlord is delayed or prevented from accessing the Property due to adverse weather at any time prior to completion of construction of the walls, roof and slab and such weather creates an inability for Landlord to safely perform the work, the time for performance shall be excused for the period of the delay and the period for the performance shall be extended for a like period. Delays incurred because of adverse weather apply only until walls, roof and slab are complete.

SECTION 21
PARKING

Tenant shall have the use of the parking spaces and loading dock areas located on the Premises and designated on Exhibit "B". Tenant agrees that it will employ its best efforts to prevent the use by Tenant's employees and visitors of parking spaces allocated to other tenants. Landlord represents that it now has access and will retain access to the Building and Premises for the use and benefit of Tenant, its employees, agents, licensees and invitees.

SECTION 22
INTERPRETATIVE PROVISIONS

22.1 Notice. Any notice, request, approval, consent or other communication
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required or contemplated by this Lease must be in

writing, and may, unless otherwise in this Lease expressly provided, be given or be served by depositing the same in the United States Postal Service, post-paid and certified, or other priority overnight delivery service and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party (or, in the case of a corporate party, to an officer of such party), or by prepaid telegram, or facsimile transmission when appropriate, addressed to the party to be notified. Notice deposited in the mail in the

manner hereinabove described shall be effective from and after three (3) days (exclusive of Saturdays, Sundays and postal holidays) after such deposit. Notice given in any other manner shall be effective only if and when delivered to the party to be notified to such party or at such party's address for purposes of notice as set forth herein. For purposes of notice the addresses of the parties shall, until changed as herein provided, be as follows:

For Landlord:

Stationers Antelope Joint Venture, A California
General Partnership
Attention: John Banchero
555 University Avenue, Suite 104
Sacramento, CA 95825

With a copy to:

Adon V. Panattoni
8401 Jackson Road
Sacramento, CA 95826

For Tenant:

United Stationers Supply Co.
5440 Stationers Way
Sacramento, CA 95842

With a copy to:

United Stationers Supply Co.
2200 East Golf Road
Des Plains, IL 60016-1267
Attention: President

However, the parties hereto shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days written notice to the other party.

22.2 Captions. The title captions appearing in this Lease are inserted and included solely for convenience and shall never be considered or given any effect in construing this Lease, or any provision or provisions hereof, or in connection with the duties,

obligations or liabilities of the respective parties hereto or in ascertaining intent, if any question of intent exists.

22.3 Entire Contract: Amendment. It is expressly agreed by Tenant, as a

material consideration for the execution of this Lease, that this Lease, including written extrinsic documents expressly identified herein is the entire agreement of the parties, and that there are, and have been, no verbal representations, understandings, stipulations, agreements or promises pertaining to this Lease or the expressly mentioned written extrinsic documents not incorporated in writing in this Lease. It is likewise agreed that this Lease may not be altered, amended or extended except by an instrument in writing signed by both Landlord and Tenant.

22.4 Severability. If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term of provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

22.5 Successors and Assigns. Subject to the provisions of Sections 11 and 16 of this Lease, all covenants and obligations as contained within this Lease shall bind and extend and insure to the benefit of Landlord, its successors and assigns, and shall be binding upon Tenant, its successors and assigns.

22.6 Personal Pronouns. All personal pronouns used in this Lease shall include the other genders, whether used in the masculine, feminine or neutral gender, and the singular shall include the plural (and vice versa) whenever and as often as may be appropriate.

22.7 Short Form Lease. Tenant agrees not to record this Lease, but each party hereto agrees, on request of the other, to execute a Short Form Lease in form recordable and complying with applicable California laws. In no event shall such document set forth the rent or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

22.8 Legal Interpretation. This Lease and the rights and obligations of the parties hereto shall be interpreted, construed and enforced in accordance with the laws of the State of California.

22.9 Acceptance of Payments Under Protest. The acceptance by Landlord of

payments by Tenant under protest shall not be deemed an acknowledgement by Landlord, or a validation of, any contention or reservation of rights by Tenant.

22.10 Execution of Lease. This Lease may be executed in counterparts, and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument. The delivery of this Lease by Landlord to Tenant shall not be deemed to be an offer and shall not be binding upon either party until executed and delivered by both parties.

22.11 Relative Position of the Parties. It is agreed and understood by Landlord and Tenant that each is knowledgeable and sophisticated in matters of business and real estate, including the matters set out in each section of this Lease. It is also agreed that this Lease and each section thereof shall not be interpreted against the drafting party but shall be interpreted equally for and against each party hereto.

SECTION 23
AMENDMENT FOR COMMENCEMENT DATE AND BASE MONTHLY RENT

Landlord and Tenant shall mutually execute a written amendment hereto setting forth the exact Commencement Date of this Lease and any changes in the Base Monthly Rent set forth in Section 4.1 above, necessitated by any change in square footage for the 72,000 square feet referred to therein.

SECTION 24
RENEWAL OPTION

Tenant shall have the right and option to renew this Lease for one (1) additional five (5) year term by delivering written notice of the exercise thereof to Landlord at least sixty (60) days prior to the expiration of the primary lease term, provided that at the time of the commencement of any such extended lease term Tenant is not in default hereunder. Upon the delivery of said notice and subject to the conditions set forth in the preceding sentence, and upon the execution by Landlord and Tenant of an extension agreement containing such terms and provisions which are consistent with the provisions of this paragraph, this Lease shall be extended upon the same terms, covenants and conditions as provided in this Lease except as follows:

(i) The Base Monthly Rent shall be established between Landlord and Tenant at the market rate in effect at that time. If both parties are unable to agree to a market rate and both parties consent to be bound, then the method described in the following subparagraph may be used to determine the market rate.

(ii) In the event this Lease provides for the payment of rent at "the prevailing rent rate" or at "the market rate" (the "Market Rate") during any extension or renewal thereof, and Landlord and Tenant are unable to agree upon

the Market Rate, Landlord and Tenant shall each promptly appoint a real estate appraiser which is a member of the American Institute of Real Estate Appraisers (or its equivalent) to assist in the determination of the Market Rate, and the two appraisers shall appoint a third appraiser who is also a member of the American Institute of Real Estate Appraisers (or its equivalent). The determination of the Market Rate by the agreement of any two of such three appraisers shall be accepted by and binding upon Landlord and Tenant as the Market Rate, which rate shall thereafter be payable until further adjustment as provided hereunder. Landlord and Tenant will use all reasonable diligence to cause their appointed appraisers to perform in good faith and in a timely manner in order to make the determination of the Market Rate on or before the date on which the Market Rate is to become effective. In the event such appraisers shall not make such determination prior to the date on which the Market Rate is to become effective, this Lease shall nevertheless continue in full force and effect until such determination is made, and the rent for such period shall be payable at the rate otherwise payable hereunder. Upon the determination by such appraisers of the Market Rate, the payment of the Market Rate shall commence on the first (1st) day of the month following the date of such determinations, and in addition to such monthly installment of rent, Tenant shall pay to Landlord the increase in the rent payable hereunder, if any, applicable to the period of time from the date on which the Market Rate was scheduled to become effective to the payment of the first installment at the Market Rate. Landlord and Tenant shall each bear the costs and fees of their respective appraisers and shall share equally the cost of the third appraiser.

SECTION 25
AGENTS OR BROKERS

The parties hereto agree and acknowledge that neither has dealt with, nor negotiated with, any real estate agent or broker with reference to the agreements contained owed by reason hereby indemnify and hold each other harmless from any and all claims made against either by reason of contact with any agent or broker by the other party.

SECTION 26
RIGHT OF FIRST REFUSAL

In the event the Property currently described as Parcel B of "C", upon which a structure has not been built and is not contemplated by this Lease, becomes available to lease for warehouse and/or office facilities, Landlord shall offer the space

first to Tenant at a rate no greater than that which Tenant is then paying under this Lease, and Tenant shall have twenty (20) days to accept or reject all of such additional space subject to lease and shall notify Landlord thereof in writing within such twenty (20) day period. Failure of Tenant to notify Landlord within such twenty (20) day period shall be deemed a waiver of Tenant's first right of refusal hereunder.

SECTION 27
INDIVIDUAL PARTNERS RIGHT TO TAKE TITLE TO THE PROPERTY

At any time during the term of this Lease, or any extension thereof, and at the option of Landlord, the ownership of the Property may be transferred into the names of the individual partners which now comprise Stationers Antelope Joint Venture, a California General Partnership. Tenant consents to the transfer of title, as tenants in common, to Carl D. Panattoni, John Banchero, AVP Trust, Adon V. Panattoni, individually and as Trustee. In the event of any such transfer of title, the individual entities and persons herein named shall take assignment in their individual capacities of the Lease from the Partnership, and thereafter shall be collectively known as the Landlord.

EXECUTED IN MULTIPLE ORIGINAL COUNTERPARTS, which constitute but one and the same instrument, as of the day and year first above written.

LANDLORD

STATIONERS ANTELOPE JOINT VENTURE,
A CALIFORNIA GENERAL PARTNERSHIP,

By: /s/ Carl Panattoni

CARL PANATTONI,
Managing General Partner

AVP TRUST, ADON V. PANATTONI AND
YOLANDA M. PANATTONI

By:/s/ Adon V. Panattoni

ADON V. PANATTONI, individually and
as co-trustee

By: /s/ Yolanda M. Panattoni

YOLANDA M. PANATTONI, individually and
as co-trustee

UNITED STATIONERS SUPPLY CO.,
an Illinois Corporation

ATTEST:

By: /s/ Otis H. Halleen

By: [SIGNATURE NOT LEGIBLE]

(Name)	(Name)
VP, Secretary	Sr. V.P
(Title)	(Title)

RIDER ONE

AMENDMENT TO LEASE AGREEMENT OF
MARCH 6, 1990 AND JANUARY 12, 1993

This Rider One is an amendment to that certain Lease Agreement dated March 6, 1990, by and between United Stationers Supply Co., an Illinois Corporation, successor in interest to Stationers Distributing Company, Inc., a Delaware Corporation ("Tenant") and Stationers Antelope Joint Venture, a California General Partnership ("Landlord") and to that certain Lease Agreement dated January 12, 1993, by and between United Stationers Supply Co., an Illinois Corporation ("Tenant") and Stationers Antelope Joint Venture, a California General Partnership, AVP Trust, Adon V. Panattoni and Yolanda M. Panattoni ("Landlord") (collectively "Leases"):

RECITALS

WHEREAS, the Leases, in Section 3.1 of the March 6, 1990 Lease and Section 4.1(a) of the January 12, 1993 Lease, provide that the Base Monthly Rent shall be adjusted at the end of each thirty (30) month period by adding to the Base Rent an amount equal to ninety-five percent (95%) of the increases over the prior thirty (30) month period in an average of the Consumer Price Index ("CPI"); and

WHEREAS, May 19, 1993, is a thirty (30) month anniversary date for adjustment of the Base Monthly Rent by CPI; and

WHEREAS, the CPI has increased over the prior thirty (30) month period a total of 8.3025%; and

WHEREAS, ninety-five percent (95%) of 8.3025% equals 7.88737% (percent of Base Monthly Rent increase); and

WHEREAS, 7.88737% of $65,329.44 equals $5,152.77 Base Monthly Rent increase;

NOW THEREFORE, Landlord and Tenant agree as follows:

The Leases shall be amended by adding the following sentence to Sections 3.1 and 4.1(a) respectively:

> "On May 19, 1993, the Base Monthly Rent shall be increased from Sixty-Five Thousand Three Hundred Twenty-Nine Dollars and Forty-Four Cents ($65,329.44) to Seventy Thousand Four Hundred Eighty-Two Dollars and Twenty-One Cents. ($70,482.21)."

All other terms, covenants and conditions of the Leases, not in conflict with this Rider One, shall remain in full force and effect.

UNITED STATIONERS SUPPLY CO.,
AN ILLINOIS CORPORATION

DATED: June 18, 1993

BY /s/ Otis H. Halleen

TITLE: Vice President, Secretary and General Counsel

BY:_____

TITLE: _____

STATIONERS ANTELOPE JOINT VENTURE,
A CALIFORNIA GENERAL PARTNERSHIP

DATED: 6-21-93

BY [SIGNATURE NOT LEGIBLE]

TITLE: Owner

BY: /s/ Yolanda M. Panattoni

YOLANDA M. PANATTONI, Successor to
AYP Trust and Adon V. Panattoni

RIDER ONE

AMENDMENT TO LEASE AGREEMENT OF
MARCH 6, 1990 AND JANUARY 12, 1993

This Rider One is an amendment to that certain Lease Agreement dated March 6, 1990, by and between United Stationers Supply Co., an Illinois Corporation, successor in interest to Stationers Distributing Company, Inc., a Delaware Corporation ("Tenant") and Stationers Antelope Joint Venture, a California General Partnership ("Landlord") and to that certain Lease Agreement dated January 12, 1993, by and between United Stationers Supply Co., an Illinois Corporation ("Tenant") and Stationers Antelope Joint Venture, a California General Partnership, AVP Trust, Adon V. Panattoni and Yolanda M. Panattoni ("Landlord") (collectively "Leases"):

RECITALS

WHEREAS, the Leases, in Section 3.1 of the March 6, 1990 Lease and Section 4.1(a) of the January 12, 1993 Lease, provide that the Base Monthly Rent shall be adjusted at the end of each thirty (30) month period by adding to the Base Rent an amount equal to ninety-five percent (95%) of the increases over the prior thirty (30) month period in an average of the Consumer Price Index ("CPI"); and

WHEREAS, May 19, 1993, is a thirty (30) month anniversary date for adjustment of the Base Monthly Rent by CPI; and

WHEREAS, the CPI has increased over the prior thirty (30) month period a total of 8.3025%; and

WHEREAS, ninety-five percent (95%) of 8.3025% equals 7.88737% (percent of Base Monthly Rent increase); and

WHEREAS, 7.88737% of $65,329.44 equals $5,152.77 Base Monthly Rent increase;

NOW THEREFORE, Landlord and Tenant agree as follows:

The Leases shall be amended by adding the following sentence to Sections 3.1 and 4.1(a) respectively:

"On May 19, 1993, the Base Monthly Rent

shall be increased from Sixty-Five Thousand Three Hundred Twenty-Nine Dollars and Forty-Four Cents ($65,329.44) to Seventy Thousand Four Hundred Eighty-Two Dollars and Twenty-One Cents. ($70,482.21)."

All other terms, covenants and conditions of the Leases, not in conflict with this Rider One, shall remain in full force and effect.

UNITED STATIONERS SUPPLY CO.,
AN ILLINOIS CORPORATION

DATED: June 18, 1993

BY /s/ Otis H. Halleen

TITLE: Vice President, Secretary and General Counsel

BY:_____

TITLE: _____

STATIONERS ANTELOPE JOINT VENTURE,
A CALIFORNIA GENERAL PARTNERSHIP

DATED: 6-21-93

BY [SIGNATURE NOT LEGIBLE]

TITLE: Owner

BY: /s/ Yolanda M. Panattoni
YOLANDA M. PANATTONI, Successor to
AYP Trust and Adon V. Panattoni

PDC PROPERTIES, LTD.
- ---

Commercial Property Management

October 12, 1993

Mr. Otis Halleen
UNITED STATIONERS SUPPLY CO.
2200 E. Golf Road
Des Plaines, IL 60016-1267

Re: Rider Two to Lease dated January 12, 1993 for 5440 Stationers Way, Sacramento, CA

Dear Mr. Halleen:

Enclosed is a fully executed copy of Rider Two to the above referenced Lease. Please attach this copy to your original lease as it is now considered a part of the entire agreement between the parties to the lease.

Please feel free to call me if you have any questions.

Sincerely,
PDC PROPERTIES, LTD.

/s/ Lori Brett

Lori Brett
Property Manager

Enc.

RIDER TWO

AMENDMENT TO LEASE AGREEMENT

This Rider Two is an amendment to that certain Lease Agreement dated January 12, 1993, by and between United Stationers Supply Co., an Illinois Corporation ("Tenant") and Stationers Antelope Joint Venture, a California General Partnership, AVP Trust, Adon V. Panattoni and Yolanda M. Panattoni ("Landlord") ("Lease").

RECITALS

WHEREAS, the Lease provides that the Prior Lease (as defined therein) shall

terminate upon completion of the addition specified therein, and

WHEREAS, Section 3.1 of the Lease provides that the Lease is to commence upon completion of the 72,000 square feet addition specified therein, and

WHEREAS, the Lease in Section 4.1(b) of the Lease, provides that the Base Monthly Rent for the addition shall commerce upon the completion of the additional square footage (72,000 Square Feet) and

WHEREAS, August 1, 1993 is the completion date of the additional 72,000 square feet, and

WHEREAS, the monthly rent amount for the additional 72,000 square feet is Fifteen Thousand Four Hundred Eighty Dollars and no cents ($15,480.00),

NOW THEREFORE, Landlord and Tenant agree that the Commencement Date of the Lease is August 1, 1993, and that the Prior Lease (as defined in the Lease) is terminated and is no longer of any force and effect.

All other terms, covenants and conditions of the Leases, not in conflict with this Rider Two, shall remain in full force and effect.

UNITED STATIONERS SUPPLY CO.,
an Illinois corporation

Dated: 9-15-93

By: /s/Otis H. Halleen

Otis H. Halleen

Title: Vice President, Secretary and General Counsel

STATIONERS ANTELOPE JOINT VENTURE,
a California General Partnership

Dated: 10-5-93

By: [SIGNATURE NOT LEGIBLE]

Title: /s/ Yolanda M. Panattoni

By: Partner

YOLANDA M. PANATTONI, Successor to
AVP Trust and Adon V. Panattoni

GUARANTY

UNITED STATIONERS INC., a Delaware corporation ("Guarantor"), hereby unconditionally and irrevocably guarantees the payment and performance by United Stationers Supply Co., an Illinois corporation and a wholly-owned subsidiary of Guarantor ("Lessee"), of all obligations of Lessee as Lessee as Lessee under the Lease dated January 12, 1993, ("Lease"), between Stationers Antelope Joint Venture, a California General Partnership, AVP Trust, Adon V. Panattoni and Yolanda M. Panattoni (collectively "Lessor") and Lessee.

The obligations of Guarantor shall not be affected by the failure of Guarantor to receive notice of acceptance of this Guaranty and all other notices in connection herewith or in connection with the liabilities, obligations and duties guaranteed hereby, including notices of default by Lessee under the Lease, or the failure of Lessor to exercise diligence, presentment, and suit against Lessee in the enforcement of any liability, obligation or duty guaranteed hereby.

Guarantor further agrees that Lessor shall not be first required to enforce against Lessee or any other person any liability, obligation or duty guaranteed hereby before seeking enforcement against the Guarantor. Suit may be brought and maintained against the Guarantor by Lessor to enforce any liability, obligation or duty guaranteed hereby without joinder of Lessee or any other person.

The liability of the Guarantor hereunder shall in no way be affected by (a) the release or discharge of Lessee in any creditors, receivership, bankruptcy, or other proceedings; (b) the impairment, limitation or modification of the liability of Lessee or the estate of Lessee in bankruptcy or of any remedy for the enforcement of Lessee's liability under the Lease, resulting from the operation of any present or future provisions of the United States Bankruptcy Code or other statute or form the decision in any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Lessee; or (e) any disability or other defense of Lessee.

This Guaranty shall be binding upon the Guarantor and its successors and assigns, and shall inure to the benefit of Lessor and its successors and assigns.

May 28 , 1993
- ------------------

UNITED STATIONERS INC.,
a Delaware corporation

By /s/ Otis H. Halleen

Vice President, Secretary and
General Council

EXHIBIT 10.33

LEASE

MERIDIAN BUSINESS CAMPUS AT WESTON

This LEASE is made on this 1st day of February 7, 1993 between CMD FLORIDA FOUR LIMITED PARTNERSHIP, an Illinois limited partnership ("LESSOR"), and UNITED STATIONERS SUPPLY CO., an Illinois corporation ("LESSEE").

A. LEASE. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, in "as is" condition, except to the extent expressly provided otherwise herein, subject to and in accordance with the terms and conditions set forth herein, the real estate ("SITE") described in Exhibit A attached hereto and made a part hereof, together with the Building (as hereinafter defined) and all other improvements located on the Site (collectively, the "IMPROVEMENTS") (the Site, together with the Improvements, referred to collectively herein as the "PREMISES"), subject to all covenants, conditions, restrictions and easements set forth in that certain Declaration of Covenants, Conditions, Restrictions and Easements of the Meridian Business Campus at Weston, dated May 17, 1989, recorded on August 4, 1989 in the Official Records Book 165654, Pages 386-420, of Broward County, Florida, under Clerk's File No. 89312588, as amended from time to time ("CERs").

B. USE. Lessee may use the Premises for a general office and warehouse, and for no other purpose without the prior written consent of Lessor. As long Lessee is not in default under this Lease, Lessee shall have quiet enjoyment of the Premises, subject to the terms and conditions set forth in this Lease, free of disturbance from Lessor or anyone claiming by or through Lessor.

C. LEASE TERM. The term of this Lease ("LEASE TERM") shall be the period beginning on and including the date ("COMMENCEMENT DATE") which is the first Business Day following the Completion Date (as hereinafter defined) and ending on and including the date ("EXPIRATION DATE") which is next preceding the 10th anniversary of the Commencement Date, as extended from time to time pursuant this Lease. Lessor and Lessee shall execute and deliver to the other a written memorandum which confirms the Commencement Date, the Expiration Date and the Lease Term. The term "BUSINESS DAY" means any day of the week except Saturday, Sunday and any holiday on which employees of the State of Florida are generally not required to work.

D. INITIAL IMPROVEMENTS. Lessor shall diligently proceed to design and make the improvements to the Site ("BUILDING") described on and substantially in accordance with the plans attached hereto as Exhibit B and made a part hereof ("PLANS"), all subject to and in accordance with the terms and conditions of

this Section.

(1) CONSTRUCTION. Lessor shall cause the Building to be substantially completed on or before July 1, 1993 ("SCHEDULED COMPLETION DATE"), subject to all delays beyond the reasonable control of Lessor, its agent and contractors, and subject to the terms and conditions set forth in this Lease.

(2) COMPLETION. The term "COMPLETION DATE" means earlier of (A) the date on which Lessor delivers to Lessee a copy of a certificate of occupancy issued by Broward County, Florida for the occupancy of the Premises ("CERTIFICATE OF OCCUPANCY"), and (B) the date that a Certificate of Occupancy would have been issued but for delays caused by any work, installation of equipment, application for use permits or licenses or other governmental inspections, requirements occasioned by Lessee's use of the Premises, or any other activities by Lessee, its agents or contractors.

(3) LESSEE'S WORK. Lessee, on and after the 30th day before the Scheduled Completion Date, at its own cost and subject to all terms of this Lease, may perform work in the Building, concurrently with Lessor's work, to fit the Building for Lessee's occupancy ("LESSEE'S WORK"), provided that Lessee's Work (A) will not interfere with any work by Lessor, its agent and contractors, (B) will not cause any delays in the completion of the Building, or (C) will not cause any discord with any agents or contractors of Lessor. The performance by Lessee of any Lessee's Work prior to the Completion Date shall be subject to all of the terms and provisions of this Lease, excepting only those requiring the payment of rent. Without limitation of any other terms and conditions of this of this Lease, (i) Lessee shall defend, completely indemnify and hold forever harmless Lessor, its agents and contractors from and against any and all liabilities, fines, suits, claims, demands actions, causes of action, losses, costs, damages, judgments and expenses of any kind or character, name or nature due to or arising out of Lessee's Work, (ii) as a condition to Lessee's right to perform any Lessee's Work, Lessee shall maintain all insurance, and deliver all insurance certificates and policies, required under Section 7 of the General Terms and Conditions of this Lease during all periods of Lessee's Work, (iii) Lessor shall have no liability, and Lessee hereby waives all claims, for any damages caused by Lessor to any property of Lessee, any of Lessee's Work, or any equipment and materials installed by Lessee in the Premises.

(4) POSSESSION. Except to the extent expressly provided in this subsection (4), Lessee hereby waives all claims against Lessor with respect to the failure of the Completion Date to have occurred on or before the Scheduled Completion Date. If the Completion Date occurs after the 30th day after the Scheduled Completion Date, and the delay in the Completion Date is not caused by any Lessee Delays, any Uncontrollable Delays or any General Contractor Delays, then, as Lessee's sole and exclusive remedy therefor, there shall be a credit against the first payments of Annual Base Rent next due under this Lease in an amount, until exhausted, equal to

$2000.00 for each day of delay. If the Completion Date occurs after the 30th day after the Scheduled Completion Date, and the delay in the Completion Date is not caused by any Lessee Delays, but is caused by any Uncontrollable Delays or General Contractor Delays, then, as Lessee's sole and exclusive remedy therefor, there shall be a credit against the first payments of Annual Base Rent next due under this Lease in an amount, until exhausted, equal to the

lesser of (A) $2000.00 for each day of delay and (B) $60,000.00. The term "LESSEE DELAYS" means any delays caused by Lessee, its agents or contractors. The term "Uncontrollable Delays" means any delays, other than Lessee Delays or General Contractor Delays, caused by reasons beyond the reasonable control of Lessor. The term "GENERAL CONTRACTOR DELAYS" means all delays caused by the failure of the General Contractor to complete its obligations under the General Construction Contract on or before July 1, 1993.

(5) WARRANTIES.

(a) Lessor shall cause the contract with the general contractor ("GENERAL CONTRACTOR") for the construction of the Building to include a warranty in the form of Exhibit C attached hereto and made a part hereof ("GENERAL CONSTRUCTION WARRANTY"). Lessor shall deliver to Lessee after the Completion Date copies of the General Construction Warranty and all warranties obtained by Lessor with respect to the Building covering equipment, systems, appliances and materials from the suppliers thereof (collectively, the "WARRANTIES").

(b) If Lessee believes that there is a defect ("DEFECT") in the construction of the Building which is covered by any of the Warranties, then Lessee shall deliver to Lessor, after the Completion Date, a written notice ("DEFECT NOTICE") which sets forth in reasonable detail a description of the Defect. Lessor shall elect, by written notice to Lessee within 10 days after Lessor receives the Defect Notice, to either (a) enforce the Warranties in order to cause the correction of the Defect, or (b) to assign to Lessee all of Lessor's rights under the Warranties with respect to the Defect.

(c) Lessor makes no warranties or representations with respect to the condition of the Site, Building, Premises, or any part thereof, except to the extent expressly set forth in this Lease.

E. BASE RENT.

(1) ANNUAL BASE RENT. Lessee shall pay base rent to Lessor at the following annual rates ("ANNUAL BASE RENT") applicable during each of the following respective periods:

(a) During the period commencing on and including the Commencement Date and ending on and including the date next preceding the 1st anniversary of the Commencement Date, the Annual Base Rent shall be $495,000.00.

(b) During the period commencing on and including the 1st anniversary of the Commencement Date and ending on and including the date next preceding the 3rd anniversary of the Commencement Date, the Annual Base Rent shall be $502,500.00.

(c) During the period commencing on and including the 3rd anniversary of the Commencement Date and ending on and including the date next preceding the 6th anniversary of the Commencement Date, the Annual Base Rent shall be $553,500.00.

(d) During the period commencing on and including the 6th anniversary of the Commencement Date and ending on and including the date next preceding the 9th anniversary of the Commencement Date, the Annual Base Rent shall be $607,500.00.

(e) During the period commencing on and including the 9th anniversary of the Commencement Date and ending on and including the date next preceding the 10th anniversary of the Commencement Date, the Annual Base Rent shall be $669,000.00.

(2) MONTHLY BASE RENT. All amounts of Annual Base Rent shall be payable in equal monthly installments ("Monthly Base Rent") each equal to one twelfth (1/12) of the Annual Base Rent in effect during such month, in advance on the Commencement Date and on the first day of each calendar month thereafter of the Lease Term. Notwithstanding anything in this subsection (2) to the contrary, (a) if the Commencement Date occurs on a date other than the first day of a calendar month, the amount of the Monthly Base Rent payable on the Commencement Date shall be prorated based on the number of days from and including the Commencement Date through and including the last day of such calendar month and a calendar month consisting of thirty (30) days, (b) if the last day of the Lease Term occurs on a day other than the last day of a calendar month, then the amount of Monthly Base Rent payable on the first day of such calendar month shall be prorated based on the number of days of such month which fall within the Lease Term and a calendar month consisting of thirty (30) days, and (c) the amount of the Monthly Base Rent payable on the first day of each calendar month in which more than one rate of Annual Base Rent are applicable shall be the sum of the amounts of the Monthly Base Rent payable during each portion of such month during which each of such rates is applicable prorated based on the number of days in such calendar month during which each of such rates is applicable and a calendar month consisting of thirty (30) days.

(3) REST DEPOSIT. Lessee shall deliver to Lessor, simultaneously with the execution and delivery of this Lease by Lessee, an amount equal to $41,250.00 ("RENT

DEPOSIT"). Notwithstanding anything herein to the contrary, the Rent Deposit shall be applied to the first payment of Monthly Base Rent payable hereunder.

F. SECURITY DEPOSIT. [Intentionally Omitted].

G. EXTENSION OPTIONS.

(1) FIRST EXTENSION OPTION. Subject to the terms of this Section G, Lessee shall have the right ("FIRST EXTENSION OPTION") to extend the term of this Lease for the period ("FIRST EXTENSION TERM") beginning on and including the 10th anniversary of the Commencement Date and ending on and including the date next preceding the 15th anniversary of the Commencement Date. All of the terms of this Lease shall be applicable during the First Extension Term, except as follows:

(a) The Annual Base Rent during the period beginning on and including the 10th anniversary of the Commencement Date and ending on the date next preceding the 12th anniversary of the Commencement Date shall be the Annual Base Rent applicable immediately before the first day of the First Extension Term; and

(b) the Annual Base Rent during the period beginning on and including the 12th anniversary of the Commencement Date and ending on the date next preceding the 15th anniversary of the Commencement Date shall be 110% of the Annual Base Rent applicable immediately before the 12th anniversary of the Commencement Date.

(2) SECOND EXTENSION OPTION. Subject to the terms of this Section G, and provided that Lessee exercised the First Extension Option in accordance with the terms of Section G(1) hereof, Lessee shall have the right ("SECOND EXTENSION OPTION") to extend the term of this Lease for the period ("SECOND EXTENSION TERM") beginning on and including the 15th anniversary of the Commencement Date and ending on and including the date next preceding the 20th anniversary of the Commencement Date. All of the terms of this Lease shall be applicable during the Second Extension Term, except that the Annual Base Rent during the Second Extension Term shall be the Final Market Rent determined for the Second Extension Option pursuant to Section G(5) hereof.

(3) DEFINITIONS. Each of the First Extension Option and the Second Extension Option is referred to individually and respectively as an "EXTENSION OPTION". "EXTENSION TERM" means the First Extension Term with respect to the First Extension Option, and the Second Extension Term with

respect to the Second Extension Option.

(4) EXERCISE. Lessee shall exercise each Extension Option by delivering written notice of such exercise (with respect to a particular Extension Option, the "EXTENSION OPTION NOTICE") on or before the 210th day before the first day of the Extension Term with respect to such Extension Option (with respect to a particular Extension Option, the "EXTENSION EXERCISE DATE"). The right of Lessee to exercise each respective Extension Option is hereby expressly made conditioned upon this Lease being in full force and effect and Lessee not being in material default under any terms and conditions thereunder, both as of the Extension Exercise Date with respect to such Extension Option, and as of the first day of the Extension Term with respect to such Extension Option. If Lessee fails to deliver to Lessor an Extension Option Notice with respect to a particular Extension Option on or before the Extension Exercise Date with respect to such Extension Option, then Lessee shall be deemed to have forever waived any and all rights to extend the term of this Lease pursuant to this Section G.

(5) DETERMINATION OF FINAL MARKET RENT. The term "FINAL MARKET RENT" means the Final Market Rent determined in accordance with this Section G(5). Lessor shall deliver to Lessee, within 10 days after date on which Lessee delivers to Lessor the Extension Option Notice with respect to the Second Extension Option, a written notice ("PROPOSED RENT NOTICE") which sets forth the amount of Annual Base Rent ("PROPOSED RENT") for which Lessor is willing to lease the Premises to a third party during the Second Extension Term. If Lessee approves the Proposed Rent, then Lessee shall, within the 10 day period after the delivery of the Proposed Rent Notice from Lessor to Lessee ("APPROVAL PERIOD"), deliver to Lessor a written notice which approves the Proposed Rent ("APPROVAL NOTICE"). If Lessee delivers an Approval Notice to Lessor within the Approval Period, then the Final Market Rent shall be the Proposed Rent. If Lessee fails to deliver an Approval Notice to Lessor within the Approval Period, then Lessor and Lessee shall negotiate in good faith to agree in writing on the amount of Annual Base Rent during the Second Extension Term ("AGREED RENT"). If Lessor and Lessee execute and deliver to each other, within 20 days after expiration of the Approval Period, a written agreement which sets forth an Agreed Rent, then the Final Market Rent shall be the Agreed Rent. If Lessor and Lessee fail to execute and deliver to each other, within 20 days after expiration of the Approval, a written agreement which sets forth an Agreed Rent, then the Extension Option Notice shall be deemed withdrawn, the Second Extension Option shall be deemed terminated and of no further force and effect, and Lessee shall be deemed to have waived any and all right to extent the term of this Lease for the Second Extension Term pursuant to Section G(2) hereof.

H. PURCHASE OPTION. Provided that this Lease is in full force and effect, that Lessee is not in default hereunder, and that Lessee has not exercised the First Extension Option, Lessee shall have the option ("PURCHASE OPTION") to

purchase the Premises for $6,850,000.00 ("PURCHASE PRICE") on the date ("CLOSING DATE") next preceding the 10th anniversary of the Commencement Date, all in accordance with and subject to the terms and

conditions set forth in this Section H. If Lessee desires to exercise the Purchase Option, then, on or before the 210th day before 10th anniversary of the Commencement Date, Lessee shall (A) execute and deliver to Lessor a written purchase agreement in substantially the form and substance of Exhibit D attached hereto and made a part hereof ("PURCHASE AGREEMENT"), and (B) deliver to Lessor an earnest money deposit equal to 5% of the Purchase Price ("EARNEST MONEY DEPOSIT") pursuant to Section 2(A) of the Purchase Agreement. If Lessee executes and delivers the Purchase Agreement, and delivers the Earnest Money Deposit, to Lessor on or before the 210th day before the 10th anniversary of the Commencement Date, then Lessor shall execute and deliver the Purchase Agreement to Lessee within 10 days after the execution and delivery of the Purchase Agreement, and the delivery of the Earnest Money Deposit, by Lessee to Lessor. If, on or before the 210th day before the 10th anniversary of the Commencement Date, Lessee fails to execute and deliver the Purchase Agreement, or fails to deliver the Earnest Money Deposit, to Lessor, then the Purchase Option and all rights of Lessee under this Section H shall be deemed terminated.

(1) MISCELLANEOUS.

(a) If Lessee waives or fails to exercise the Purchase Option, Lessor may, at any time, request Lessee to acknowledge in writing such waiver or failure to exercise the Option. Lessee shall deliver to Lessor such written acknowledgment no later than 15 days after Lessor's request for such acknowledgment. The failure by Lessee to deliver such acknowledgement within such period shall be deemed a default under this Lease without the benefit of any grace or cure periods.

(b) The rights of Lessee under this Section H are for the sole benefit of United Stationers Supply Co., an Illinois corporation ("USSCO"), and all entities ("USSCO AFFILIATES") which own and control USSCO, are owned and controlled by USSCO, or are under common ownership and control with USSCO, and shall automatically terminate upon any assignment of this Lease, sublease of the Premises, or other transfer of this Lease or any rights of Lessee hereunder, except to a USSCO Affiliate.

I. INCORPORATION. All of the terms and conditions contained in the General Terms and Conditions attached hereto are hereby incorporated and made a part hereof as though all of such terms and conditions had been fully set forth herein.

LESSOR:

CMD FLORIDA FOUR LIMITED PARTNERSHIP,
an Illinois limited partnership

By: CMD DEVELOPMENT OF FLORIDA, INC.,
a Florida corporation, its
general partner

By: _____

Its: _____

LESSEE:

UNITED STATIONERS SUPPLY CO.,
an Illinois corporation

By: _____

Its _____

GENERAL TERMS AND CONDITIONS

1. TAXES. On the first day of each month during the Lease Term, Lessee shall pay to Lessor, as additional rent, an amount equal to one-twelfth (1/12) of the estimated Taxes (as hereinafter defined), such estimate to be made by Lessor.

Upon receipt of bills for Taxes, Lessor will make payment thereof and promptly provide Lessee with a copy of the receipted bill.

Adjustments of amounts paid (credit or debit) shall be made between the parties within thirty (30) days of the delivery to Lessee of any such receipted bill. All Taxes shall be prorated for the first and last years of the term hereof and any extension or renewal thereof. Proration of the Taxes for the last year of the term shall be made on the basis of the last available tax bill, provided, however, that upon receipt of the tax bill an appropriate reproration will be made. This obligation shall survive the termination of the Lease.

For the purposes of this Section "Tax" and "Taxes" shall mean ad valorem real estate taxes and other taxes and assessments (including special and extraordinary assessments) charges and fees imposed on the Site by public authority. If, due to a future change in the method of taxation any franchise, income, profit, excise or other tax, however designated, shall be levied against Lessor in substitution in whole or in part for or in lieu of any tax which would

otherwise constitute a real estate tax such other tax shall be deemed to be a real estate tax for the purposes hereof.

Lessee may, at its sole cost and expense, contest any assessment or levy of Taxes, provided that Lessee either pays such Taxes under protest or deposits with Lessor, prior to the date on which such Taxes are due and payable, an amount which is necessary to pay the total amount of such Taxes, together with all penalties and interest in the event that such contest is unsuccessful.

2. SPECIAL OPERATING EXPENSES. On the first day of each month during the Lease Term, Lessee shall pay to Lessor, as additional rent, an amount equal to One-twelfth (1/12) of the estimated annual Operating Expenses (as hereinafter defined), such estimate to be made by Lessor.

Lessor shall submit to Lessee no less frequently than annually Lessor's statement of the Operating Expenses for the previous calendar year and Lessor's estimate of the increase or decrease if any for the forthcoming calendar year. Lessor will make available to Lessee and Lessee's consultants, upon Lessee's written request, reasonable access to Lessor's records on which such Operating statements are based.

Adjustments of amounts paid (credit or debit) shall be made between the parties within thirty (30) days of the delivery to Lessee of such a statement. All Operating

Expenses shall be prorated for the first and last years of the term hereof and any extension renewal thereof. Proration of the Operating Expenses for the last year of the term shall be made on the basis of the last estimate made by Lessor, provided, however that upon receipt of a new statement showing the actual Operating Expenses an appropriate reproration shall be made. This obligation shall survive the termination of the Lease.

Subject to the further provisions hereof, for the purposes of this Section, Operating Expenses shall means all assessments payable by Lessor and levied with respect to the Site under the CCR's or by Meridian Business Campus at Weston Owners Association.

3. SECURITY DEPOSIT. [Intentionally Omitted].

4. INTEREST ON PAST DUE OBLIGATIONS. Except as expressly provided, rentals and other amounts due to Lessor, which are not paid when due, shall bear interest ("DEFAULT INTEREST") at the rate per annum equal to 5% plus the prime rate of interest announced from time to time by The First National Bank of Chicago, or the highest legal rate, whichever is less, from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

5. HOLDOVER RENT. In the event Lessee remains in possession of the

Premises after the expiration of the term of this Lease, or any extension hereof, without the written consent of Lessor, Lessee shall then be obligated to pay 150% the rate of the Monthly Base Rent applicable on the last day of the Lease Term as set forth herein, in equal monthly installments on the first day of each calendar month, and all amounts of Taxes, Operating Expenses and other amounts payable under this Lease, for so long as Lessor is willfully kept out of possession of the Premises. No such payment, nor the acceptance thereof, shall in any way constitute a waiver of the rights of Lessor to dispossess Lessee and recover possession of the Premises and the just and former estate of Lessor and to bring any action for damages suffered by Lessor on account of Lessee's failure to vacate the Premises.

6. PERSONAL PROPERTY TAXES. Lessee agrees to pay or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all equipment, furniture, trade or other fixtures and other personal property located in the Premises.

7. INSURANCE.

A. Lessee, at Lessee's expense, and for mutual benefit of Lessor and Lessee, shall maintain in force during the term of the Lease: (1) Comprehensive Public Liability Insurance, covering the Premises in an amount not less than ONE MILLION DOLLARS ($1,000,000), including the following coverages:

premises/operations, independent contractors, personal injury, broad form property damage and contractual liability; (2) All-Risk property insurance with extended coverage and vandalism and malicious mischief endorsements, in an amount adequate to cover the full replacement value of the Building, all leasehold improvements paid for by Lessee, and all trade fixtures and contents of Lessee in the Premises.

B. The policy referred to in 7. A.(1) shall name Lessor, any manager designated by Lessor, from time to time, and their respective agents and employees, as additional insureds, and shall not provide for deductible amounts. The policy referred to in 7.A.(2) shall not provide for deductible amounts in excess of $100,000. Each policy referred to in 7.A. shall be issued by one or more responsible insurance companies reasonably satisfactory to Lessor and shall contain the following provisions and endorsements: (i) that such insurance may not be canceled or amended without Thirty (30) days prior notice to Lessor and the manager, if any; (ii) an express waiver of any right of subrogation by the insurance company against Lessor, the manager, if any, and their respective agents and employees; and (iii) that the policy shall not be invalidated should the insured waive, in writing, prior to a loss, any and all rights of recovery against any other party for losses covered by such policies. Lessee agrees to pay to Lessor all amounts which would have been paid under any of such insurance policies had there been no deductibles thereunder.

C. Lessee shall deliver to Lessor, certificates of insurance of all policies and renewals thereof to be maintained by Lessee hereunder, not less than Ten (10) days prior to the commencement of the term of this Lease and not less than Ten (10) days prior to the expiration date of each policy. Provided that the insurance policies of Lessee will not be invalidated nor will the right of the insured to collect the proceeds payable under such policies be adversely affected by the waiver contained in the following portion of this sentence, Lessee hereby expressly waives all rights of recovery which it otherwise might have against Lessor, its manager, if any, their respective agents and employees, for loss or damage to person, property or business to the extent that such loss is covered by valid and collectible insurance policies, notwithstanding that such loss or damage may result from the negligence of Lessor, its manager, their respective agents or employees. Lessee shall use its best efforts to obtain from its insurer the right to waive claims as set forth in the preceding sentence without thereby invalidating its insurance or affecting its right to proceeds payable thereunder.

D. Lessor shall under no circumstances, be liable for any loss or destruction of, damage to or shortage of equipment, inventory, merchandise or any other type of personal property that may be placed or suffered to be placed on or about the Premises, the Building or the Site by Lessee, its agents, business invitees or the successors or assigns of any of them, it being the intention of the parties that all risk of any such destruction, loss, damage or shortage be borne by Lessee.

8. SERVICES AND UTILITIES. All utilities shall be separately metered for the Premises and paid for by Lessee directly to the billing party. Lessor shall not be liable for, and Lessee shall not be entitled to any abatement or reduction of rental by reason of, the lack of availability of any of the foregoing when such failure is caused by accidents, breakage, repairs, strikes, lockouts or other labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Lessor. Lessor shall not be liable under any circumstances for loss of or injury to property, however, occurring through or in connection with or incidental to failure to furnish, or failure or the refusal of a public utility to furnish, any of the foregoing service facilities.

Lessee will not, in any way overload the electrical system of the Building, nor without the written consent of Lessor connect with electric current, telephone or water except through existing electrical outlets and water pipes in the Premises. If Lessee shall require water, telephone service, or electric current in excess of that capable of being transmitted by the facilities existing in the Building and/or Premises, at the commencement of this Lease Term, Lessee shall first produce the written consent of Lessor, which Lessor may refuse in its sole discretion. The cost of any Lessor approved additional equipment, its installation, maintenance and repair shall be paid for by Lessee

promptly on demand. Lessee shall also pay for all such electric current consumed as shown on the utility meters pertaining to the Premises, such payment to be made directly to the utility in a timely manner.

9. USES PROHIBITED. Lessee will not breach or suffer the breach of any of the covenants, conditions, or restrictions of record affecting the Site, the Building and/or the Premises including, without limitation the CCR's, and shall use and occupy the Premises Building and Site in strict compliance therewith. Lessee shall do or permit anything to be done in or about the premises nor bring or keep anything therein which will in any way increase the existing premium rate or otherwise affect any fire or other insurance upon the Building or any of its contents, or cause a cancellation of any insurance policy covering said Building or any part thereof or any of its contents including the property of other tenants. Lessee shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Lessee cause, maintain or permit any nuisance in, on or about the Premises.

10. COMPLIANCE WITH LAW. Lessee shall not use the Premises nor permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Lessee shall at its sole cost and expense promptly comply with all laws, statutes, governmental rules, regulations or requirements now in force or which may hereafter be in force and with requirements of any board of fire underwriters or other similar body now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by

Lessee's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Lessee in any action against Lessee, whether Lessor be a party thereto or not, that Lessee has violated any law, statute, ordinance or governmental rule, regulation or requirements, shall be conclusive of that fact as between Lessor and Lessee.

Lessee has investigated the zoning classification and other rules, ordinances, laws and regulations promulgated by Public Authority, the CCR's and has satisfied itself that its intended use of the Premises is not in violation thereof.

11. ALTERATIONS. Lessee shall not make or suffer to be made any alterations, additions or improvements to or of the Premises or any part thereof without the written consent of Lessor first had and obtained and any alterations, additions or improvements to or of said Premises, except movable furniture and trade fixtures, shall at once become a part of the realty and belong to Lessor. All alterations, additions or improvements to the Premises by Lessee shall be made by Lessee at Lessee's sole cost and expense and any contractor or person selected by Lessee to make the same must first be approved in writing by Lessor. All such alterations, additions and improvements and the removal, restoration and repairs hereafter described shall be completed in a

good workmanlike manner with materials and labor in kind and quality similar to that originally in the Premises and free and clear of all liens for labor, taxes or material. Upon demand, Lessee shall provide Lessor with such waivers of lien and other documents as Lessor reasonably requires to ascertain that the provisions of this Section 11 have been complied with. Upon the expiration or sooner termination of the Term, Lessee shall, upon demand by Lessor, at Lessee's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions or improvements made by Lessee and designated by Lessor to be removed, and Lessee shall, forthwith and with all due diligence at its sole cost and expense, repair any damage to the Premises, the Building, or the Site caused by such removal, restoring the Premises, the Building, and the Site to the same condition as existed at the commencement of the Lease Term, reasonable wear and tear excepted. Notwithstanding anything in this Section 11 to the contrary, Lessee may make alterations, additions or improvements to or of the Premises or any part thereof without the prior written consent of Lessor ("PERMITTED ALTERATIONS") provided that (a) prior to the commencement of any particular Permitted Alterations, Lessee delivers to Lessor plans and specifications therefor prepared by an architect licensed by the State of Florida, and all other information with respect thereto reasonably requested by Lessor (collectively, "ALTERATIONS DOCUMENTS"), (b) the Permitted Alterations are completely within the interior of the Building, not visible from the exterior of the Building, and do not affect the structure or materially impair the electrical, plumbing, heating, ventilation, air conditioning or other systems of the Building, (c) the cost of any particular Permitted Alterations does not exceed $25,000, and (d) the cost of any particular Permitted Alterations, together with the cost of all other Permitted Alterations which either were made or for which Lessee has delivered Alteration Documents within the 12 month period prior to the date on which Lessee delivers Alteration Documents to Lessor for such Permitted Alterations, does not exceed $100,000.

12. MAINTENANCE AND REPAIR. Lessee shall maintain, repair and preserve the Premises and improvements therein, including without limitation all plumbing, mechanical and electrical systems, the heating, ventilating and air-conditioning system servicing the Premises, all windows and doors in the Premises, toilets and sinks; shall perform all necessary cleaning of the Premises, including walls, windows, doors and floors; and shall replace all inoperative light bulbs and ballasts and broken glass.

In the event Lessee fails to commence such repairs as are necessary to maintain the Premises in good condition, within Fifteen (15) days after notice from Lessor, or fails to diligently prosecute the same to completion, Lessor at its option and without any obligation so to do, may make restorations as are necessary to such maintenance, and amounts expended for such work by Lessor shall be reimbursed by Lessee as additional rent hereunder promptly on demand, together with Default Interest from the date of expenditure.

Lessee shall, upon the expiration or sooner termination of the term hereof, surrender the Premises to Lessor in the same condition as when received,

ordinary wear and tear and damage by fire, earthquake, act of God or the elements excepted. Notwithstanding the ordinary wear and tear exception to Lessee's obligation to restore, Lessee shall keep and maintain the Premises in a neat, clean and orderly appearance and shall suffer no abuse of the Premises, nor waste thereof to be committed. It is specifically understood and agreed that Lessor has no obligation and has made no promises to alter, improve, repair, decorate or paint the Premises or any part thereof and that no representations respecting the condition of the Premises or the Building of which the Premises are a part have been made by Lessor to Lessee except as specifically herein set forth.

13. LIENS. Lessee shall keep the Premises and the Building and Site in which the Premises are situated free from any liens arising out of any taxes or judgments levied against Lessee or arising out of any labor or materials furnished or claimed to be furnished in connection with any construction, or alteration or repair, performed or claimed to have been performed, on the Premises, the Building or the Site at the direction or sufferance of Lessee whether such labor or materials were furnished or claimed to have been furnished prior or subsequent to the commencement of the Lease Term. Lessor shall keep the Premises and the Building and Site in which the Premises are situated free from any liens arising out of any judgments levied against Lessor (except to the extent such judgments are caused by the failure of Lessee to perform any of its obligations under this Lease) or arising out of any labor or materials furnished or claimed to be furnished in connection with any construction, or alteration or repair, performed or claimed to have been performed, on the Premises, the Building or the Site at the direction or sufferance of Lessor whether such labor or materials were furnished or claimed to have been furnished prior or subsequent to the commencement of the Lease Term.

14. ABANDONMENT. Lessee shall not abandon the Premises at any time during the Term.

15. ASSIGNMENT AND SUBLETTING. Lessee shall not assign, transfer, mortgage, pledge, hypothecate or encumber this Lease, or any interest therein, and shall not sublet said Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Lessee, and USSCO Affiliates, excepted) to occupy or use said Premises, or any portion thereof, without the written consent of Lessor first had and obtained, and a consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to a subsequent assignment, subletting, occupation or use by that same or another person. Any such assignment or subletting without such consent shall be void, and shall, at the option of Lessor, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law, without the written consent of Lessor. A transfer of a controlling interest in Lessee (except to a USSCO Affiliate) shall be deemed a transfer which is prohibited under this Section 15 without the prior written consent of Lessor. Notwithstanding anything in this Section 15 to the contrary, Lessor shall not

unreasonably withhold its consent to any assignment by Lessee of all of its interests under this Lease or sublease of all of the Premises. Lessor shall not be deemed to have unreasonably withheld such consent if such consent is withheld for any one or more of the following reasons: (a) Lessee is in default hereunder, (b) there is less than 12 months remaining in the Lease Term, (c) the net worth of the proposed assignee or subtenant is less than the net worth of Lessee as of the date hereof, (d) the proposed use of the Premises is other than that permitted hereunder, (e) Lessor or its affiliates have had previous unsatisfactory experience with proposed assignee or subtenant, or (f) any other reasonable basis. Notwithstanding anything in this Lease to the contrary, Lessor agrees that Lessee may, without the prior written consent of Lessor, assign all of its interests under this Lease, or sublease all of the Premises, to a USSCO Affiliate, provided that (A) Lessee delivers to Lessor within 10 days after the effective date of such assignment or sublease a true and correct copy of such assignment or sublease, and (B) no such assignment or sublease shall in any way relieve the assignor or sublessor from any liability under this Lease.

As a condition precedent to the approval of any sublease, assignment or any other type of transfer by Lessee to any third party (other than a USSCO Affiliate) of all or any portion of any interest of Lessee in and to the Premises, Lessee agrees that it will pay to Lessor in cash, contemporaneously with the rental payments due hereunder, Fifty Percent (50%) of the value of increased economic benefit received by Lessee, including without limitation rent in excess of the rent reserved herein and in the event less than all of the Premises are so transferred, Lessee shall pay to Lessor monthly, Fifty Percent (50%) of any increase in the square foot rate of rent or other economic benefit received by Lessee to Lessor.

The additional rent that Lessee pays to Lessor for the purpose of this Section 15 shall be calculated by dividing such additional monthly rent payments required to be made by Lessee by the square foot area of the Premises as set forth hereinabove.

16. SURRENDER OF PREMISES. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and may, at the option of Lessor, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment to it, any or all such subleases or subtenancies.

17. INDEMNIFICATION OF LESSOR. To the extent permitted by law Lessee shall defend, completely indemnify and hold forever harmless Lessor from and against any and all liabilities, fines, suits, claims, demands actions, causes of action, losses, costs, damages, judgments and expenses of any kind or character name or nature due to or arising out of:

(a) any breach, violation or non performance of any covenant, obligation, condition or agreement set forth in this Lease on the part of Lessee to be fulfilled, kept, observed or performed; and/or

(b) any damage to, loss or destruction of any property arising directly or indirectly out of Lessee's use or occupancy of the Premises; and/or

(c) any injury to any person, including death resulting at any time therefrom occurring in or about the Premises.

In the event Lessor is made a party of any action or proceedings which Lessee is required to defend pursuant to the provisions of this Lease, Lessor shall have the right to appear and to take part in any such action or proceeding by legal counsel of Lessor's choice.

Lessee shall pay to Lessor all costs and expenses incurred by Lessor in connection with the enforcement of the terms, provisions, conditions or covenants of this Lease, including, but not limited to, reasonable attorneys' fees, provided that Lessor prevails in such enforcement. Lessor shall pay to Lessee all costs and expenses incurred by Lessee in connection with the enforcement of the terms, provisions, conditions or covenants of this Lease, including, but not limited to, reasonable attorneys' fees, provided that Lessee prevails in such enforcement.

Nothing herein shall be construed as obligating Lessee to indemnify or hold harmless any party from and against the consequences of negligent or willful acts or omissions of the party to be indemnified.

18. ENTRY BY LESSOR. Lessor reserves and shall at any and all reasonable times, after reasonable prior notice to Lessee, have the right to enter the Premises to inspect the same, alone or accompanied by representatives of utilities and/or public authorities, to supply any service to be provided by Lessor to Lessee hereunder, to submit said Premises to prospective purchasers or tenants, to post notices of nonresponsibility, and to alter, improve or repair the Premises and any portion of the Building of which the Premises are a part, without abatement of rent, and may for that purpose erect scaffolding and other

necessary structures where reasonably required by the character of the work to be performed, always providing that the business of Lessee shall not be interfered with unreasonably. For each of the aforesaid purposes, Lessor shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Lessee's vaults and safes, and Lessor shall have the right to enter the Premises in an emergency and to use any and all means which Lessor may deem proper to open said doors in such emergency, and any entry to the Premises obtained by Lessor by any of said means shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Lessee from the Premises or any portion thereof.

19. DEFAULT. If default shall be made in the payment of the rent, or any installment thereof, or in the payment of any other charge or lien required to

be paid by Lessee under this Lease, or any other agreement between Lessor and Lessee, and such default shall continue for Ten (10) days after written notice thereof to Lessee, or if default shall be made in the performance of any of the other covenants or conditions which Lessee is required to observe and perform hereunder and such default shall continue for Thirty (30) days after written notice thereof to Lessee, or if the interest of Lessee in this Lease shall be levied on under execution or other legal process, or if any petition shall be filed by or against Lessee to declare Lessee a bankrupt or to delay, reduce or modify Lessee's debts or obligations, or if any petition shall be filed or other action taken to reorganize or modify Lessee's capital structure, or if Lessee be declared insolvent according to law, or if any assignment of Lessee's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for Lessee or its property, or if Lessee shall abandon the Premises during the term of this Lease, then Lessor may treat the occurrence of any one or more of the foregoing events as a breach of this Lease, and thereupon at its option may, without notice or demand of any kind to Lessee or other person, have any one or more of the following described remedies in addition to all other rights and remedies now or hereafter provided at law or in equity:

(a) Lessor may re-enter the Premises with or without process of law and take possession of the same and expel or remove Lessee and all other parties occupying the Premises, using such force as so, without being liable to any prosecution for such re-entry or for the use of such force and without terminating this Lease, at any time and from time to time relet the Premises or any part thereof for the account of Lessee, for such term, upon such conditions and at such rental as Lessor may deem proper. In such event, Lessor shall use reasonable efforts to receive and collect the rent from such reletting and shall apply all rents actually collected against any amounts due from Lessee hereunder (including without limitation such expenses as Lessor may have incurred in recovering possession of the Premises, placing the same in good order and condition, altering or repairing the same for reletting, and all other expenses, commissions and charges, including attorneys' fees, which Lessor may have paid or incurred in connection with repossession and reletting). Lessor may execute any Lease made

pursuant hereto in Lessor's name as Lessor may see fit, and Lessee thereunder shall be under no obligation to see to the application by Lessor of any rent collected by Lessor nor shall Lessee have any right to collect any rent thereunder. Whether or not the Premises are relet, Lessee shall pay Lessor all amounts required to be paid by Lessee up to the date of Lessor's re-entry and thereafter Lessee shall pay Lessor, until the end of the term hereof, the amount of all rent and other charges required to be paid by Lessee hereunder, less the proceeds of such reletting during the term hereof, if any, after payment of Lessor's expenses as provided above. Such payments by Lessee shall be due at such times as are provided elsewhere in this Lease, and Lessor need not wait until termination of this Lease to recover them by legal action or otherwise. Lessor shall not, by

any re-entry or other act, be deemed to have terminated this Lease or the liability of Lessee for the total rent hereunder unless Lessor shall give Lessee written notice to Lessor's election to terminate this Lease, or;

(b) Lessor may give written notice to Lessee of Lessor's election to terminate this Lease, reenter the Premises with or without process of law and take possession of the same, and expel or remove Lessee and all other parties occupying the Premises, using such force as may be reasonably necessary to do, without being liable to any prosecution for such re-entry or for the use of such force. In such event, Lessor shall thereupon be entitled to recover from Lessee the worth, at the time of such termination, of the excess, if any, of the rent and other charges required to be paid by Lessee hereunder for the balance of the term hereof (if this Lease had not been so terminated) over the then reasonable rental value of the Premises for the same period.

20. WAIVER. The waiver by Lessor of any term, covenant or condition herein contained, or any default of Lessee pertaining thereto shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained, nor shall any forbearance by Lessor to seek a remedy for any default by Lessee be a waiver by Lessor of any of the rights and remedies of Lessor hereunder or by law granted or permitted, with respect to such, or subsequent default. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent. The waiver by Lessee of any term, covenant or condition herein contained, or any default of Lessor pertaining thereto shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained, nor shall any forbearance by Lessee to seek a remedy for any default by Lessor be a waiver by Lessee of any of the rights and remedies of Lessee hereunder or by law granted or permitted, with respect to such, or subsequent default.

21. DEFAULT BY LESSOR. In the event of any default by Lessor, Lessee, before exercising any rights that it may have at law to cancel this Lease, must first send notice by certified or registered mail to Lessor at such place as Lessor has designated for the sending of notices, and Lessor shall have a reasonable opportunity to correct and cure the default.

22. RECONSTRUCTION. In the event the Building of which the Premises are a part are damaged, then Lessor shall forthwith repair the same, provided the extent of the destruction be less than Thirty-three Percent (33%) of the then full replacement value of the Building. In the event the destruction is greater than Thirty-three Percent (33%) of said full replacement value, then Lessor shall have the option either: (1) to repair or restore such damage, this Lease continuing in full force and effect, but the rent shall be proportionately reduced while such repairs are being made, such proportionate reduction to be

based upon the extent to which the damage to the Premises, or the repair thereof reduces the usable area of the Premises; or (2) give notice to Lessee at any time within Thirty (30) days after such damage, terminating this Lease as of the date specified in such notice, which date shall be no less than Thirty (30) days nor more than Sixty (60) days after the giving of such notice. In the event of giving of such notice, this Lease shall expire and all interest of Lessee in the Premises, the Building, and the Site shall terminate as of the date of the destruction, and the rent, reduced by any proportionate reduction, based upon the extent, if any, to which such damage reduced the usable area of the Premises shall be paid up to date of such termination.

Notwithstanding anything to the contrary contained in this Section 22, Lessor shall not have any obligation whatsoever to repair, reconstruct or restore the Premises when the damage resulting from any casualty covered under this Paragraph occurs during the last Twelve (12) months of the term of the Lease Term or any extension thereof.

Lessor shall not be required to make any repairs or replacements of any leasehold improvements or any other property installed or suffered to be installed in the Premises by Lessee.

23. EMINENT DOMAIN. If all or any part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, either party hereto shall have the right, at its option, to terminate this Lease, by written notice to the other party within Thirty (30) days of such taking, and Lessor shall be entitled to any and all income, rent, award or any interest therein whatsoever which may-be paid or made in connection with such public or quasi-public use or purpose, and Lessee shall have no claim against Lessor for the value of any unexpired term of this Lease. Nothing in this Section 23 shall prohibit Lessee from filing a separate claim with the condemning authority for the value of its leasehold interest, its relocation costs or moving expenses. If a part of the Premises shall be so taken or appropriated and neither party hereto shall elect to terminate this Lease within the time period provided, the rental thereafter to be paid shall be equitably reduced. Lessee may terminate this Lease by reason of taking or appropriation

as above provided, only in the event such taking or appropriation shall be of an extent and nature as to substantially handicap, impede or impair Lessee's use of the Premises. If any part of the Building other than the Premises shall be so taken or appropriated, Lessor shall have the right, at its option, to terminate this Lease and shall be entitled to the entire award, as above provided.

24. TRANSFER BY LESSOR. Lessor shall have the right to sell, convey, mortgage, pledge, hypothecate or in any other manner, transfer, or assign the interest of Lessor in the Site, the Building, the Premises and/or in the Lease. The term "Lessor" as used in this Lease, means only the owner for the time being of the Premises, or the interest of a lessor in the Premises or this Lease, and in the event of any sale, conveyance or other transfer of the Premises whether

separately or as a part of the Site and/or the Building or the interest of Lessor in this Lease, Lessor shall be and hereby is entirely freed of all covenants and obligations of Lessor hereunder arising after the date of such sale, transfer, assignment or conveyance. This Lease shall not be affected by any such transfer and Lessee agrees to attorn to the purchaser or assignee.

25. SUBORDINATION AND ATTORNMENT. This Lease and all of the rights of Lessee hereunder are and shall be subject and subordinate to the lien of any mortgage or mortgages hereinafter placed on the Premises or any part thereof, except Lessee's property or trade fixtures, and to any and all renewals, modifications, consolidations, replacements, extensions or substitutions of any such mortgages.

Such subordination shall be automatic, without the execution of any further subordination agreement by Lessee. If, however, a written subordination agreement consistent with this provision, is required by a mortgagee, Lessee agrees to execute, acknowledge and deliver the same, provided that the holder of the interest to which this Lease is made subordinate agrees not to disturb the rights of Lessee to possession of the Premises as long as Lessee is not in default under the terms of this Lease. Lessee shall deliver to Lessor such written subordination agreement no later than 15 days after Lessor's request for such agreement. The failure by Lessee to deliver such agreement within such period shall be deemed a default under this Lease without the benefit of any grace or cure periods.

In the event of any foreclosure of any mortgage placed at any time on the Site, Building or Premises by Lessor, by a voluntary agreement or otherwise, or the commencement of any judicial action seeking such foreclosure, Lessee, at the request of the then first mortgagee or purchaser in foreclosure as Lessee's Lessor under this Lease, agrees to attorn to such first mortgagee or purchaser in foreclosure and to execute and deliver at any time upon request of such first mortgagee, purchaser, or their successors, any instrument reasonably necessary to further evidence such attornment. Lessee hereby waives its right, if any, to elect to terminate this Lease or to surrender possession of the Premises in the event of any such mortgage foreclosure.

26. LESSEE'S ESTOPPEL LETTER. Lessee agrees at any time, from time to time, upon not less than Ten (10) days prior written request by Lessor to execute, acknowledge and deliver to Lessor a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modification), and the dates to which the basic rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser of the fee or mortgage or assignee of any mortgage upon the fee of the Premises and/or the Building and/or Site.

In the event, the interest of Lessee in and to the Premises and this Lease

is terminated whether by lapse of time or otherwise, Lessee shall execute and deliver to Lessor, promptly on demand, all documents reasonably requested by Lessor to evidence such termination; including without limitation a recordable release and cancellation of this Lease. The failure of Lessee to so execute and deliver such documents shall in no way affect the termination of this Lease and the interest of Lessee in and to the Premises.

27. SEVERABILITY. The legal invalidity or unenforceability of any one or more of the provisions of this Lease shall in no way affect the validity of any other provisions hereof or of the Lease as a whole.

28. DEFINED TERMS AND MARGINAL HEADINGS. The words, "Lessor" and "Lessee", as used herein shall include the plural, as well as singular. Words used in masculine gender include the feminine and neuter. If there be more than one Lessee, the obligations hereunder imposed upon Lessee shall be joint and several. The marginal headings and titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

29. TIME IS OF THE ESSENCE. Time is of the essence of this Lease and each and all of its provisions.

30. SUCCESSORS AND ASSIGNS. This Lease and the covenants, terms, conditions and provisions hereof, shall be binding upon the respective parties hereto and to their respective successors, assigns and personal representatives and shall inure to the benefit of said respective parties hereto and their said respective successors, assigns and personal representatives. Wherever in this Lease a reference to any of the parties hereto is made, such reference shall be deemed to include, wherever applicable and even though not expressly stated, also a reference to the successors, assigns and personal representatives of such party, as the case may be, the same if in every case expressly stated. The phrase "successors and assigns" is used in this Lease in its broadest possible meaning and includes, in addition to administrators, trustees, conservators, every person, firm, corporation or other entity succeeding to the interest in or to this Lease, or any party thereof described or referred to herein or any part hereto, or of any of the successors or assigns of any such party, whether such succession results from the act of a party in interest, occurs by operation

of law or is the effect of the operation of law together with any act(s) of any such party or parties.

31. ATTORNEY'S FEES. In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover for the fees of its attorneys in such action or proceeding such amount as the Court may adjudge reasonable as attorney's fees.

32. NOTICE. All notices and demands which may or are required to be given by either party to the other hereunder shall be in writing. All notices and

demands shall be effective and deemed delivered upon actual receipt. All notices and demands shall be sent by (a) United States certified or registered mail, postage prepaid, return receipt requested, (b) messenger or courier service, or (c) facsimile, in all cases addressed (i) if to Lessor at 3265 Meridian Parkway, Suite 100, Ft. Lauderdale, Florida 33331, Attention: President, with a copy to c/o CMD Corporation, 227 West Monroe Street, Suite 3900, Chicago, Illinois 60606, Attention: General Counsel, or to such other person or place as Lessor may from time to time designate in a notice to Lessee, and (ii) if to Lessee at the Premises, with a copy to 2200 East Golf Road, Des Plaines, Illinois 60016, Attention: President, or to such other person or place as Lessee may from time to time designate in a notice to Lessee.

33. REPRESENTATIONS AND WARRANTIES OF LESSOR. In order to induce Lessor to enter into this Lease, Lessor represents and warrants that:

(a) Lessor is fully authorized to lease the Premises, and has good and marketable title to the Site.

(b) There are no condemnation or similar proceedings presently pending, nor to the best of Lessor's knowledge threatened, with respect to the Premises or any part thereof.

(c) There are no legal actions, suit or proceedings pending, or to the best of Lessor's knowledge threatened, against Lessor which would have a material adverse impact on the Premises, before any court or before or by any federal, state, county or municipal department, commission, board, bureau, agency or other governmental instrumentality.

34. MODIFICATION. This Lease may be modified only by written agreement signed by Lessor and Lessee.

35. EFFECTIVENESS. This Lease shall not become effective until executed by both Lessor and Lessee.

36. SIGNS. No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside of the Building without the written consent of Lessor first had and obtained and Lessor shall have the right to remove any such sign, placard, picture, advertisement, name or notice with notice to and at the expense of Lessee. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Lessee by a person approved of by Lessor. Lessee shall not place anything or allow anything to be placed near the glass of any window, door partition, or wall which may appear unsightly from outside the Premises.

37. WAIVER OF TRIAL BY JURY. Each party waives a trial by jury of any or all issues arising in any action or proceeding between the parties hereto or their successors or assigns arising out of, or in any way connected with this

Lease, or any of its provisions, pertaining to Lessee's use or occupancy of the Demised Premises and/or any claim of injury or damage, provided, however, that said waiver shall not be effective to the extent that it prejudices any insurance coverage required to be provided hereunder.

38. LESSOR WAIVER. Anything to the contrary notwithstanding, in the event any environmental hazard is discovered on or about the Premises that relates to any violation or obligation under any applicable environmental laws, and was not caused by Lessee, its contractors or agents, then Lessee shall have no liability, and Lessor hereby waives all claims against Lessee, in connection with such environmental hazard.

39. GOVERNING LAW. This Lease and the rights of the parties hereto shall be interpreted and determined in accordance with the laws of Florida.

40. ENTIRE AGREEMENT. This Lease contains the entire agreement between the parties and supersedes all prior agreements between the parties hereto.

41. RESOLUTION. Lessee shall contemporaneously with the execution and delivery of this Lease, also deliver to Lessor a copy of a Resolution of the Board of Directors of Lessee, specifically authorizing those of Lessee's officers whose names are subscribed hereto to enter into this Lease with Lessor named herein. Such Resolution shall make reference to this Lease, the Premises, lease term and rental reserved, shall be duly certified to by the Secretary of said Board of Directors and shall be appended hereto as Schedule 1.

42. FORCE MAJEURE, ETC. Notwithstanding anything contained in this Lease to the contrary: except as otherwise provided in Section D of this Lease, Lessor's obligations hereunder shall be excused to the extent that and during such time as Lessor is prevented from discharging such obligations by acts of God, strikes, material shortages or any other reason beyond Lessor's control; Lessee will not avail itself of any remedy provided at law or in equity until Lessor fails to cure any default on the part of Lessor within thirty days after its receipt of written notice of such default from Lessee; and Lessor and Lessee agree that, without limitation of any of the remedies of Lessor under Section 19 of this

Lease, in no event shall Lessor or Lessee be liable to the other for any consequential or incidental damages.

43. EXCULPATION. Neither the partners, if Lessor is a partnership, or if Lessor is a trustee of a trust, the beneficiaries of such trust, nor the shareholders (nor any of the partners comprising same) directors or officers of any of the foregoing (collectively, the "Parties") shall be liable for the performance of Lessor's obligations under this Lease. Lessee shall look solely to Lessor to enforce Lessor's obligations hereunder and shall not seek any damages against the rest of the Parties. The liability of Lessor for Lessor's obligations under this Lease shall not exceed and shall be limited to the value

of Lessor's interest in the Premises and Lessee shall not look to the property or assets of any of the Parties in seeking either to enforce Lessor's obligations under this Lease or to satisfy a judgment for Lessor's failure to perform as such obligation.

44. BROKERS. Lessor and Lessee each respectively represent and warrant to the other that neither has employed the services of any real estate broker or any similar agent for the purposes of procuring this Lease, other than ComReal Ft. Lauderdale ("Broker"). Lessor shall be responsible for and pay Broker all commissions due and owing under separate agreement between Lessor and Broker including, in the event Lessee exercises its Purchase Option hereunder, a commission equal to 2% of the purchase price, payable at closing. In the event either party hereto has so employed any such broker or agent, other than Broker, the party responsible for such employment shall indemnify, defend and hold the other forever harmless from and against any commissions, fees, brokerage or other compensation and for any claims for any such commissions, fees, brokerage or other compensation arising out of this Lease, and/or such employment.

46. GUARANTY.

(a) United Stationers Inc., a Delaware corporation ("USI"), simultaneously with the execution and delivery of this Lease by Lessee, has executed and delivered to Lessor a guaranty of the obligations of Lessee under this Lease.

(b) Lessee shall deliver to Lessor, within 75 days after the end of each fiscal year of USI, a balance sheet, income statement and statement of change in financial position, for USI, each prepared in accordance with generally accepted accounting principles and certified by a nationally recognized independent accounting firm, but only if the shares of USI cease to publicize on a public stock exchange or in the over-the-counter market.

47. EXHIBITS AND SCHEDULES. The following Exhibits and Schedules are attached hereto and expressly made a part hereof, to wit;

Exhibit A - Description of Site
Exhibit B - Plans
Exhibit C - General Construction Warranty
Exhibit D - Real Estate Purchase Agreement

Schedule 1 - Lessee's Resolution

EXHIBIT A

SITE

DESCRIPTION:

A portion of Tract "A" of the plat. "WESTON PARK OF COMMENCE, PLAT ONE", as recorded in flat Book 138, Page 1 of the Public Records of Broward County, being more particularly described as follows:

BEGINNING at the Southeast corner of Parcel "B", as shown on said plat; thence N 01degrees 54degrees 15degrees E, along the East line of said Parcel "N", a distance of 252.79 feet; thence N 10degrees 29degrees 23degrees E, continuing along said East line, a distance of 294.63 feet; thence N 88 degrees 37degrees 34degrees E, a distance of 858.50 feet to a point of intersection with the Westerly right-of-way line of "Enterprise Avenue" as described in Official Records Book 16775, Page 506 of the Public Records of Broward County, Florida, thence Southerly along said Westerly right-of-way line and along the arc of a curve to the left, whose radius point bears N 88degrees 53degrees 23degrees, having a radius of 2778.0 feet, a central angle of 83degrees 27degrees 02degrees, an arc length of 167.30 feet to a point of tangency; thence S 04degrees 33degrees 39degreesE, continuing along said Westerly right-of-way line, a distance of 167.17 feet to a point of curvature; thence continuing Southerly along said Westerly right-of-way line, along the arc of a curve to the left having a radius of 1035.54 feet, a central angle of 83degrees 53degrees 02degrees, an arc distance of 99.05 feet to a point of tangency; thence S 10degrees 02degrees 28degrees E, continuing along said Westerly right-of-way line, a distance of 88.60 feet to a point of curvature; thence Southwesterly along the arc of a curve to the right having a radius of 33.00 feet, n central angle of 84degrees 40degrees 48degrees, an arc distance of 2.69 feet to a point of compound curvature and the Northerly right-of-way line of "South Post Road", as shown on said plat; thence Southwesterly along the arc of a curve to the right having a radius of 1846.14 feet, a central angle of 87degrees 90degrees 59degrees, an arc distance of 44.56 feet to a point; thence S 7degrees 32degrees 14degrees E, a distance of 12.00 feet to a point on curve; thence Southwesterly along the arc of a curve to the right, whose radius point bears N 7degrees 32degrees 14degrees W, having a radius of 1858.14 feet, a central angle of 7degrees 8degrees 59degrees, an arc distance of 287.55 feet to a point of tangency; thence 89degrees 28degrees 43degrees N, a distance of 781.22 feet to the POINT OF BEGINNING, the previous four courses and distances being along the Northerly right-of-way line of "South Post Road", as shown on said plat.

Said Lands situate in Broward County, Florida.

Containing 501,440 Square Feet / 11.5117 Acres, more or less.

Subject to ????, Restrictions, Reservations, Covenants, and Right-of-Way of Record.

EXHIBIT B

PLANS

UNITED STATIONERS

List of Drawings

ARCHITECTURAL DRAWINGS

Drawing #	Title	Date
A0-0	Cover sheet	12-30-92
A2-1	Floor plan	12-30-92
A3-1	Exterior elevations	12-30-92
A3-2	Wall sections	12-30-92
A5-1	Enlarged plan/interior elevations/reflected ceiling plan	12-30-92
A8-1	Exterior details	12-30-92
A9-1	Finish and door schedule	12-30-92

STRUCTURAL DRAWINGS

Drawing #	Title	Date
S-1	Foundation plan	12-30-92
S-2	Roof framing plan	12-30-92
S-3	Foundation details	12-30-92
S-4	Roof framing details	12-30-92
S-5	Panel reinforcement and details	12-30-92
S-6	Structural notes	12-30-92

MECHANICAL DRAWINGS

Drawing #	Title	Date
M-1	Warehouse plumbing and HVAC	12-30-92

M-2	Plumbing floor plan and risers	12-30-92
M-3	HVAC ceiling plan and schedules	12-30-92

ELECTRICAL DRAWINGS

Drawing #	Title	Date
E-1	Site plan	12-30-92
E-2	Office power and lighting	12-30-92
E-3	Warehouse power	12-30-92
E-4	Warehouse lighting	12-30-92
E-5	Electrical details	12-30-92

EXHIBIT C

GENERAL CONSTRUCTION WARRANTY

4.5 WARRANTY

4.5.1 The Contractor warrants to the Owner that all materials and equipment furnished under this Contract will be new unless otherwise specified, and that all Work will be of good quality, free from faults and defects and in conformance with the Contract Documents. All Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. If required by the Owner, the Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment. This warranty is not limited by the provisions of Paragraph 13.2.

13.2 CORRECTION OF WORK

13.2.1 The Contractor shall promptly correct all Work rejected by the Owner as defective or as failing to conform to the Contract Documents whether observed before or after Substantial Completion and whether or not fabricated, installed or completed. The Contractor shall bear all costs of correcting such rejected Work, including compensation for the Architect's additional services made necessary thereby.

13.2.2 If, within one year after the Date of Substantial Completion of the Work or designated portion thereof or within one year after acceptance by the Owner of designated equipment or within such longer period of time as may be prescribed by law or by the terms of any applicable special warranty required by the Contract Documents, any of the Work is found to be defective or not in accordance with the Contract Documents, the Contractor shall correct it promptly after receipt of a

written notice from the Owner to do so unless the Owner and Lessee have previously given the Contractor a written acceptance of such condition. This obligation shall survive termination of the Contract. The Owner shall give such notice promptly after discovery of the condition.

13.2.3 The Contractor shall remove from the site all portions of the Work which are defective or non-conforming and which have not been corrected under Subparagraphs 4.5.1, 13.2.1 and 13.2.2, unless removal is waived by the Owner.

13.2.4 If the Contractor fails to correct defective or non-conforming Work as provided in Subparagraphs 4.5.1, 13.2.1 and 13.2.2, the Owner may correct it in accordance with Paragraph 3.4.

13.2.5 If the Contractor does not proceed with the correction of such defective or non-conforming Work within a reasonable time fixed by written notice from the Owner, the Owner may remove it and may store the materials or equipment at the expense of the Contractor. If the Contractor does not pay

the cost of such removal and storage within ten days thereafter, the Owner may upon ten additional days' written notice sell such Work at auction or at private sale and shall account for the net proceeds thereof, after deducting all the costs that should have been borne by the Contractor, including compensation for the Architect's additional services made necessary thereby. If such proceeds of sale do not cover all costs which the Contractor should have borne, the difference shall be charged to the Contractor and an appropriate Change Order shall be issued. If the payments then or thereafter due the Contractor are not sufficient to cover such amount, the Contractor shall pay the difference to the Owner.

13.2.6 The Contractor shall bear the cost of making good all work of the Owner or separate contractors destroyed or damaged by such correction or removal.

13.2.7 Nothing contained in this Paragraph 13.2 shall be construed to establish a period of limitation with respect to any other obligation which the Contractor might have under the Contract Documents, including Paragraph 4.5 hereof. The establishment of the time period of one year after the Date of Substantial Completion or such longer period of time as may be prescribed by law or by the terms of any warranty required by the Contract Documents relates only to the specific obligation of the Contractor to correct the Work, and has no relationship to the time within which his obligation to comply with the Contract Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Contractor's liability with respect to his obligations other than specifically to correct the Work.

3.4 OWNER'S RIGHT TO CARRY OUT THE WORK

3.4.1 If the Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents and fails within seven days after receipt of written notice from the Owner to commence and continue correction of such default or neglect with diligence and promptness, the Owner may, after seven days following receipt by the Contractor of an additional written notice and without prejudice to any other remedy he may have, make good such deficiencies. In such case an appropriate Change Order shall be issued deducting from the payments then or thereafter due the Contractor the cost of correcting such deficiencies, including compensation for the Architect's additional services made necessary by such default, neglect or failure. If the payments then or thereafter due the Contractor are not sufficient to cover such amount, the Contractor shall pay the difference to the Owner.

GAF BUILDING MATERIALS

LIBERTY GUARANTEE

[FORM OF LIBERTY GUARANTEE APPEARS HERE]

[SPECIMIN]

GAF BUILDING MATERIALS

LIBERTY GUARANTEE

[FORM OF LIBERTY GUARANTEE APPEARS HERE]

[SPECIMIN]

EXHIBIT D

PURCHASE AGREEMENT

THIS AGREEMENT is made as of [insert date on which Buyer executes and delivers this Agreement and the Earnest Money Deposit pursuant to section H the Lease], by and between UNITED STATIONERS SUPPLY CO., an Illinois corporation, 2200 East Golf Road, Des Plaines, Illinois, 60016-1267 ("Buyer"), and [insert name of Lessor under the Lease as of date of this Agreement] ("Seller").

WITNESSETH:

The parties agree as follows:

1. Sale of Property. Buyer agrees to purchase and Seller agrees to
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sell on the terms set forth herein the land located in Broward County, Florida, legally described on Exhibit A attached hereto, consisting of approximately 11.5 acres, which is improved with an approximately 150,000 square feet industrial building and together with the building, improvements, fixtures, and other items of personal property owned by Seller and located thereon, used in conjunction with the operation of said building. All of the above is hereinafter referred to as the "Premises".

2. Purchase Price. The purchase price agreed upon is Six Million
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Eight Hundred Fifty and 00/100 Dollars ($6,850,000.00) to be paid as follows:

A. Three Hundred Forty-Two Thousand Five Hundred 00/100 Dollars ($342,500.00) as earnest money concurrently herewith, receipt of which is hereby acknowledged.

B. The balance of Six Million Five Hundred Seven Thousand Five Hundred and 00/100 Dollars ($6,507,500.00), in cashiers or certified checks or by wire transfer of funds, at closing.

3. Title. Subject to performance by the Buyer, the Seller agrees to
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execute and deliver a Warranty Deed conveying marketable title to said Premises subject only to the following exceptions.

A. Building and zoning laws, ordinances, state and federal regulations;

B. Restrictions relating to use or improvement of the Premises without effective forfeiture provision;

C. General taxes for the year 1993 and subsequent years;

D. Special taxes and assessments;

E. Covenants, conditions, restrictions and easements set forth in that certain Declaration of Covenants, Conditions, Restrictions, and Easements of the Meridian Business Campus at Weston, dated May 17, 1989, recorded on August 4, 1989 in the Official Records Book 165654, Pages 386-420, of Broward County, Florida under Clerk's File No: 89312588.

F. The matters set forth on Exhibit B attached hereto and made a part hereof; and

G. All covenants, conditions, restrictions, easements and other

matters of record which do not materially adversely affect the Premises.

4. Title Evidence/Conditions and Stipulations. Seller shall deliver
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or cause to be delivered to Buyer or Buyer's agent, at Seller's cost, notless than 10 days prior to the time of closing, a title commitment for an owner's title insurance policy issued by a title insurance company authorized to issue title insurance in the State of Florida in the amount of the purchase price, covering title to the real estate on or after the data hereof, showing title in the intended grantor subject only to (a) the general exceptions contained in the policy, (b) the title exceptions set forth above, and (c) title exceptions pertaining to liens or encumbrances of definite or ascertainable amount which may be removed by the payment of money at the time of closing and which the Seller may so remove at that time by using the funds to be paid upon the delivery of the deed (all of which are herein referred to as the permitted exceptions). The title commitment shall be conclusive evidence of good title as therein shown as to all matters insured by the policy, subject only to the permitted exceptions in foregoing items (b) and (c) and unpermitted exceptions, if any, as to which the title insurer commits to extend insurance in the manner specified below.

If Seller fails to obtain the commitment for title insurance specified above within the specified time, Buyer may, upon notice to Seller within 10 days after the earlier of receipt of the actual title commitment delivered by Seller, or within 10 days after the date on which Seller was required to deliver, and Seller fails to deliver, the title commitment, terminate this contract or may elect to take title as it then is with the right to deduct from the purchase price liens or encumbrances of a definite or ascertainable amount, in which event such liens or encumbrances shall be paid in full by Buyer at the closing. If Buyer does not so elect, this contract shall become null and void without further actions of the parties.

5. Closing Date. The time of the closing shall be on [insert date
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which is next preceding the 10th anniversary of Commencement Date], unless subsequently agreed otherwise, at the office of the title ???? in Fort Lauderdale, Florida, provided that all the conditions precedent have been satisfied. Possession shall be delivered to Buyer at closing.

6. Survey. Not less than fifteen (15) days before the date of
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closing, Seller shall deliver to Buyer, at Seller's cost, a survey of the Premises certified to Buyer and any title insurance company chosen by Buyer, by a surveyor registered in the State of Florida showing capped and flagged pipestakes at appropriate boundary reference

locations and showing the present location of all improvements on the land, and showing no encroachments upon or by the subject premises, and all easements, fences, building lines and access to public roads.

7. Prorations. [intentionally omitted]
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8. Closing Documents. At closing Seller shall deliver to Buyer, in
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addition to the Warranty Deed referred to above, the following:

A. Affidavit of Title covering the period from the date of the report of title to the date of closing in form reasonably acceptable to Buyer's counsel and to the title insurance company selected by Buyer, if any;

B. A certificate dated as of the closing date that there are no unreleased financing statements on file, and not lapsed, in the proper office of Broward County and the office of the Florida Secretary of State, affecting the fixtures or improvements on the land, or any property involved in this transaction; and

C. All other documents customarily required or appropriate to consummate this transaction.

9. Representations of Seller. Seller represents and warrants that,
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except to the extent disclosed by Seller or to the knowledge of Buyer,

A. There are no actions, suits, or other legal proceedings presently pending or to the knowledge of Seller threatened against the Premises.

B. There are no judgments, liens, encumbrances, or charges against the Seller, that there are no creditors bills or such proceedings pending against it which may or can be a charge or encumbrance against the Premises;

C. Seller's performance of this Agreement will not constitute a default under any agreement by which the Premises might be bound;

D. The Seller does not have knowledge of any pending condemnation, rezoning or other land use regulation proceedings, either instituted or planned to be instituted, which would detrimentally affect the use and operation of the Premises for its intended purpose;

E. The documents executed by the Seller that are to be delivered to the Buyer at closing are, at the closing will be, duly authorized, executed and delivered by the Seller; are, and at the closing will be, legal, valid and binding obligations of the Seller; are, and at the closing will be, sufficient to convey title if they propose to do so; and do not, and at the closing will not, violate any provisions of any agreement to which the Seller is a party or to which it is subject; and

F. At the closing there will be no outstanding contracts made by the Seller for any improvements to the Premises that have not been fully paid, and the Seller shall cause to be discharged all mechanics or materialmen's liens arising from any labor or material furnished to the premises at the request of Seller, and not the obligation of Buyer, prior to the closing.

10. Entire Agreement. This instrument constitutes the entire agreement between the Buyer and the Seller and there are no agreements, understandings, warranties, or representations between them except as set forth herein. This Agreement cannot be amended except by a writing executed by the Buyer and the Seller.

11. Binding Effect. This Agreement will inure to the benefit of and bind the respective successors and permitted assigns of the parties hereto.

12. Material Damage. [Intentionally Omitted].

13. Condemnation. [Intentionally Omitted].

14. Escrow Closing. This sale may be closed through escrow with a selected title company in Fort Lauderdale, Florida, in accordance with the general provisions of the usual form of escrow agreement then in use by such title company for transactions similar to this with such special provisions inserted in the escrow agreement as may be required to conform with this Agreement. Upon the creation of such an escrow, anything herein to the contrary notwithstanding, payment of the purchase price other than the earnest money,

and delivery of the deed and other documents shall be made through the escrows. The cost of the escrow shall be paid by Seller.

15. Miscellaneous.

A. Time is of the essence of this Agreement.

B. All notices herein required shall be in writing and shall be served on the parties at the addresses following their signatures. The mailing of a notice by registered or certified mail, return receipt requested, shall be sufficient service and shall be effective upon mailing.

C. Seller agrees to pay a brokerage commission to TJT Enterprises of Broward, Inc. d/b/a Cornreal Ft. Lauderdale equal to 2% of the Purchase Price earned as a result of this transaction (provided that the sale and purchase of the Premises is consummated), and to indemnify and hold Buyer harmless therefrom.

D. Seller shall pay the amount of any state deed tax imposed by state law on the transfer of the title, and the cost of all title insurance and surveys required to be delivered by Seller hereunder.

16. Survival of Representations. The representations and warranties
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made in paragraph 10 B, D and E shall survive the closing.

17. Remedies. In the event that Buyer defaults under the terms of
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this Agreement, Seller shall have the right to retain the earnest money deposit and seek damages against Buyer and all guarantors of the obligations of Buyer hereunder.

18. Exculpation. Neither the partners, if Seller is a partnership, or
---
if Seller is a trustee of a trust, the beneficiaries of such trust, nor the shareholders (nor any of the partners comprising same) directors or officers of any of the foregoing (collectively, the "PARTIES") shall be liable for the performance of Seller's obligations under this Agreement. Buyer shall look solely to Seller to enforce Seller's obligations hereunder and shall not seek any damages against the rest of the Parties. The liability of Seller for Seller's obligations under this Agreement shall not exceed and shall be limited to the greater of the Barnest Money Deposit or the value of Seller's interest in the Premises, and Buyer shall not look to the property or assets of any of the Parties in seeking either to enforce Seller's obligations under this

Agreement or to satisfy a judgment for Seller's failure to perform as such obligation.

BUYER

UNITED STATIONERS SUPPLY CO.

By: _____

Its _____

2200 East Golf Road
Des Plaines, Illinois 60016-1267

SELLER

By: _____

Its _____

Date of Execution by Seller:

_____

EXHIBIT A

PREMISES

DESCRIPTION

A portion of Tract "A" of the plat. "WESTON PARK OF COMMENCE, PLAT ONE", as recorded in flat Book 138, Page 1 of the Public Records of Broward County, being more particularly described as follows:

BEGINNING at the Southeast corner of Parcel "B", as shown on said plat; thence N 01degrees 54degrees 15degrees E, along the East line of said Parcel "N", a distance of 252.79 feet; thence N 10degrees 29degrees 23degrees E, continuing along said East line, a distance of 294.63 feet; thence N 88degrees 37degrees 34degrees E, a distance of 858.50 feet to a point of intersection with the Westerly right-of-way line of "Enterprise Avenue" as described in Official Records Book 16775, Page 506 of the Public Records of Broward County, Florida,

thence Southerly along said Westerly right-of-way line and along the arc of a curve to the left, whose radius point bears N 88degrees 53degrees 23degrees, having a radius of 2778.0 feet, a central angle of 83degrees 27degrees 02degrees, an arc length of 167.30 feet to a point of tangency; thence S 04degrees 33degrees 39degreesE, continuing along said Westerly right-of-way line, a distance of 167.17 feet to a point of curvature; thence continuing Southerly along said Westerly right-of-way line, along the arc of a curve to the left having a radius of 1035.54 feet, a central angle of 83degrees 53degrees 02degrees, an arc distance of 99.05 feet to a point of tangency; thence S 10degrees 02degrees 28degrees E, continuing along said Westerly right-of-way line, a distance of 88.60 feet to a point of curvature; thence Southwesterly along the arc of a curve to the right having a radius of 33.00 feet, n central angle of 84degrees 40degrees 48degrees, an arc distance of 2.69 feet to a point of compound curvature and the Northerly right-of-way line of "South Post Road", as shown on said plat; thence Southwesterly along the arc of a curve to the right having a radius of 1846.14 feet, a central angle of 87degrees 90degrees 59degrees, an arc distance of 44.56 feet to a point; thence S 7degrees 32degrees 14degrees E, a distance of 12.00 feet to a point on curve; thence Southwesterly along the arc of a curve to the right, whose radius point bears N 7degrees 32degrees 14degrees W, having a radius of 1858.14 feet, a central angle of 7degrees 8degrees 59degrees, an arc distance of 287.55 feet to a point of tangency; thence 89degrees 28degrees 43degrees N, a distance of 781.22 feet to the POINT OF BEGINNING, the previous four courses and distances being along the Northerly right-of-way line of "South Post Road", as shown on said plat.

Said Lands situate in Broward County, Florida.

Containing 501,440 Square Feet / 11.5117 Acres, more or less.

Subject to ????, Restrictions, Reservations, Comments, and Right-of-Way of Record.

Exhibit B

2. Declaration of Covenants filed August 4, 1982 in Official Records Book 10329, at Page 155, Supplemental Declaration of Covenants filed December 21, 1983 in Official Records Book 11355, at Page 680, Amended and Restated Declaration of Covenants filed May 17, 1985 in Official Records Book 12546, at Page 921, as affected by Supplemental Declaration filed May 5, 1989 in Official Records Book 16416, at Page 143 and Amendment Withdrawing Property filed May 5, 1989 in Official Records Book 16416, at Page 158.

Note: The property insured herein was withdrawn from the provisions of the Amended and Restated Declaration of Covenants pursuant to the Amendment Withdrawing Property and resubmitted to the provisions of the Amended and Restated Declaration of Covenants pursuant to the Supplemental Declaration

solely for the purpose of levying assessments for entrance features and landscaping. The lien of any assessments is specifically subordinated to the lien of the mortgage insured hereunder.

3. Restrictions contained in Exhibit B of Special Warranty Deed from Arvida Corporation to Tishman Speyer-Equitable South Florida Venture dated December 15, 1983 and filed December 21, 1983 in Official Records Book 11355, at Page 692 and Amendment No. 1 to Special Warranty Deed filed December 15, 1987 in Official Records Book 15038, at Page 116, as affected by instrument filed September 14, 1987, in Official Records Book 14796, at Page 666.

   Note: The breach or violation of the restrictions set forth above will not result in a reversion of title of the property insured herein.

4. Water and Waste Water Capacity Reservation Agreement filed October 6, 1986 in Official Records Book 13790, at Page 853, as affected by instrument filed September 29, 1989 in Official Records Book 16804, at Page 446.

   Note: The rights set forth above regarding capacity reservation have been collaterally assigned to Wells Fargo Realty Advisors Funding Incorporated.

5. Ordinance No. 87-79 filed November 23, 1987 in Official

   Records Book 14978, at Page 184, Ordinance No. 88-30 filed July 19, 1988 in Official Records Book 15616, at Page 517, Ordinance No. 88-31 filed July 19, 1988 in Official Records Book 15616, at Page 557, Ordinance No. 88-32 filed July 19, 1988 in Official Records Book 15616, at Page 604 and Ordinance No. 88-33 filed July 19, 1988 in Official Records Book 15616, at Page 629.

6. Intentionally Omitted.

7. Matters appearing on the Plat of Weston Park of Commerce

8. Declaration of Covenants, Conditions, Restrictions and Easements of the Meridian Business Campus at Weston by Donald R. Hall, as Trustee dated May 17, 1989 and filed August 4, 1989 in Official Records Book 16654, at Page 386, except that the rights of Declarant thereunder to purchase the property shall have been deemed waived.

9. Easement granted to Broward County by instrument dated August 4, 1989 and filed September 20, 1989 in Official Records Book 16775, at Page 522.

10. Terms and provisions of Revocable License Agreement filed October 19, 1989 in Official Records Book 16857, at Page 409, as assigned to the Meridian Business Campus at Weston Owner's Association.

11. Easement granted to Indian Trace Community Development District dated August 4, 1989 and filed October 19, 1989 in Official Records Book 16859, at Page 414.

12. Easement granted to Florida Power and Light Company by instrument dated September 1, 1989 and filed December 6, 1989 in Official Records Book 16980, at Page 437.

14. The Deed Restriction set forth on Exhibit 8-1 attached hereto and made a part hereof.

15. All other matters approved by Purchaser.

EXHIBIT B-1

DEED RESTRICTION

Notwithstanding anything herein or elsewhere to the contrary, no buildings or other structures may be developed (as such term is hereinafter defined) on the land conveyed by this deed, by either the grantee hereof or any other person or party for any purpose whatsoever, except that buildings and other structures may be developed on the land conveyed by this deed consistent with the following: not more than zero (0) gross square feet of building area may be developed for office uses (as hereinafter defined); not more than zero (0) gross square feet of building area may be developed for hotel uses (as hereinafter defined); not more than zero (0) gross square feet of building area may be developed for commercial uses (as hereinafter defined); not more than 210,000 gross square feet of building area may be developed for industrial uses (as hereinafter defined); and not more than zero (0) square feet of building area may be developed for Retail Uses (as hereinafter defined). The term "developed" shall mean the use or operation of any of the land in question, as well as each of the following: the commencement of construction upon any land, or the filing for a site plan approval or the filing of any other application to a governmental authority (other than for the filing of a plat or an amendment to the DO (as hereinafter defined) or a new development order in lieu thereof), or the obtaining of a building permit, in each case where such act is done in contemplation of the construction of any building area or other structures on the land in question (excluding the filling of any ditches, the excavation of any lakes, the storage of any fill material or muck from such excavation, the erection of any signs or the performance of any site work on the land which does not require a governmental permit). The definition of the terms "office uses", "hotel uses", "commercial uses" and "industrial uses" shall be as set forth in (and as permitted by the terms of) the Development Order enacted October 27, 1987, being Resolution No. 87-79 of the Board of County Commissioners of Broward County (the "DO"), except that commercial uses shall be deemed to exclude any and all uses which are Retail Uses, and except that industrial uses shall be deemed to include the use of any space in a building which is physically constructed and utilized consistent (in all respects) with the following criteria: (i) the building is only one or two stories in height; (ii) the building has one or more grade level or dock height truck door(s); (iii) the building is used for single or multi-tenant occupancy; and (iv) the uses in the building will include a variety of uses including office, showroom, service/distribution, storage/warehouse and light assembly. The term "Retail Uses" shall have the meaning ascribed thereto pursuant to that certain Special

Warranty Deed from Arvida Corporation to Tishman Speyer-Equitable South Florida Venture dated December 15, 1983, and recorded as Document No. 83-416421 in Official Records Book 11355, Page 692 of the Public Records of Broward County, Florida, as amended by that certain Amendment No. 1 to Special Warranty Deed dated November 23, 1987 and recorded as Document No. 87521577 in Official Records Book 15038, Page 116 of Broward County, Florida.

The foregoing restrictive covenant shall be deemed to be a covenant running with the land conveyed by this deed, and shall be enforceable against the grantee (and its successors and assigns) by either the grantor hereunder, or by CMD Broward Associates I, an Illinois limited partnership and by such of its successors and assigns to which the full right of enforcement of such restrictive covenant shall have been expressly assigned in writing (singularly, a "Beneficiary", and collectively, the "Beneficiaries"), each of which Beneficiaries are hereby made express and intended third party beneficiaries of such restriction. Any action or proceeding to enforce this restrictive covenant may be brought by a single Beneficiary, without the need of all of the Beneficiaries. The foregoing restrictive covenant may only be modified by a written instrument in recordable form duly executed by either the grantor hereunder or such successor of the grantor hereunder to which the right to modify such restrictive covenant shall have been expressly assigned in writing, or by both of the Beneficiaries.

FIRST AMENDMENT TO LEASE

This AGREEMENT is made on this 17th day of July, 1993 between CMD FLORIDA FOUR
---- ----
LIMITED PARTNERSHIP, an Illinois limited partnership ("Lessor"), and UNITED STATIONERS SUPPLY CO., an Illinois corporation ("Lessee").

A. Lessor and Lessee entered into a Lease, dated February 1, 1993, pursuant to which Lessor agreed to improve and lease to Lessee, and Lessee agreed to lease from Lessor, certain real property located in Meridian Business Campus at Weston, Broward County, Florida ("Lease").

B. Lessor and Lessee desire to provide for certain rights and obligations with respect to expansion of the improvements located on the leased premises.

Lessor and Lessee agree as follows:

1. Site. Exhibit A to the Lease is hereby replaced with Exhibit A attached hereto. All references in the Lease to Exhibit A shall be deemed to refer to Exhibit A attached hereto, and all references in the Lease to the Site shall be deemed to refer to the real estate as described in Exhibit A attached hereto.

2. Plans. Exhibit B to the Lease is hereby replaced with Exhibit B

attached hereto. All references in the Lease to Exhibit B attached hereto, and all references in the Lease to the Plans shall be deemed to refer to the plans as described in Exhibit B attached hereto.

3. BASE RENT. Section E(1) of the Lease is hereby deleted and the following substituted in its place:

"(1) Annual Base Rent. Lessee shall pay base rent to Lessor at the following annual rates ("Annual Base Rent") applicable during each of the following respective periods:

(a) During the period commencing on and including the Commencement Date and ending on and including the date next preceding the 1st anniversary of the Commencement Date, the Annual Base Rent shall be $504,900.00.

(b) During the period commencing on and including the 1st anniversary of the Commencement Date and ending on and including the date next preceding the 3rd anniversary of the Commencement Date, the Annual Base Rent shall be $512,400.00.

(c) During the period commencing on and including the 3rd anniversary of the Commencement Date and ending on and including the date next preceding the 6th anniversary of the Commencement Date, the Annual Base Rent shall be $563,400.00.

(d) During the period commencing on and including the 6th anniversary of the Commencement Date and ending on and including the date next preceding the 9th anniversary of the Commencement Date, the Annual Base Rent shall be $617,400.00.

(e) During the period commencing on and including the 9th anniversary of the Commencement Date and ending on and including the date next preceding the 10th anniversary of the Commencement Date, the Annual Base Rent shall be $678,900.00."

4. BROKERS. Section 44 of the Lease is deleted and the following substituted in its place:

"44. BROKERS. Lessor and Lessee each respectively represent and warrant to the other that neither has employed the services of any real estate broker or any similar agent for the purpose of procuring this Lease, other than ComReal Ft. Lauderdale ("Broker"). Lessor shall be responsible for and pay Broker all commissions due and owing under separate agreement between Lessor and Broker including, in the event Lessee purchases the Premises, a commission equal to 2% of the purchase price, payable at closing. In the event either party hereto has so employed any such broker or agent, other than Broker, the party responsible for such employment shall indemnify, defend and hold the other forever harmless from and against any commissions, fees, brokerage or other compensation and for any claims for any such commissions, fees, brokerage

or other compensation arising out of this Lease, and/or such employment."

5. The following is added as Section J of the Lease:

"J. Permitted Expansion.

(a) "Permitted Expansion" means an expansion of the Building (1) which is consistent with the site plan attached as Exhibit C, (2) the quality and aesthetics of the exterior of which is consistent with the quality and aesthetics of the exterior of the Building, and (3) which is in compliance with all applicable laws and regulations.

(b) If at any time during the Lease Term, Lessee desires that the Premises be improved with a Permitted Expansion of the Building, then Lessee shall deliver a written notice ("Expansion Request Notice") which sets forth in reasonable

detail the specifications for the Permitted Expansion. Lessor may, but is not obligated to deliver to Lessee, within 10 business days after receipt by Lessor of the Expansion Request Notice, a written offer ("Expansion Offer") which sets forth the terms and conditions, including rent, timing and other conditions under which Lessor would make the expansion.

(c) If either Lessor fails to make an Expansion Offer within the prescribed time, or Lessor and Lessee fail, within 30 days after the date on which Lessee receives the Expansion Offer, to enter into a written amendment to the Lease pursuant to which Lessor agrees to make the expansion, then, notwithstanding anything in the Lease to the contrary, Lessee may make the Permitted Expansion subject to the following:

(1) prior to commencement of construction of the Permitted Expansion, Lessee shall have submitted to Lessor, and Lessor shall have approved in writing (which approval shall not unreasonably be withheld or delayed), complete working drawings and specifications, and copies of all construction contracts (but not all subcontracts), for the expansion, and

(2) the terms and conditions of Section 11 of the Lease shall apply to the expansion, except that no further written consent by Lessor shall be required with respect to the Permitted Expansion, and Lessee shall not be required to remove the Permitted Expansion upon the expiration or termination of the Lease.

(d) Except to the extent set forth in the Lease, or a written amendment to the Lease executed and delivered by Lessor and Lessee, Lessor shall have no obligations whatsoever to make any Expansion or any other improvements to the Premises.

6. Full Force and Effect. Except to the extent expressly set forth herein, all of the terms and conditions of the Lease, as amended, including but not limited to the Exculpations provisions of the Lease, shall remain in full

force and effect.

LESSOR:

CMD FLORIDA FOUR LIMITED PARTNERSHIP,
an Illinois limited partnership

By: CMD DEVELOPMENT OF FLORIDA, INC.
a Florida corporation, its general
partner

By:??

Its: PRESIDENT

LESSEE:

UNITED STATIONERS SUPPLY CO.,
an Illinois corporation

By: /s/ Otis H. Halleen

Its: Vice President Secretary
and General Council

COMMENT

The undersigned consents to and agrees to be bound, as guarantor, by the terms of the foregoing First Amendment to Lease.

UNITED STATIONERS INC.,
a Delaware corporation, Guarantor

By: /s/ Otis H. Halleen

Title: Vice President, Secretary
and General Council

EXHIBIT 10.34

STANDARD FORM
INDUSTRIAL LEASE
(NET)

LANDLORD: CAROL POINT BUILDERS I GENERAL PARTNERSHIP

TENANT: ASSOCIATED STATIONERS, INC.

Dated for reference purposes as of: _____

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ARTICLE A

DEFINED TERMS, EXHIBITS AND PREAMBLE

A-1. DEFINED TERMS. Each reference in this Lease to any of the terms described in this Article A shall mean and refer to the following; other terms are as defined in this Lease:

(a) LANDLORD: Carol Point Builders I

General Partnership

(b) TENANT: Associated Stationers, Inc.

_____

(c) LOCATION OF BUILDING: (Address) 898 Carol Court

Carol Stream, Illinois

(d) SUITE NUMBER OF DEMISED PREMISES: N/A

(e) APPROXIMATE SQUARE FOOTAGE OF DEMISED PREMISES: 139,444

(f) APPROXIMATE SQUARE FOOTAGE OF BUILDING: 274,952

(g) TENANT'S PROPORTIONATE SHARE: 50.72 %

(h) TERM: APPROXIMATELY 5 years.

(i) FIXED RENT: $ 49,502.67 per calendar month.

(j) SCHEDULED TERM COMMENCEMENT DATE: June 1, 1992

(k) SECURITY DEPOSIT: $ Waived

(l) LIABILITY INSURANCE LIMITS: $ 2,000,000

(m) BROKER(S): Grubb & Ellis and Bennett & Kahnweiler

<TABLE>
(n) LANDLORD'S ADDRESS:

<S>	<C>
Carol Point Builders I	Copy to: Messenger Investment Company
General Partnership c/o Messenger Investment Company	9450 West Bryn Mawr, Suite 120
17512 von Karman Avenue Irvine, California 92714	Rosemont, Illinois 60018

(o) TENANT'S ADDRESS:

Associated Stationers, Inc.	Copy to: Associated Stationers, Inc.
898 Carol Court	1075 Hawthorne Parkway
Carol Stream, Illinois 60188	Itasca, Illinois 60142
	Attn: Randall Teesdale

</TABLE>

(p) PERMITTED USES: Office, Warehouse

A-2. EXHIBITS. The following Exhibits, and Riders, if any, are attached to this Lease after the signatures and are incorporated herein by reference thereto.

Exhibit A - Depiction of Demised Premises.

Exhibit B - Legal Description of Parcel

Exhibit C - Description of Leasehold Improvement to be Constructed

Exhibit D - Recording Information as to Declaration of Covenants and Restrictions.

Exhibit E - Rules and Regulations

Exhibit F - Hazardous Material Questionnaire

Rider Nos. 1 through 1, inclusive.

A-3. PREAMBLE. Landlord hereby leases to Tenant the space depicted on Exhibit A of this Lease (the "Demised Premises"), being that portion of the Building, including the "Improvements" as hereinafter defined, extending from the top

surface of sub-floor below Tenant's floor space to the bottom surface of ceilings above Tenant's floor space, but excluding the common stairways, stairwells, hallways, accessways, and pipes, ducts, conduits, wires and appurtenant fixtures serving exclusively or in common other parts of the Building, and if Tenant's floor space includes less than the entire rental area of any floor, the Demised Premises shall exclude the remainder of the Floor Common Areas as defined below. The Demised Premises are located on that certain real property more particularly described in Exhibit "B" of this Lease ("the Parcel"). See Rider No. 1.

A-4. COMMON AREAS. Tenant has the right to use in common with other tenants in the Building, subject to the restrictions set forth herein and in Article J hereof, the following areas appurtenant to the Demised Premises.

(a) BUILDING COMMON AREAS. The common stairways and accessways, loading docks and platforms and passageways thereto, and the common pipes, ducts, conduits, wires and appurtenant equipment serving the Demised Premises;

(b) FLOOR COMMON AREAS. If the Demised Premises include less than the entire rentable area of any floor, the common lobbies, hallways, toilets and other common facilities; if any, and

(c) LAND COMMON AREAS. Common walkways, sidewalks, and driveways necessary for access to the Building and parking spaces or areas from time to time maintained on the Parcel and to the extent from time to time arranged by Landlord, on adjacent real property.

A-5. LANDLORD'S RESERVED RIGHTS IN COMMON AREAS. Landlord reserves the right from time to time, without unreasonable interference with Tenant's use:

(a) BUILDING CHANGES. To install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Building above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Demised Premises which are so located elsewhere outside the Demised Premises;

(b) BOUNDARY CHANGES. To change the lines of the parcel; and

(c) FACILITY CHANGES. To alter or relocate any other common facility other than exclusive parking for Tenant; provided, however, that substitutions are substantially equivalent or better in quality.

ARTICLE B

LEASEHOLD IMPROVEMENTS

Landlord shall improve the Demised Premises with the Leasehold Improvements described in Exhibit C to this Lease. The Demised Premises shall be deemed to be ready for occupancy ("Ready for Occupancy") when the architect or engineer in charge of construction (or, if none, Landlord's construction representative)

certifies (a) that the work of construction of the Leasehold Improvements has been substantially completed in accordance with the approved plans (if any) therefor, and (b) the date of such completion and the municipality issues a certificate of occupancy. If, Tenant shall delay in performing any of its responsibilities in connection with the work of construction, including but not limited to approval of plans, or shall otherwise interfere with the commencement of the Term of this Lease ("Tenant Delays") Landlord shall notify Tenant in writing of the date Landlord determines the Demised Premises would have been Ready for Occupancy if not for such Tenant Delays, and the Term of the Lease shall be deemed to commence effective as of said date. By taking possession of the Demised Premises, Tenant accepts said Leasehold Improvements as completed or as substantially completed, and in the latter case, after consultation with Tenant, Landlord shall provide Tenant with a list of incomplete and/or corrective items, which list shall be approved and acknowledged by Tenant and which items Landlord shall complete and/or correct promptly thereafter. Said Leasehold Improvements are sometimes hereafter referred to in this Lease as the "Improvements." See Rider No.].

ARTICLE C

TERM

The Term of this Lease shall commence upon the date ("Commencement Date") which is the earlier of the following two dates: (a) The date on which the Demised Premises are Ready for Occupancy, as set forth in Article B above; or (b) The date upon which Tenant actually commences to do business on the Demised Premises with Landlord's written consent. The Term of this Lease shall, unless terminated sooner in accordance with the terms of this Lease, expire at the end of the period set forth in Section A-1 (e) above measuring from the Commencement Date; provided that if such period ends on a day other than the last day of a calendar month, the Term shall expire upon the last day of such calendar month. Tenant agrees to execute upon request by Landlord a written confirmation of the Commencement Date.

ARTICLE D

RENT

D-1. FIXED RENT. Tenant shall pay the Fixed Rent to Landlord in advance upon the first day of each calendar month of the Term, at Landlord's address or at such other place designated by Landlord in a notice to Tenant, without any prior demand therefor and without any deduction or setoff whatsoever except as otherwise set forth in this Lease. If the Term shall commence on a day other than the first day of a calendar month, then Tenant shall pay, upon the Commencement Date of the Term, a pro rata portion of the Fixed Rent, prorated on a per diem basis, with respect to the portions of the fractional calendar month included in the Term.

D-2. ADDITIONAL RENT. Tenant shall pay to Landlord as additional rent under this Lease ("Additional Rent"): (a) amounts required to be paid as "Costs of

Operation and Maintenance" pursuant to Section D-3 below, (b) amounts required to be paid as "Taxes" pursuant to Article E below, and (c) amortization of all costs, including financing costs, for capital expenditures required by a governmental entity for energy conservation, life safety or other purposes. Except as otherwise expressly provided in Section D-3 and Article E, Tenant shall pay Additional Rent upon written demand by Landlord, including payment on an impound basis if requested in writing by Landlord. "Rent" shall mean Fixed Rent and Additional Rent. See Rider No. 1.

D-3. TENANT'S PROPORTIONATE SHARE OF COST OF OPERATION AND MAINTENANCE. Tenant shall pay to Landlord Additional Rent as follows:

(a) COSTS OF OPERATION AND MAINTENANCE. The term "Costs of Operation and Maintenance" as used in this Lease shall be deemed to mean those expenses incurred by Landlord with respect to the operation and maintenance of the Building and the Parcel which, in accordance with accepted principles of sound accounting practice as applied to the operation, maintenance and security of a first-class industrial building, are properly chargeable to the operation and maintenance of the Building and the Parcel, which costs shall include, without limitation, costs of Landlord's maintenance and repair obligations under Section G-3 of this Lease, all costs assessed against the Building and/or the Parcel pursuant to the Declaration of Covenants, Conditions and Restrictions for the maintenance and repair of the common areas of the development in which the Parcel is located, supplies, compensation and all fringe benefits, worker's compensation insurance premiums and payroll taxes paid to, for or with respect to all persons engaged in the operating, maintaining, or cleaning of the Building or the Parcel but excluding executive salaries above the grade of Project Superintendent; depreciation or rental of personal property used in maintenance; the insurance required by Section F-1 of this Lease, all Impositions as defined in Sections E-1 through E-5 of this Lease; and other charges directly related to the operation and maintenance of the Building and the Parcel. "Costs of Operations and Maintenance" shall specifically exclude any expenses for which Landlord is compensated through proceeds from insurance, leasing commissions, advertising and promotion expenditures, legal and auditing fees other than reasonable legal and auditing fees necessarily incurred in connection with the maintenance and operation of the Building and the Parcel and all expenditures for capital improvements and repairs and for such other purposes which are either the express financial responsibility of the Landlord under the Lease or which are to be paid by Tenant separately in accordance with procedures otherwise set forth in this Lease; and

(b) PROPORTIONATE SHARE AND PAYMENT. Tenant shall pay a sum equal to Tenant's Proportionate Share of the Costs of Operation and Maintenance during the Term of this Lease as set forth in clause (a) of Section D-3 above same shall be incurred as a direct result of Tenant's disproportionate a direct result of any other Tenant's disproportionate use of the Building and Parcel in which event Tenant's Proportionate Share of the Costs of Operation and Maintenance shall be equitably increased or reduced as applicable. Landlord shall have the right from time to time to estimate and collect from Tenant in advance on a monthly basis, Tenant's Proportionate Share of the Costs of Operation and Maintenance estimated to be incurred by Landlord during each full or partial calendar year of the Term. Tenant shall remit, on the first day of

each and every calendar month, one-twelfth (1/12) of such estimate as determined by Landlord of Tenant's Proportionate Share of such Costs of Operation and Maintenance as Additional Rent under this Lease. On or before the Commencement Date of this Lease and thereafter within ninety (90) days following the end of each full or partial calendar year during the Term, Landlord shall provide the Tenant with a statement as to the actual Costs of Operation and Maintenance incurred during the calendar year in question, and the parties shall within thirty (30) days thereafter make payment or allowances necessary to adjust Tenant's estimated payments to the actual Tenant's Proportionate Share of such Costs of Operation and Maintenance as evidenced by the foregoing statement. If Landlord shall determine at any time that the estimate of Tenant's Proportionate Share of the Costs of Operation and Maintenance for the balance of the current calendar year, is or will become, inadequate to meet all such costs and expenses for any reason, Landlord shall immediately determine the approximate amount of such deficiency and in addition to the regular periodic payment of Tenant's Proportionate Share of such previously estimated Costs of Operation and Maintenance, Landlord shall have the right to collect from Tenant in advance on a monthly basis over the balance of the current calendar year, the full amount of such estimated deficiency. Not more than once in any twelve (12) month period, Tenant shall have the right at its sole cost to review Landlord's books and records relating to Costs of Operation and Maintenance by written request to Landlord.

ARTICLE E

TAXES

E-1. TENANT'S OBLIGATION. Subject to Section E-3 below, Tenant shall pay, before any fine, penalty, interest or cost is incurred, all taxes, including, without limitation, real estate taxes, rental taxes, all taxes which may be levied in charges, or levies, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature for public improvements, services or benefits (hereinafter collectively referred to as "Taxes"), which are assessed, levied, confirmed, imposed or which become a lien upon the Demised Premises or become payable with respect to a period of time occurring within the Term, excepting only taxes levied on or computed by reference to the Landlord's net income as a whole; provided, however, that any Taxes shall be prorated between Landlord and Tenant so that Tenant shall pay only that portion thereof which the part of such period within the Term bears to the entire period. Any such sum payable by Tenant, which would not otherwise be due until after the date of the termination of this Lease, shall be paid by Tenant to Landlord upon such termination.

As used herein, the term "Taxes" shall include any form of assessment, license fee, license tax, business license fee, business license tax, commercial rental tax, levy, charge, penalty, tax or similar imposition, imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Demised Premises, including, but not limited to, the following:

(a) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real estate tax, it being acknowledged by Tenant and Landlord that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges and all similar assessments, taxes, fees, levies and charges be included within the definition of "Taxes" for the purposes of this Lease;

(b) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Demised Premises or the rent payable hereunder, including, without limitation, any gross income tax or excise tax levied by the State, city or federal government, or any political subdivision thereof, with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant or the Demised Premises, or any portion thereof; and

(c) any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party which creates or transfers an interest or an estate in the Demised Premises.

Further, in regard to this Section E-1, Landlord shall provide Tenant with a copy of any notice of any "Tax" with respect to the Demised Premises which Landlord receive together with an instruction as to whether to pay such Tax to Landlord or to the governmental agency imposing the Tax. Such payment shall be made by Tenant not later than ten (10) days after receipt by Tenant of such notice from Landlord. Tenant shall not be obligated to pay for any Taxes of which it has not received a notice either from Landlord or directly from the governmental agency imposing the Tax. See Rider No. 1.

E-2. INSTALLMENT ELECTION. In the case of any Taxes which may be evidenced by improvement or other bonds, or which may be paid in annual or other periodic installments, so long as Tenant is not in default hereunder, Tenant may elect to cause such bonds to be issued or cause such assessment to be paid in installments over the maximum period permitted by law, subject, however, to Tenant's obligation during the Term hereof to pay each and every installment of principal, interest and charges on said deferred obligation from time to time, prior to the date of delinquency thereof.

E-3. LIMITATION. Nothing contained in this Lease shall require Tenant to pay any federal or state income, franchise, corporate, estate, inheritance, succession or transfer tax of Landlord.

E-4. LANDLORD'S RIGHT. If any Tax is not paid as required by this Article E, then, at its sole option, Landlord may, but shall not be required to, pay the same and shall be entitled to repayment by Tenant as Additional Rent.

E-5. PERSONAL PROPERTY TAXES. Tenant shall pay or cause to be paid, prior to delinquency, any and all taxes and assessments levied upon all trade

fixtures, inventories and other personal property placed in and upon the Demised Premises by Tenant.

ARTICLE F

INSURANCE AND INDEMNITY

F-1. COVERAGE. The following insurance shall be carried protecting Landlord and any mortgagee of the Demised Premises and first payable in case of loss to such holders or mortgages of the Demised Premises as Landlord may from time to time require:

(a) Insurance providing for payment of replacement costs against damage by fire, extended coverage perils, vandalism and malicious mischief perils and boiler and machinery accident, if applicable (including, without limitation, cost of debris removal and demolition), in an amount not less than ninety percent (90%) of the replacement cost of the Demised Premises. Said costs shall be determined by agreement or appraisal made at the expense of Tenant by an accredited insurance appraiser approved by Landlord. Said agreement or appraisal may be required from time to time by either party whenever alterations or additions increasing value have been made, or three (3) years have elapsed since the last such agreement or appraisal;

(b) Insurance against damage by such other perils as Landlord, or any mortgage lending institution holding a mortgage on the Demised Premises (or mortgage lending institutions generally) may, from time to time, require in case of similar properties and in such amounts;

(c) Insurance against abatement or loss of rent in case of fire or other casualty required to be insured against pursuant to Subsections F-1 (a) and F-1(b) hereof in an amount at least equal to the Fixed Rent, Additional Rent and maintenance expenses to be made by Tenant during one (1) year next ensuring as reasonably determined by Landlord; and

(d) Landlord's comprehensive general liability insurance with limits at least as high as the limits set forth in Subsection A-1 of this Lease, or such higher limits as Landlord may reasonably require in case of increase in risk.

F-2. INSURANCE POLICIES. Landlord shall obtain all insurance required pursuant to Section F-1 hereof, and Tenant shall pay the cost thereof, upon demand, as Additional Rent. All insurance required by the provisions of Section F-1 hereof shall be written with companies reasonably satisfactory to Landlord and in the forms customarily in use from time to time in the locality of the Demised Premises. Landlord shall deposit with holders of mortgages encumbering the Parcel insurance policies, duplicates or certificates as such holders may require and shall provide Tenant with a copy of all such certificates of insurance Said policies or certificates shall provide that such policies shall not be cancelable or subject to reduction of coverage or otherwise be subject to modification except after thirty (30) days' prior written notice to Landlord and such mortgagees. Unless Landlord advises Tenant to the contrary in writing, such policies carried by Landlord shall have a $1,000 deductible clause and Tenant shall self-insure to the extent of said $1,000.

F-3. TENANT'S GENERAL LIABILITY INSURANCE. Tenant shall, at its own cost and expense, keep and maintain in full force during the Term a policy or policies of comprehensive general liability insurance, written by an insurance company approved by Landlord, in form customary to the locality, insuring Tenant's activities with respect to the Demised Premises against loss, damage or liability for personal injury or death of any person or loss or damage to property occurring in, upon or about the Demised Premises, with limits of not less than those set forth in Subsection A-1 hereinabove including coverage of the liability of Tenant under the provisions of Section F-8 hereinbelow. Each such policy shall name Landlord and Landlord's mortgagees as additional insured and shall contain the following provision: "Such insurance as afforded by this policy for the benefit of Landlord shall be primary as respects any claims, losses or liabilities arising out of the use of the Demised Premises by Tenant or by Tenant's operation and any insurance carried by Landlord shall be excess and non-contributing." If at any time during the Term, Tenant shall have in full force and effect a blanket policy of general liability insurance with the same coverage for the Demised Premises with coverage to include personal injury, bodily injury, broad form property damage, premises/operations, owner's protective coverage, blanket contractual liability, products and completed operations liability, and owned/non-owned auto liability and provisions for cross liability as described above, as well as coverage of other premises and properties of Tenant, or in which Tenant has some interest, such blanket insurance shall satisfy the requirement hereof.

F-4. TENANT'S PROPERTY INSURANCE. Tenant shall assume the risk of damage to any fixtures, goods, inventory, merchandise, equipment, furniture and Tenant's leasehold improvements, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom relative to such damage unless due to Landlord's gross negligence or willful misconduct Tenant shall maintain the following coverage with respect to such items during the Term of this Lease, the proceeds of which shall be used by Tenant for repair and replacement of the property so incurred:

(a) Against fire, extended coverage, vandalism, malicious mischief and all risks, upon property of every description and kind owned by Tenant and located within the Demised Premises or for which Tenant is legally liable, or except for real property improvements installed by Landlord prior to the commencement of the Term, installed by or on behalf of Tenant, including, without limitation, furniture, fittings, installations, including Tenant improvements and betterments, fixtures and any other personal property, in an amount not less than ninety percent (90%) of the full replacement cost thereof;

(b) Broad form boiler and machinery insurance on a blanket repair and replacement basis with limits per accident not less than the replacement cost of all Tenant's leasehold improvements and of all boilers, pressure vessels, air conditioning equipment, miscellaneous electrical apparatus and all other insurable objects owned or operated by the Tenant or by others (other than Landlord) on behalf of Tenant in the Demised Premises, or relating to or serving the Demised Premises;

(c) Loss of income and extra expense insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent tenants or attributable to prevention of access to the Demised Premises as a result of such perils; and

(d) Worker's compensation insurance covering all Tenant's employees working in the Demised Premises.

F-5. TENANT'S INSURANCE CERTIFICATES. Tenant shall furnish to Landlord, upon the date of commencement of the Term of this Lease and thereafter within thirty (30) days prior to the expiration of each such policy, a certificate of insurance issued by the insurance carrier of each policy of insurance carried by Tenant pursuant hereto. Said certificates shall expressly provide that such policies shall not be cancelable or subject to reduction of coverage or otherwise be subject to modification except after thirty (30) days' prior written notice by registered mail to the parties named as insureds in this Section F-5. Landlord, its successors and assigns, and any entities holding any interest in the Demised Premises, including, without limitation, any ground lessor and the holder of any fee or leasehold mortgage, shall be named as insureds under each such policy of insurance except worker's compensation insurance, which insurance shall be maintained by Tenant pursuant to this Lease.

F-6. TENANT'S FAILURE. If Tenant fails to maintain any insurance required in this Lease, Tenant shall be liable for any loss or cost resulting from said failure. This Section F-6 shall not be deemed to be a waiver of any of Landlord's rights and remedies under any other provision of this Lease. Nothing in this Article F shall require Tenant to obtain insurance for leasehold improvements installed by Landlord.

F-7. WAIVER OF SUBROGATION. All insurance as required by Section F-1(a)(b)(c) and F-4 carried by either party, shall include provisions denying to the insurer acquisition by subrogation of rights of recovery against the other party to the extent the rights have been waived by the insured prior to occurrence of loss or injury. The other party shall be entitled to have certificates of the policies containing such provisions. Tenant shall not acquire as an insured under any insurance on the Building, or as a payee of any such insurance proceeds, any right to participate in the adjustment of loss or to receive the proceeds except as specifically provided in Section K-1. Each party, notwithstanding any provisions of this Lease to the contrary, waives any rights of recovery against the other for loss or injury against which the waiving party is protected by insurance containing provisions denying to the insurer acquisition of rights by subrogation.

F-8. INDEMNIFICATION OF LANDLORD. Tenant shall indemnify and hold Landlord and the Demised Premises harmless from and against (a) any and all liability, penalties, losses, damages, costs and expenses, demands, causes of action, claims or judgments arising from or growing out of any injury to any person or persons or any damage to any property as a result of any accident or other occurrence during the Term of this Lease occasioned by any act or omission of the Tenant, its officers, employees, agents, servants, subtenants, concessionaires, licensees, contractors, invitees or permittees, or arising from or growing out of the use, maintenance, occupation or operation of the Demised

Premises during the Term of this Lease, and (b) all legal costs and charges, including, without limitation, attorneys' fees, incurred with respect to any of such matters and the defense of any action out of the same or in discharging the Demised Premises or any part thereof from any and all liens, charges or judgments which may accrue or be placed thereon by reason of any act or omission of the Tenant; provided, however, that Tenants shall not be required to indemnify Landlord for any damage or injury of any kind arising as the result of Landlord's grossly negligent or willful acts or those of its agents or employees.

F-9. DISTRIBUTION OF AWARD. In the event of damage to or destruction of the Demised Premises entitling Landlord to terminate this Lease pursuant to Article K hereinbelow, and if Landlord terminates this Lease, Tenant will immediately pay to Landlord all of Tenant's insurance proceeds, if any, relating to the unamortized portion, if any Tenant's leasehold improvements and alterations (but not to Tenant's trade fixtures, equipment, furniture or other personal property of Tenant) installed at Landlord's expense in the Demised Premises.

ARTICLE G

REPAIRS, MAINTENANCE AND ALTERATIONS

G-1. TENANT REPAIRS AND MAINTENANCE. In addition to the payments to be made by Tenant pursuant to Section D-3 hereof, Tenant shall, at Tenant's sole cost and expense, keep and maintain the Demised Premises, including, without limitation, all floors except latent construction defects, subfloors, floor coverings, windows, ceilings, skylights, interior walls, fixtures, doors, electrical and lighting equipment, plumbing, heating, ventilating, air conditioning (Tenant shall procure and maintain, at Tenant's expense, an HVAC maintenance contract, a copy of which shall be delivered to Landlord), loading areas, signs, and all other portions of the Demised Premises not maintained by Landlord pursuant to Section G-3 below, in all respects in good repair and in a clean and safe condition, and if impractical to repair, then the foregoing items shall be replaced. Tenant shall, at Tenant's sole cost and expense, immediately upon breakage, replace all glass in the Demised Premises that may be broken during the Term with glass at least equal to the specification and quality of the glass so replaced. Notwithstanding the foregoing. If Tenant is not properly performing any such maintenance or repair responsibilities, Landlord shall have the option to assume any or all of the foregoing maintenance and repair responsibilities and to require Tenant to reimburse Landlord, as Additional Rent, for the cost of all such services, together with an accounting and management services fee of ten percent (10%) of the cost of such services.

G-2. LANDLORD'S RIGHTS. If Tenant fails to perform Tenant's obligations under Section G-1, or under any other provision of this Lease, or if Landlord otherwise deems it reasonably necessary to do so, Landlord shall have the option to enter upon the Demised Premises after ten (10) days' prior written notice to Tenant, or in the case of any emergency immediately with such notice, if any, as is possible under the circumstances, in order to perform such obligations on Tenant's behalf and put the Demised Premises in good order, condition, and

repair. The cost of such performance by Landlord together with interest thereon at the Default Rate then allowable by law shall become due and payable as Additional Rent to Landlord.

G-3. LANDLORD REPAIR AND MAINTENANCE. Except as may be attributable to the Tenant's negligence or willful misconduct or breach of its obligations hereunder, Landlord shall keep and maintain in good condition and repair the foundation, exterior walls, structural elements and the roof structure and roof skin of the Building. In addition, Landlord will maintain the driveways, sidewalks, walkways, parking lots, fences, lawns and landscaping on the Parcel. "Costs of Operation and Maintenance" (as defined in Section D-3 hereof) shall include all expenses incurred by Landlord pursuant to this Section G-3. (except the structural responsibilities of Landlord described above). Except for the obligations of Landlord hereunder and under Article K (Damage or Destruction) and Article L (Eminent Domain), it is intended by the parties to this Lease that Landlord have no additional obligations to repair and maintain the Demised Premises or the equipment therein, all of which other obligations are intended to be those of the Tenant under Section G-1. Tenant expressly waives the benefit of any statute or regulation which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Demised Premises in good order, condition and repair. Landlord shall not be liable to Tenant for injury or damage that may result from any defect in the construction or condition of the Demised Premises except due to Landlord's gross negligence or willful misconduct; provided, however, that Landlord shall be responsible for latent defects of construction in the building floor slab. Tenant waives any right to make repairs at the expense of Landlord under any law, statute or ordinance now or hereafter in effect.

G-4. ALTERATIONS.

(a) INSTALLATION AND REMOVAL. Tenant shall not, without Landlord's prior written consent, make any alterations, improvements or additions, including, without limitation, the installation of lighting fixtures, space heaters, air conditioning, electrical equipment, power panels, plumbing, carpeting, window coverings, air lines and fencing or changes to the exterior paint or type of exterior materials (collectively "Alterations"), in, on or about the Demised Premises, except for interior non-structural alterations not exceeding $10,000 in cost. In no event shall Tenant be entitled to penetrate the exterior or roof of the Building with respect to any alteration without Landlord's prior written approval. As a condition to any approval by Landlord of any such alterations or improvements, Landlord may at the time of the request require that Tenant remove any or all of said Alterations at the expiration of the Term and restore the Demised Premises to their condition prior to Tenant's installing Alterations. Should Tenant make any Alterations without the prior approval of Landlord, Landlord may require that Tenant remove any or all of the same.

(b) PLANS AND PERMITS. Any Alterations in or about the Demised Premises that Tenant shall desire to make and which require the consent of the Landlord shall be presented to the Landlord in written form, with proposed detailed plans. If Landlord shall give its consent, the consent shall be deemed conditioned upon Tenant's acquiring a permit to perform such Alterations from appropriate governmental agencies, the furnishing of a copy thereof to Landlord

prior to the commencement of the work and the compliance by Tenant with all conditions of said permit in a prompt and expeditious manner. In considering whether or not to issue Landlord's prior written consent to any Alterations, Landlord shall have the right to require Tenant to take all reasonable necessary steps to avoid potential mechanics' or materialmen's liens, which rights shall include, but not be limited to, requiring Tenant to obtain a payment or performance bond (only with respect to improvements costing in excess of $100,000) requiring that Tenant use only creditworthy subcontractors, requiring that Tenant obtain lien releases during the progress of construction and requiring that Tenant hold back a percentage of the cost of construction until lien free completion has occurred. Tenant shall reimburse to Landlord, on demand, Landlord's reasonable costs of review and approval of such plans and permits, including any out-of-pocket costs incurred by Landlord for any third party services contracted by Landlord to assist Landlord in connection with its work of review and approval.

(c) EXPIRATION OF TERM. Unless Landlord requires their removal, as set forth in Subsection G-4(a), all Alterations which may be made on the Demised Premises shall become the property of surrendered with the Demised Premises at the expiration of the Term. Notwithstanding the provision of this Subsection G-4(c), Tenant's machinery and equipment (including the bin mezzanine) other than that which is affixed to the Demised Premises so that it cannot be removed without

material damage to the Demised Premises, shall remain the property of the Tenant and shall be removed by Tenant. Subject to the foregoing, on the last day of the Term hereof, or on any sooner termination, Tenant shall surrender the Demised Premises, including but not limited to all buildings, equipment, landscaping, driveways, walkways and parking lots, to Landlord to the extent provided by Landlord in the same condition as when received, broom clean, ordinary wear and tear and casualty excepted. Tenant shall repair any damage to the Demised Premises occasioned by the removal of Tenant's trade fixtures, furnishings and equipment pursuant to this Subsection G-4(c), which repair shall include the patching and filling of holes and repair of structural damage. Notwithstanding anything to the contrary stated or implied elsewhere in this Lease, Tenant shall leave all power panels, electrical systems, lighting fixtures, plumbing, space heaters, air conditioning, air lines, and fencing on the Demised Premises in good operating condition.

G-5. INSPECTION OF LEASED PREMISES. Landlord, at reasonable times, with prior notice may go upon and into the Demised Premises for the purpose of inspecting the same for the purpose of inspecting the performance by Tenant of the terms and conditions hereof, and/or for the purpose of affixing reasonable signs and displays and showing the Demised Premises to prospective purchasers, tenants and lenders.

G-6. WORKMANLIKE QUALITY. All repairs, alterations, additions, and restoration by Landlord or Tenant hereinafter required or permitted shall be done in a good and workmanlike manner and in compliance with all applicable laws and lawful ordinances, by-laws, regulations and order of applicable governmental authority

and of the insurers of the Building.

G-7. LIENS. Tenant shall promptly pay and discharge all claims for services, supplies, labor or materials furnished or alleged to have been furnished to or for Tenant at or for use in the Demised Premises excluding original improvements installed by Landlord pursuant to Exhibit C which claims are or may be secured by any mechanics' or materialmen's lien against the Demised Premises or any interest therein. Tenant shall give Landlord not less than ten (10) days' written notice prior to the commencement of any work in the Demised Premises, and Landlord shall have the right to post notices of non-responsibility in or on the Demised Premises as provided by law. If Tenant shall, in good faith, contest the validity of any such lien claim or demand then Tenant shall at its sole expense defend itself and Landlord against the same and shall pay and satisfy any adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Demised Premises, upon the condition that if Landlord shall require, Tenant shall furnish to Landlord a surety bond or other security satisfactory to Landlord in an amount equal to such contested lien claim or demand indemnifying Landlord against liability for the same and holding the Demised Premises free from the effect of such lien or claim. If any such lien is filed and Tenant has not provided security as described above Landlord may, but shall not be required to, take such action or pay such amount as may be necessary to remove such lien and Tenant shall pay Landlord as Additional Rent any such amounts expended by Landlord together with interest thereon at the Default Rate from the date of expenditure and other remedies of Landlord not waived.

G-8. SURRENDER. On the last day of the termination, Tenant shall surrender the Demised same condition as when received, broom clean, ordinary wear and tear and casualty excepted. Tenant shall repair any damage to the Demised Premises occasioned by the removal of Tenant's trade fixtures, furnishings and equipment as more particularly provided in Article H hereinbelow, which repair shall include but not be limited to the patching and filling of holes within the Demised Premises, repair of structural damage, and resurfacing of the parking areas if the parking areas require the filling of holes or the patching of broken-up material. All penetrations of the roof made by or at the request of Tenant shall be resealed and water-tight. In no event may Tenant remove from the Demised Premises any mechanical or electrical systems, including heating or ventilating, air lines, power panels, electrical distribution system, lighting fixtures, space heaters, air conditioning, plumbing and fencing, unless Landlord specifically permits such removal in writing.

ARTICLE H

TENANT'S FIXTURES AND PERSONAL PROPERTY

Except as may be otherwise provided in Section G-4 above, Tenant, at Tenant's sole cost and expense, may install any necessary trade fixtures, equipment and furniture in the improvements, provided that such items are installed and are removable without damage to the structure of the Building. Landlord reserves the right to approve or disapprove curtains, draperies, shades, paint, or other interior improvements visible from outside the Building on wholly aesthetic grounds. Such improvements must be submitted for Landlord's written approval prior to installation, or Landlord may remove or replace such items at Tenant's

sole expense. Said trade fixtures, equipment and furniture shall remain Tenant's property and shall be removed by Tenant upon expiration of the Term, or earlier termination of this Lease. Upon Landlord's prior written approval, Tenant may install temporary improvements in the Demised Premises, provided that such temporary improvements are installed and are removable without damage to the structure of the Building. Such temporary improvements shall remain the property of Tenant and shall be removed by Tenant upon expiration of the Term, or earlier termination of this Lease. Tenant shall repair, at its sole cost and expense, all damage caused by the installation or removal of trade fixtures, equipment, furniture or temporary improvements. If Tenant fails to remove the foregoing items on termination of this Lease, Landlord may keep and use them or remove any or all of them and cause them to be stored or sold in accordance with applicable law.

ARTICLE I

UTILITIES AND EASEMENTS

I-1. UTILITIES. Tenant shall be solely responsible for and shall promptly pay all charges for heat, water, gas, electricity and any other utilities used or consumed on the Demised Premises. Landlord shall not be liable to Tenant for interruption in or curtailment of any utility service unless due to Landlord's gross negligence or willful misconduct nor shall any such interruption or curtailment constitute a constructive eviction or

grounds for rental abatement in whole or in part hereunder. In the event that any utility provided to the Demised Premises is not currently metered separately to the Demised Premises, Landlord shall allocate on a equitable basis the charges for such utility as a "Cost of Operation and Maintenance" pursuant to Section D-3 of this Lease. In the event that, in Landlord's reasonable determination, Landlord shall elect to cause any utility to be separately metered to the Demised Premises, the costs thereof shall be paid by Tenant as Additional Rent. Tenant shall have the right to install a submeter at its own cost and expense.

I-2. EASEMENTS. Landlord reserves the right to grant easements on the Parcel, make boundary adjustments to the Parcel, and to dedicate for public use portions of the Parcel, without Tenant's consent, provided that no such grant or dedication shall interfere with Tenant's use of the Demised Premises, the Tenant's exclusive parking or access to the Premises or otherwise cause Tenant to incur cost or expense. From time to time upon Landlord's demand, Tenant shall execute, acknowledge and deliver to Landlord in accordance with Landlord's instructions any and all documents or instruments necessary to effect Tenant's covenants herein.

ARTICLE J

USE OF PREMISES

J-1. GENERAL. The Demised Premises shall be used for the uses consistent with

the Declaration of Covenants and Restrictions and any supplement thereto. Tenant shall, at Tenant's sole cost and expense, comply with all of the requirements of the Declaration of Covenants and Restrictions as described in Exhibit D to this Lease, the Rules and regulations attached as Exhibit E to the Lease, and all requirements of municipal, county state, federal and other applicable governmental authorities, now in force, or which may hereafter be in force, pertaining to the Demised Premises, including without limitation, any certificate of occupancy, shall not permit outside storage or dumping of waste or refuse nor permit any harmful materials to be placed in any drainage system or sanitary system, shall secure all necessary permits for the use of the Demised Premises and shall faithfully observe, in the use of the Demised Premises, all municipal and county ordinances and state and federal statutes now in force, or which may hereafter be in force. Tenant in its use and occupancy of the Demised Premises shall not commit waste, nor overload the walls, ceilings, roof, floors or structure, nor subject the Demised Premises to any use which would tend to damage any portion thereof, nor permit any nuisance therein or thereupon such as offensive sound, light or odor.

J-2. SIGNS. Any sign placed or erected by Tenant on the Demised Premises, except those not visible from the exterior of the Demised Premises, shall be in full compliance with the sign program for the development in which the Building is located, and shall contain only Tenant's name or the name of any affiliate of Tenant actually occupying the Demised Premises, and shall not contain any advertising matter. No such sign shall be erected until Tenant has obtained Landlord's written approval of the location, materials, size, design and content thereof and any necessary permit therefor. Tenant shall remove any such sign upon termination of this Lease and shall return the Demised Premises to their condition prior to the placement or erection of said sign.

J-3. PARKING AND USE OF COMMON AREAS AND FACILITIES.

(a) Landlord hereby grants to Tenant and its successors and assigns, a non-exclusive license and right for Tenant and its permitted subtenants, in common with Landlord and all persons, firms and corporations conducting business in the Demised Premises and their respective customers, guests, licensees, invitees, subtenants, employees and agents to use the Common Areas for vehicular parking, for pedestrian and vehicular ingress, egress and travel, and for such other purposes as may be provided for, authorized and/or permitted by the Declaration of Covenants, Conditions and Restrictions, such non-exclusive license and right to be appurtenant to Tenant's leasehold estate in and to the Demised Premises created by this Lease. The non-exclusive license and right granted pursuant to the provisions of this Paragraph shall be subject to the Declaration of Covenants, Conditions and Restrictions and the provisions of this Lease.

(b) USE OF COMMON AREAS. Nothing to the contrary herein, Tenant agrees for itself and for its successors, assigns, employees, and agents that it and they shall use the Common Areas only for the purposes permitted hereby. It is understood that all uses permitted within the Common Areas shall be undertaken with reason and judgment so as not to interfere with the primary use of said Common Areas which is to provide parking and vehicular and pedestrian access throughout the Common Areas and to adjacent public streets for the Landlord, its tenants, subtenants and all persons, firms and corporations conducting business

within the Demised Premises and their respective customers, guests, and licensees. In no event shall Tenant erect or cause to be erected any structure, building, trailer, fence, wall, signs or other obstructions on the Common Areas, nor shall Tenant store or sell any merchandise, equipment and/or materials on the Common Areas.

(c) CONTROL AND MAINTENANCE OF COMMON AREAS.

(i) Subject to provisions of the Declaration of Covenants, Conditions and Restrictions, and except as provided below, it is understood and agreed that all Common Areas and all improvements located from time to time within such Common Areas are for the general use, in common, of the Landlord and its tenants and subtenants and all persons, firms and corporations conducting business in the Demised Premises and their respective customers, guests, licensees, invitees, employees and agents, and shall at all times be subject to the exclusive control and management of the Landlord.

(ii) Landlord shall have the right to construct, maintain and operate lighting facilities within the Common Areas; to police the Common Areas from time to time; to change the area, level, location and arrangement of the parking areas and other improvements within the Common Areas other than in the exclusive parking area without Tenant's prior consent to restrict parking by tenants, their officers, agents and employees to employee parking areas; to reserve certain portions of the Common Areas (including parking spaces) for a particular manner of use or for use by specific tenants of the Building; to enforce parking charges by operation of meters or otherwise if required to do so by any governmental entity; to close all or any portion of the Common Areas or improvements therein to such extent as may, in the opinion of counsel for Landlord, be legally sufficient to prevent a dedication thereof or the accrual of any rights to any person or to the public therein; to close temporarily all or any portion of the Common Areas and/or the improvements thereon; to discourage non-customer parking; and to do and perform such other acts in and to

said Common Areas and improvements thereon as, in the use of good business judgment, Landlord shall determine to be advisable.

(iii) Subject to the provisions of the Declaration of Covenants, Conditions and Restrictions, Landlord shall have the full right and authority (but not the obligation) to employ or cause to be employed all personnel and to make or cause to be made all rules and regulations pertaining to or necessary for the proper operation and maintenance of the Common Areas and the improvements located thereon. The current rules and regulations pertaining to the Building and the Parcel ("Rules and Regulations") are attached hereto as Exhibit E. Such Rules and Regulations are subject to addition, deletion and modification by Landlord from time to time provided that such changes are nondiscriminatory as to Tenant and further provided that copies of such revisions are delivered to Tenant and not enforced in a discriminatory manner.

(iv) Any use of the Common Areas in violation of the restrictions set forth hereinabove shall constitute a material default under this Lease.

(d) PARKING ACCESS. In addition to the general obligation of Tenant to comply with laws, and without limitation thereof, Landlord shall not be liable to Tenant nor shall this Lease be affected if any parking privileges appurtenant to the Demised Premises are impaired by reason of any moratorium, initiative, referendum, statute, regulation, or other governmental decree or action, or by any flooding of the parking areas, which could in any manner prevent or limit the parking rights of Tenant hereunder. Any governmental charges or surcharges or other monetary obligations imposed relative to parking rights with respect to the Demised Premises shall be considered as Taxes and shall be payable by Tenant under the provisions of Article E hereinabove.

ARTICLE K

DAMAGE OR DESTRUCTION

K-1. RECONSTRUCTION. If the improvements are damaged or destroyed during the Term, Landlord shall, except as hereinafter provided, diligently repair or rebuild them to substantially the condition in which they existed immediately prior to such damage or destruction; provided that any damage which is estimated in good faith by Landlord to be under $5,000 shall be repaired by Tenant, and Landlord shall reimburse Tenant upon demand for expenses incurred in such repair work to the extent of any proceeds received by Landlord from extended coverage insurance described in Section F-1.

K-2. RENT ABATEMENT. Rent due and payable hereunder shall be abated proportionately, during any period in which, by reason of any such damage or destruction, Tenant reasonably determines that there is substantial interference with the operation of Tenant's business in the Demised Premises, having regard to the extent to which Tenant may be required to discontinue its business in the Demised Premises. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion by Landlord of the work or repair or reconstruction which Landlord is obligated or undertakes to do. If it be determined that continuation of business is not practical pending reconstruction, all Rent due and payable hereunder shall abate to the extent the Premises is not in use until reconstruction is substantially completed or until business is totally or partially resumed, whichever is the earlier.

K-3. EXCESSIVE DAMAGE OR DESTRUCTION. If the Improvements are damaged or destroyed to the extent the Landlord determines that they cannot, with reasonable diligence, be fully repaired or restored by Landlord within one hundred eighty (180) days after commencement of restoration work with respect to the damage or destruction, the sole right of both Landlord and Tenant shall be the option to terminate this Lease. Landlord shall determine whether the improvements can be fully repaired or restored within the one hundred eighty (180) day period, and Landlord's determination shall be conclusive on Tenant. Landlord shall notify Tenant of its determination, in writing, within thirty (30) days after the date of the damage or destruction. If Landlord determines that the improvements can be fully repaired or restored within the one hundred eight (180) day period, or if it is determined that such repair or restoration cannot be made within said period but neither party elects to terminate this Lease within thirty (30) days from the date of said determination, this Lease

shall remain in full force and effect and Landlord shall diligently repair and restore the damage as soon as reasonably possible.

K-4. UNINSURED CASUALTY. Notwithstanding anything contained herein to the contrary, in the event of damage to or destruction of all or any portion of the improvements which damage or destruction is not fully covered by the insurance proceeds received by Landlord or which has not been insured under the insurance policies required under Section F-1 above, Landlord may terminate this Lease by written notice to Tenant, given within thirty (30) days after the date of notice to Landlord that said damage or destruction is not so covered. If Landlord does not elect to terminate this Lease, this Lease shall remain in full force and effect and the Improvements shall be repaired and rebuilt in accordance with the provision for repair set forth in Section K-1 hereinabove. See Rider No. 1.

K-5. WAIVER. With respect to any destruction which Landlord is obligated to repair or may elect to repair under the terms of this Article K, Tenant hereby waives all right to terminate this Lease pursuant to rights otherwise presently or hereafter accorded by law to tenants, except as otherwise expressly provided herein.

K-6. DAMAGE NEAR END OF TERM. If the Improvements are destroyed or materially damaged during the last twenty-four (24) months of the term of this Lease, Landlord may at Landlord's option, cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage.

ARTICLE L

EMINENT DOMAIN

L-1. TOTAL CONDEMNATION OF DEMISED PREMISES. If the whole of the Demised Premises or access thereto is acquired or condemned by eminent domain, inversely condemned or sold in lieu of condemnation, for any public or quasi-public use or purpose ("Condemned"), then the Term shall terminate as of the date of title vesting in such proceeding, and Rent shall be adjusted to the date of termination. Tenant shall immediately notify Landlord of any such occurrence.

L-2. PARTIAL CONDEMNATION. If any part of the Demised Premises is partially Condemned, and such partial condemnation renders the Demised Premises unusable for the business of the Tenant, then the Term of the Lease shall terminate as of the date of title vesting in such proceeding and Rent shall be adjusted to the date of termination. Tenant shall immediately notify Landlord of any such occurrence. If such condemnation is not extensive enough to render the Demised Premises unusable for the business of Tenant, then Landlord shall promptly restore the Demised Premises to a condition comparable to its condition immediately prior to such condemnation to the extent of any condemnation proceeds recovered by Landlord less the portion thereof lost in such condemnation, and this Lease shall continue in full force and effect except that after the date of such title vesting the Rent shall be reduced as reasonably

determined by Landlord. If any parking areas are Condemned, Landlord has the option, but not the obligation, to supply Tenant with alternate parking or Tenant may terminate by not less than thirty (30) days prior written notice to Landlord.

L-3. LANDLORD'S AWARD. If the Demised Premises are wholly or partially Condemned, then, subject to the provision of Section L-4, Landlord shall be entitled to the entire award paid for such condemnation, and Tenant waives any right or claim in any part thereof from Landlord or the condemning authority.

L-4. TENANT'S AWARD. Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord, such compensations as may be separately awarded or recoverable by Tenant in Tenant's own right on account of any and all costs or loss (including loss of business) to which Tenant might be put in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment to a new location.

L-5. TEMPORARY CONDEMNATION. If the whole or any part of the Demised Premises shall be Condemned for any temporary public or quasi-public use or purpose, this Lease shall remain in effect and Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking which is within the Term. Tenant shall immediately notify Landlord of any such occurrence. If a temporary condemnation remains in force at the expiration or earlier termination of this Lease, Tenant shall pay to Landlord a sum equal to the reasonable cost of performing any obligations required of Tenant by this Lease with respect to the surrender of the Demised Premises, including, without limitation, repairs and maintenance required, and upon such payment Tenant shall be excused from any such obligations. If a temporary condemnation is for an established period which extends beyond the Term, this Lease shall terminate as of the date of occupancy by the condemning authority, and the damages shall be as provided in Section L-3 and L-4 and Rent shall be adjusted to the date of such condemnation.

L-6. NOTICE AND EXECUTION. Landlord shall, immediately upon service of process in connection with any condemnation or potential condemnation, give Tenant's notice in writing thereof. Tenant shall immediately execute and deliver to Landlord all instruments that may be required to effect the provision of this Article L.

ARTICLE M

DEFAULT

M-1. EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an "Event of Default" on the part of Tenant with or without notice from Landlord:

(b) PAYMENT. Failure to pay an installment of Rent or other monies due and payable hereunder upon the date when said payment is due, the failure continuing for a period of ten (10) days after written notice is delivered to Tenant that said payment is due delinquent

(c) PERFORMANCE. Default in the performance of any of Tenant's covenants,

agreements or obligations hereunder, except default in the payment of Rent or other monies, the default continuing for thirty (30) days after written notice thereof from Landlord; provided, that if the default can not be cured in thirty (30) days, Tenant shall have such time as is reasonably required to complete such cure, but in no event to exceed sixty (60) days.

(d) ASSIGNMENT. A general assignment by Tenant for the benefit of creditors; event to exceed sixty (60) days.

(e) BANKRUPTCY. The filing of a voluntary petition in bankruptcy by Tenant, a voluntary petition for an arrangement, a voluntary or involuntary petition for reorganization, or the filling of an involuntary petition by Tenant's creditors, immediately unless involuntarily, in which case when the petition remains undischarged for a period of ninety (90) days;

(f) RECEIVER. The appointment of a receiver to take possession of substantially all of Tenant's assets or of this leasehold, the receivership remaining undissolved for a period of ninety (90) days; or

(g) ATTACHMENT. Attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or this leasehold, the attachment, execution or other seizure remaining undismissed or undischarged for a period of ninety (90) days after the levy thereof.

M-2. LANDLORD'S REMEDIES.

(a) ABANDONMENT. If Tenant vacates or abandons the Demised Premises, this Lease shall continue in effect. Landlord shall not be deemed to have terminated this Lease other than by written notice of termination from Landlord, and Landlord shall have all of the remedies of a landlord provided by the laws of the State in which the Demised Premises are located. At any time subsequent to vacation or abandonment of the Demised Premises by Tenant, Landlord may give notice of termination and shall thereafter have all of the rights hereinafter set forth.

(b) TERMINATION. Following the occurrence of any Event of Default, Landlord shall have the right, so long as the default continues, to terminate this Lease by written notice to Tenant setting forth: (i) the default, (ii) the requirements to cure it, and (iii) a demand for possession, which shall be effective three (3) days after it is given or upon expiration of the time required by applicable law, whichever is later.

(c) POSSESSION. Following termination under Subsection M-2(b), without prejudice to any other remedies Landlord may have by reason of Tenant's default or of such termination, Landlord may then or at any time thereafter (i) peaceably reenter the Demised Premises, or any part thereof, upon voluntary surrender by Tenant, or expel or remove Tenant therefrom together with any other persons occupying them, using such legal proceedings as are then available; (ii) again repossess and enjoy the Demised Premises, or relet the Demised Premises, or any part thereof, for such term or terms (which may be for a term extending

beyond the Term) at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion shall determine, with the right to make reasonable alterations and repairs to the Demised Premises; and (iii) remove all property therefrom at Tenant's sole cost and expense, and all fixtures and Tenant's temporary improvements within the Demised Premises shall become the property of Landlord.

(d) RECOVERY. Following termination under Subsection M-2(b), Landlord shall have all the rights and remedies of a landlord provided by the laws of the State in which the Demised Premises are located. The amount of damages which Landlord may recover following termination under Subsection M-2(b) shall include: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of termination of Tenant's right to possession; (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after the date of termination of Tenant's right to possession until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term, after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and (iv) any and all other amounts, including court, attorney and collection costs, necessary to compensate Landlord for all detriment approximately caused by Tenant's failure to perform all of Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom. The "worth" as used for clauses (i) and (ii) in this subparagraph (d) is to be computed by allowing interest at the Default Rate as defined in Section Q-17 hereof. The "worth" as used for clause (iii) in this subparagraph (d) is to be computed by discounting such amount at the discount rate of the Federal Reserve Bank located nearest the Demised Premises at the time of the award plus one percent (1%).

(e) ADDITIONAL REMEDIES. In addition to the foregoing remedies, Landlord, shall, so long as this Lease is not terminated, have the right to remedy any default of Tenant, to maintain or improve the Demised Premises without terminating this Lease, to incur expenses on behalf of Tenant in seeking a new subtenant, or to cause a receiver to be appointed to administer the Demised Premises and new or existing subleases, and to add to the Rent payable hereunder all of Landlord's reasonable costs in so doing, with interest at the Default Rate from the date of such expenditure until the same is repaid.

(f) OTHER. If Tenant causes or threatens to cause a breach of any of the covenants, agreements, terms or conditions contained in this Lease, Landlord shall be entitled to repossess the Premises by forcible entry or unlawful detainer suit, otherwise, to enjoin such breach or threatened breach, and to invoke any right and remedy allowed at law or in equity or by statute or otherwise as though reentry, summary proceedings and other remedies were not provided for in this Lease.

(g) CUMULATIVE. Each right and remedy of Landlord provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise. The exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies provided for in this Lease, or now or hereafter existing at law or in equity or by statute or

otherwise, shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

(h) NO WAIVER. No failure by Landlord to insist upon the strict performance of any term hereof or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial payment of Rent during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term. Efforts by Landlord to mitigate the damages caused by Tenant's breach of this Lease shall not be construed to be a waiver of Landlord's right to recover damages under this Article M. Nothing in this Article M affects the right of Landlord to indemnification by Tenant in accordance with Section F-8 hereinabove for liability arising prior to the termination of this Lease for personal injuries or property damage.

ARTICLE N

ASSIGNMENT AND SUBLETTING

N-1. PROHIBITION. Tenant shall not assign, mortgage, pledge or otherwise transfer this Lease, in whole or in part, nor sublet or permit occupancy by any party other than Tenant of all or any part of the Demised Premises, without the prior written consent of Landlord in each instance. Any purported Assignment or subletting contrary to the provisions hereof without consent shall be void. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. As Additional Rent hereunder, Tenant shall

reimburse Landlord for reasonable legal and other expenses incurred by Landlord in connection with any request by Tenant for consent to assignment or subletting.

N-2. LANDLORD'S OPTION.

(a) SUBLESSEE OR ASSIGNEE DATA. In connection with any proposed assignment or sublease, Tenant shall submit to Landlord in writing (i) the name of the proposed assignee or sublessee, (ii) such information as to such sublessee's or assignee's financial responsibility and standing as Landlord may reasonably require, and (iii) all of the terms and conditions upon which the proposed assignment or subletting is to be made. Landlord shall have an option to cancel and terminate this Lease, if the request is to assign the Lease or to sublet all of the Demised Premises; or, if the request is to sublet in excess of one half (1/2) of the Demised Premises, to cancel and terminate this Lease with respect to such portion. Landlord may exercise said option in writing within thirty (30) days after its receipt from Tenant of such request, and in each case such cancellation or termination shall occur as of the date set forth in Landlord's notice of exercise of such option, which shall be not less than sixty (60) days nor more than one hundred-twenty (120) days following the giving of such notice. See Rider No. 1

(b) CANCELLATION. If Landlord shall exercise its option, Tenant shall surrender possession of the entire Demised Premises, or the portion thereof which is subject of the option, as the case may be, on the date set forth in such notice in accordance with the provisions of this Lease relating to surrender of the Demised Premises at the expiration of the Term. If this Lease is canceled as to a portion of the Demised Premises only, the Fixed Rent after the date of cancellation shall be reduced ratably based upon the portion of the Demised Premises recaptured by Landlord.

(c) NONCANCELLATION. If Landlord does not exercise its option to cancel this Lease pursuant to the foregoing provision, Landlord may withhold its consent to such assignment or subletting, as long as the withholding is not done unreasonably, and such consent shall be deemed reasonably withheld if the sublease/assignment and Tenant's sublessee/assignee do not comply with the provisions of Article N.

(d) ASSUMPTION. No assignment shall be binding upon Landlord, any ground lessor or any mortgagee, unless Tenant shall deliver to Landlord an assignment in recordable form which contains an assumption by the assignee, but the failure or refusal of the assignee to execute such instrument or assumption shall not release or discharge assignee from liability as Tenant hereunder, provided that the terms and provisions of the assignment or subletting specifically make applicable to the assignee or sublessee all of the provisions of this Lease.

(e) INDUCEMENT. Tenant understands and acknowledges that the option to terminate this Lease rather than approve the assignment thereof, or the subletting of all or a portion of the Demised Premises, as provided in this Section N-2, is a material inducement for Landlord's agreeing to lease the Demised Premises to Tenant upon the terms and conditions herein set forth.

N-3. EXCESS SUBLEASE RENTAL OR ASSIGNMENT CONSIDERATION. If for any sublease or assignment, Tenant receives rent or other consideration, either initially or over the term of the sublease or assignment, in excess of the Rent called for hereunder, or in case of the sublease of a portion of the Demised Premises, in excess of such Rent fairly allocable to such portion, after appropriate adjustments to assure that all other payments called for hereunder are appropriately taken into account, and less reasonable costs of subleasing, such as broker commissions and tenant improvements. Tenant shall pay to Landlord, as Additional Rent hereunder, one-half (1/2) of the excess of such payment of rent or other consideration received by Tenant promptly after Tenant's receipt.

N-4. SCOPE. The prohibition against assigning or subletting contained in this Article N shall be construed to include a prohibition against any assignment or subletting by operation of law. If this Lease is assigned, or if the underlying beneficial interest of Tenant has transferred, or if the Demised Premises or any part thereof is sublet or occupied by anybody other than Tenant, Landlord may collect rent from the assignee, subtenant or occupancy and apply the net amount collected to the Rent herein reserved and apportion any excess rent so collected in accordance with the terms of Section N-3 hereof, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. No assignment or subletting shall affect the continuing

primary liability of Tenant (which, following assignment and subletting, shall be joint and several with the assignee or sublessee), and Tenant shall not be released from performing any of the terms, covenants and conditions of this Lease.

N-5. WAIVER. Notwithstanding any assignment or sublease, or any indulgences, waivers or extensions of time granted by landlord to any assignee or sublessee, or the failure by landlord to take action against any assignee or sublessee, Tenant hereby waives notice of any default of any assignee or sublessee and agrees that Landlord may, at its option, proceed against Tenant without having taken action against or joined such assignee or sublessee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such assignee or sublessee.

N-6. RELEASE. Whenever Landlord conveys its interest in the Parcel, Landlord shall be automatically released from the further performance of covenants on the part of Landlord herein contained, and from any and all further liability, obligations, costs and expenses, demands, causes of action, claims or judgments arising from or growing out of, or connected with this Lease after the effective date of said release. The effective date of said release shall be the date the assignee executes an assumption of such an assignment whereby the assignee expressly agrees to assume all of Landlord's obligations, duties, responsibilities and liabilities with respect to this Lease. If requested, Tenant shall execute a form of release and such other documentation as may be required to further effect the provisions of this Section N-6.

ARTICLE O

ESTOPPEL STATEMENT, ATTORNMENT AND SUBORDINATION

O-1. ESTOPPEL STATEMENT. Within ten (10) days after request therefor by Landlord, or, if on any sale, ground lease, assignment or hypothecation by Landlord of its interest in the Parcel or the Building, an estoppel statement shall be required

from Tenant, Tenant shall deliver, in form satisfactory to Landlord and the requesting party, a certificate to any proposed mortgagee, beneficiary, ground lessor or purchaser, and/or if so requested to Landlord, certifying (if such be the case) that this Lease is in full force and effect (without modification except as disclosed therein), the Commencement Date hereof, that except as disclosed on such certificate, there are no material changes in the information disclosed to Landlord in the Hazardous Materials Questionnaire described in Section Q-21 (a) hereof, the date of Tenant's most recent payment of Rent, that there are no defenses or offsets outstanding, or stating those claimed by Tenant, and as to any other matters affecting the Lease and/or Tenant's occupancy of the Demised Premises as the requesting party has a legitimate interest in knowing. Tenant's failure to deliver said statement within the allotted time shall be conclusive upon Tenant that: (a) this Lease is in full force and effect, without modification except as may be represented by Landlord, (b) there are no uncured defaults in Landlord's performance and Tenant has no

right of offset, counterclaim or deduction against Rent hereunder, and (c) no more than one calendar month's Fixed Rent has been paid in advance, and shall further constitute an Event of Default under this Lease.

O-2. ATTORNMENT. In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, any mortgage or deed of trust made by the encumbering the Demised Premises, or any part thereof, or in the event of termination of the ground lease, if any, and if so requested, Tenant shall attorn to the purchaser upon such foreclosure or sale or upon any grant of a deed in lieu of foreclosure and shall recognize such purchaser as the Landlord under this Lease.

O-3. SUBORDINATION. The rights of Tenant hereunder are, and shall be, at the election of any mortgagee encumbering the Demised Premises, subject and subordinate to the lien of any mortgage or mortgages, or the lien resulting from any other method of financing or refinancing now or hereafter in force against the Parcel, and to all advances made or hereafter to be made upon the security thereof; provided, however, that notwithstanding such subordination, so long as the Tenant herein is not in default under any of the terms, covenants and conditions of this Lease, and upon Tenant's covenanting that Tenant is not in default hereunder, neither this Lease nor any of the rights of Tenant hereunder shall be terminated or subject to termination by any trustee's sale by any action to enforce the security, or by any proceeding or action in foreclosure. If requested, Tenant agrees to execute whatever documentation may be required to further effect the provisions of this Section O-3. Landlord shall assist Tenant in obtaining Landlord's lender's form of and consent to a subordination and non-disturbance agreement.

ARTICLE P

NOTICES

All notices required to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or by personal delivery, to the addresses for Landlord and Tenant indicated in Section A-1 hereof, or at such other place or places as either Landlord or Tenant may, from time to time, respectively designated in a written notice given to the other. Notices shall be deemed sufficiently served upon delivery if personally delivered, or four (4) days after the date of mailing thereof, if mailed.

ARTICLE Q

MISCELLANEOUS

Q-1. WAIVER. No waiver of any default or breach of any covenant by either party hereunder shall be implied from any omission by either party to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver, and in such event said waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein by either party shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by either party to or of any act by either party requiring further consent or

approval to or of any subsequent similar acts.

Q-2. ACCORD AND SATISFACTION. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed in accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease.

Q-3. INDIVIDUAL LIABILITY. The obligations of Landlord under this Lease do not constitute personal obligations of the individual partners, joint venturers, directors, officers, shareholders or beneficial owners of Landlord, and Tenant shall look solely to the real estate that is the subject of this Lease and to no other assets of the Landlord for satisfaction of any liability in respect to this Lease and will not seek recourse against the individual partners, joint venturers, directors, officers, shareholders or beneficial owners of Landlord or any of their personal assets for such satisfaction.

Q-4. ENTIRE AGREEMENT. This Lease sets forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Demised Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as are herein set forth. Except as otherwise provided herein, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

Q-5. TIME. TIME IS OF THE ESSENCE FOR EACH AND EVERY PROVISION HEREOF.

Q-6. RECORDATION. Neither Landlord nor Tenant shall record this Lease nor permit the same to be recorded (including any short form hereof) without the written consent of the other.

Q-7. PROFESSIONAL FEES. Tenant shall reimburse Landlord, upon demand, for any costs or expenses incurred by Landlord in connection with any breach or default of Tenant under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include, but not be limited to, actual professional fees such as accountants' fees, appraisers' fees and attorneys' fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Furthermore, if any action for breach of or to enforce the provisions of this Lease is commenced, the court in such action shall award to the party in whose favor a judgment is entered, the prevailing party's actual professional fees such as accountants' fees, appraisers' fees and attorneys' fees and costs. Such professional fees and costs shall be paid by the losing party in such action. Tenant shall also indemnify Landlord against and hold Landlord harmless from all costs, expenses, demands and liability incurred by Landlord if Landlord becomes or is made a party to any claim or action: (a) instituted by Tenant against third party or by any third party against Tenant, or by or against any person holding any interest under or using the Demised Premises by license of or agreement with Tenant; (b) for foreclosure of any lien for labor or material

furnished to or for Tenant or such other person; (c) otherwise arising out of or resulting from any act or transaction of Tenant or such other person; and (d) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. Tenant shall defend Landlord against any such claim or action at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for Landlord's actual professional fees such as accountants' fees, appraisers' fees and attorneys' fees or costs incurred by Landlord in any such claim or action.

Q-8. CAPTIONS AND SECTION NUMBERS. The captions, section numbers, article numbers and table of contents appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections or articles of this Lease nor in any way affect this Lease.

Q-9. SEVERABILITY. If any term, covenant, condition or provision of this Lease, or the application thereof to any person or circumstances, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provision of this Lease, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

Q-10. APPLICABLE LAW. This Lease, and the rights and obligations of the parties hereto, shall be construed and enforced in accordance with the laws of the state in which the Demised Premises are located.

Q-11. EXAMINATION OF LEASE. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option to Lease, and it is not effective as a Lease or otherwise until execution and delivery by both Landlord and Tenant.

Q-12. FINANCIAL STATEMENTS. At any time during the term of the Lease, Tenant shall, at Tenant's sole cost and expense, upon ten (10) days prior written notice from Landlord, provide Landlord, Landlord's lenders or any prospective purchaser of the Building or Parcel with a current financial statement and financial statements for each of the two years prior to the current financial statement year. Such statement shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. See Rider No. 1.

Q-13. SECURITY MEASURES. Tenant acknowledges that Rent payable to Landlord does not include the cost of guard service or other security measurers, and that Landlord has no obligation to provide such services or measures. Tenant assumes all responsibility, including costs, for the security of the Demised Premises and of Tenant, its agents or invitees.

Q-15. SECURITY DEPOSIT. Tenant has deposited with Landlord the Security Deposit set forth in Section A-1 above as security for Tenant's faithful performance of Tenant's obligations hereunder. If Tenant fails to pay Rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use, apply or retain all or any portion of said Security Deposit

for the payment of any Rent or other charge in default or for the payment of any other sum for which Landlord may become obligated by reason of Tenant's default or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of said Security Deposit, Tenant shall, within ten (10) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore said Security Deposit to the full amount stated in Section A-1 hereinabove, and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep said Security Deposit separate from its general accounts. If Tenant performs all of Tenant's obligations hereunder, said Security Deposit, or so much thereof as has not therefore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant (or at Landlord's option to the last assignee of any of Tenant's interest hereunder) at the expiration of the Term hereof, and after Tenant has vacated the Demised Premises. If the Fixed Rent shall increase, for any reason, and at any time during the Term of this Lease, Tenant shall thereupon deposit with Landlord an addition to the Security Deposit so that the total Security Deposit held by Landlord shall at all times bear the same proportion to the current Fixed Rent as the original Security Deposit bears to the original Fixed Rent.

Q-16. ADMINISTRATIVE CHARGES. As Additional Rent, Tenant shall pay to Landlord an overall administrative charge of five percent (5%) of any charge which Tenant is obligated to pay under this Lease and exclusive of taxes and insurance which Landlord pays on behalf of Tenant and for which Landlord subsequently bills Tenant. Also, Tenant shall pay to Landlord an administrative overhead charge for the supervision of the construction and installation of any additional improvements or alterations made to the Demised Premises during the term of this Lease.

Q-17. LATE PAYMENTS. Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by

the terms of any mortgage or deed of trust affecting the Demised Premises. Accordingly, if any installment of Rent due from Tenant shall not be received by Landlord within ten (10) days after such amount shall be due, then Tenant shall pay to Landlord a late charge equal to six percent (6%) of such overdue amount. In addition, if Tenant shall fail to remit said late payment and late charges to Landlord on or before thirty (30) days following the date such payment becomes due, said past due amounts shall thereafter accrue interest at the rate ("Default Rate") which is the lesser rate of the maximum rate permitted by law or three percent (3%) in excess of the prime rate (reference rate) announced from time to time by Bank of America, N.T. & S.A. from the date due. The parties hereby agree that such late charge and interest represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted in this Lease with

respect to events of default.

Q-18. HOLDING OVER. If Tenant holds over after the expiration or earlier termination of the Term hereof without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at a rental rate equal to one hundred twenty percent (120%) of Landlord's then scheduled rental rate which would be applicable to the Demised Premises upon the date of such expiration, prorated on a daily basis, and otherwise subject to the terms, covenants and conditions herein specified so far as applicable. Acceptance by Landlord of Rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this Section Q-18 are in addition to and shall not affect Landlord's right to reentry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant fails to surrender the Demised Premises upon the expiration of this Lease despite a written request to do so by Landlord, Tenant shall indemnify and hold Landlord harmless from all loss or liability, including without limitation any claim made by any succeeding tenant founded upon or resulting from such failure to surrender.

Q-19. AUTHORITY. If Tenant is a corporation, trust or general or limited partnership, Tenant shall, prior to the commencement of the Term of the Lease but in no event later than thirty (30) days after execution of this Lease, deliver to Landlord satisfactory evidence of the signing authority of each individual executing this Lease on behalf of such entity.

Q-20. LANDLORD'S ACCESS. Landlord and Landlord's agents and employees shall have the right to enter the Demised Premises with reasonable notice at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers or lenders and making such alterations, repairs, improvements or additions to the Demised Premises as Landlord may deem reasonably necessary or desirable. Landlord may at any time during the last one hundred twenty (120) days of the Term of this Lease place on or about the Demised Premises any ordinary "For Sale" or "For Lease" signs all without rebate of rent or liability to Tenant.

Q-21. HAZARDOUS MATERIALS.

(a) USE, STORAGE, HANDLING AND DISPOSAL OF HAZARDOUS MATERIALS. Except as provided herein, Tenant shall neither cause nor permit any Hazardous Materials as such term is defined in subparagraph (h) of this Section Q-21 to be used, generated, stored, transported, handled or disposed of in or about the Demised Premises at any time during the Lease Term (such activities are hereinafter referred to as "Environmental Activities"). This prohibition shall extend to Tenant's employees, agents, contractors, sublessees, assignees, licensees, concessionaires and invitees (collectively referred to herein as "Tenant's Agents") and Tenant shall be responsible for assuring compliance by such persons with the foregoing prohibition. Notwithstanding the foregoing, and subject to Tenant's covenant to strictly comply with all "Hazardous Materials Laws" (as such term is defined in subparagraph (b) below) and all other terms and conditions of this Section Q-21, Tenant and Tenant's Agents may bring upon, keep and use in or about the Demised Premises (i) general office supplies typically used in an office area in the ordinary course of business, such as copier toner, liquid paper, glue, ink, and cleaning solvents, for use in the

manner for which they were designed, in such amounts as may be normal for any office business operations conducted by Tenant on the Demised Premises, and (ii) only those Hazardous Materials described on the Hazardous Materials Questionnaire (as defined below) provided Tenant has delivered to Landlord (1) a description of handling, storage, use and disposal procedures and (2) all "community right to know" plans or disclosures and/or emergency response plans which Tenant is required to supply to local governmental agencies pursuant to any Hazardous Materials Laws and Landlord has approved the same. Any consent or approval by Landlord of Tenant's use or handling of Hazardous Materials shall not constitute an assumption of risk respecting the same nor a warranty or certification by Landlord that Tenant's proposed use and handling of Hazardous Materials is safe or reasonable or in compliance with Hazardous Materials Laws. Prior to the execution of this Lease, Tenant will complete, execute and deliver to Landlord a Hazardous Materials Questionnaire ("Hazardous Materials Questionnaire") in the form attached hereto as Exhibit F, which completed questionnaire will be deemed incorporated in this Lease, and Landlord shall be certified to rely fully on the information provided therein.

Tenant may also use other Hazardous Materials in connection with its use of the Demised Premises if Tenant has received Landlord's prior written consent to the same. Landlord shall not unreasonably withhold its consent provided (i) Tenant demonstrates to Landlord's reasonable satisfaction that such Hazardous Materials (A) are necessary or useful to Tenant's business; (B) will be monitored, used, stored, handled and disposed of in compliance with all laws, ordinances and regulations regulating such Hazardous Materials; (C) will not endanger any persons or property; and (D) will not invalidate or limit the coverage or increase the premiums of any insurance policy effecting or covering the Demised Premises, (ii) Tenant provides Landlord with such security deposit as may be reasonably required by Landlord to help secure Tenant's performance of its obligations under this Section Q-21, and (iii) Tenant satisfies any other requirements Landlord may reasonably impose with respect to the Tenant's use of the subject Hazardous Materials. In no event shall Tenant install any underground storage tank on the Demised Premises, and Tenant's installation of an underground storage tank shall be deemed an immediate incurrable default under the Lease. The Environmental Activities and Hazardous Materials which Landlord has consented to are described in the Hazardous Materials Questionnaire attached to this Lease. The absence of any Environmental Activities and Hazardous Materials from such questionnaire shall be conclusive evidence that such consent has not been given. No other form of consent, whether or not written, express or implied, shall be valid and enforceable as against Landlord. Notwithstanding the foregoing, Tenant shall not install, operate or maintain any above or below grade tank, sump, pit, pond, lagoon or other storage or treatment vessel or device on the Demised Premises.

(b) COMPLIANCE WITH LAWS AND RIDER. Tenant, at its sole cost and expense, shall comply and shall cause Tenant's Agents to comply, with federal, state and local laws, ordinances and regulations and all rules, licenses, permits, orders, decrees and judgments relating to Environmental Activities (collectively referred to as "Hazardous Materials Laws") conducted on the Demised Premises. Tenant's breach of any of its covenants or obligations under this Section Q-21

shall constitute a material default under the Lease. The obligations of Tenant under this Section Q-21 shall survive the expiration or earlier termination of the Lease, and shall constitute obligations that are independent and severable from Tenant's covenants and obligations to pay Rent under the Lease.

(c) DISCLOSURE AND NOTIFICATION. Except as may have been disclosed in writing by Landlord or any report Landlord may make available to Tenant respecting the results of any environmental assessment of the Demised Premises, Landlord has no actual knowledge nor reasonable cause to believe that any release of Hazardous Materials has occurred on the Demised Premises or parcel. Tenant shall immediately advise Landlord in writing of, and provide Landlord with a copy of: (i) any notices of violation or potential or alleged violation of any Hazardous Materials Laws which are received by Tenant from any governmental agency concerned with Tenant's or Tenant's Agent's Environmental Activities or otherwise; (ii) any and all inquiry, investigation, enforcement, clean-up, removal or other governmental or regulatory actions instituted or threatened relating to Tenant or the Demised Premises; (iii) all claims made or threatened by any third party against Tenant or the Demised Premises relating to any Hazardous Materials; (iv) any release of Hazardous Materials on or about the Demised Premises which Tenant knows of or reasonably believes may have occurred and (v) any material change in the information disclosed in the Hazardous Material Questionnaire.

(d) INSPECTION OF DEMISED PREMISES. From time to time, but in no event more often than once every two years during the Lease Term (except in the event of a release or suspected release of Hazardous Materials), as it may be extended, Landlord may retain a registered environmental consultant (the "Consultant") acceptable to Landlord to conduct an investigation of the Demised Premises ("Environmental Assessment") (i) for Hazardous Materials contamination in, about or beneath the Demised Premises and (ii) to assess all Environmental Activities on the Demised Premises for compliance with all applicable laws, ordinances and regulations and for the use of procedures intended to reasonably reduce the risk of a release of Hazardous Materials. The Environmental Assessment shall be performed in a manner reasonably calculated to discover the presence of Hazardous Materials contamination and shall be of a scope and intensity reflective of the general standards of professional environmental consultants who regularly provide environmental assessment services in connection with the transfer or leasing of real property. Additionally, the Environmental Assessment shall take into full consideration the past and present uses of the Demised Premises and other factors unique to the Demised Premises. The Consultant shall concurrently deliver the written results of its investigation in writing directly to Landlord and Tenant. If Landlord so requires, Tenant shall comply, at its sole cost and expense, with all recommendations contained in the Environmental Assessment, including any recommendation with respect to the precautions which should be taken with respect to Environmental Activities on the Demised Premises or any recommendations for additional testing and studies to detect the presence of Hazardous Materials. Tenant covenants to reasonably cooperate with the Consultant and to allow entry and reasonable access to all portions of the Demised Premises for the purpose of Consultant's investigation.

(e) INDEMNIFICATION OF LANDLORD. Tenant shall indemnify, defend (with counsel satisfactory to Landlord) and hold Landlord, its directors, officers,

employees, agents, assigns and any successors to Landlord's interest in the Demised Premises, harmless from and against any and all loss, cost, damage, expense (including reasonable attorneys' fees), claim, cause of action, judgment, penalty, fine or liability directly or indirectly relating to or arising from any Tenant Environmental Activity on the Demised Premises during the Term of the Lease or any remedial or clean-up work undertaken by or for Tenant in connection with its Environmental Activities or its compliance with Hazardous Materials Laws. This indemnification shall include without limitation (i) personal injury claims, (ii) the payment of liens, (iii) diminution in the value of the Demised Premises, (iv) damages for the loss or restriction on use of the Demised Premises, (v) sums paid in settlement of claims, (vi) reasonable attorneys' fees, consulting fees and expert fees, (vii) the cost of any investigation of site conditions, and (vii) the cost of any repair, clean-up, remedial, removal or restoration work or detoxification if required by any governmental or quasi-governmental agency or body or deemed necessary in Landlord's reasonable judgment. Landlord shall have the right but not the obligation to join and participate in, and control, if it so elects, any legal proceedings or actions initiated in connection with Tenant's Environmental Activities. Landlord may also negotiate, defend, approve and appeal any action taken or issued by any applicable governmental authority with regard to contamination of the Demised Premises by a Hazardous Material. Any costs or expenses incurred by Landlord for which Tenant is responsible under this Section Q-21 or for which Tenant has indemnified Landlord shall be reimbursed by Tenant on demand as Additional Rent. Tenant's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of the Lease and shall bind Tenant's successors and assignees and inure to the benefit of Landlord's successors and assignees. See Rider No. 1.

(f) REMEDIATION. If any Environmental Activities undertaken by Tenant or Tenant's Agents result in contamination of the Demised Premises or any portion to Landlord's prior written approval and any conditions imposed by Landlord, Tenant shall promptly take all actions, at its sole expense and without abatement of rent, as are necessary to return the affected portion of the Demised Premises and the soil and ground water to the condition existing prior to the introduction of the contaminating Hazardous Material. Landlord's approval of such remedial work shall not be unreasonably withheld so long as such actions will not cause a material adverse effect on the Demised Premises whether during or after expiration of the Lease Term and provided such actions will actually return the affected portion of the Demised Premises and/or soil or ground water to its prior condition. Notwithstanding the foregoing, Landlord's prior consent shall not be necessary in the event that the presence of Hazardous Materials contamination on, under or about the Demised Premises either poses an immediate threat to the health, safety or welfare of any persons or is of such a nature that an immediate remedial response is necessary and it is not possible to obtain Landlord's consent before taking such action, provided that in such event Tenant shall notify Landlord as soon as possible of any action so taken. Landlord shall also have the right to approve any and all contractors hired by Tenant to perform such remedial work. All such remedial work shall be performed in compliance with all applicable laws, ordinances and regulations and in such a manner as to minimize any interference with the use and enjoyment of the Demised Premises. Appearance of a Hazardous Material in or about the Demised Premises shall not be deemed an occurrence of damage or destruction subject to the terms of Article K of this Lease respecting damage or destruction.

(g) SURRENDER OF DEMISED PREMISES. Just prior to expriation or other termination of the Lease Term, as it may be extended, Landlord may have an Environmental Assessment of the Demised Premises performed in accordance with subparagraph (d) above. Tenant shall perform, at its sole cost and expense, any clean-up or remedial work recommended by the Consultant which is necessary to remove, mitigate or remediate any Hazardous Materials contamination of the Demised Premises in connection with Tenant's or Tenant's Agent's Environmental Activities Prior to surrendering possession of the Demised Premises, Tenant shall also remove any personal property, equipment, fixture (except for any fixtures installed by Landlord) and/or storage device or vessel on or about the Demised Premises which is contaminated by or which contains Hazardous Materials. If any clean-up or monitoring procedure is required by any applicable governmental authorities in or about the Demised Premises during the Lease Term as a consequence of any Hazardous Materials contamination directly or indirectly arising out of Tenant's Environmental Activities on the Demised Premises during the Lease Term and the procedure for clean-up is not completed (to the satisfaction of the governmental authorities) prior to the expiration or earlier termination of the Lease, then at Landlord's election, (i) this Lease shall be deemed renewed for a term commencing on the expiration or termination date of this Lease and ending on the date the clean-up procedure is anticipated to be completed; or (ii) Tenant shall have deemed to have impermissibly held over, and Landlord shall be entitled to all damages directly or indirectly incurred, including, without limitation, damages occasioned by the inability to redevelop or relet the Demised Premises or a reduction of the fair market or rental value of the Demised Premises.

(h) DEFINITION OF HAZARDOUS MATERIALS. In addition to those materials described in the Hazardous Materials Questionnaire, "Hazardous Material" shall mean any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State in which the Demised Premises are located or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under applicable State or federal laws; (ii) petroleum; (iii) asbestos; (iv) polychlorinated biphenyls (PCBs); (v) urea formaldehyde foam insulation; (vi) freon and other chlorofluorocarbons; (vii) designated as a "toxic pollutant or "hazardous substance" pursuant to Sections 311 or 307 of the Federal Water Pollution Control Act (33 U.S.C. 1317); (viii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq. (42 U.S.C. 6903); (ix) defined as a
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"hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et seq. (42 U.S.C.
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9601); or (x) becomes regulates by any other federal, state or local laws and ordinances governing similar matters now or hereafter enacted, and any regulations adopted and any publications promulgated thereto.

ARTICLE R

SUCCESSORS BOUND

This Lease and each of its covenants and conditions shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and legal representatives and their respective assigns, subject to the provisions hereof. Whenever in this Lease a reference is made to the Landlord, such reference shall be deemed to refer to the person in whom the interest of the Landlord shall be vested, and Landlord shall have no obligation hereunder as to any claim arising after the transfer of its interest in the Parcel. Any successor or assignee of the Tenant who accepts an assignment of or the benefit of this Lease and enters into possession or enjoyment thereunder shall thereby assume and agree to perform and be bound by the covenants and conditions thereof. Nothing herein contained shall be deemed in any manner to give a right of assignment to Tenant without the written consent of Landlord.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date set forth on the cover page of this Lease.

"Tenant"

ASSOCIATED STATIONERS, INC.
a DELAWARE CORPORATION

By: /s/Daniel Bushell DB

Its: Chief Financial Officer

"Landlord"

CAROL POINT BUILDERS I GENERAL PARTNERSHIP
a California General Partnership

BY: Messenger Partnership XVII
Limited Partnership,
a California Limited Partnership
Managing General Partner

BY: Messenger Investment Company
a California corporation

/s/MESSENGER
William S. Messenger, Jr.
President

RIDER NUMBER ONE TO STANDARD
FORM INDUSTRIAL LEASE

This Rider No. One is made and entered into by and between Carol Point Builders I General Partnership, a General Partnership ("Landlord"), and Associated Stationers, Inc., a Delaware corporation, ("Tenant"), and is dated as of the date set forth on the cover page of the Lease between Landlord and Tenant to which this Rider No. One is attached (the "Lease").

The promises, covenants, agreements and declarations made and set forth herein are intended to and shall have the same force and effect as if set forth at length in the body of the Lease. To the extent that the provisions of this Rider No. One are inconsistent with the terms and conditions of the Lease, the terms hereof shall control.

1. LEASEHOLD IMPROVEMENTS.

In the event that, for any reason other than delays attributable to Tenant, Landlord shall not have delivered the Demised Premises to Tenant Ready for Occupancy as described in Article B of this Lease on or before the date which is forty-five (45) days following the Scheduled Term Commencement Date, then for each additional day beyond the expiration of such forty-five (45) day period as it shall take Landlord to deliver the Demised Premises to Tenant Ready for Occupancy, Tenant shall be entitled to an additional day of rental abatement pursuant to the provision of Paragraph 3 hereinbelow.

2. TAXES; SPECIAL SERVICE AREA

A. Landlord and Tenant acknowledge and agree there is an existing Village of Carol Stream, Illinois Special Service Area No. 1 (Series 1992 Bonds) currently encumbering the property as well as a larger area within Carol Point Business Center, which district was established to pay for infrastructure improvements benefiting the area within the district (including the Property), and that there are assessments against the Property pursuant to such Special Service Area. Tenant agrees to pay Tenant's Proportionate Share of any Special Service Area Taxes assessed against the Property; provided, however, that for purposes of determining Tenant's Proportionate Share of such Taxes, Landlord may not include any portion of such Taxes as exceed the amount which would be assessed against the Property based upon the ratio of the land area of the Property to the land area of all property subject to such Special Service Area. For purposes of this Lease, Landlord and Tenant acknowledge and agree that the land area of the property subject to this Special Service Area is 184.93 acres, and that the gross acreage of the Property is 13.33 acres. Accordingly, the maximum percentage of such Special Service Area Taxes which are assessed against the entire area within the district that may be included as Taxes attributable to the Property shall be 7.21%.

B. Upon written request by Tenant, Landlord Tenant evidence of Landlord's payment of Taxes due under this Lease to the appropriate governmental

authorities. If Landlord shall ever fail to pay any such Taxes prior to delinquency, and provided Tenant is not then in default under this Lease, then, following not less than thirty (30) days prior written notice to Landlord, Tenant may pay any portion of such Taxes (including penalties and the like) as are attributable to the Demised Premises to the applicable governmental authorities and shall receive credit therefore against Additional Rent owing under this Lease for any amounts properly paid to such governmental authorities. In no event shall Landlord be responsible hereunder for, nor shall Tenant have the right to offset against Additional Rent, the amount of any Taxes or other amounts which remain legally unpaid by Landlord pursuant to a protest filed by Landlord with respect to such Taxes, provided that Landlord advises Tenant of such protest prior to the expiration of the thirty (30) day notice described above.

3. RENTAL ABATEMENT

Provided Tenant shall faithfully perform all of the terms and conditions of this Lease, including payment of the Security Deposit and Fixed Rent for the first (1st) month of the Term upon the execution of this Lease, and subject to increase as described in Paragraph 1 above, Landlord hereby agrees to abate Tenant's obligation to pay Fixed Rent from the second (2nd) month of the Lease Term and continuing through and including the tenth (10th) month of the Lease Term. During such abatement period, Tenant shall nevertheless pay all Additional Rent under the Lease as well as any other costs or expenses under the Lease which are the obligation of Tenant, including any amounts which may be owing by Tenant pursuant to Exhibit C to the Lease (Work Letter Agreement) (other than amounts included in Fixed Rent pursuant to said Exhibit C). In the event of a default by Tenant under this Lease which results in a termination prior to the expiration of the Term, then as a part of the recovery set forth in Article M of the Lease, Landlord shall be entitled to the recovery of the Fixed Rent which was abated under the provisions of this Rider No. One (but not to exceed nine (9) months of Fixed Rent); i.e., such Fixed Rent shall not deemed to have been
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forgiven or abated, but shall become immediately due and payable as unpaid rent which had been earned at the time of termination.

4. OPTION TO EXTEND

With respect to the provisions of Section A-1(e) relative to the Term, Landlord and Tenant hereby agree that the Term of this Lease may be extended for up to two (2) three (3) year periods ("Option Term(s)") at the election of Tenant exercised by delivery to Landlord of a written notice delivered not earlier than 360 days and not later than 180 days prior to the end of the initial term ("Initial Term") or the extended Term, as the case may be, and so long as (i) Tenant is in possession of the Demised Premises and (ii) Tenant is not in default under the Lease. The Fixed Rent payable upon the commencement of the applicable Option Term shall be:

- Month 61 through and including month 96 (First Option Term) -- $59,496.11 per month.

. Month 97 through and including month 132 (Second Option Term) -- $66,584.51 per month.

In addition, and as a material inducement to Landlord's entering into this Lease, Tenant hereby agrees that in the event Tenant does not exercise its right to extend the Term for the First Option Term as set forth above, Tenant shall pay

to Landlord on or before the expiration of the Initial Term, the sum of Two Hundred Sixty Three Thousand, Four Hundred Twenty-One Dollars ($263,421) as a cancellation fee to reimburse Landlord for the unamortized value of the "Special Leasehold Improvements" (as defined below) installed by Landlord at the commencement of the Term of this Lease. Similarly, if Tenant exercises its right to extend the Term for the First Option Term, but does not elect to extend for the Second Option Term, then on before the expiration of the First Option Term, Tenant shall pay to Landlord the sum of One Hundred Fifty Three Thousand, One Hundred Fifty-One Dollars ($153,151) to reimburse Landlord for the unamortized portion of the Special Leasehold Improvements installed by Landlord at the commencement of the Term of the Lease. In the event that for any reason other than Landlord's default the Lease is terminated prior to the expiration of the Initial Term, or prior to the expiration of either the First or Second Option Term if Tenant shall have exercised its right to extend for such Option Term(s), then in addition to any other remedies of Landlord, Tenant shall pay to Landlord an amount equal to the outstanding unamortized portion of the "Special Leasehold Improvements" installed by Landlord of the Commencement of the Term totalling Three Hundred Eighty Two Thousand Nine Hundred Dollars ($382,900.00

5. TENANT'S REPAIR RIGHTS

Notwithstanding anything to the contrary set forth in the Lease, if Tenant provides written notice to Landlord of the need for repairs and/or maintenance which are Landlord's obligation under the Lease, and Landlord fails to undertake such repairs and/or maintenance within a reasonable period of time, given the circumstances, after the receipt of such written notice, but in no event earlier than thirty (30) days after receipt of such written notice (except with respect to emergency repairs which are necessary for Tenant's occupancy of the Premises -- such emergency repairs must be under taken by Landlord within forty-eight (48) hours after the receipt of such written notice), then Tenant may proceed to undertake such repairs and/or maintenance upon deliver of an additional three (3) business days prior written notice to Landlord specifying that Tenant is taking such action, and if such action was required under the terms of this Lease to be taken by Landlord, then Tenant shall be entitled to a prompt reimbursement by Landlord for Tenant's reasonable costs and expenses in taking such action. In the event Tenant undertakes such repairs and/or maintenance, and such work will affect the Building's life safety system, heating, ventilating and air conditioning systems and elevator systems, Tenant shall use only those contractors used by Landlord in the Building for work on such systems. Further, if Landlord does not deliver a written objection to Tenant within thirty (30) days after receipt of an invoice by Tenant for Tenant's costs of undertaking such repairs taken by Landlord, and if such invoice from Tenant sets forth a reasonably particularized breakdown of its

costs and expenses in connection with taking such action on behalf of Landlord, then Tenant shall be entitled to deduct from rental payable by Tenant under this Lease, the amount set forth in such invoice. If, however, Landlord delivers to Tenant within thirty (30) days after receipt of Tenant's invoice, a written objection to the payment of such invoice, setting forth with reasonable particularity Landlord's reasons for its claim that such repairs and/or maintenance was not to have been undertaken by Landlord pursuant to the terms of this Lease, then Tenant shall not be entitled to such deduction from rental but as Tenant's sole remedy, Tenant may proceed to claim a default and sue Landlord.

6. QUIET ENJOYMENT

Landlord represents that (a) it has lawful title to the Leased Premises and the right to make this Lease, (b) it will maintain Tenant in full and exclusive possession of the Demised Premises, (c) if Tenant shall pay the rent and perform all the agreements, covenants and conditions required by this Lease to be performed by it, Tenant may quietly occupy and enjoy the Leased Premises; provided, however, that nothing contained herein shall render Landlord liable for any acts or omissions of third parties; and (d) it will deliver the Leased Premises to Tenant with plumbing, heating, air conditioning, electrical, lighting and mechanical systems in good working order.

7. DEMISED PREMISES/PARKING.

The Demised Premises shall include dock area adjacent to the Building as more particularly shown on Exhibit A of the Lease. Landlord shall reserve for use exclusively by Tenant and its employees and invitees the parking spaces located at the north end of the Building designated as "Exclusive Parking for Tenant" on Exhibit A of the Lease.

8. REASONABLE TERMS.

Except for any provisions of this Lease which specifically provide for determinations to be made by Landlord in its "sole" or "absolute" discretion or judgment, and except for matters affecting (a) the Building's HVAC system, plumbing system, electrical system, or life safety systems or the exterior appearance of the Building, or (b) the Landlord's option to cancel the Lease as set forth in Section N-2 of the Lease, at any time the consent of Landlord or Tenant is required pursuant to this Lease, including, without limitation, the provisions of Section Q-21 hereof, such consent shall not be unreasonably withheld or delayed. Whenever the Lease grants Landlord or Tenant the right to take action, exercise discretion, establish rules and regulations or make an allocation or other determination, Landlord and Tenant shall act reasonably and in good faith (including with respect to the incurring of costs and expenses) and take no action which will result in the frustration of the other party's reasonable expectations concerning the benefits to be enjoyed under the Lease.

9. HAZARDOUS MATERIALS. (Supplement to Section Q-21 of the Lease)

Landlord shall indemnify, defend (with counsel satisfactory to Tenant) and hold Tenant, its directors, officers, employees, agents, assigns and any successors to Tenant's interest in the Demised Premises, harmless from and against any and all loss, cost, damage, expense (including reasonable attorneys' fees), claim, cause of action, judgment, penalty, fine or liability directly or indirectly relating to or arising from any Landlord Environmental Activity on the Demised Premises during the Term of the Lease or any remedial or clean-up work undertaken by or for Landlord in connection with its Environmental Activities or its compliance with Hazardous Materials Laws. This indemnification shall include without limitation (i) personal injury claims, (ii) the payment of liens, (iii) diminution in the value of the leasehold interest in the Demised Premises, (iv) damages for the loss or restriction on use of the Demised Premises, (v) sums paid in settlement of claims, (vi) reasonable attorneys' fees, consulting fees and expert fees, (vii) the cost of any investigation of site conditions, and (viii) damage to any personal equipment, inventory or other property of Tenant located on the Demised Premises. Tenant shall have the right but not the obligation to join and participate in any legal proceedings or actions initiated in connection with Landlord's Environmental Activities. Any costs or expenses incurred by Landlord for which Landlord is responsible under

this Section 8 or for which Landlord has indemnified Tenant shall be reimbursed by Landlord on demand. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of the Lease and shall bind Landlord's successors and assignees and inure to the benefit of Tenant's successors and assignees.

Notwithstanding anything contained in Section 8 to the contrary, in the event that Landlord makes any claim upon Tenant pursuant to Section 8 hereunder relative to any Tenant Environmental Activity and/or any contamination allegedly resulting from any such Environmental Activity, Tenant shall have the right, exercisable within ten (10) days from receipt by Tenant of notice of such claim by Landlord and the results of any inspection or investigation conducted by Landlord relative to such claim, to object to such claim by Landlord in writing and to independently verify through its own inspections and/or investigations the validity of such claim. Landlord agrees, unless there is an imminent threat of damage to person or property requiring immediate action, to provide Tenant with a period of time not to exceed thirty (30) days from the date of receipt by Tenant of such claim by Landlord, to permit Tenant to independently investigate such claim at its sole expense and respond to Landlord in writing regarding Tenant's determination of the validity of such claim. In the event that Tenant timely objects in writing to Landlord in the manner set forth above and indicates its intent to conduct an independent verification of such claim, Landlord agrees not to resort to any of Landlord's remedies pursuant to Section Q-21 (except in the case of emergency as set forth above) unless and until Landlord has either received a written response from Tenant regarding the result of Tenant's independent investigation of the matter or the thirty (30) day period described above has expired. In the event Tenant makes a claim against Landlord pursuant to Landlord's indemnity hereinabove, Landlord shall have the same rights as Tenant set forth in this paragraph.

10. RIGHT TO CONTEST REAL PROPERTY TAXES.

Notwithstanding anything contained in Article E to the contrary, in the event that Landlord elects not to do so, Tenant may contest the amount or validity of any Taxes by appropriate proceedings; provided that Tenant shall promptly pay its applicable portion of such Taxes unless such proceedings shall operate to prevent or stay the collection of the tax so contested. Landlord shall join in any such proceeding if any law shall so require, provided that Tenant shall indemnify Landlord against any liability, loss, cost or expense in connection therewith, including, without limitation, actual attorneys fees and costs .

11. DAMAGE OR DESTRUCTION

Section K-4 of the Lease, titled "Uninsured Casualty," is hereby amended to provide that Landlord shall have no right to terminate the Lease in the event of an uninsured casualty unless the amount of uninsured casualty exceeds the sum of ten thousand dollars ($10,000) and that Landlord shall be responsible for paying the uninsured portion of any such casualty up to the amount of $10,000. In the event that the uninsured portion of any casualty exceeds $10,000, Landlord may elect to terminate the Lease pursuant to Section K-4; provided, however, that Tenant may elect to cancel such termination by Landlord by delivering notice to Landlord within ten (10) business days following receipt by Tenant of Landlord's written notice of termination that Tenant elects to pay for the uninsured portion of such casualty which exceeds $10,000. In the event Tenant delivers such notice, Landlord's termination notice shall be void and of no further force or effect, provided that Tenant shall pay to Landlord prior to commencement of any restoration by Landlord the amount of any uninsured portion of the casualty damage which exceeds $10,000.

12. SUBLEASE OR ASSIGNMENT

Notwithstanding anything contained in Article M to the contrary, Landlord's consent shall not be required with respect to any sublease or assignment by Tenant to any parent or subsidiary corporation of Tenant, or to any entity into whom Tenant is merged or to whom Tenant is sold pursuant to any corporate reorganization of Tenant; provided, however, that Tenant shall provide Landlord with not less than thirty (30) days prior written notice of any such assignment, and further provided such assignment shall not relieve Tenant of any liability under this Lease. In the event that as a result of any merger or other corporate reorganization of Tenant, Tenant shall cease to exist as a viable business entity, or if all or substantially all the assets of Tenant are no longer owned by Tenant, Landlord shall have a right of consent to any assignment to a new entity for the limited purpose of assuring that the entity assuming the Tenant's interest in this Lease shall either have a net worth substantially similar to that of Tenant at the time of such transfer and/or shall possess, in Landlord's reasonable determination, other financial means to adequately perform the Tenant's obligations under the Lease.

In addition, in the event Tenant elects to mortgage or pledge all or any portion of the Tenant's interest in the Lease, Landlord shall not unreasonably withhold its approval of such leasehold mortgage or pledge provided that the

rights provided to any leasehold mortgagee thereunder do not conflict with any of the provisions of this Lease. Landlord shall have no right of cancellation with respect to any sublease or assignment by Tenant relative to a merger or corporate reorganization and/or a request by Tenant to mortgage or pledge its interest in the Lease.

13. FINANCIAL STATEMENTS

Landlord agrees to keep any financial statements and/or any other financial information provided to Landlord by Tenant which is not otherwise publicly disclosed by Tenant confidential; provided, however, that Landlord may disclose such financial information to any actual or potential lenders, partners, purchasers and Landlord's accountants and attorneys and/or the accountants and attorneys of any of the foregoing (provided that Landlord shall request that any such disclosures to any third parties be kept confidential). In addition, in the event any such information is required relative to any litigation or proceeding in which Landlord becomes involved, Landlord may disclose such financial information to the extent it is necessary and appropriate (or required by lawful discovery) in such action.

Right of First Notification. Not earlier than nine (9) months prior to the availability of said space, Tenant shall be granted a Right of First Notification with respect to the entirety of the balance of the Building ("Expansion Space") comprising of approximately 135,508 square feet. Tenant shall be given until the expiration of three (3) business days to respond in writing to Landlord's written notification of the availability of the Expansion Space. If Tenant timely responds to Landlord's written notification, Tenant shall have a period of ten (10) business days following the expiration of such three (3) business day period to negotiate on an exclusive basis with Landlord for a lease on the Expansion Space on the terms and conditions acceptable to Landlord and Tenant. In the event that for any reason Landlord and Tenant shall not agree to acceptable terms for the lease of such Expansion Space on or before the expiration of such ten (10) business day period, Tenant's right of exclusive negotiation shall expire and Landlord shall be entitled to market and/or lease the Premises to any third party on such terms and conditions as Landlord shall deem appropriate. In the event that Tenant and Landlord agree on terms for a lease of the Expansion Space, Landlord shall prepare a lease amendment reflecting the foregoing and Tenant and Landlord shall promptly execute the same.

EXHIBIT A

DEPICTION OF DEMISED PREMISES

[DIAGRAM APPEARS HERE]

EXHIBIT B

LEGAL DESCRIPTION OF PARCEL

Carol Point Business Center Building #2:

Lot 6, Block 2, of the Carol Point Business Center, being a subdivision of parts of the south east quarter of Section 20, of the north east quarter of Section 29, and of the north west quarter of Section 28, township 41 north, range 10 east of the third principal meridian in DuPage County, Illinois.

EXHIBIT C

WORKLETTER AGREEMENT

Gentlemen,

You (hereinafter called "Tenant") and we (hereinafter called Landlord) are executing simultaneously with this Work Letter Agreement, a written lease (the "Lease") covering those certain premises more particularly described in Exhibit A to the Lease, (hereinafter referred to as "premises") in the building addressed at 898 Carol Court, Carol Stream, Illinois.

To induce Tenant to enter into the Lease (which is hereby incorporated by reference to the extent that the provisions of this agreement may apply thereto) and in consideration of the mutual covenants hereinafter contained, Landlord and Tenant mutually agree as follows:

1. TENANT'S PLANS AND SPECIFICATIONS

a. Except to the extent otherwise provided in subparagraph b and c of this paragraph, Landlord agrees that, through its architect or space planner, Landlord will furnish all architectural, mechanical and electrical engineering plans required for the performance of the work (hereinafter referred to as "Building Standard Work") hereinbelow described, including complete detailed plans and specifications for Tenant's partition layout, reflected ceiling, heating and air conditioning, electrical outlets and switches, telephone outlets and plumbing.

b. It is understood and agreed that Tenant may require work (hereinafter referred to as "Building Nonstandard Work") different from or in addition to the Building Standard Work. In such event, any architectural, mechanical, electrical and plumbing plans and specifications required shall be furnished, at Tenant's sole cost and expense, by Landlord's architect or space planner.

c. It is understood and agreed that any interior decorating services, such as selection of wall paint colors and/or wall coverings, fixtures, carpeting, and any or all other decorator items required by Tenant in the performance of said work referred to hereinabove in subparagraphs a

and b shall be at the Tenant's sole cost and expense.

d. It is understood and agreed that all plans and specifications referred to hereinabove in subparagraphs a and b are subject to Landlord's approval, which Landlord agrees shall not be unreasonably withheld.

e. It is understood and agreed by Tenant that in order to permit Landlord to timely commence and complete the improvements, Tenant will furnish complete information respecting Tenant's requirements, including without limitation, material storage and racking layout(s) and information relating to the type of product to be stored and that complete plans and specifications will be approved by Tenant on or before February 24, 1992, and that a budget for the commencement of construction will be approved by Tenant on or before February 24, 1992.

2. BUILDING STANDARD WORK AT LANDLORD'S COST AND EXPENSE

Landlord agrees to furnish and install the following "Building Standard Work". Any requests for improvements in excess of the Building Standard Work (as hereafter defined) will be the responsibility of Tenant. Building Standard specifications are set forth on Exhibits C-1 and C-2 attached hereto. Said work is limited as specified hereinbelow, and as selected and specified by Landlord and as indicated on Tenant's final approved plan:

OFFICE: * Construction of approximately 8000 SF of finished office space as depicted on the preliminary space plan prepared by Boise Cascade dated October 14, 1991.

WAREHOUSE: * Construction of approximately 129,280 SF of warehouse space as depicted on the preliminary space plan prepared by Boise Cascade dated October 8, 1991.

Landlord shall provide Tenant the Building Standard Work on the premises as set forth above. The fees and costs of the Landlord's architect in preparing plans and specifications with respect to the Building Standard Work shall be included in the cost of the Building Standard Work herein. In the event that changes are made and the cost of the work exceeds the Building Standard Work; Tenant shall, as a condition to Landlord's obligation to commence and complete the Building Standard Work, pay to Landlord the difference between the total cost of the work and the Building Standard Work (or the excess over the item allowance, as applicable) upon demand by Landlord. At Landlord's sole and

absolute discretion, Landlord may elect to permit all or any portion of excess costs under paragraphs 3, 4 and/or 5 hereof to be amortized over the initial Term of the Lease as Additional Rent at an annual rate of 11%. Tenant may apply any unused cost of Building Standard Work toward the cost of any Building Non-Standard Work which Tenant has request Landlord to construct.

4. BUILDING NONSTANDARD WORK AT TENANT'S COST AND EXPENSE

Provided Tenant's plans and specifications are furnished by the date required hereinabove in paragraph 1e, the Landlord shall cause Tenant's "Building

Nonstandard Work" to be installed by Landlord's contractor, but at Tenant's sole cost and expense. Prior to commencing any such work, Landlord, its contractors, or its architects shall submit to Tenant a written estimate of the cost thereof. If Tenant fails to provide to Landlord written notice of its approval of such costs within ten (10) days after submission thereof to Tenant, such failure shall be deemed a disapproval thereof, and Landlord's contractor shall not proceed with such work.

5. SUBSTITUTIONS AND CREDITS

Subject to Landlord's prior written approval, Tenant may select alternative or substitute materials in place of "Building Standard Work" materials as shown on Exhibits C-1 and C-2 which would otherwise be furnished and installed by Landlord for or in the interior of the Premises under the provisions of this Work Letter Agreement, provided such selection is indicated on said Tenant's final plans. If Tenant shall make any such selection and if the cost of such alternative or substitute materials of Tenants selection shall cause the cost of the "Building Standard Work" to exceed the Improvements as described above, Tenant shall pay to Landlord, as hereinafter provided, the difference between the cost of such alternative or different materials and the credit given by Landlord for the materials thereby replaced.

No such alternative or substitute materials shall be furnished and installed in replacement for any of Landlord's "Building Standard Work" materials until Landlord, or its contractor and/or its architect or space planer shall have advised Tenant in writing of, and Landlord or its contractor and/or its architect or space planer have agreed in writing on, the cost of such different new materials and the Landlord's cost of such replaced Landlord's "Building Standard Work" materials.

One hundred (100%) of all amounts then estimated by Landlord to be payable by Tenant to Landlord pursuant to paragraphs 3 and 4 of this Work Letter Agreement shall be paid by Tenant upon Tenant's execution of the written estimate for the work.

6. COMPLETION AND RENTAL COMMENCEMENT DATE

It is agreed that Tenant's obligation for the payment of rental under the Lease shall not commence until Landlord has substantially completed all Building Standard Work to be performed by Landlord as hereinabove set forth in paragraph 2; provided, however, that if Landlord shall be delayed in substantially completing said work as a result of:

a. Tenant's failure to furnish complete and accurate information, plans and specifications or approvals in accordance with date specified hereinabove in paragraph 1e; or

b. Tenant's request for materials, finishes, or installations other than Landlord's "Building Standard Work"; or

c. Tenant's changes in said plans and specifications after their submission to Landlord in accordance with the provisions of paragraph 1e hereinabove;

then the commencement of the Term of the Lease shall be accelerated by the number of days of such delay. If the foregoing correctly sets forth our understanding, kindly sign copies of this Letter Agreement where indicated.

IN WITNESS THEREOF, the parties have executed this Work Letter Agreement as of the date set forth on the cover page of the Lease.

"Tenant"

ASSOCIATED STATIONERS, INC.

a DELAWARE CORPORATION

BY Daniel Bushell DB

ITS Chief Financial Officer

"Landlord"

CAROL POINT BUILDERS I GENERAL PARTNERSHIP
a California General Partnership

BY Messenger Partnership XVII Limited Partnership,
a California Limited Partnership
Managing General Partner

BY Messenger Investment Company
a California Corporation
General Partner

BY /S/W. Messenger

William S. Messenger, Jr.
President

EXHIBIT C-1

BUILDING SPECIFICATIONS

BUILDING EXTERIOR: The exterior wall materials for the building shall consist of a combination of insulated, architectural precast panels and insulated glass. This glass shall be set into aluminum thermal break window frame sections. The precast shall be load bearing, 8" insulated core panels with an "R" value of 8. All exterior panels of the building will be stained. The existing building will have seven (7) 4' x 4'-6" aluminum thermal brake windows added to the north wall in the office

section of the space.

ROOF & STRUCTURAL SYSTEM: The roof for the building shall be a single ply rubber roof membrane with a "U" value of approximately .07 and an "R" value of 14 with a ten (10) year guarantee. The general construction of this facility will be structural steel columns, steel truss girders and steel bar joists. A mezzanine with a 200#/SF live load is provided over the office area with a nominal 3 1/2" concrete slab on metal deck.

CLEAR HEIGHT: The clear height in the entire facility in Building #2 shall be 30 ft. clear as measured to the underside of the steel truss girders.

FLOOR: All concrete floor and dock slabs shall be 6" thick poured concrete over 2" granular fill. A mezzanine is provided above the office with structural steel columns, girders and beams. All concrete is designed for compressive strength of 3,000 psi. One (1) coat of Ashford formula floor sealer is provided and all floor joints will be cleaned of debris and caulked and any existing cracks in the floor will be cut and caulked.

BAY SIZE: The standard bay size for the building is 40' x 40' in each direction. The mezzanine over the office has a 20' x 20' grid.

EXIT DOORS: Exit man doors shall be provided in the exterior wall (including office entries) of the building as required by Carol Stream Municipal Code.

OVERHEAD DOORS: The base building shall contain twenty five (25) 9' wide x 10' high insulated truck dock doors. Twenty three (23) doors would be equipped with "Rite Hite" or "Serco" or equal 6' x 8' minimum 20,000 lb. mechanical dock levelers with "Frommelt" or equal dock shelters. Twenty five (25) Phoenix or equal dock lights are included. The remaining two (2) overhead doors will have a 6' x 8' platform, 5,000# capacity powered docks manufactured by Autoquip or equal.

In addition, the facility will contain two (2) 12' wide x 14' high insulated overhead doors complete with electric operators. Two (2) bumper posts shall be provided at the interior of each dock door and four (4) bumper posts shall be provided at each drive in door.

ROOF ACCESS: Included in the construction of the building is one (1) cage, ladder, and roof hatch for convenient roof access to service the entire building. If necessary, the roof hatch and ladder can be relocated if it interferes with Associated Stationer's conveyor system.

WIND BRACING: Included in the construction is the relocation of a portion of the building wind bracing. The final location of the wind bracing will be coordinated with Associated Stationer's final warehouse racking layout.

RAIL SIDING: A deep foundation system has been provided along the entire west elevation of Building #2 in order to accommodate a future rail spur to service the building.

TRUCK APRONS: A 60' wide, 7" thick concrete truck apron is located in front of all dock areas.

TRUCK SCREENING: All truck dock and parking areas are screened from view of the street by an 8' high precast concrete wall.

Electrical: The electrical design for the facility shall consist of one (1) 1,600 amp, 3 phase, 480 volt electrical service. This would be located at a single main service location at the closet entry point to the transformer as practical. This design would include detailed drawings depicting the exact locations of all building equipment including the voltage, phase, horsepower and amperage. Also included shall be a complete schedule of all main power panels lighting panels, and the electrical service

equipment for the basic Tenant space. The following distribution panels and disconnects are included:

* 480V/3Ph 200 amp distribution panel for battery charging area with twelve (12) 30 amp disconnect switches. Each switch to be wired for female quick disconnect outlet and the tenant will be provided male end for use.

* 480V/3Ph 200 amp distribution panel for conveyor system.

* 120V/1Ph 200 amp distribution panel for convenience outlets on mezzanine.

* 120V exterior electrical outlet at every other dock door on shipping side for truck engine warmers.

* 480V/3Ph 60 amp disconnect for the trash compactor.

* 480V/3Ph 60 amp disconnect for the corrugated compactor.

Routing of all feeders and circuits shall be assembled and provided along with accurate, final, electrical drawings. The electrical design for each Tenant facility shall be developed under the direct supervision of a registered professional engineer.

Plumbing:	Roof drainage shall be provided by means of interior roof drains connected to the storm drainage system. The plumbing design shall be complete and individual for the facility. The plumbing design shall include all pipe location drawings, schedules, pipe sizes and materials. The plumbing design will be developed for each individual Tenant under the direct supervision of a registered professional engineer.
Fire Prevention Sprinkler System:	The existing sprinkler system shall be modified to accommodate ESFR sprinklers. The system shall be based on twelve (12) heads operating with an end pressure of 75 psi per Factory Mutual's requirement in lieu of the standard 50 psi since the building exceeds 30' in height. The ESFR system eliminates in-rack requirements by the Village provided FM approves the system with acceptance letter to the Village. Sixteen (16) hose stations are included. The bin storage mezzanine shall be designed for a .30 GPM/SF density over 2,500 SF. This proposal excludes fire extinguishers.
Smoke Evacuation System:	A mechanical smoke evacuation system has been provided to meet the Village of Carol Stream fire protection requirements. This system shall consist of rooftop exhaust fans which can be individually controlled at a panel near the fire sprinkler riser area. The exhaust fans will be manually controlled by the fire department and will be interconnected to the overhead doors; selected overhead doors will open to provide make up air when exhaust fans are in operation.
Warehouse Lighting:	Warehouse lighting shall be provided as indicated.
Skylights:	The base building also includes approximately thirty (30) skylights.
Parking Areas:	The automobile parking areas of the facility (over 100 stalls) shall be constructed of 2 1/2" Illinois Highway Department Class 1 bituminous over 9" of granular base. The truck drive area will be constructed of 3" Illinois Highway Department Class bituminous over 13" of granular base. Concrete truck aprons to be 7" of 4,000 p.s.i. concrete on 2" of stone base.
Utilities:	All utilities shall be installed to the building from

underground utilities located in the public right of way adjacent to the street. Utilities provided to the building include electric, gas, telephone, water, sanitary sewer and storm sewer. The actual usage of these services shall be provided by the respective utility companies.

Site Lighting: Wall mounted light fixtures and pole mounted lights have been provided for site and parking lot lighting as required by the Village of Carol Stream.

Landscaping: Landscaping for this building has been provided including seed and sod for all grass areas; as well as trees and shrubs at office entries.

WAREHOUSE HEATING: Warehouse area heating shall be designed to a performance specification that requires a heat maintenance level of 65/o/ at a 0/o/ outdoor temperature. In addition, ceiling fans will be provided in the warehouse area to promote air circulation.

WAREHOUSE DEMISING WALL: Warehouse demising wall shall be of full height metal stud construction, with a single layer of drywall, both sides, to conform with Carol Stream municipal code.

EXHIBIT C-2
OFFICE SPECIFICATIONS

* Office shall be metal stud or metal furring channel with 5/8 drywall, taped and sanded both sides. Sound Batt insulation is provided for rooms requested.

* All interior office walls to be vinyl finished with an allowance of $14,000. The toilet rooms have ceramic tile wainscot on plumbing wall. Warehouse side of walls to be taped only.

* All doors shall consist of a hollow metal type frame and a 3' x 7' solid core wood veneer door. All doors shall be finished with one (1) coat of stain and one (1) coat of clear sealer. All interior office doors shall have locksets, all exterior office doors shall have locksets and closers, restroom doors shall have closers and all other doors will have latchsets. All hardware shall be commercial quality.

* Ceilings shall be 2' x 4' lay-in type acoustical tile with white grid and white fissured tile. Ceiling system shall be suspended from roof joists.

* Floor covering shall be 1/8" vinyl composition floor tile with vinyl base in restrooms, mail/copy, storage, telephone and kitchen areas. Carpeting shall be 22 oz. loop pile in remaining areas.

* Office areas shall be heated and air conditioned with combination gas or electric heating (75/o/ inside at 0/o/ outside) and air conditioning (78/o/ inside at 95/o/ outside). Forced air exhaust system shall be installed in all toilet rooms.

* Private office areas shall be lighted with one 2' x 4' lay-in type parabolic fixture for 70 FC. A maximum of ninety (90) duplex electrical outlets (110 V) shall be installed. A maximum of forty five (45) telephone outlets shall also be installed.

EXCLUDED ITEMS:

1. Bin mezzanine system

2. Wire Guidance system

3. Appliances in lunch room

EXHIBIT D

RECORDING INFORMATION AS TO DECLARATION OF COVENANTS CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR CAROL POINT BUSINESS CENTER

The Codes, Covenants, and Restrictions for the Carol Point Business Center is a recorded document on file with the DuPage County Clerk's office as Document #R90-136841.

EXHIBIT E

RULES AND REGULATIONS

1. Tenant, its agents, servants and employees shall not block or obstruct any of the entries, passages, doors, or sidewalks of the Project, or place, empty, or throw any rubbish, litter, pallets, or material of any nature into such areas, or permit such areas to be used at any time except for the ingress and egress of Tenant, its agents, employees, visitors or invitees.

2. All trash, rubbish or litter removed from the Demised Premises by Tenant, its agents, and employees shall be placed only in such areas and/or receptacles as may be designated or provided by Landlord.

3. Tenant shall not store any materials, equipment, products, pallets, etc., outside the Demised Premises without the prior consent of Landlord.

4. No sign, placard, picture, advertisement, name or notice shall be displayed, painted, or affixed by Tenant, its agent or employees in or on any

part of the Building or the Project without the prior written consent of Landlord and then only of such color, size, character, style, material, installation and in such places as shall be approved and designated by Landlord.

5. Tenant, its agents and employees shall not use the Parcel, the Building or the Demised Premises for housing, lodging, or sleeping purposes.

6. No birds, fowl, or animals shall be brought into or kept in or about the Premises without the prior written consent of Landlord.

7. If Tenant requires telegraphic, telephonic, burglar alarm or similar services, it shall first obtain, and comply with, Landlord's instructions in their installation.

8. Canvassing, soliciting, distribution of handbills or any other written material and peddling on or about Building or the Common Areas are prohibited, and each Tenant shall cooperate to prevent the same.

9. The only window treatment permitted for the windows in the Demised Premises is that installed by or approved in writing by Landlord. If Landlord objects in writing to any curtains, blinds, shades, screens, hanging plants or other similar objects attached to or used in connection with any window or door of the Demised Premises, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Demised Premises. Tenant shall not place anything against or near glass partitions or doors or windows which may appear unsightly from outside the Premises.

10. No tenant shall do or permit anything to be done in any Demised Premises, or bring or keep anything therein which will in any way increase the rate of fire insurance on the Building or Project or on property kept therein. Unless approved by Landlord, no kerosene, gasoline, oil, acids, caustics or any other inflammable or combustible fluid, explosive or hazardous material shall be used or kept in or about any premises, nor shall any method or heating or air conditioning be used for any Demised Premises other than that approved by Landlord. In the event any use or activity shall lead to an increase in fire or other insurance premiums payable on the insurance obtained by Landlord, or insurance procured by an individual tenant, the party causing such increase shall be liable for payment of the same to Landlord or such individual tenant, as the case may be. Tenant understands and agrees that the vehicle of any tenant, or a vehicle belonging to any employee, licensee, invitee, agent, client or visitor of a tenant or occupant, obstructing any unauthorized area, particularly in areas designated by specially painted curbs such as fire lane areas, may be towed away at the owner's risk and expense.

11. No Tenant shall install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building or elsewhere on the Parcel. No television, radio or recorder shall be played in such a manner as to cause a nuisance to any other tenant.

12. Any damage done to the Building, the Parcel or the Demised Premises in any way by the movement of furniture, equipment, or merchandise within, into or out of the Building, the Parcel or the Demised Premises by Tenant's servants, agents, employees, visitors or invitees shall be the responsibility of and paid

by Tenant.

13. Landlord reserves the right to exclude or expel from the Parcel any person who, in Landlord's judgment, is intoxicated or under the influence or liquor or drugs or who is in violation of any of these Rules and Regulations.

14. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name or street address of the Building or the Parcel.

15. These Rules and Regulations are in addition to, and shall not be construed to in any way modify, alter or amend, in whole or in part, any terms, covenants, conditions and restrictions encumbering the Parcel and the terms of any lease of space in the Building.

16. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

17. Landlord reserves the right to amend or repeal these Rules and Regulations and to make such other Rules and Regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and the Parcel and for the preservation of good order therein.

EXHIBIT F

HAZARDOUS MATERIALS QUESTIONNAIRE

This questionnaire is designed to solicit information regarding your proposed use of hazardous or toxic materials. Please complete the questionnaire and return it to _____ for evaluation. If your use of materials or generation of wastes is considered to be significant, further information may be requested regarding your plans for hazardous and toxic materials management.

Your cooperation in this matter is appreciated. If you have any questions, do not hesitate to call us for assistance.

I. PROPOSED TENANT

Associated Stationers, Inc.

Name (Corporation, Individual, Corporate or Individual DBA, or Public Agency)

5112

Standard Industrial Classification Code (SIC)

1075 Hawthorne Drive

Street Address

Itasca, Illinois 60143

City, State, Zip Code

Contact Person & Title: Randall L. Teesdale, Sr. Distribution Mgr.

Telephone Number: (708) 773-5172 Facsimile Number: (708) 7736491

II. LOCATION AND ADDRESS OF PROPOSED LEASE

898 Carol Court

Street Address

Carol Stream, Illinois 60188

City, State, Zip Code

III. DESCRIPTION OF PROPOSED FACILITY USE

Describe proposed use and operation of Premises including principal products or service to be conducted at facility:

This facility will be used for the wholesale distribution of office products.

Does the operation of your business involve the use, generation, treatment, storage, transfer or disposal of hazardous wastes or materials? Yes XX No ____. If yes, or if your SIC code number is between 2000 to 4000, please complete Section IV.

IV. PERMIT DISCLOSURE

Does the operation of your business require permits, license or plan approval from any of the following agencies? No

U.S. Environmental Protection Agency

City or County Sanitation District

State Department of Health Services

U.S. Nuclear Regulatory Commission

Air Quality Management District

Bureau of Alcohol, Firearms and Tobacco

City or County Fire Department

Regional Water Quality Control Board

Indicate permit or license numbers, issuing agency and expiration date or renewal date, if applicable.

_____
_____
_____

If your answer is yes to any of the above questions, please complete Sections V and VI.

V. HAZARDOUS MATERIALS DISCLOSURE

Will any hazardous or toxic materials or substances be stored onsite? Yes XX No _____. If yes, please describe the materials or substances to be stored, quantities and proposed method of storage (i.e., drums, aboveground or underground storage tanks, cylinders, other), and whether the material is a Solid (S), Liquid (L) or Gas (G):

Material	Storage Method	Quantity on a Monthly Basis
See Attachment		
_____	_____	_____
_____	_____	_____
_____	_____	_____

Attach additional sheets if necessary.

Is any facility modification required or planned to mitigate the release of toxic or hazardous substances or wastes into the environment? Yes ____ No XX . If yes, please describe the proposed facility modifications:

_____
_____
_____

IV. HAZARDOUS WASTE DISCLOSURE

Will any hazardous waste, including recyclable waste, be generated by the operation of your business? Yes ____ No XX . If yes, please list the hazardous waste which will be generated at the facility, its hazard class and volume/frequency of generation on a monthly basis.

Waste Name	Hazard Class	Volume/Month
_____	_____	_____
_____	_____	_____
_____	_____	_____

Attach additional sheets if necessary.

The premises and the proposed method of storage (i.e., drums, aboveground or underground storage tanks, cylinders, other).

Waste Name	Storage Method	Volume/Month
_____	_____	_____
_____	_____	_____
_____	_____	_____

If yes, please also describe the methods(s) of disposal for each waste. Indicate where disposal will take place and method of transportation to be used:

_____
_____
_____

Is any treatment or processing of hazardous wastes to be conducted onsite? Yes ____ No XX . If yes, please describe proposed treatment/ processing methods:

_____
_____
_____

Which agencies are responsible for monitoring and evaluating compliance with respect to the storage and disposal of hazardous materials or wastes at or from the Premises:

(Please list all agencies)

_____
_____
_____

Have there been any agency enforcement actions regarding the company facilities, or any existing company facilities, or any past, pending or outstanding administrative orders or consent decrees? Yes ____ No XX . If yes, have there been any continuing compliance
---

obligations imposed on your company as a result of decrees or orders? Yes ____ No ____. If yes, please describe:

_____
_____
_____

Has the company been the recipient of requests for information, notice and demand letters, cleanup and abatement orders, or cease and desist orders or other administrative inquiries. Yes ____ No XX . If
---

yes, please describe:

_____
_____
_____

Are there any pending citizen lawsuits, or have any notices of violations been provided to the company or any existing facilities pursuant to the citizens suit provisions of any statute? Yes ____ No XX . If yes, please describe:

_____
_____
_____

Have there been any previous lawsuits against the company regarding environmental concerns? Yes ____ No XX.If yes, please describe how
---

these lawsuits were resolved?

_____
_____
_____

Has an environmental audit ever been conducted at any of your company's existing facilities? Yes ____ No XX . If yes, please
---

describe:

_____
_____
_____

Does your company carry environmental impairment insurance? Yes ____ No XX . If yes, what is the name of the carrier and what are the
---

effective periods and monetary limits of such coverage?

_____
_____
_____

This Hazardous Materials Questionnaire is certified as being true and accurate and has been completed by the party whose signature appears below on behalf of Tenant as of the date set forth below.

DATE: 3/2/92

SIGNATURE /s/ Randall L. Dendaes

PRINT NAME: Randall L. Teesdale

TITLE: Sr. Dist. Serv. Mgr.

EXHIBIT 10.35

LEASE

THIS INDENTURE, made March 22, 1973. between National Boulevard Bank of Chicago, not individually but solely as Trustee under Trust Agreement, dated March 15, 1973 and known as Trust No. 4722 hereinafter sometimes referred to as Lessor, and UTILITY SUPPLY COMPANY, a corporation of Illinois hereinafter sometimes referred to as Lessee;

WITNESSETH:

PREMISES

Section 101. Lessor, for and in consideration of the rents herein reserved and of the covenants and agreements herein contained on the part of the Lessee to be kept, observed and performed, does by these presents, demise and lease to Lessee and Lessee hereby hires and lets from lessor the real estate located at FOREST PARK INDUSTRIAL CENTER, FOREST PARK, ILLINOIS and described on Exhibit A hereto attached, together with all improvements now located and to be constructed thereon as hereinafter provided.

Section 102. Said real estate and improvements are sometimes herein referred to as "demised premises."

TERM

Section 201. The term of this Lease shall commence on the first day of the calendar month after completion of construction of a new building and other improvements to be constructed by Lessor on the demised premises, as hereinafter provided, and shall end March 31, 1995 unless sooner terminated as herein set forth.

Section 202. Lessor and Lessee shall execute an instrument fixing the date of commencement and termination of the term of this Lease.

Section 203. The term as so fixed is sometimes herein referred to as "original term."

CONSTRUCTION OF IMPROVEMENTS

Section 301. Lessor agrees to construct on the demised premises

Section 302. Lessor shall diligently proceed with such construction and shall complete the same and deliver possession thereof to Lessee on provided, however, if construction is delayed because of changes in construction requested

by Lessee, strikes, lockouts, acts of God or the public enemy, governmental restrictions, unavailability of materials or other matters beyond the control of Lessor, then the time of completion of such construction shall be extended for the additional time caused by such delay.

RENTAL

Section 401. In consideration of the leasing, aforesaid Lessee agrees to pay Lessor, in coin or currency which at the time or times of payment is legal tender for public or private debts in the United States of America, at or at such other place as Lessor may from time to time designate in writing, a monthly rent of $10,000.00 payable monthly in advance commencing on the first day of the term and continuing on the first day of each month thereafter for the balance of term. Any installment of rent accruing under the provisions of this Lease which shall not be paid when due, shall bear interest at the rate of seven per cent (7%) per annum from the date when the same is due hereunder until the same shall be paid.

Section 402. In the event construction is completed and the demised premises are delivered to and are accepted by Lessee, prior to the date of commencement of the term of this Lease, rental shall be paid on a prorata basis from the date of such delivery of such possession to date of the commencement of the term.

TAXES AND ASSESSMENTS

Section 501. Lessee further agrees to pay as additional rent for the demised premises, all taxes and assessments, general and special, water rates and all other impositions, ordinary and extraordinary, of every kind and nature what-

soever, which may be levied, assessed or imposed upon the demised premises or any part thereof or upon any building or improvements at any time situated thereon, accruing or becoming due and payable during the term of this Lease and any extension thereof, provided, however, that the general taxes levied against the demised premises shall be prorated between Lessor and Lessee as of the date of commencement of the term hereof for the first year of the term of this Lease, and as of the date of expiration of said term for the last year of the term hereof and any extension thereof, all on the basis of the then last available tax bills. Benefit may be taken by Lessee of the provisions of any statute or ordinance permitting any assessment to be paid over a period of years.

Section 502. Nothing herein contained shall be construed to require Lessee to pay any franchise, inheritance, estate, succession or transfer tax of Lessor or any income or excess profits tax assessed upon or in respect of any income of Lessor or chargeable to or required to be paid by Lessor unless such tax shall be specifically levied against the income of Lessor derived from the rent by this Lease reserved, expressly and as and for a specific substitute for the real

estate taxes, in whole or in part, upon the demised premises or the improvements situated thereon in which event said rent shall be considered as the sole income of Lessor.

Section 503. Lessee further agrees to deliver to Lessor, duplicate receipts or photostatic copies thereof showing the payment of all said taxes, assessments, and other impositions, within thirty (30) days after the respective payments evidenced thereby.

Section 504. Lessor shall, at its option, have the right at all times during the term hereof to pay any such taxes, assessments or other charges or impositions not paid by Lessee, and the amounts so paid, including reasonable expenses, shall be so much additional rent due at the next rent day after any such payments, with interest at the rate of seven per cent (7%) per annum from the date of payment thereof.

Section 505. Lessee shall not be required to pay any tax, assessment, tax lien or other imposition or charge upon or against said demised premises or any part thereof or the improvements at any time situated thereon so long as Lessee shall, in good faith and with due diligence, contest the same or the validity thereof by appropriate legal proceedings which shall have the effect of preventing the collection of the tax, assessment, tax lien or other imposition or charge so contested, provided that, pending any such legal proceedings Lessee shall give Lessor such reasonable security as may be demanded by Lessor to insure payment of the amount of the tax, assessment, tax lien or other imposition or charge, and all interest and penalties thereon.

Section 506. In the event that Lessee at any time institutes suit to recover any tax, assessment, tax lien or other imposition or charge paid by Lessee under protest in Lessor's name, Lessee shall have the right, at its own sole expense, to institute and prosecute such suit or suits in Lessor's name, in which event Lessee covenants and agrees to indemnify Lessor and save it harmless from and against all costs, charges or liabilities in connection with any such suit. All funds recovered as a result of any such suit shall belong to Lessee.

USE

Section 601. The demised premises shall be used for warehousing, office, sales and distribution of Lessee's merchandise.

Lessee shall not use or occupy the demised premises or permit the demised premises to be used or occupied contrary to any statute, rule, order, ordinance, requirement or regulation applicable thereto or in any manner which would violate any certificate of occupancy affecting the same, or which would cause structural injury to the improvements or cause the value or usefulness of the demised premises or any part thereof to diminish or which would constitute a public or private nuisance or waste, and Lessee agrees that it will, promptly upon discovery of any such use, take all necessary steps to compel the discontinuance of such use and to oust the sub-tenants or occupants guilty of such use.

MAINTENANCE OF PREMISES

Section 701. Lessee further agrees, at its expense to keep the demised premises in good repair and in a clean and wholesome condition and to at all times fully comply with all health and police regulations in force and also that it will keep the improvements at any time situated upon the demised premises and all sidewalks and area adjacent thereto, as well as in the area thereof, safe and secure and conformable to the lawful and valid requirements of any municipality in which said demised premises may be situated and of all other public authorities, and will make, at its own expense, all additions, improvements, alterations and repairs on the demised premises and on and to the appurtenances and equipment thereof required by any lawful authorities or which may be made necessary by the act or neglect of any other person or corporation (public or private), including supporting the streets and alleys adjoining the demised premises, and will keep Lessor harmless and indemnified at all times against any loss, damage, cost or expense by reason of the failure so to do in any respect or by reason of any accident, loss or damage resulting to persons or property from any use which may be made of said premises or of any improvements at any time situated thereon or by reason of or growing out of any act or thing done or omitted to be done upon said premises or in any building at any time situated thereon; and Lessee agrees that it will save, hold and keep Lessor and the demised premises free and clear of and from any and all claims, demands, penalties, liabilities, judgments, costs

and expenses, including reasonable attorneys' fees, arising out of damage which may be sustained by adjoining property or adjoining owners other persons or property in connection with any remodeling, altering or repairing of any building or buildings on the demised premises or the erection of any new building or buildings thereon.

LIABILITY AND BOILER INSURANCE

Section 801. Lessee further agrees that it will at all times during the term hereof, carry and maintain, for the mutual benefit of Lessor and Lessee, general public liability insurance against claims for personal injury, sickness or disease, including death and property damage in, on or about the demised premises, or in, on or about the streets, sidewalks or premises adjacent to the demised premises, such insurance to afford protection to the limit of not less than $300,000.00 in respect to each person, and to the limit of not less than $1,000,000.00, in respect to any one occurrence causing bodily injury or death, and to the limit of not less than $100,000.00, in respect to property damage, and will also carry, for the mutual benefit of Lessor and of Lessee, if any is required, steam boiler insurance on all steam boilers, pressure vessels and other such apparatus, including piping, in such amounts as Lessor may from time to time reasonably require. Lessee shall furnish Lessor with a duplicate certificate or certificates of such insurance policy or policies. All such insurance shall be procured from a responsible insurance company or companies satisfactory to Lessor and authorized to do business in the state where the

demised premises are located and may be obtained by Lessee by endorsement on its blanket insurance policies, provided the insurance company or companies are satisfactory to Lessor. All such policies shall provide that the same may not be cancelled or altered except upon ten (10) days' prior written notice to Lessor.

Section 802. In case any action or proceeding shall be commenced against Lessor growing out of any such loss, cost, damage or expense, Lessor may give written notice of the same to Lessee and thereafter Lessee shall assume and discharge all obligation to defend the same and save and keep Lessor harmless from all expenses, counsel fees, costs, liabilities, judgments and executions in any manner growing out of, pertaining to or connected therewith.

Section 803. Lessee will, at all such times as there may be one or more passenger or freight elevators in any building on the premises, during the term hereof, and any extensions thereof, carry and maintain elevator liability insurance, for the mutual benefit of Lessor and Lessee, in an amount, in form and with companies satisfactory to Lessor.

FIRE INSURANCE

Section 901. Lessee shall, at all times during the term of this Lease, at its expense, keep in effect, insurance on all buildings and improvements on the demised premises against loss by fire, the risks covered by what is commonly known as "extended coverage," malicious mischief and vandalism, in an amount equal to the full replacement value, from time to time, of such buildings and improvements. The policy or policies evidencing such insurance shall be written by a company or companies satisfactory to Lessor and authorized to do business in the state where the demised premises are located, shall name Lessor and Lessee as insureds thereunder, and shall provide that losses shall be paid to said insureds as their respective interests may appear. At the request of Lessor, a mortgage clause may be included in said policies covering Lessor's mortgagee. Said policies shall contain a waiver by the insurance company of recourse against Lessee and its agents because of any act or negligence of Lessee and shall further provide that the same shall not be cancelled or altered except upon ten (10) days' prior written notice to Lessor and to mortgagee. The original of such policies shall be deposited with Lessor who may deposit the same with its mortgagee.

Section 902. In case Lessee shall at any time fail, neglect or refuse to insure such buildings and improvements and to keep the same insured as hereinabove provided, then Lessor may, at its election, procure or renew such insurance, and any amounts paid therefor by Lessor shall be so much additional rental due at the next rent day after any such payment, with interest at the rate of seven per cent (7%) per annum from the date of payment thereof.

Section 903. Not less frequently than once in each five (5) years after the commencement of the term hereof, Lessee shall furnish, at its expense, to Lessor, insurance appraisals such as are regularly and ordinarily made by insurance companies, if procurable for such purpose, in order to determine the then replacement value of the building or buildings and improvements on the demised premises.

Section 904. It is further agreed that, in the event of loss under any such policy or policies, the insurance proceeds shall be paid out upon architects' certificates for the expense of repairing or rebuilding the buildings or improvements which have been damaged or destroyed, provided, however, that it shall first appear to the satisfaction of Lessor that the amount of insurance money in its hands shall at all times be sufficient to pay for the completion of said repairs and rebuilding; and upon the completion of said repairs or rebuilding, free from all liens of mechanics and materialmen and others, any surplus of insurance money shall be paid to Lessee.

Section 905. Lessee further agrees that, at Lessor's written request, and provided such insurance is obtainable from an agency of the United States Government, if and when obtainable, it will procure and maintain so-called war risk and war damage insurance on the improvements located upon the demised premises for not less than ninety (90%) per cent of their full insurance value above foundation. Such insurance shall provide for payment of loss thereunder to Lessor and Lessee, as their interests may appear, and shall at Lessor's request, contain a mortgage clause in favor of Lessee's mortgagee, and the policies or certificates evidencing such insurance shall be delivered to Lessor within sixty (60) days after demand, and renewals thereof shall be delivered to Lessor at least ten (10) days' prior to the expiration dates of the respective policies. The provisions of Section 904 of this Lease shall apply with respect to any loss payable under any such policy or policies of insurance.

DAMAGE OR DESTRUCTION

Section 1001. Lessee further agrees that in case of damage to or destruction of any building or improvements on the demised premises or of the fixtures and equipment therein, by fire or other casualty, it will promptly, at its expense, repair, restore or rebuild the same to the extent that it shall deem necessary or desirable in connection with the requirements of its business, provided that, upon the completion of such repairs, restoration or rebuilding, the value and rental value of the buildings and improvements upon the demised premises shall be substantially equal to the value and rental value of the buildings and improvements thereon immediately prior to the happening of such fire or other casualty. Rent shall not abate during the period of such repair, restoration or rebuilding or if the improvements are not tenantable because of such damage or destruction.

Section 1002. Before commencing such repairing, restoration or rebuilding, involving an estimated cost of more than $2,500.00, (a) plans and specifications therefore, prepared by a reputable licensed architect, shall have been submitted to and approved by Lessor; (b) Lessee shall have furnished to Lessor, an estimate of the cost of the proposed work, certified to by the architect by whom such plans and specifications shall have been prepared; and (c) Lessee shall either have furnished to Lessor a bond on which Lessee shall be principal, and a surety company, authorized to do business in the state where the demised

premises are located, satisfactory to Lessor, shall be surety, and which bond shall be in form satisfactory to Lessor, conditioned upon the completion of and payment in full for such work within a reasonable time, subject, however, to delays occasioned by strikes, lockouts, acts of God, governmental restrictions or similar causes beyond the control of Lessee, or other security satisfactory to Lessor to insure payment for the completion of all work free and clear of liens.

LIENS

Section 1101. Lessee shall not do any act which shall in any way encumber the title of Lessor in and to said demised premises, nor shall the interest or estate of Lessor in said demised premises be in any way subject to any claim by way of lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Lessee, and any claim to or lien upon said demised premises arising from any act or omission of Lessee shall accrue only against the leasehold estate of Lessee and shall in all respects be subject and subordinate to the paramount title and rights of Lessor in and to said premises and the buildings and improvements thereon. Lessee will not permit the demised premises to become subject to any mechanics', laborers' or materialmen's lien on account of labor or material furnished to Lessee or claimed to have been furnished to Lessee in connection with work of any character performed or claimed to have been performed on the demised premises by or at the direction or sufferance of Lessee; provided, however, that Lessee shall have the right to contest in good faith and with reasonable diligence, the validity of any such lien or claimed lien if Lessee shall give to Lessor such security as many be demanded by Lessor to insure payment thereof and to prevent any sale, foreclosure or forfeiture of the demised premises by reason of non-payment thereof; provided, on final determination of the lien or claim for lien, Lessee will immediately pay any judgment rendered, with all proper costs and charges, and will, at its own expense, have the lien released and any judgment satisfied.

Section 1102. In case Lessee shall fail to contest the validity of any or having commenced to contest the same and having given such security, shall fail to prosecute such contest with diligence, or shall fail to have the same released and satisfy any judgment rendered thereon, then Lessor may, at its election (but shall not be required so to do,) remove or discharge such lien or claim for lien (with the right, in its discretion, to settle or compromise the same), and any amounts advanced by Lessor for such purposes shall be so much additional rental due from Lessee to Lessor at the next rent day after any such payment, with interest at the rate of seven per cent (7%) per annum from the date of payment thereof.

CONDEMNATION

Section 1201. In the event the whole of the demised premises, or so much thereof, including however a portion of the building or buildings, shall be taken or condemned for a public or quasi-public use or purpose by any competent authority and as a result thereof the balance of said premises cannot be used for the same purpose as before such taking or condemnation, then and in either of such events, the term of this Lease shall terminate when possession of the

demised premises shall be required for such use or purpose, and any award, compensation or damages (here-after sometimes called the "award"), shall be paid to and be the property of Lessor.

Section 1202. In the event only a part of the demised premises shall be taken or condemned for a public or quasi-public use or purpose by any competent authority, and as a result thereof the balance of said premises can be used for the same purpose as before such taking or condemnation, this Lease shall not terminate and Lessee, at its sole costs and expense, shall repair and restore the premises and all improvements thereon. Any award paid as a consequence of such taking or condemnation, shall be paid to Lessee and be applied to the cost of said repairing and restoration. Any sums remaining after such application shall be paid to Lessor. There shall be no reduction in the fixed rental because of such taking.

RENT ABSOLUTE

Section 1301. Except as otherwise specifically provided herein, damage to or destruction of any port on or all of the buildings, structures and fixtures upon the demised premises, by fire, the elements or any other cause whatsoever,

whether with or without fault on the part of Lessee, shall not terminate this Lease or entitle Lessee to surrender the demised premises or entitle Lessee to any abatement of or reduction in the rent payable, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding. If the use of the demised premises for any purpose should, at any time during the term of this Lease, be prohibited by law or ordinance or other governmental regulation, or prevented by injunction, or if there be any eviction by title paramount, this Lease shall not, except as otherwise specifically provided herein, be thereby terminated, nor shall Lessee be entitled by reason thereof to surrender the demised premises or to any abatement or reduction in rent, nor shall the respective obligations of the parties hereto be otherwise affected unless such eviction is due to the act of Lessor or any person or persons claiming any interest in the demised premises by or under Lessor.

ASSIGNMENT BY LESSEE

Section 1401. Lessee shall not assign this Lease without the written consent of Lessor, which consent shall not be unreasonably withheld, and no such assignment shall relieve Lessee of its obligations hereunder and Lessee shall continue to be liable as a principal and not as a guarantor or surety, to the same extent as though no assignment had been made.

Section 1402. Lessee may, without Lessor's consent, assign this Lease to any corporation resulting from a merger or consolidation of the Lessee, provided that the total assets and net worth of such assignee after such consolidation or merger shall be more than that of Lessee immediately prior to such consolidation

or merger, and provided that Lessee is not at such time in default hereunder, and provided further that such successor shall execute an instrument in writing fully assuming all of the obligations and liabilities imposed upon Lessee hereunder and deliver the same to Lessor; whereupon Lessee shall be discharged from any further liability hereunder.

Section 1403. Lessee shall not allow or permit any transfer of this Lease, or any interest hereunder, by operation of law, or convey, mortgage, pledge, or encumber this Lease or any interest hereunder.

ANNUAL STATEMENTS

Section 1501. Lessee further agrees to furnish Lessor annually within seventy-five (75) days of the end of each fiscal year, with a copy of its *annual audited statement, and agrees that Lessor may deliver such statements to its mortgagee.* and Guarantor's

INDEMNITY FOR LITIGATION

Section 1601. Lessee further agrees to pay all costs and expenses, including attorney's fees, which may be incurred by or imposed on Lessor either in enforcing this Lease or in any litigation to which Lessor, without fault on its part, may be made a party, and if paid by Lessor, shall be so much additional rent due on the next rent date after such payment together with interest at seven percent (7%) per annum from the date of payment.

ESTOPPEL CERTIFICATE BY LESSEE

Section 1701. Lessee further agrees at any time and from time to time, upon not less than twenty (20) days' prior written request by Lessor, to execute, acknowledge and deliver to Lessor a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), and the date to which the rental and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Section 1701, may be relied upon by any prospective purchaser of the fee, or mortgagee or assignee of any mortgage upon the fee, of the demised premises.

INSPECTION OF PREMISES

Section 1801. Lessee agrees to permit Lessor and the authorized representatives of Lessor, to enter the demised premises at all reasonable times during business hours for the purpose of inspecting the same.

FIXTURES

Section 1901. All buildings and improvements and all plumbing, heating, lighting, electrical and air-conditioning fixtures and equipment and other articles of personal property used in the operation of such buildings as such (as distinguished from operations incident to the business of Lessee) now or

hereafter located upon said land, together with all duct electrical lines, whether or not attached or affixed to said land or any buildings thereon, sometimes herein referred to as "building fixtures," shall be and remain a part of the real estate and shall constitute the property of Lessor.

Section 1902. All of Lessee's trade fixtures and all personal property, fixtures, apparatus, machinery and equipment now or hereafter located upon said land, other than building fixtures as defined in Section 1901 hereof, and owned by Lessee or any other occupants of the demised premises and whether or not the same are affixed thereto, shall be and remain the personal property of Lessee or such other occupants, and the same are herein sometimes referred to as "Lessee's equipment."

Section 1903. Lessee's equipment may be removed from time to time by Lessee or other occupants of the demised premises, provided, however, that if such removal shall injure or damage the premises, Lessee shall reasonably repair the damage and place the premises in the same condition as it would have been if such equipment had not been installed.

RE-ENTRY UPON DEFAULT

Section 2001. Lessee further agrees that any one or more of the following events shall be considered events of default as said term is used herein, that is to say, if

(a) Lessee shall be adjudged a bankrupt, or a decree or order approving, as properly filed, a petition or answer asking reorganization of Lessee under the Federal bankruptcy laws as now or hereafter amended, or under the laws of any State, shall be entered, and any such decree or judgment or order shall not have been vacated or stayed or set aside within sixty (60) days from the date of the entry or granting thereof; or

(b) Lessee shall file or admit the jurisdiction of the court and the material allegations contained in, any petition in bankruptcy, or any petition pursuant or purporting to be pursuant to the Federal bankruptcy laws as now or hereafter amended, or Lessee shall institute any proceedings or shall give its consent to the institution of any proceedings for any relief of Lessee under any bankruptcy or insolvency laws or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangements, composition or extension; or

(c) Lessee shall make any assignment for the benefit of creditors or shall apply for or consent to the appointment of a receiver for Lessee or any of the property of Lessee; or

(d) A decree or order appointing a receiver of the property of Lessee shall be made and such decree or order shall not have been vacated, stayed or set aside within sixty (60) days from the date of entry or granting

thereof; or

(e) Lessee shall vacate the leased premises or abandon the same during the term hereof; or

(f) Lessee shall make default in any monthly payments of basic rent required to be made by Lessee hereunder when due as herein provided and such default shall continue for ten (10) days after notice thereof in writing to Lessee; or

(g) Lessee shall make default in any of the other covenants and agreements herein contained to be kept, observed and performed by Lessee, and such default shall continue for sixty (60) days after notice thereof in writing to Lessee.

Upon the occurrence of any one or more of such events of default, it shall be lawful for Lessor, at its election, to declare the said term ended, and the said demised premises and the buildings and improvements then situated thereon or any part thereof, either with or without process of law, to re-enter and to expel, remove and put out, Lessee and all persons occupying said premises under Lessee, using such force as may be necessary in so doing, and the said premises and the buildings and improvements then situated thereon, again to repossess and enjoy as in their first and former estate, without such re-entry and repossession working a forfeiture of the rents to be paid and the covenants to be performed by Lessee during the full term of this Lease. If default shall be made in any covenant, agreement, condition or undertaking herein contained to be kept, observed and performed by Lessee, other than the payment of rent as herein provided, which cannot with due diligence be cured within a period of sixty (60) days, and if notice thereof in writing shall have been given to Lessee, and if Lessee, prior to the expiration of sixty (60) days from and after the giving of such notice, commences to eliminate the cause of such default and proceeds diligently and with reasonable dispatch to take all steps and do all work required to cure such default and does so cure such default, then Lessor shall not have the right to declare the said term ended by reason of such default; provided, however, that the curing of any default in such manner shall not be construed to limit or restrict the right of Lessor to declare the said term ended and enforce all of its right and remedies hereunder for any other default not so cured.

Section 2002. The foregoing provisions for the termination of this Lease for any default in any of its covenants, shall not operate to exclude or suspend any other remedy of Lessor for breach of any of said covenants or for the recovery of said rent or any advance of Lessor made thereon, and in the event of the termination of this Lease as aforesaid, Lessee agrees to indemnify and save harmless Lessor from any loss arising from such termination and re-entry in pursuance thereof, and to that end Lessee agrees to pay Lessor, after such termination and re-entry and upon demand, all reasonable expenses of re-letting, including, without limiting the generality of the foregoing, the reasonable costs of decorating and restoring the premises, brokers' commissions and Lessor's attorneys' fees, plus, at the end of each month of the demised term, the difference between the net income actually received by Lessor from said

demised premises during such month and the rent agreed to be paid by the terms of this Lease during such month.

LESSOR'S PERFORMANCE OF LESSEE'S COVENANTS

Section 2101. Should Lessee at any time fail to do any of the things required to be done by it under the provisions of this Lease, Lessor, at its option and pursuant to the provisions relating to notice contained in Section 2001, may (but shall not be required to) do the same or cause the same to be done, and the amounts paid by Lessor in connection therewith shall be so much additional rent due on the next rent date after such payment together with interest at seven per cent (7%) per annum from the date of payment.

SUBORDINATION TO MORTGAGES

Section 2201. It is further expressly understood and agreed that this Lease shall be subject and subordinate to any mortgage or deed of trust now upon the demised premises and any mortgage or deed of trust hereafter placed upon

the demised premises, provided that the mortgage or beneficiary under such deed of trust agrees in writing with Lessee or adequate provision is made in such mortgage or deed of trust, that, regardless of any default or breach under said mortgage or deed of trust or of any possession or sale of the whole or any part of the premises under or through such mortgage or deed of trust, that this Lease and Lessee's possession shall not be disturbed by mortgagee or beneficiary or any other party claiming under or through such mortgage or deed of trust, provided, however, that Lessee shall continue to observe and perform Lessee's obligations under this Lease and pay rent to whosoever may be lawfully entitled to same from time to time. Lessee hereby agrees to execute, if same is required, any and all instruments in writing which may be requested by Lessor to subordinate Lessee's rights acquired by this Lease to the lien of any such mortgage or deed of trust, all as aforesaid. Irrespective of whether or not this Lease is subordinated to any such mortgage or deed of trust, the mortgagee or beneficiary under such mortgage or deed of trust, shall agree in writing that proceeds of insurance, or awards, payable to Lessee in the event of partial condemnation as provided in Section 1202 shall be made available to Lessee for the purpose of repairing, restoring and rebuilding, as provided in this Lease, or adequate provision relative thereto shall be made in such mortgage or deed of trust.

REMEDIES TO BE CUMULATIVE

Section 2301. No remedy herein or otherwise conferred upon or reserved to Lessor, shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease to Lessor may be exercised from time to time and as often as occasion may arise or as may be deemed expedient. No delay or omission of Lessor

to exercise any right or power arising from any default, shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein.

Section 2302. No waiver of any breach of any of the covenants of this Lease shall be construed, taken or held to be a waiver of any other breach or waiver, acquiescence in or consent to any further or succeeding breach of the same covenant.

Section 2303. Neither the rights herein given to receive, collect, sue for or distrain for any rent or rents, moneys or payments, or to enforce the terms, provisions and conditions of this Lease, or to prevent the breach or non-observance thereof, or the exercise of any such right or of any other right or remedy hereunder or otherwise granted or arising, shall in any way affect or impair or toll the right or power of Lessor to declare the term hereby granted ended, and to terminate this Lease as provided for in this Lease, because of any default in or breach of the covenants, provisions or conditions of this Lease.

SURRENDER OF POSSESSION

Section 2401. Whenever the said term herein demised shall be terminated, whether by lapse of time, forfeiture or in any other way, Lessee agrees that it will at once surrender and deliver up said premises, including the buildings and improvements thereon and the fixtures and equipment belonging to Lessor therein contained, peaceably to Lessor and if Lessee shall thereafter remain in possession thereof, it shall be deemed guilty of forcible detainer of the premises under the statute and shall be subject to all the conditions and provisions above named and to ejection and removal, forcibly and otherwise, with or without process of law as above stated.

COVENANT OF QUIET ENJOYMENT

Section 2501. Lessor further agrees that at all times when Lessee is not in default under the terms of and during the term of this Lease, Lessee's quiet and peaceable enjoyment of the demised premises shall not be disturbed or interfered with by Lessor or by any person claiming by, through or under Lessor.

SHORT FORM LEASE

Section 2601. This Lease shall not be recorded, but the parties agree, at the request of either of them, to execute a Short Form Lease for recording, containing the name of the parties, the legal description and the term of the Lease.

Section 2702. Such options may be exercised only (i) upon notice in writing to Lessor not earlier than one (1) year, and not later than six (6) months prior

to the end of the preceding term; (ii) if Lessee is not then in default hereunder; and (iii) if the preceding term has not therefore been terminated.

Section 2703. All such annual rentals during the extended periods as set forth in Section 2701, shall be payable monthly in advance, in installments equal to one twelfth (1/12th) of the applicable annual rental commencing on the first day of each such extended term.

NOTICES OR DEMANDS

Section 2801. All notices to or demands upon Lessor or Lessee desired or required to be given under any of the provisions hereof, shall be in writing. Any notices or demands from Lessor to Lessee shall be deemed to have been duly and sufficiently given if a copy thereof has been mailed by United States registered or certified mail in an envelope properly stamped and addressed to Lessee at 1900 South Des Plaines Avenue, Forest Park, Illinois, or at such other address as Lessee may theretofore have furnished by written notice to Lessor, and any notices or demands from Lessee to Lessor shall be deemed to have been duly and sufficiently given if mailed by United States registered mail or certified mail in an envelope properly stamped and addressed to Lessor at P.O.Box 111, Forest Park, Illinois, and copy to Maynard J. Marks, 77 W. Washington St., Pm, 717, Chicago, Illinois or at such other address as Lessor may theretofore have furnished by written notice to Lessee. The effective date of such notice shall be three (3) days after delivery of the same to the United States Post Office for mailing.

COVENANTS RUN WITH LAND

Section 2901. All of the covenants, agreements, conditions and undertakings in this Lease contained shall extend and inure to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto, the same as if they were in every case specifically named, and shall be construed as covenants running with the land, and wherever in this Lease reference is made to either of the parties hereto, it shall be held to include and apply to, wherever applicable, the heirs, executors, administrators, successors and assigns of such party. Nothing herein contained shall be construed to grant or confer upon any person or persons, firm, corporation or governmental authority, other than the parties hereto, their heirs, executors, administrators, successors and assigns, any right, claim or privilege by virtue of any covenant, agreement, condition or undertaking in this Lease contained.

Section 2902. The term "Lessor" as used in this Lease, so far as covenants or obligations on the part of Lessor are concerned, shall be limited to mean and include only the owner or owners at the time in question of the fee of the demised premises, and in the event of any transfer or transfers of the title to such fee, Lessor herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relived, from and after the date of such transfer or conveyance, of all personal liability as respects the performance of any covenants or obligations on the part of Lessor contained in this Lease thereafter to be performed; provided that any funds in the hands of such Lessor or the then grantor at the time of such transfer, in

which Lessee has an interest, shall be turned over to the grantee, and any amount then due and payable to Lessee by Lessor or the then grantor under any provisions of this Lease, shall be paid to Lessee.

TIME OF ESSENCE

Section 3001. Time is of the essence of this Lease, and all provisions herein relating thereto shall be strictly construed.

MISCELLANEOUS

Section 3101. The captions of this Lease are for convenience only and are not to be construed as part of this Lease and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.

Section 3102. If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provision of this Lease shall not be affected thereby, but each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 3103. This Lease shall be construed and enforced in accordance with the laws of the state where the demised premises are located.

Section 3104. In addition to the insurance above provided, the Lessee agrees to carry what is generally known as "rent insurance" in an amount equal to one (1) year's rent covering any loss which may be occasioned by loss of use of the demised premises in whole or in part, with loss payable clause to Lessor and/or Mortgage of Lessor. National Boulevard Bank of Chicago as Trustee under Trust No. 4722, its beneficiary under said Trust and the agents of the Lessor and of the beneficiary shall be named as additional assured parties in all policies of insurance provided for in Sections 801 and 803 of this lease.

AMENDMENT AND ADDITION TO SECTION 201 OF PRINTED PORTION OF LEASE

Section 3201. Section 201 of printed portion of lease is hereby amended and supplemented as follows: by inserting the words "the substantial" between the word "after" and the word "completion" in the second line of said Section 201 and adding to said Section the following: the term "substantial completion" as used in this lease shall mean that most of the work required to be done by the Lessor has been completed so that the building is ready for beneficial occupancy for Lessee's use and purposes, and any remainder of the work to be done in accordance with the plans and specifications will constitute minor items which will not materially interfere with said beneficial occupancy. The demised premises shall be deemed ready for occupancy and substantially completed when John A. Iree, Architect, shall so certify in writing or when Lessee shall have entered said premises and taken possession of same, whichever shall first occur.

CONSTRUCTION OF IMPROVEMENTS

Section 3301. Section 302 of the printed portion of this lease are hereby deleted and in lieu thereof the following is substituted: A warehouse and office building containing approximately 81,000 square feet on a plot of land containing approximately 147,000 square feet substantially in conformity and in accordance with the preliminary sketch ("Proposal") prepared by J. L. Williams & Co., Inc., Contractors and Engineers, dated January 15, 1972 with revisions, last of which is dated February 22, 1973, designated as Job No. 1-7302, consisting of three (3) sheets designated SK-1, SK-2, SK-3 and preliminary specifications dated March 5, 1973 consisting of five (5) pages, which sketch or "Proposal" and preliminary specifications have been approved by the Lessor and the Lessee, and are identified by the signatures of the parties to this lease placed upon said sketch or "Proposal" and specifications. Final plans, drawings and specifications are to be prepared by John A. Irbe, architect employed by J. L. Williams & Co., Inc. within a reasonable time after date of this lease, and when so prepared and completed shall be approved by the Lessor and Lessee within ten (10) days after their submission to said parties. In connection herewith it is expressly agreed that the parties hereto will not withhold approval of said final plans, drawings and specifications to the extent that same are consistent with the preliminary sketches or "Proposal" and specifications, and that the parties hereto will in no event unreasonably withhold approval of such final plans, drawings and specifications. In the event Lessee desires any changes from the preliminary sketches, "Proposal" or specifications or final drawings or specifications which will increase the cost of the improvements based upon the preliminary sketch, "Proposal and specifications, that Lessee will pay the cost and expenses of such changes and will contract for same directly with J. L. Williams & Co., Inc., the General Contractor, who will erect and construct the improvements and will do so at no cost and/or expense whatsoever to the Lessor, provided, however, that no such changes shall be made without the express written consent of the Lessor.

Section 3302. The selection of J. L. Williams & Co., Inc. as General Contractor by the Lessor has been made with the consent and approval of It is understood that a portion of the improvements to be erected on the demised premises are commonly referred to as an "arcade" or "entrance" leading to the building or improvements, part of which is located on Lot 1 of the resubdivision described on Exhibit A attached to this Lease. Lessee agrees to deliver to Lessor, upon request, written permission from the owner of the fee of said Lot 1 and the Lessee of the improvements on Lot 1 and the party in possession of such improvements to erect part of said "arcade" or "entrance"

on said Lot 1. Lessee agrees that upon termination of this lease by lapse of time or otherwise to close off the said "arcade" or "entrance" to the building being erected on the demised premises at its own cost and expense in a good workman like manner to the satisfaction of the Lessor so as to make the improvements or building erected on the demised premises a self-contained and

self-standing building as if said "arcade" or "entrance" had not been constructed.

Section 3303. Lessor agrees to cause to be provided in the Construction Contract with J. L. Williams & Co., Inc., General Contractor, for substantial completion of the improvements above described on the demised premises and the delivery of possession thereof to Lessee by September 1, 1973, subject to delays caused by changes in construction requested by Lessee, strikes, lock-outs, acts of God or public enemy, governmental restrictions, unavailability of materials or other matters beyond the control of the General Contractor, J. L. Williams & Co., Inc., and that in any of such events, the time of completion of such construction shall be extended for an additional period of time equal to that caused by such delay. The provisions contained in this Section shall impose no obligation or responsibility on the part of the Lessor to complete said improvements on the demised premises within the time provided for in the Construction Contract with J. L. Williams & Co., Inc., the General Contractor, and Lessee shall have no recourse against Lessor, and does hereby waive and release Lessor from any responsibility for failure of the Contractor to complete said construction of the improvements as agreed to by the General Contractor, J. L. Williams & Co., Inc., and Lessee's only recourse for failure to substantially complete the improvements on the demised premises as in said contract provided for shall be against J. L. Williams & Co., Inc. only. Lessor, if necessary, will assign any and all of its rights against J. L. Williams & Co., Inc. to Lessee so that Lessee may enforce the obligations of J. L. Williams & Co., Inc. as undertaken by it in its Construction Contract with Lessor, but all at the sole cost and expense of Lessee.

AMENDMENT TO SECTION 401 OF PRINTED PORTION OF LEASE

Section 3401. Notwithstanding the provisions contained in Section 401 of the printed portion of the lease, the rental therein provided shall be paid to the order of Forest Park Industrial Center, Inc., P.O. Box 111, Forest Park, Illinois, until otherwise notified in writing by Lessor, and such rental when paid to Forest Park Industrial Center, Inc. shall satisfy the obligation contained in said Section 401 of the printed form of this lease.

AMENDMENT TO SECTION 402 OF PRINTED PORTION OF LEASE

Section 3501. Section 402 of printed portion of lease is hereby amended by inserting the word "substantially" before the word "completed" in the first line of said Section 402.

AMENDMENT TO SECTION 505 OF PRINTED PORTION OF LEASE

Section 3601. Section 505 of printed portion of lease is hereby amended and supplemented as follows: by striking from said Section 505 beginning with the word "give" in the fifth line of said Section to the end of said Section and substituting after the word "shall" in the fifth line of said Section the

following: "Upon request of Lessor, deposit with the Lessor cash or government bonds satisfactory to the Lessor

in an amount equal to not less than one hundred twenty-five percent (125%) of the amount of the tax, assessment, tax lien or other imposition or charge, and such additional amounts from time to time as may be necessary to keep on deposit at all time an amount equal to one hundred twenty-five percent (125%) of said taxes, assessment, tax liens or other impositions, and all interest and penalties thereon so contested. Pending the diligent prosecution of any such legal proceedings, and provided Lessee has maintained the deposit above provided for, Lessor shall not have the right to pay, remove or discharge the tax, assessment, tax lien or other imposition or charge so contested. The cash or government bonds so deposited shall be held by the Lessor until said premises shall have been released and discharged from any such tax, assessment, tax lien or other imposition or charge and shall thereupon be returned to the Lessee less the amount of any loss, cost, damage and reasonable expense that Lessor may sustain in connection with the tax, assessment, tax lien or other imposition or charge so contested; provided, however, that if Lessee fails to prosecute such contest with due diligence, or fails to maintain said deposit as above provided, or if Lessee is otherwise in default under the provisions of this Lease, Lessor may use the cash or government bonds so deposited to pay any item for which Lessor would be entitled to make advances, or to cure any other such default of Lessee."

Section 3602. Lessee agrees that if the Mortgage holding a mortgage secured by the demised premises shall at any time require monthly deposits of taxes and insurance premiums, that said Lessee will make such deposits as and when required by said Mortgage.

RATE OF INTEREST TO BE CHARGED

Section 3701. It is agreed that the rate of interest to be charged by Lessor to Lessee for any advances made by Lessor pursuant to the term of this Lease or for monies not paid by Lessee to Lessor when due, shall be at the rate of 11% per annum instead of 7% as provided in the printed portion of this Lease.

AMENDMENTS OR OTHER DOCUMENTS REQUIRED BY THE MORTGAGE

Section 3801. If Mortgagee in the Mortgage to secure an indebtedness of Lessor conveying the demised premises requires an additional or other covenants and agreements than that contained in this lease or any amendments to the lease, Lessee agrees to execute such amendments and changes as may be required by the Mortgagee so long as the term of the lease is not changed and the maximum rental provided by this lease is not increased and the option hereinafter contained is not eliminated or altered. Specifically without limitation, Lessee agrees to execute and deliver in the form required by the Mortgagee acceptance of the

premises, the commencement of the term and a receipt of a copy of Lessor's assignment of the lease to the Mortgagee.

OPTION TO PURCHASE

Section 3901. If Lessee shall not be in default under the terms of this lease, and provided that this lease has not theretofore been terminated, then Lessee shall have the option not later than September 1, 1994 or earlier than March 1, 1994 to purchase the demised premises during the month of March 1995 at a price to be determined by an appraisal as of March 31, 1995, which appraisal shall be made as hereinafter set forth. The purchase price determined by such appraisal shall be paid in cash

excepting that any balance then remaining unpaid of any encumbrance against said demised premises shall be deducted from the purchase price. Title to the demised premises shall be conveyed to the Lessee or its nominee if it exercises the option herein granter and pays the purchase price by Trustee's Deed or other suitable conveyance. The title to be conveyed shall be subject to the following:

(a) Taxes for the year 1973 and subsequent years;
(b) All utility easements of record and not of record;
(c) Railroad easements, if any;
(d) Other easements or claims of easements not shown by the public record;
(e) Any lien or right to a lien for services, labor or material heretofore or hereafter furnished to Lessee imposed by law whether shown by the public records or not of record;
(f) Taxes or special assessments which are shown or not shown as existing liens by the public records at the time of the exercise of the option;
(g) Any defects of title liens, adverse claims or other matters which result from any act after date hereof of Lessee or its successors and assigns or any one claiming through or under any of them;
(h) Questions of survey, and particularly the fact that part of the improvements are erected on part of Lot 1 of the subdivision described in Exhibit A attached to this lease; and
(i) Standard exceptions contained in Owner's Title Policies as then issued by the Lawyers' Title Insurance Corporation.

Section 3902. Lessee may exercise the foregoing option to purchase within the time above provided by written notice to Lessor given in the manner specified in Section 2801 of this lease with return receipt requested and shall be accompanied by a certified or cashier's check to the order of Lessor or its successor in the sum of $75,000.00 as earnest money, which earnest money shall be increased to equal 10% of the purchase price when ascertained as hereinafter provided. The sale shall be consummated pursuant to the terms of the Real Estate Contract of like tenor and effect as that attached hereto marked Exhibit B, and

by this express reference thereto made a part hereof. The closing shall be made through an escrow as provided in Exhibit B and Lessor shall deposit in the escrow when established the earnest money paid to it and deed or instrument of conveyance as above provided, and Lessee shall deposit the remainder of said purchase price in said escrow. Said deposit shall be made within twenty (20) days after the price is determined by the appraisal as hereinafter provided. Lessee shall pay the rent at the rate provided for by this lease until the entire purchase price is deposited in the escrow. Prepaid rent shall be the only item to be prorated. It is agreed that the purchase price shall be net to the Lessor, and, therefore, Lessee agrees to pay in addition to the purchase price all broker's commission payable by reason of said sale of the demised premises and to keep the Lessor and its beneficiary free and harmless of any claim for such commissions. Lessor shall furnish the Owner's Guaranty Policy for the purchase price at its cost, but the delivery of a commitment for such Owner's Policy shall be sufficient for purpose of consummating the said sale and purchase of the demised premises.

Section 3903. The appraisal provided for above, if the option to purchase is exercised as above provided, shall be made by three (3) real estate appraisers as follows:

Lessor and Lessee shall each appoint one (1) real estate appraiser not later than fifteen (15) days after the giving of notice by Lessee of

the exercise of its option to purchase as above provided, and the two (2) appraisers so appointed shall select a third real estate appraiser not later than fifteen (15) days after the expiration of said fifteen (15) days. If the two (2) appraisers appointed by Lessor and Lessee are unable or fail to neglect to appoint a third appraiser within the time above provided, then the senior acting Judge of the United States District Court for the District having jurisdiction of Cook Country, Illinois, at said time or any other court that may then be in existence in lieu of the United States District Court shall appoint the third appraiser. The three (3) appraisers selected as aforesaid shall fix and determine the value of the demised premises, including all improvements thereon and the amount so fixed by them shall be the purchase price to be paid by Lessee to Lessor for the demised premises. The value fixed and determined by said three (3) appraisers shall be final and binding upon the parties hereto and not subject to review except for fraud. Each of the parties shall pay the fee of the appraiser appointed by them respectively and one-half of the fee of the third appraiser who may be appointed pursuant to this Section.

Section 3904. It is agreed that the foregoing option given to Lessee to purchase the demised premises shall not be assignable or transferable voluntarily or involuntarily without the written consent of the Lessor first had and obtained, and any assignment or transfer, voluntary or involuntary, or by operation of law, shall be void. If Lessee is at any time permitted by Lessor to make an assignment of this lease, such assignment shall not carry with it the

option to purchase, unless the Lessor specifically in writing consents to same, but the option to purchase shall then be deemed to have terminated and become of no force or effect.

CONTINGENCIES UNDER WHICH THIS LEASE WILL NOT BECOME EFFECTIVE

Section 4001. This lease is expressly subject to the approval of the final plans, drawings and specifications by the parties hereto as above provided, and is also expressly subject to Lessor's ability to obtain satisfactory interim and permanent financing. Anything in this lease to the contrary notwithstanding, it is hereby agreed that this lease shall be of no force or effect and there shall be no liability on the part of the parties hereto if the approval is withheld by the parties hereto of the final plans and specifications within the time above provided and/or if Lessor is unable to obtain interim and/or permanent financing to be secured by the demised premises and the improvements to be erected thereon in a sum and upon terms and other conditions satisfactory to Lessor within forty-five (45) days from the date of this lease.

LESSOR'S LIMITED LIABILITY

Section 4101. All representations and undertakings of National Boulevard Bank of Chicago, as Trustee as aforesaid and not individually, are those of its beneficiaries only, and no liability is assumed by or shall be asserted against the National Boulevard Bank of Chicago personally as a result of the signing of this instrument.

This lease consists of fifteen (15) pages, including eight (8) printed pages

and various exhibits described in this Lease.

IN WITNESS WHEREOF NATIONAL BOULEVARD BANK OF CHICAGO, not personally, but as Trustee as aforesaid, has caused this lease to be signed by its Vice-President and its corporate seal hereunto affixed by its Assistant Trust Officer, and UTILITY SUPPLY COMPANY, a corporation of Illinois, has caused this lease to be executed by its President and attested to by its Secretary, and has caused its corporate seal to be affixed hereto, all on the date and year first above written.

NATIONAL BOULEVARD BANK OF CHICAGO, as
Trustee aforesaid and not personally

By /s/ John O. Stouate

ASST VICE PRESIDENT

ATTEST:

/s/ Roger L. Clifford
- ----------
Assistant Trust Officer

UTILITY SUPPLY COMPANY

By /s/ Howard Wolf

President

[CORPORATE SEAL APPEARS HERE]

ATTEST:

/s/ Harry Hecktman
- ----------
Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Hyacinth E. Coney, a Notary Public in and for the said County in the
---
State aforesaid, DO HEREBY CERTIFY that John O. Stouate, Asst, Vice President of
---
the NATIONAL BOULEVARD BANK OF CHICAGO, and Roger L. Clifford Assistant Trust
---
Officer of said Bank, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President and Assistant Trust Officer, respectively, appeared before me this day in person and acknowledged that they signed and delivered said Instrument as their own free and voluntary act and as the free and voluntary act of said Bank, as Trustee, as aforesaid, for the uses and purposes therein set forth; and the said Assistant Trust Officer then and there acknowledged that as custodian of the corporate Seal of said Bank did affix the corporate Seal of said Bank to said Instrument as his own free and voluntary act and as the free and voluntary act of said Bank, as Trustee as aforesaid, for the uses and purposes therein set forth.

Given under my Hand and Notarial Seal this 23rd day of March, 1973.
---- -----

/s/ Hyacinth E. Coney

Notary Public

HYACINTH E. CONEY
My Commission Expires May 16, 1976

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY that Howard Wolf personally known to me to be the President of UTILITY SUPPLY COMPANY, an Illinois corporation, and Harry Hecktman, personally known to me to be the Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing Instrument, appeared before me this day in person and severally acknowledged that as such President and Secretary of said corporation they signed and delivered said instrument of said corporation and caused its corporate Seal to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my Hand and Notarial Seal this 22 day of March, 1973.

[SEAL APPEARS HERE]

/s/ Annette Davidson
Notary Public

EXHIBIT A

Lot 2 (except the East 24.15 feet thereof) in Forest Park Industrial Center Inc, Resubdivision of that part of Blocks 1 and 2 and Lots 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, taken as a tract, in the Subdivision of the S.1/2 of Section 24, Township 39 North, Range 12 East of the Third Principal Merician, in Cook Country, Illinois.

Subject to all utility and other easements of record and not of record.

REAL ESTATE SALE CONTRACT

1. UTILITY SUPPLY COMPANY, a corporation of Illinois (Purchaser) agrees to purchase at a price of $ _____ on the terms set forth herein, the following described real estate in Cook County, Illinois:

Lot 2 (except the East 24.15 feet thereof) in Forest Park Industrial Center Inc. Resubdivision of that part of Blocks 1 and 2 and Lots 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, taken as a tract in the Subdivision of the S.1/2 of Section 24, Township 39 North, Rante 12 East of the 3rd Principal Meridian in Cook County, Illinois commonly known as _____, and with approximate for dimensions of _____ x _____, together with the following property presently located thereon:

2. NATIONAL BOULEVARD BANK OF CHICAGO, not individually, solely as Trustee under Trust Agreement dated 3/15/73 & known as just No. 4 (Seller) agrees to sell the real estate and the property described above, if any, at the price and terms set forth herein, and to convey or cause to be conveyed to Purchaser or nominee title thereto by a recordable Trustee's deed or other suitable instrument of conveyance with release of dower and homestead rights, if any, and a proper bill of sale, subject only to: (a) covenants, conditions and restrictions of record; (b) private, public and utility easements and roads and highways, if any; (d) existing leases and tenancies (e) special taxes or assessments for improvements not yet completed; (f) installments not due at the date hereof of any special tax or assessment for improvements heretofore completed; (g) mortgage or trust deed specified below, if any; (h) general taxes for the year 1973 and subsequent years; and to exceptions set forth in Section 3901 of the Lease of which this Exhibit forms a part.

3. Purchaser has paid $75,000.00 as earnest money to be applied on the purchase price, and agrees to pay or satisfy the balance of the purchase price, plus or minus prorations, at the time of closing as follows: (strike language and subparagraphs not applicable) Earnest money to increased to equal ten (10%) percent of the purchase price as ascertained.

Balance of purchase price ascertained as provided in Section 3901 of the Lease of which this Exhibit forms a part payable in cash.

AMENDMENT OF LEASE

THIS AMENDMENT OF LEASE ("Amendment") is made this 17th day of January, 1995, by and between FIRST BANK, N.A., as successor trustee to National Boulevard Bank of Chicago, not personally or individually, but solely as Trustee under a Trust Agreement dated March 15, 1973 and known as Trust No. 4722 ("Lessor"), and UNITED STATIONERS SUPPLY CO. (formerly, UTILITY SUPPLY CO.), an Illinois corporation ("Lessee").

RECITALS:

A. Lessor and Lessee entered into a lease dated March 22, 1973, as amended by Amendment to Lease of Real Estate dated May 4, 1973 (collectively, the "Lease"), whereby Lessor leased to Lessee certain Premises (the "Premises") commonly known as 7750 West Industrial Drive, Forest Park, Illinois.

B. The parties hereto by negotiation and agreement, desire to modify and amend certain portions of said Lease to the mutual advantage of both parties.

NOW, THEREFORE, in consideration of the mutual covenants herein and in the Lease contained, it is hereby agreed as follows:

1. Commencing on April 1, 1995 the Lease shall be amended in the following respects:

(a) Section 201 of the Lease shall be deleted in its entirety and replaced with the following provision:

"Section 201. Term of Lease. The term of this Lease is hereby extended through and including March 31, 1996, unless otherwise terminated or extended as provided herein."

(b) In Section 401 of the Lease, the clause reading "...a monthly rental of $10,000.00..." shall be deleted and replaced with the following provision:

"... a monthly rental of $19,237.50 ($230,850.00 per annum or $2.85 per square foot) ..."

(c) The following language shall be added to the Lease as Sections 2701 and 2702:

"Lessee's Option to Extend.

Section 2701. Lessee shall have, and is hereby given, an option to extend the term hereof for an additional one (1) year period through and including March 31, 1997, upon the same terms and conditions contained in this Lease, except that, in lieu of the rental provided in Section 401 of the Lease for the term ending March 31, 1996, Lessee shall pay during the extended term a monthly rental of $19,912.50 ($238,950.00 per annum or $2.95 per square foot).

Section 2702. Such option may be exercised only: (i) upon written notice to Lessor given at

least one hundred and eighty (180) days prior to March 31, 1996; (ii) if Lessee is not then in default under the Lease; and (iii) if the preceding Lease term has not theretofore been terminated."

(d) Sections 3901 through 3904 of the Lease shall be deleted in their entirety and replaced with the following provisions:

"Option to Purchase

Section 3901. If Lessee shall not be in default under the terms of this Lease, and provided that this Lease has not theretofore been terminated, then Lessee shall have the option not later than September 1, 1995, or September 1, 1996 if Lessee exercises its Option to Extend the term of the Lease as heretofore provided, to purchase the demised premises during the month of April 1996 or April 1997, as the case may be, at a price to be determined by agreement of the parties, or if the parties fail to agree within ten days after notice of exercise as specified in Section 3902, by an appraisal as of March 31, 1996, or March 31, 1997, as the case may be, which appraisal shall be made as hereinafter set forth. The purchase price determined by such appraisal shall be paid in cash excepting that any balance then remaining unpaid of any encumbrance against said demised premises shall be deducted from the purchase price. Title to the demised premises shall be conveyed to the Lessee or its nominee if it exercises the option herein granted and pays the purchase price by Trustee's Deed or other suitable conveyance. The title to be conveyed shall be subject to the following:

(a) Taxes for the year 1995 (if purchased in 1996) or 1996 (if purchased in 1997);

(b) All utility easements of record and not of record;

(c) Railroad easements, if any;

(d) Other easements or claims of easements not shown by the public record;

(e) Any lien or right to a lien for services, labor or material heretofore or hereafter furnished to Lessee imposed by law whether shown by the public records or not of record;

(f) Taxes or special assessments which are shown or not shown as existing liens by the public records at the time of the exercise of the option;

(g) Any defects of title liens, adverse claims or other matters which-result from any act after the date hereof of Lessee or its successors and assigns or any one claiming through or under any of them;

(h) Questions of survey, and particularly the fact that part of the improvements are erected on part of Lot 1 of the subdivision described in Exhibit A attached to the Lease; and

(i) Standard exceptions contained in Owner's Title Insurance Policies as then issued by the Chicago Title Insurance Company.

Section 3902. Lessee may exercise the foregoing option to purchase within the time above provided by written notice to Lessor, given in the manner specified in Section 2801 of the Lease, with return receipt requested, and shall be accompanied by a certified or cashier's check to the order of Lessor or its successor in the sum of $75,000.00 as earnest money, which earnest money shall be increased to equal 10% of the purchase price when ascertained as hereinafter provided. The sale shall be consummated pursuant to the terms of the Real Estate Contract of like tenor and effect as that attached to the Lease as Exhibit B, with such changes thereto as may be required by law at the time of the exercise of the option to purchase.

The closing shall be made through an escrow as provided in Exhibit B. Lessor shall deposit in the escrow, when established, the earnest money paid to it and the Trustee's deed or instrument of conveyance as above provided, and Lessee shall deposit the remainder of said purchase price in said escrow. Said deposit shall be made within twenty (20) days after the price is determined by the appraisal as hereinafter provided. Lessee shall pay the rent at the rate provided for by this Lease until the entire purchase price is deposited in the escrow. Prepaid rent shall be the only item to be prorated.

It is agreed that the purchase price shall be net to the Lessor, and, therefore, Lessee agrees to pay, in addition to the purchase price, all broker's commissions payable by reason of said sale of the demised premises and to keep the Lessor and its beneficiary free and harmless of any claim for such commissions.

Lessor shall furnish the Owner's Title Insurance Policy for the purchase price at its cost, but the delivery of a commitment for such Owner's Policy shall be sufficient for purpose of consummating the said sale

and purchase of the demised premises.

In the event that Lessee exercises its option to purchase, as provided above, Lessor reserves the right to assign all of Lessor's right, title, and interest (but not Lessor's obligations) in and to the Real Estate Contract to a Qualified Intermediary, as provided in IRC Reg. 1.1031(k)-1(g) (4) on or before the closing date, pursuant to an exchange of the demised premises for other property of a like kind and qualifying use within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

Section 3903. The appraisal provided for above, if the option to purchase is exercised as above provided, and the parties fail to agree upon the purchase price, shall be made by three(3) real estate appraisers as follows:

Lessor and Lessee shall each appoint one (1) real estate appraiser not later than fifteen (15) days after the giving of notice by Lessee of the exercise of its option to purchase as above provided, and the two (2) appraisers so appointed shall select a third real estate appraiser not later than fifteen (15) days after the expiration of said fifteen (15) days. If the two (2) appraisers appointed by Lessor and Lessee are unable or fail or neglect to appoint a third appraiser within the time above provided, then the senior acting Judge of the United States District Court for the District having jurisdiction of Cook County, Illinois, at said time or any other court that may then be in existence in lieu of the United States District Court shall appoint the third appraiser. The three (3) appraisers selected as aforesaid shall fix and determine the value of the demised premises, including all improvements thereon and the amount so fixed by them shall be the purchase price to be paid by Lessee to Lessor for the demised premises. The value fixed and determined by said three (3) appraisers shall be final and binding upon the parties hereto and not subject to review except for fraud. Each of the parties shall pay the fee of the appraiser appointed by them respectively and one-half of the fee of the third appraiser who may be appointed pursuant to this Section.

Section 3904. It is agreed that the foregoing option given to Lessee to purchase the demised premises shall not be assignable or transferable voluntarily or involuntarily without the written consent of the Lessor first had and obtained, and any assignment or transfer, voluntary or involuntary, or by operation of law, shall be void. If Lessee is at any time permitted by Lessor to make an assignment of this Lease,

such assignment shall not carry with it the option to purchase, unless the Lessor specifically in writing consents to same, but the option to purchase shall then be deemed to have terminated and become of no force or effect."

2. Binding Effect. Except as modified herein, the terms, conditions and covenants of the Lease shall remain in full force and effect, and shall be binding upon and inure to the benefit of Lessor, Lessee and their respective successors and permitted assigns.

3. Paragraph Headings. The paragraph headings herein contained are for convenience and shall not be deemed to govern or control the substance hereof.

4. Governing Law. This Agreement shall be governed and construed under the laws of the State of Illinois.

5. Inconsistency. Except as modified herein, the terms, conditions and covenants of the Lease shall remain unchanged and otherwise in full force and effect, and are hereby ratified and reaffirmed. In the event of an inconsistency between this Amendment and the Lease, the terms herein shall control.

6. Modification. This Amendment may not be modified or amended except by written agreement executed by the parties hereto.

7. Capitalized Terms. All capitalized terms as used herein and not otherwise defined herein shall have the same meanings as are ascribed to them in the Lease.

IN WITNESS WHEREOF, this Amendment is executed as of the day and year

set forth above.

LESSOR:
- ------

FIRST BANK, N.A., as successor trustee to National Boulevard Bank of Chicago, as trustee under Trust Agreement dated March 15, 1973 and known as Trust No. 4722

ATTEST:

By: [SIGNATURE NOT LEGIBLE]
Its: ASST. VICE PRESIDENT

By:[SIGNATURE NOT LEGIBLE]
Its: ASST. VICE PRESIDENT

LESSEE:
- ------

UNITED STATIONERS SUPPLY CO.

ATTEST:

By:[SIGNATURE NOT LEGIBLE]
Its:

By: [SIGNATURE NOT LEGIBLE]
Its: Vice President, Secretary

EXHIBIT 10.36

LEASE AGREEMENT

BETWEEN

OTR, AN OHIO GENERAL PARTNERSHIP

on behalf of Landlord

AND

UNITED STATIONERS SUPPLY CO.

An Illinois Corporation

DATED _____, 199_____

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), dated May _____, 1993, is between OTR, an Ohio general partnership ("Landlord") acting as the duly authorized nominee of the BOARD OF THE STATE TEACHERS RETIREMENT SYSTEM OF OHIO ("STRBO"), and United Stationers Supply Co., an Illinois Corporation ("Tenant").

1. Premises. In consideration of the rents, terms, provisions and covenants of this Lease, Landlord hereby leases unto Tenant and Tenant hereby rents and accepts from Landlord those certain premises containing approximately 46,847 rentable square feet, located on the 3rd and 4th Floors (the "Premises"). The Premises are outlined on the floor plan attached hereto as Exhibit A and incorporated herein by reference. The Premises are contained in that certain building located at 1661 Feehanville Drive, Mt. Prospect, IL (the "Building"), which Building contains eighty-five thousand six hundred fifty six (85,656) net rentable square feet of space. The land on which the Building is situated, together with all improvements located thereon (collectively, the "Property"), is more particularly described on Exhibit B, attached hereto and incorporated herein by reference.

2. Term.

(a) Subject to and upon the terms and conditions set forth below, the initial term of this Lease shall be for a period of Sixty-six (66) Months (as hereinafter defined), commencing on the Commencement Date (as hereinafter defined) and ending on last day of the Sixty-sixth Month.

(b) For purposes of this Lease, the following terms shall have the following meanings:

(i) "Commencement Date" shall mean the later of September 30, 1993 or substantial completion (as hereinafter defined). Promptly upon determination of the Commencement Date, Landlord and Tenant shall execute a memorandum, setting forth the Commencement Date and the expiration date of this Lease, in form and substance substantially similar to that attached hereto as Exhibit C and incorporated by reference.

(ii) "Lease Year" shall mean each twelve (12) month period commencing on the first day of the first full month after the Commencement Date and each anniversary thereafter during the Term (as hereinafter defined) of this Lease; provided, however, that if the Commencement Date is the first day of the month, the first Lease Year shall commence on the Commencement Date. The first Lease

Year shall commence on the Commencement Date and end on the last day of the last month of the first Lease Year regardless of whether the first Lease Year is longer than twelve (12) months.

(iii) "Term" shall mean the initial term of this Lease and any renewals or extensions thereof.

3. Rental.

(a) Base Rental. During the Term of this Lease, Tenant shall pay to Landlord, as base rental (the "Base Rental") for the Office Space as follows:

<TABLE>
<CAPTION>

Lease Months	Annual Base Rent	Monthly Base Rent
<S>	<C>	<C>
1 - 6	-	-
7 - 12	$138,198.66	$23,033.11
13 - 24	$295,136.16	$24,594.68
25 - 36	$313,874.88	$26,156.24
37 - 48	$332,613.72	$27,717.81
49 - 60	$351,352.56	$29,279.38
61 - 66	$185,045.64	$30,840.94

</TABLE>

Each such monthly installments shall be due and payable in advance, on or before the first day of each and every month during the Term, without notice, demand or set-off; provided, however, that the first six month's rent will be abated.

(b) Additional Rental. Tenant shall pay to Landlord, as Additional Rental (hereinafter defined), Tenant's Proportionate Share (as hereinafter defined) of the Operating Expenses. If this Lease commences or terminates on a date other than January 1, the annual Operating Expenses shall be prorated by multiplying one-twelfth (1/12) of the annual Operating Expenses by the number of full or partial months between the Commencement Date and December 31 of the year of commencement or between January 1 of the year of termination and the termination date, as the case may be. As used in this Lease, "Proportionate Share" shall mean a percentage factor, determined by dividing the net rentable square footage contained in the Premises by the net rentable square footage contained in the Building, or 85,656 percent (54.69%); provided, however, that if the Building is not fully occupied, Tenant's Proportionate Share of the Operating Expenses (which shall include but not limited to Utilities and Janitorial) that vary with the occupancy of the Building shall mean a percentage factor determined by dividing the net rentable square footage contained in the Premises by the average net rentable square footage occupied by tenants in the Building during a calendar year.

(i) Operating Expenses. "Operating Expenses" shall include those expenses paid by or on behalf of Landlord in

respect to the management, operation, service and maintenance of the Property, including the Premises, in accordance with generally accepted principles of office building management as applied to the operation and maintenance of office buildings similar to the type and nature of the Property and in the general market area as the Property. Operating Expenses shall include, but not be limited to, (A) Real Estate Taxes (as hereinafter defined); (B) premium costs for liability, boiler, extended coverage, casualty and other insurance covering the Property to be maintained by Landlord and required by the terms of this Lease; (C) electricity, gas, water and other utility charges for the Property not separately metered; (D) repair and maintenance of HVAC systems, elevators, irrigation systems and other mechanical systems other than repairs or maintenance made necessary due to negligence or wrongful conduct of Landlord, its personnel, or by other Tenant; (E) repair and maintenance of the Common Areas (as hereinafter defined) and the Building structure and roof; (F) trash removal and snow removal; (G) janitorial service; (H) wages, salaries and fees of operating, auditing, accounting, maintenance and management personnel in connection with the Property; (I) all payroll charges for such personnel, such as unemployment and social security taxes, workers' compensation, health, accident and group insurance, and other so-called fringe benefits; (J) rental charges for office space chargeable to the operation and management but not rental of the Property; (K) license permits and inspection fees; (L) supplies and materials used in the operation and management of the Property; (M) furnishings and equipment not treated by Landlord as capital expenditures of the Property; (N) depreciation and the cost of any labor saving devices that may, from time to time, be placed in operation as a part of Landlord's maintenance program; (O) personal property taxes on property used in the operation, maintenance, service and management of the Property; (P) the cost, as reasonably amortized by Landlord, with interest at the rate of ten percent (10%) per annum on the unamortized amount, of any capital improvement made after completion of initial construction of the Building which reduces Operating Expenses, but in an amount not to exceed such reduction for the relevant year; (Q) management fees relating to the Property; (R) the cost of any installation or improvement required by reason of any law, ordinance or regulation, which requirement did not exist on the date of the Lease and is generally applicable to similar office buildings; and (S) all other expenses necessary for the operation and management of the Property. (See insert #1)

(ii) Real Estate Taxes. "Real Estate Taxes" shall include all taxes,

including state equalization factor, if

Insert #1

"Operating Expenses" shall not include:

(a) all costs and expenditures for which Landlord has a right to be reimbursed, whether by insurance proceeds or otherwise, except through Additional Rent payments by tenants:

(b) costs of improvements to leasable space in the Property;

(c) Costs of capital improvements (except for costs of any capital imporvements made or installed for the purpose of reducing Expenses - to the extent of such reductions - or made or installed pursuant to governmental requirement;

(d) All cost relating to activities for the solicitation and execution of leases of space in the Property, including but not limited to tenant allowances, space planning fees, legal fees for preparing leases and amendments to leases, rent payable with respect to any leasing office, advertising costs and real estate brokerage and leasing commissions;

(e) expenses incurred in enforcing obligations of other tenants of the Property;

(f) costs of decorating, redecorating, or special cleaning of tenant spaces not provided on a regular basis to all tenants of the Property;

(g) wages, salaries, fees and fringe benefits paid to executive personnel, officers or partners of Landlord or STRBO;

(h) The cost of abatement of pollutants and/or hazardous substances or materials;

(i) Fines and/or penalties incurred due to non-compliance by Landlord or the Property or any other tenant in the Property, with any law, governmental rule or regulation or directive of any governmental authority;

(j) The costs and expenses to Landlord in curing its defaults or performing work expressly provided in the Lease to be borne at Landlord's expense;

(k) the cost of any work or service performed for any facility other than the Property and the Property systems;

(l) Any costs included in Operating Expenses representing an amount paid to a person, firm, corporation or other entity related to landlord, STRBO, or Landlord's management company, which is in excess of the amount which would have been paid in the absence of such relationship;

any, and assessments, special or otherwise, exclusive of penalties or discounts levied upon or with respect to the Property, including the Premises, imposed by any federal, state or local governmental agency, and including any use, occupancy, excise, sales or other like taxes (other than general income taxes on rent or other income from the Building computed in the case of a graduated tax, as if Landlord's rent and other income from the Building was Landlord's sole taxable income).

Real Estate Taxes also shall include the expense of contesting the amount or validity of any such taxes, charges or assessments, such expense to be applicable to the period of the item contested but no more than realized savings from the contest. Real Estate Taxes shall not, however, include income, franchise, capital stock, estate or inheritance taxes unless Landlord reasonably determines that such taxes are in lieu of real estate taxes, assessments, rental, occupancy and other like excise taxes. For purposes of this Lease, Real Estate Taxes for any calendar year shall be those taxes the last timely payment date for which occurs within such calendar year. In case of special taxes or assessments payable in installments, only the amount of the installment(s) the last timely payment date for which occurs on or after the first day and on or before the last day of such year shall be included in Real Estate Taxes for that year.

Landlord shall retain the sole right to participate in any proceedings to establish or contest the amount of Real Estate Taxes. If a complaint against valuation, protest of tax rates or other action increases or decreases the Real Estate Taxes for any calendar year, resulting in an increase or decrease in rent hereunder, the Real Estate Taxes for the affected calendar year shall be recalculated accordingly and the resulting increased rent plus the expenses incurred in connection with such contest, or decreased rent, less the expenses incurred in connection with such contest, shall be paid simultaneously with or applied as a credit against, as the case may be, the rent next becoming due.

TENANT SHALL HAVE THE RIGHT TO PARTICIPATE IN ANY SUCH PROCEEDINGS OR, WITH LANDLORDS PRIOR APPROVAL (WHICH SHALL NOT BE UNREASONABLY WITHHELD), TO INSTITUTE SUCH PROCEEDINGS IF LANDLORD HAS NOT.

(c) Payment of Proportionate Share. To provide for current payments of Operating Expenses, Tenant shall pay Tenant's Proportionate Share of the Operating Expenses, as estimated by Landlord from time to time, in twelve (12) monthly installments, commencing on the first day of the month following the month in which Landlord notifies Tenant

of the amount of its estimated Proportionate Share. Landlord and Tenant intend to estimate the amount of Operating Expenses for each year and then to reconcile such estimated expenses in the following year based on actual Operating Expenses for such year paid by Landlord. If Tenant's Proportionate Share of the actual Operating Expenses shall be greater than or less than the aggregate of all installments so paid on account to Landlord for such twelve (12) month period, then within twenty (20) days of Tenant's receipt of Landlord's statement of reconciled Operating Expenses, Tenant shall pay to Landlord the amount of such underpayment, or Landlord shall credit Tenant for the amount of such overpayment against the next maturing installment(s) of rent, as the case may be. The obligation of Tenant with respect to the payment of Tenant's Proportionate Share of the Operating Expenses shall survive the termination of this Lease. Any payment, refund, or credit made pursuant to this subparagraph 3(c) shall be made without prejudice to any right of Tenant to dispute the statement as hereinafter provided, or of Landlord to correct any item(s) as billed pursuant to the provisions hereof. Landlord's failure to give such statement shall not constitute a waiver by Landlord of its right to recover rent that is due and payable pursuant to this subparagraph 3(c). Landlord shall furnish to tenant a detailed statement itemizing expenses including but not limited to the following; cleaning, electrical maintenance, plumbing maintenance, heating, ventilation, air conditioning equipment maintenance, elevator maintenance, general building supplies, security, administrative staff and management fees, utility expenses, payroll taxes, benefit/pension costs and insurance expenses (Landlords statement) for such adjustment year.

(d) Dispute of Operating Expenses. Landlord shall maintain books and records showing Operating Expenses in accordance with sound management practices and accounting, consistently applied. The books and records shall be available to Tenant and its representatives for inspection an copying at the offices of the Building upon reasonable prior notice. If Tenant questions in writing any notice of reconciled Operating Expenses (or revised notice thereof), and if the question is not amicably settled between Landlord and Tenant within thirty days after said notice of reconciled Operating Expenses (or revised notice) has been given, (during which Tenant shall not be deemed to be in default the with respect to any items in dispute), Landlord shall, during the 60 days next following the expiration of such 30-day period, employ an independent certified public accountant acceptable to tenant to audit Operating Expenses. The detail and results of such audit shall be made available to both Landlord and Tenant (and such audit, it is determined or agreed by the parties that Landlord has overcharged tenant in the notice of reconciled Operating Expenses, by an amount

which is greater that 5% of Tenant's proportionate share (as corrected) of all actual Operating Expenses for the particular year, the Landlord will pay for the cost of such audit. If the overcharge, if any, is less than 5%, the Tenant will pay for the cost of such audit.

(e) Adjustments to Operating Expenses. If a clerical error occurs or Landlord or Landlord's accountants discover new facts, which error or discovery causes Operating Expenses for any period to increase or decrease, upon notice by Landlord to Tenant of the adjusted additional Operating Expenses for such calendar year, the adjusted additional Operating Expenses shall apply and any deficiency or overpayment of Tenant's Proportionate Share of the Operating Expenses, as the case may be, shall be paid by Tenant or taken as a credit by Tenant according to the provisions set forth above. This provision shall survive the termination of the Lease.

(f) Other Charges. All costs, expenses and other sums that Tenant assumes or agrees to pay to Landlord pursuant to this Lease ("Other Charges") shall be deemed rental and, in the event of nonpayment thereof, Landlord shall have all the rights and remedies herein provided for in case of nonpayment of Base Rental. If a monthly installment of rent is not received on or before the fifth (5th) day of the month in which it is due, other remedies for nonpayment of rent notwithstanding, Tenant shall pay to Landlord, a late charge of five percent (5%) of such installment as rent for

the purpose of defraying Landlord's administrative expenses incident to the handling of such overdue payment, and such past due rent shall bear interest at the greater of (i) a rate of interest equal to fifteen percent (15%) per annum; (ii) a rate of interest equal to the prime rate as announced (the "Default Rate"), for each day from the first day of the month through the date such monthly installment of rent is received by Landlord. For purposes of this Lease, "rent" shall mean Base Rental, Additional Rental, and Other Charges.

(g) Place of Payment. Tenant shall pay all rent and other charges due under this Lease without demand, deduction or set off to Landlord at the office of Frain Camins & Swartchild at 1661 Feehanville, Mt. Prospect, Illinois or at such other place as Landlord may designate from time to time hereafter by written notice to Tenant.

4. Construction.

(a) Improvements to be Constructed. Landlord, at its own cost and expense, shall perform the work and make the installations in the Premises that are designated as

Landlord's Work in Exhibit D, attached hereto and incorporated herein by reference. Landlord, at Tenant's cost and expense, shall perform the work and make the installations in the Premises that are designated as Tenant's Work in Exhibit D. Except as expressly set forth in Exhibit D, Landlord has made no promise to alter, remodel or improve the Premises, the Building or the Property.

(b) Work Prior to Commencement Date. All work, including Tenant's Work, in the Premises shall be substantially completed prior to September 30, 1993 (the "Estimated Completion Date") and the Premises shall be in good and tenantable condition in all respects for occupancy by Tenant for its purposes and uses so long as Tenant shall have approved the plans and specifications for construction and remodeling of the Premises on or before July 1, 1993. Tenant may make changes in said plans and specifications on or before July 9, 1993; provided, however, that in such event Landlord shall be given a reasonable extension of time to complete Landlord's Work after the Estimated Completion Date. Any extension of time and modifications to plans and specifications shall be in writing, dated and signed by both parties. (If Tenant does not timely submit to Landlord approved plans and specifications, the Commencement Date shall be the Estimated Completion Date and rental shall commence from that date notwithstanding the fact that the Premises are not substantially completed.) The Estimated Completion Date shall be postponed in the event of (i) the unavailability of materials and equipment that have been specified and requested by Tenant so long as a reasonable effort on Landlords behalf has been made to obtain an acceptable alternative or (ii) delays caused by acts of God, strikes and other events beyond the reasonable control of Landlord, and neither circumstance shall give rise to liability of Landlord. Should the commencement date be delayed ninety (90) days beyond that scheduled, Tenant shall have the right to cancel this lease. This right to cancel shall not apply to delays caused by Tenant or by acts of God.

If the Premises are not completed by September 30, 1993 Landlord shall pay for the holdover portion of costs associated with their existing premises.

Landlord shall be responsible for providing all construction documents at Landlords sole cost and expense.

(c) Availability of Premises Prior to Commencement Date.

Landlord shall permit Tenant and its contractors, mechanics, suppliers and workmen to enter the Premises prior to the commencement date in order that Tenant may perform any work, alterations, or installations, including telephone, computer installations, and furniture move-in which are not being performed by Landlord, notwithstanding that Landlord's contractors or subcontractors are working in the Premises. The scheduling and coordination of Tenant's contractors and their workmen and mechanics will be subject to reasonable regulation by landlord and Landlord's contractor to avoid reasonable interferences with labor employed by Landlord or Landlord's contractor. Any such entry before the commencement date shall be subject to all terms of this lease, except the covenant to pay rent; provided, that no such early entry shall be deemed to constitute occupancy by Tenant or change the commencement date or the expiration date.

(d) Substantial Completion. As used herein, the work in the Premises

shall be "substantially completed" when; A) the work has been completed in accordance with the plans and specifications subject to the completion of punch list items B) a certificate of occupancy has been issued. C) The Premises are free from debris and broom clean. D) The HVAC, passenger and freight elevators and utility and plumbing systems (including telephone trunk lines to the Premises) for the Premises, the lobby and all common and public areas of floors to be occupied by Tenant are substantially completed and fully operating in accordance with the approved plans and specifications. E) All facilities and systems servicing the building and passing through the Premises or any part thereof shall have been enclosed and there shall be no access through the Premises which will materially interfere with or adversely affect Tenant's use thereof for the purposes intended; any work remaining to be done in the building shall be of such nature so as to not materially and adversely interfere in a substantial and continuing manner with Tenant's use and occupancy of the Premises for the normal conduct of Tenant's business. F) All room located in the building core on all floors to be occupied in whole or in part by Tenant, including mechanical rooms, toilet rooms, electrical closest, janitor closets, freight elevator anterooms, lobbies and elevator cars and stairways shall have been substantially completed with the building standard finishes, fixtures, and accessories corresponding to each particular core area. G) Landlord shall have delivered to Tenant the certificate of Landlord's architect certifying the space is substantially completed. Tenant and Landlord shall mutually prepare a punch list within 5 days after occupancy and Landlord shall then have 30 days to complete or repair

these items, if punch list is not completed within this stated time frame Tenant can make repairs and deduct them from rent.

(e) Condition of Premises. Except as otherwise agreed to in writing,
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Tenant's taking possession of the Premises shall be conclusive evidence against Tenant that the Premises were in good order and satisfactory condition when Tenant took possession notwithstanding paragraph(d) above. Landlord has made no representation respecting the condition of the Premises, the Building or the Property, except as is expressly set forth in this Lease. At the termination of this Lease, by lapse of time or otherwise, Tenant shall remove all Tenant's property, including but not limited to, trade fixtures, from the Premises, and shall return the Premises broom-clean and in as good a condition as when Tenant took possession or as same may thereafter have been put by Landlord, except for ordinary wear, loss by fire or other casualty, and repairs that Landlord is required to make under this Lease. If Tenant fails to remove any or all of its property upon termination of this Lease, such property shall be deemed to be abandoned and shall become the property of Landlord.

(f) Overload. To coordinate orderly move-ins and move-outs, no
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furniture, freight or equipment of any kind exceeding three hundred (300) pounds shall be brought into the Building without prior notice to Landlord and Landlord shall designate the time and manner of moving of the same. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment (EXCEEDING ONE HUNDRED POUNDS PER SQUARE FOOT) brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause, and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at Tenant's expense.

5. Use of the Premises.

(a) Use. Tenant shall use the Premises for the conduct of Tenant's
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general business activity, and for no other purpose whatsoever. Tenant shall not, without the prior written consent of Landlord, exhibit, sell or offer for sale on the Premises or in the Building any article or thing, except those articles and things generally connected with Tenant's stated use of the Premises.

(b) Advertisement. Tenant shall not advertise the business, profession
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or activities of Tenant conducted in the

Building in any manner which violates the letter or spirit of any code of ethics adopted by any recognized association or organization pertaining to such business of Tenant, and shall never use any picture or likeness of the Building in any circulars, notices, advertisements or correspondence without Landlord's prior written consent.

(c) Solicitation. Tenant shall not disturb, solicit, or canvas any occupant of the Building and shall cooperate with Landlord to prevent same.

(d) Care. Tenant shall use and occupy the Premises so that no other occupant of any adjoining premises will be unreasonably disturbed and shall create no nuisance in, upon or about the Premises. Subject to the provisions of Paragraph 8(b), Tenant shall take good care of the Premises, the fixtures and appurtenances thereto, and all alterations, additions and improvements thereto. Tenant will not make or permit to be made any use of the Premises or any part thereof, and will not bring into or keep anything in the Premises or any part thereof, that (i) violates any of the covenants, agreements, terms, provisions and conditions of this Lease; (ii) directly or indirectly is forbidden by public law, ordinance or regulation of any governmental or public authority (including zoning ordinances); (iii) is dangerous to life, limb or property; (iv) increases the risk to Landlord or any other tenant or invalidate or increase the premium cost of any policy of insurance carried on the Building or covering its operation; or (v) in the reasonable judgment of Landlord, in any way impairs or tends to impair the character, reputation or appearance of the Property as a first-class office building, or impairs or interferes with any of the services performed by Landlord for the Property.

(e) Noise; Odors. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises; permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations; interfere in any way with other tenants or those having business therein; or bring in or keep any animals or birds in the Premises. Tenant shall not use the Premises for housing accommodations or lodging or sleeping purposes, or use any illumination other than electric light. Landlord at their sole cost and expense, shall remove the halon prior to commencement of construction.

6. Alterations.

(a) Prohibition. Tenant shall not make any alterations, additions or improvements (collectively, the "Alterations") to the Premises, or to the Building without

the express prior written consent of Landlord; provided, however, that Landlord shall not be unreasonable in withholding consent to nonstructural Alterations. Before commencing any work in connection with the Alterations, Tenant shall furnish to Landlord for its approval the following: (i) detailed plans and specifications therefor, (ii) names and addresses of each of the contractors and subcontractors, (iii) copies of all contracts, subcontracts and necessary permits, (iv) a payment and performance bond, or other indemnification, in form and amount satisfactory to Landlord, protecting Landlord against any and all claims, costs, damages, liabilities and expenses that may arise in connection with the Alterations, (v) such documentation as is necessary to comply fully with the mechanics' lien law of the state in which the Premises is located, and (vi) certificates of insurance, in form and amount satisfactory to Landlord, from all contractors and subcontractors who will perform labor or furnish materials, insuring Landlord against any and all liability for personal injury, including workers' compensation claims and for property damage that may arise out of or be in any manner connected with the Alterations.

(b) Indemnification. In addition to the indemnity set forth in Paragraph 12 of this Lease, Tenant hereby specifically agrees to indemnify and hold harmless Landlord from and against any and all liabilities, costs and expenses of every kind and description, including attorneys' fees, that may arise out of or in any manner be connected with any Alterations made by Tenant. Tenant shall pay the cost of all such Alterations and all costs associated with decorating the Premises that may be occasioned thereby. Upon completion of any such Alterations, Tenant shall furnish Landlord with (i) receipted bills covering all labor and materials used, together with such documentation as is necessary to comply fully with the mechanics' lien law of the state in which the Premises are located; (ii) a true and correct copy of the certificate of occupancy, if one is issued; and (iii) a certificate of Tenant's architect or engineer stating that such Alterations were made in accordance with the plans and specifications. Notice is hereby given that Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit, and that no mechanic's or other lien for such labor or material shall attach to or affect the reversion or other estate or interest of Landlord in and to the Premises.

(c) Compliance and Supervision of Alterations. All Alterations made by

Tenant hereunder shall be installed in a good and workmanlike manner, using only materials of the same or higher quality as those installed in the Building. All Alterations shall comply with all requirements of Landlord's insurance carriers and with all laws, rules, ordinances and regulations of any lawful authority. Tenant shall permit

Landlord to supervise construction operations in connection with any such Alterations, if Landlord requests the right to do so (but Landlord shall have no obligation to make such requests, or having done so, to supervise construction). If Landlord chooses to supervise there shall be not cost to tenant for such supervision. Landlord's supervision of construction shall be done solely for the benefit of Landlord and shall not alter Tenant's liability and responsibility under this Paragraph 6.

(d) Landlord's Property. All Alterations, whether temporary or permanent, including hardware, non-trade fixtures and wall and floor coverings, whether placed in or upon the Premises by Landlord or Tenant, shall become Landlord's property and shall remain with the Premises at the termination of this Lease, whether by lapse of time or otherwise, without compensation, allowance or credit to Tenant; provided, however, that notwithstanding the foregoing, Landlord may request that any or all of said Alterations in or upon the Premises made by Tenant be removed by Tenant at the termination of this Lease. If Landlord requests such removal or if Tenant removes its trade fixtures, Tenant shall remove the same prior to the end of the Term and shall repair all damage to the Premises, the Building or the Property caused by such removal. Tenant shall not, however, be required to remove pipes and wires concealed in floors, walls or ceilings, provided that Tenant properly cuts and caps the same, and seals them off in a safe, lawful and workmanlike manner, in accordance with Landlord's reasonable requirements and all applicable building codes. If Tenant does not remove any Alterations when requested by Landlord to do so, Landlord may remove the same and repair all damage caused thereby, and Tenant shall pay to Landlord the cost of such removal and repair immediately upon demand therefor by Landlord, plus fifteen percent (15%) of the cost of such removal to reimburse Landlord for its administrative expense. Tenant's obligation to observe or perform this covenant shall survive the expiration or termination of this Lease.

(e) Wiring. Landlord will direct electricians as to where and how telephone and computer wires are to be introduced. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to Landlord's approval. Landlord will provide Tenant with specifications for the telephone and computer installation.

7. Mechanics' Liens.

(a) If, because of any act or omission of Tenant, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against any portion of the Premises (other than for Landlords work), Tenant, at its own

cost and expense, shall cause the same to be discharged of record or bonded against within ten (10) days of the filing thereof unless Tenant shall contest the validity of such lien by appropriate legal proceedings diligently conducted in good faith and without expense to Landlord; and Tenant shall indemnify and save harmless Landlord against and from all costs, liabilities, suits, penalties, claims and demands, including attorneys' fees, on account thereof.

(b) If Tenant shall fail to cause such liens to be discharged of record or bonded against within the aforesaid ten (10) day period or shall fail to satisfy such liens within ten (10) days after any judgment in favor of such lien-holders from which no further appeal might be taken, then Landlord shall have the right to cause the same to be discharged. All amounts paid by Landlord to cause such liens to be discharged, plus interest on such amounts at the Default Rate shall constitute Other Charges payable by Tenant to Landlord.

8. Maintenance and Repair.

(a) Tenant's Maintenance. Except as provided in Paragraph 8(b) below, Tenant, at its sole cost and expense, shall maintain and repair during the Term of this Lease the Premises and every part thereof and any and all appurtenances thereto, including but not limited to, the doors and interior walls of the Premises; special light fixtures; kitchen fixtures; auxiliary heating, ventilation, or air-conditioning equipment; private bathroom

fixtures and any other type of special equipment, together with related plumbing or electrical services; and rugs, carpeting, wall coverings, and drapes within the Premises, whether installed by Tenant or by Landlord on behalf of Tenant, and whether or not such items will become Landlord's property upon expiration or termination of this Lease. Notwithstanding the provisions hereof, in the event that repairs required to be made by Tenant become immediately necessary to avoid possible injury or damage to persons or property, Landlord may, but shall not be obligated to, make repairs to such items at Tenant's expense, which shall constitute Other Charges payable by Tenant to Landlord. Within ten (10) days after Landlord renders a bill for the cost of said repairs, Tenant shall reimburse Landlord.

(b) Landlord's Maintenance. Subject to Paragraph 8(a) above, Landlord shall keep, repair and maintain the Building (including the roof and structural members, the Common Areas, HVAC, plumbing, sprinklers, mechanical and electrical equipment, the exterior and architectural finish, and all items except those excepted elsewhere in this Lease) of which the Premises are a part, and the lawn, shrubs and other landscaping on the Property, all in good and tenantable

condition during the Term of this Lease. Landlord shall, in addition, supply reasonable snow removal for the walkways and parking areas of the Property during Normal Business Hours (as hereinafter defined). Tenant shall notify Landlord immediately when any repair to be made by Landlord is necessary. If any portion of the Building or the Premises is damaged through the fault or negligence of Tenant, its agents, employees, invitees or customers, then Tenant shall promptly and properly repair the same at no cost to Landlord; provided, however, that Landlord may, at its option, make such repairs and Tenant shall, on demand, pay the cost thereof, together with interest at the Default Rate to Landlord as Other Charges. Tenant shall immediately give Landlord written notice of any defect or need for repairs, after which notice Landlord shall have reasonable opportunity to repair same or cure such defect. For the purposes of making any repairs or performing any maintenance, Landlord may block, close or change any entrances, doors, corridors, elevators, or other facilities in the Building or in the Premises, and may close, block or change sidewalks, driveways or parking areas of the Property. Landlord shall not be liable to Tenant, except as expressly provided in this Lease, for any damage or inconvenience and Tenant shall not be entitled to any abatement of rent by reason of any repairs, alterations or additions made by Landlord under this Lease.

(c) Inspection. Tenant shall permit Landlord, its agents, employees and contractors, at any time and otherwise at reasonable times, upon reasonable notice, to take any and all measures, including inspections, repairs, alterations, additions and improvements to the Premises or to the Building, as may be necessary or desirable to safeguard, protect or preserve the Premises, the Building or Landlord's interests; to operate or improve the Building; to comply on behalf of Tenant with all laws, orders and requirements of governmental or other authority (if Tenant fails to do so) after reasonable written notice; to examine the Premises to verify Tenant's compliance with all of the terms, covenants, obligations and conditions of this Lease; or to exercise any rights with respect to the Premises that Landlord may exercise in the event of default by Tenant.

9. Common Areas.

(a) Grant. During the Term of this Lease, Landlord grants to Tenant, its employees, customers and invitees, a nonexclusive license to use, in common with all others to whom Landlord has granted or may hereafter grant a license to use, the common areas of the Property, including but not limited to, the sidewalks, lobbies, halls, passages, exits, vending/food services areas, entrances, elevators, stairways, restrooms, parking areas (except as provided for in subparagraph (b) below), driveways and landscaped areas

(collectively, the "Common Areas") subject to reasonable rules and regulations respecting the Common Areas as Landlord may from time to time promulgate. The Common Areas shall not be obstructed by Tenant or used for any purpose other than for ingress to and egress from the Premises. The Common Areas are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgment of Landlord, shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of Tenant's business unless such persons are engaged in illegal activities. Neither Tenant nor its employees, customers or invitees shall go upon the roof or mechanical floors or into mechanical areas of the Building.

(b) Parking. Parking will be provided in the surface parking area of the Property, and subject to the limitations below. Landlord shall have the right to designate aboveground parking areas for the use of the Building, and Tenant and its employees shall not park in parking areas not so designated, specifically including entrances. Upon written notice from Landlord, Tenant shall furnish to Landlord, within five (5) days after receipt of such notice, the state automobile license numbers assigned to the automobiles of Tenant and its employees. Landlord shall not be liable for any vehicle of Tenant or its employees that the Landlord shall have towed from the Premises when illegally parked. Landlord shall have no liability to Tenant for any damages or claims arising from the use of the parking area or roadways by Tenant, other tenants, or their customers, invitees or employees. Tenant shall be allotted two hundred and thirty (230) nonreserved parking spaces. Landlord is not responsible for the policing or enforcement of the exclusivity of these underground spaces. Landlord will provide Tenant with seven (7) reserved parking spaces as designated by Landlord. Landlord will also provide for eight (8) non-exclusive visitor parking spaces as designated by Landlord.

(c) Right to Change Common Areas. Landlord may do and perform such acts in and to the Common Areas as, Landlord, in its good business judgment, shall determine to be advisable. Landlord hereby reserves the right to make alterations, additions, deletions or changes to the Common Areas,

including, but not limited to, changes in its size and configuration.

10. Building Services.

(a) Electric. Landlord shall provide electric power to the Premises as an element of tenant improvements. At Landlords sole cost and expense Tenant will be separately metered. Tenant will be billed directly by Commonwealth Edison for their use of electrical service related to use of lights and outlets.

(b) Water. Landlord shall provide water for drinking, lavatory and toilet purposes from the regular Building supply (at the prevailing temperature) through fixtures installed by Landlord (or by Tenant with Landlord's prior written consent); provided that Tenant shall reimburse Landlord, at rates fixed by Landlord, for water used by Tenant for supplementary air-conditioning or refrigerating installed by or for Tenant and for any other water used by Tenant (except for public drinking water and public lavatory use).

(c) Air-Conditioning and Heat. Landlord shall provide air conditioning and heat to the Premises for comfortable occupancy during Normal Business Hours, subject at all times, however, to restrictions placed upon Landlord by any duly constituted governmental agency and/or by any utility supplier. Tenant shall cooperate fully with Landlord to assure the effective operation of the Building's air-conditioning and heating systems, including the closing of venetian blinds and drapes, and if windows are operable, to keep them closed when the air-conditioning or heating system is in use. Tenant shall not use any apparatus or device in, upon or about the Premises that in any way may increase the amount of such services usually furnished or supplied to tenants in the Building, and Tenant shall not connect any apparatus or device with the conduits or pipes, or other means by which such services are supplied for the purpose of using additional or unusual amounts of such services, without the prior written consent of Landlord. If Tenant uses such

services under this provision to excess, Landlord reserves the right to charge Tenant for such services, as rent. If Tenant refuses to make payment upon demand of Landlord, such excess charge shall constitute a breach of the obligation to pay rent under this Lease and shall entitle Landlord to the rights granted in this Lease for such breach.

(d) Janitor Service. Landlord shall provide janitor service in and about the Premises and the Building at the end of each Monday, Tuesday, Wednesday and Thursday, and at Landlord's option, at the end of either Sunday or Friday, except for Holidays (as hereinafter defined). Tenant shall not provide any janitor service without Landlord's prior written consent. If Landlord consents to janitor service provided by Tenant, the same shall be subject to Landlord's rules and regulations and to Landlord's supervision, but at Tenant's sole cost and expense (without reduction in Base Rent or Additional Rental). Landlord shall further provide carpet cleaning in the Common Areas and window cleaning at such times as Landlord, in its sole

opinion, considers that such cleaning is necessary. Each Tenant shall cooperate with any janitor service in keeping the Premises neat and clean. Landlord shall be in no way responsible to Tenant, its agents, employees or invitees, for any loss of property from the Premises or for any damage to property thereon, from any cause.

(e) Elevator Service. If the Building contains elevators, Landlord shall provide passenger elevator during Normal Business Hours. In addition subject to necessary scheduling to coordinate Tenants use with the use by Landlord and the other Tenants of the building, Landlord shall provide Tenant, at no additional cost, weekend use of the elevators for Tenant's initial move to the Premises.

(f) Interruption of Services. Tenant hereby acknowledges that any one or more of the utilities or building services specified in this Paragraph 10 may be interrupted or diminished temporarily by Landlord or other person until certain repairs, alterations or other improvements to the Premises or other parts of the Property can be made or by any event or cause which is beyond Landlord's reasonable control, including, without limitation, any ration or curtailment of utility services; that Landlord does not represent, warrant or guarantee to Tenant the continuous availability of such utilities or building services; and that any such interruption shall not be deemed or construed to be an interference with Tenant's right of possession, occupancy and use of the Premises, shall not render Landlord liable to Tenant for damages or entitle Tenant to any reduction of Base Rental, and shall not relieve Tenant from its obligation to pay Base Rental and to perform its other obligations under this Lease. If any substantial

service or facility provided by Ownership is unavailable for longer than ten (10) days, Tenant shall have full rights under remedies contain in the lease hereunder.

(g) Energy Curtailment. Landlord and Tenant specifically acknowledge that energy shortages in the region in which the Property is located may from time to time necessitate reduced or curtailed energy consumption on the Property. Tenant shall comply with all such rules and regulations as may be promulgated from time to time by any governmental authority with respect to energy consumption, and during such period of time as such governmental authority may so require, Tenant shall reduce or curtail operations in the Premises as shall be directed by Landlord or such governmental authority. Compliance with such rules and regulations and/or such reduction or curtailment of operation shall not constitute a breach of Landlord's covenant of quiet enjoyment or otherwise invalidate or affect this Lease, and Tenant shall not be entitled to any diminution or abatement in Base Rental during the periods of reduction or curtailment of operations.

(h) Normal Business Hours. For purposes of this Lease, "Normal Business Hours" shall mean 7:00 a.m. to 6:00 p.m., Monday through Friday, and 8:00 a.m. to 1:00 p.m. on Saturday and not including Sundays and Holidays. However, the normal business hours for the fourth floor will be extended to 7:00 p.m. Monday through Friday.

(i) Holidays. For purposes of this Lease, Holidays shall mean New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving and Christmas.

(j) "Upon request of Tenant, Landlord shall furnish air conditioning and heating at times other than the times specified in the Lease, and if such services are furnished by Landlord at such other times, Tenant shall reimburse Landlord for furnishing such services, at Landlord's direct cost. Landlord's cost shall be deemed to mean the minimum reasonable cost required to provide heating and air conditioning to Tenant on an hourly after hours basis or, alternately, shall be shared proportionately between the Tenant and other Tenant, if any, located in the same HVAC zone who are receiving the benefit of such services at the same time as the receiving Tenant.

Notwithstanding anything contained to the contrary herein, Landlord shall not charge Tenant unit prices for such additional services in excess of any other similar charge to any other Tenant in the Building."

"In the event Landlord has not billed the Tenant for additional charges within 120 days after the month in

which the Landlord claims the charges accrued, the Landlord shall be conclusively presumed to have waived such charge(s).

11. Estoppel Certificates. Within ten (10) days after receipt of written request by Landlord, Tenant shall execute, acknowledge and deliver to Landlord or to Landlord's mortgagee, prospective mortgagee, land lessor or prospective purchaser of the Property or any part thereof, an estoppel certificate, in form and substance substantially similar to that attached as Exhibit E and incorporated herein by reference. Tenant shall make such modifications to such estoppel certificate as may be necessary to make such certificate true and accurate, it being intended that any such statement delivered pursuant to this Paragraph 11 may be relied upon by any such mortgagee, prospective mortgagee, prospective purchaser, or land lessor of the Property. If Tenant fails to provide such estoppel certificate with ten (10) days after receipt of Landlord's request, Tenant shall be deemed to have approved the contents of any such certificate submitted to Tenant by Landlord and Landlord is hereby authorized to so certify.

12. Indemnification; Waiver of Claims.

(a) Tenant shall protect, indemnify, and hold harmless Landlord, its agents, servants, employees, officers, directors and partners forever against and from (i) any penalty, damages, charges or costs imposed or resulting from any violation of any law, order or ordinance of any governmental agency, by the use and occupancy of the Premises by Tenant, whether occasioned by the neglect of Tenant or those holding under Tenant; (ii) all claims, losses, costs, damages and expenses, including attorneys' fees, arising out of or from any accident or other occurrence on or about the Premises or the Property causing injury to any person or property, caused by the negligent or intentional act or omission of Tenant or its servants, agents or employees; (iii) all claims, losses, costs, damages and expenses, including attorneys' fees, arising out of any failure of Tenant in any respect to comply with or perform all the requirements and provisions of this Lease or arising out of any use of the Premises or the Property by Tenant or any one claiming by, through or under Tenant.

(b) Landlord shall not be liable for, and Tenant hereby waives all claims against Landlord, (i) for any and all damage or loss to fixtures, equipment or other property of Tenant and its servants, agents, employees, contractors, suppliers, invitees, patrons and guests, in, upon or about the Premises or the Property, or (ii) for injury or death to any person, occurring in, upon or about the Premises or the

Property, resulting from any cause whatever (except caused by the negligent or intentional act or omission of Landlord or its servants, agents or employees), including, but not limited to, water, snow, frost, ice, explosion, falling plaster, fire or gas, smoke or other fumes, nor by reason of the leaking, breaking, backing up or other malfunction of any lines, wires, pipes, tanks, boilers, lifts or any other appurtenances, regardless by whom installed or maintained (Tenant hereby expressly assuming all responsibility for the safety and security of the person and property of Tenant, and its servants, agents, employees, contractors, suppliers, invitees, patrons and guests, while in, upon or about the Premises). The occurrence of any event described in this Paragraph 12 shall not constitute a breach of Landlord's covenant of quiet enjoyment set forth in Paragraph 17.

13. Insurance.

(a) Tenant's Insurance. Tenant, at its sole cost and expense, shall carry during the entire Term of this Lease, the following types of insurance:

(i) Commercial general liability insurance against injuries to persons occurring in, upon or about the Premises, with minimum coverage of Three Million Dollars ($3,000,000.00) per occurrence and Three Million Dollars ($3,000,000.00) aggregate coverage per one (1) accident or disaster, and One Million Dollars ($1,000,000.00) for property damage;

(ii) Fire, extended coverage, vandalism and malicious mischief, and sprinkler damage and all-risk insurance coverage on all personal property, trade fixtures, floor coverings, wall coverings, furnishings, furniture, and contents for their full insurable value on a replacement cost basis;

(iii) Business interruption insurance, against loss or damage resulting from the same risks as are covered by the insurance mentioned in subparagraph (i) above in an amount equal to the aggregate of one (1) year's requirement of (A) Base Rental, (B) the amounts payable by Tenant for Additional Rental as provided in subparagraph 3(b), and (C) insurance premiums necessary to comply with this Paragraph 13; and

(iv) Workers' Compensation or similar insurance, if and to the extent required by law and in form and amounts required by law.

(b) Landlord as Additional Insured. All such insurance required to be maintained by Tenant shall name Landlord as an additional insured and shall be written with a company or

companies reasonably satisfactory to Landlord, having a policyholder rating of at least "A" and be assigned a financial size category of at least "Class XIV" as rated in the most recent edition of "Best's Key Rating Guide" for insurance companies, and authorized to engage in the business of insurance in the state in which the Premises are located. Tenant shall deliver to Landlord copies of such policies and customary insurance certificates evidencing such paid-up insurance. Such insurance shall further provide that the same may not be canceled, terminated or modified unless the insurer gives Landlord and Landlord's mortgagee(s) at least thirty (30) days' prior written notice thereof.

(c) Landlord's Insurance. Landlord shall maintain in force, at all times during the Term of this Lease, a policy or policies of fire and extended coverage insurance to the extent of at least 100% at the replacement value of the Building.

(d) Increase in Premiums. If insurance premiums payable by Landlord or any other tenant are increased as a result of any breach of Tenant's obligations under this Lease or as a result of Tenant's use and occupancy of the Premises, Tenant shall pay to Landlord an amount equal to any increase in such insurance premiums. Tenant shall have no obligation to pay any portion of insurance premium increases resulting from any other Tenant's use or occupancy.

14. Waiver of Subrogation. Neither Landlord nor Tenant shall be liable to the other for any business interruption or any loss or damage to property or in any manner growing out of or connected with Tenant's use and occupation of the Premises, the Building or the Property or the condition thereof, or of the adjoining property, whether or not caused by the negligence or other fault of Landlord or Tenant or of their respective agents, employees, subtenants, licensees or assignees; provided, however, that this release shall apply only to the extent that such business interruption or loss or damage is covered by insurance, regardless of whether such insurance is payable to or protects Landlord or Tenant or both. Nothing in this Paragraph 14 shall be construed to impose any other or greater liability upon either Landlord or Tenant than would have existed in the absence hereof. Because this Paragraph 14 will preclude the assignment of any claim mentioned in it by way of subrogation (or otherwise) to an insurance company (or any other person), each party to this Lease agrees immediately to give to each insurance company that has issued to it policies of fire and extended coverage insurance, written notice of the terms of the mutual waivers contained in this paragraph, and to have the insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverages because of the mutual waivers contained in this Paragraph 14.

15. Holding Over. If Tenant retains possession of the Premises or any part thereof after the termination of this Lease, Tenant shall, for the next thirty days Tenant shall pay Landlord rent at one hundred twenty-five percent (125%) times the monthly rate in effect immediately to the termination of this Lease. After the initial thirty day period, from that day forward Tenant shall be a Tenant from month to month and Tenant shall pay Landlord rent at one hundred and fifty percent (150%) times the monthly rate in effect prior to the termination of this lease for the time the Tenant remains in possession. No acceptance of rent by, or other act or statement whatsoever on the part of Landlord or its agent or employee, in the absence of a writing signed by Landlord, shall be construed as an extension of or as a consent for further occupancy. Tenant shall indemnify Landlord for all damages, consequential as well as direct, sustained by reason of Tenant's retention of possession. The provisions of this Paragraph 15 do not exclude pursuit of Landlord's right of re-entry or any other right hereunder.

16. Assignment and Sublease.

(a) Prohibition. Tenant shall not assign, convey, mortgage, pledge, encumber or otherwise transfer this Lease or any interest therein, sublet the Premises or any part thereof, or permit the use or occupancy of the Premises or any part thereof by anyone other than Tenant or any successor of Tenant resulting from a merger or consolidation, any entity under common control of any of the partners of Tenant, without receiving Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. Tenant

may however assign the Premises to an affiliate of Tenant. A transfer by operation of law, merger or consolidation, or a change of any partnership interest in Tenant or in the ownership of the voting stock of Tenant or any direct or indirect parent of Tenant shall be deemed an assignment for purposes of this Paragraph 16. Any purported transfer, encumbrance, pledge, mortgage, assignment or subletting not in compliance herewith shall be void and of no force or effect. In the event of any assignment, subletting, transfer or occupancy by someone other than Tenant, whether or not expressly or impliedly approved by Landlord, Tenant shall, nevertheless, at all times, remain fully responsible and jointly and severally liable for the payment of the rent and for compliance with all other obligations imposed upon Tenant under the terms, provisions and covenants of this Lease. Any assignment or sublease shall contain a provision whereby the assignee or subtenant agrees to comply with and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease to the extent applicable, and Tenant shall deliver to Landlord, promptly after execution, an executed copy of each assignment or sublease and an agreement of compliance by each assignee or subtenant. Any sublease shall also contain a provision that

in the event of default by Tenant hereunder and a termination of this Lease by Landlord, such subtenant shall, at Landlord's option, attorn to Landlord as if Landlord were the lessor under the sublease.

(b) Option to Cancel. Upon receipt of Tenant's written request for Landlord's consent to subletting, assignment, transfer or occupancy by someone other than Tenant, Landlord shall have the option to cancel this Lease as of the date the requested subletting, assignment, transfer or occupancy by someone other than Tenant, Landlord shall have the option to cancel this Lease as of the date the requested subletting, assignment, transfer or occupancy by someone other than Tenant is to be effective. Landlord shall exercise its option to cancel this Lease by written notice to Tenant within thirty (30) days after Landlord receives Tenant's request for Landlord's consent. This option to cancel/recapture Premises shall be a one time right at the time Tenant gives notice of intent to sublease, rather than after Tenant has procured a sub-Tenant. If an affiliate Tenant is in involved, Landlord may not cancel or recapture the Premises.

(c) Right to Collect Rents Directly. Upon the occurrence of an "event of default" as set forth in Paragraph 21 hereof, if all or any part of the Premises is then assigned, sublet, transferred or occupied by someone other than Tenant, then, in addition to any other remedies provided in this Lease or provided by law, Landlord, at its option, may collect directly from the assignee, subtenant, transferee or occupant all rent becoming due to Tenant by reason of the assignment, sublease, transfer or occupancy. Any collection directly by Landlord from the assignee or subtenant shall not be construed to constitute a novation or a release of Tenant from the further performance of its obligations under this Lease.

(d) Excess Rent. If Tenant assigns this Lease or sublets all or a portion of the Premises for an amount in excess of the Base Rental (or the pro rata share of Base Rental in the case of a sublease of a portion of the Premises), then Tenant shall pay to Landlord, as rent, fifty percent (50%) of such excess received by Tenant.

17. Quiet Enjoyment. If Tenant shall pay the rents and other sums due to be paid by Tenant hereunder as and when the same become due and payable, and if Tenant shall keep, observe and perform all of the other terms, covenants and agreements of this Lease on Tenant's part to be kept, observed and performed, Tenant shall, at all times during the Term herein granted, peacefully and quietly have and enjoy possession of the Premises without any encumbrance or hindrance by, from or through Landlord, except for regulations imposed by any governmental or quasi-governmental agency on the occupancy of Tenant or the conduct of Tenant's business operations.

18. Compliance with Laws and with Rules and Regulations.

(a) Laws. Tenant, at its sole cost and expense, shall procure any permits and licenses required for the transaction of Tenant's business in the Premises. Tenant, at its sole cost and expense, shall promptly observe and comply with all present and future laws, ordinances, requirements, orders, directives, rules and regulations of all state, federal, municipal and other agencies or bodies having jurisdiction relating to the use and occupancy of the Premises, the Building and the Property at any time in force, applicable to Tenant's use thereof, except that Tenant shall not be under any obligation to comply with any law, ordinance, rule or regulation requiring any

alteration of the Premises, unless such alteration is required because of a condition that has been created by, or at the instance of, Tenant, or is required by reason of a breach of any of Tenant's covenants and agreements under this Lease. Landlord shall not be required to repair any injury or damage by fire or other cause, or to make any repairs or replacements of any panels, decoration, office fixtures, railing, ceiling, floor covering, partitions, or any other property installed in the Premises by Tenant.

(b) Rules and Regulations. Tenant and Landlord shall comply with all rules and regulations for the Building, which current rules and regulations are attached hereto as Exhibit F and with such reasonable modifications thereof and additions thereto as Landlord may make hereafter, from time to time. Notwithstanding anything contained in this Lease, Landlord shall not be responsible nor liable to Tenant, it agents, representatives, employees, invitees or licensees, for the nonobservance by any other tenant of any rules and regulations.

19. Fire and Casualty.

(a) If the Premises or the Building or any substantial part 50% of either is damaged or destroyed by fire or other casualty, cause or condition whatsoever, and such damage or destruction cannot be repaired within one hundred twenty days (120) days, Landlord and Tenant may terminate this Lease, by written notice to Tenant given within thirty (30) days after such damage. If the Premises are damaged or destroyed or access thereto or use thereof is affected by the damage, then Landlord's termination shall be effective as of the date of such damage; otherwise said termination shall be effective thirty (30) days after such notice. Landlord shall give Tenant a written estimate of time required to repair within thirty (30) days after such damage.

(b) If the Common Areas in the Building are damaged or destroyed by fire or other casualty, cause or condition

whatsoever, to such an extent as to substantially interfere with Tenant's use of the Premises or if the Premises or a substantial part thereof are made untenantable, and such damage or destruction cannot be repaired within one hundred and ninety (90) days, then Tenant may terminate this Lease by giving written notice to Landlord within thirty (30) days after such damage, said termination to be effective as of the date of such damage.

(c) Unless this Lease is terminated as herein above provided, Landlord shall proceed with due diligence to restore, repair and replace the Premises and the Building to the same condition as they were in as of the Commencement Date. Provided such damage or destruction was not caused or contributed to by an intentional act or negligence of Tenant, its agents, employees, invitees or those for whom Tenant is responsible, from and after the date of such damage to date of completion of said repairs, replacements and restorations, a just proportion of the rent shall abate according to the extent the full use and enjoyment of the Premises are rendered impossible by reason of such damage. Landlord shall be under no duty to restore any alterations, improvements or additions made by Tenant. In all cases, due allowance shall be given to Landlord for any reasonable delays caused by adjustment of insurance loss, strikes, labor difficulties or any cause beyond Landlord's control.

20. Eminent Domain.

(a) If all the Premises or a fifty (50%) percent or more substantial part thereof shall be taken for any public or quasi-public use under any statute or by rights of eminent domain or by private purchase in lieu thereof, this Lease shall terminate as of the date of vesting of title. Landlord shall be entitled to receive the entire award paid for such taking or condemnation, Tenant hereby assigning to Landlord all Tenant's right, title and interest therein, if any. Nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property or fixtures belonging to Tenant, for the interruption of or damage to Tenant's business or for Tenant's moving expenses but only if such award shall be in addition to the award for the Property and the Building (or portion thereof) containing the Premises.

(b) If fifty percent (50%) or more of the Building other than the Premises shall be condemned, taken or purchased in lieu thereof, then Landlord may terminate this Lease by notifying Tenant of such termination within sixty (60) days after the date of vesting of title. This Lease shall expire on the date specified in such notice of termination, which date shall be not less than sixty (60)

days after the giving of such notice. The rent hereunder shall be apportioned as of such termination date.

(c) If more than twenty five (25%) of the surface parking area of the Property is condemned, taken or purchased in lieu thereof, either party shall have the right to terminate this Lease upon giving written notice to the other party within thirty (30) days of such taking and this Lease shall terminate thirty (30) days after the date of such notice.

(d) Any such taking, condemnation or temporary requisition which does not result in a termination of this Lease, as hereinbefore provided in this Paragraph 20, shall not be cause for any reduction or diminution of the rental payment hereunder.

21. Default.

(a) If (i) Tenant fails to pay when due any rent, or any other sums required to be paid hereunder by Tenant; or (ii) Tenant defaults in the performance or observance of any other agreement or condition on its part to be performed or observed, and Tenant shall fail to cure said default within twenty (20) days after receipt of written notice thereof by Landlord; or such longer period as is reasonably necessary to remedy such failure provided that Tenant shall continuously and diligently pursue such remedy until such failure is cured: or (iii) Tenant files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent, or files any petition or answer seeking any arrangement, composition, liquidation or dissolution under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors or seeks or consents to or acquiesces in the appointment of any trustee, receiver or liquidator of Tenant or of all or any substantial part of its properties, or of the Premises, or makes any general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due; or (iv) a court enters an order, judgment or decree approving a petition filed against Tenant seeking any arrangement, composition, liquidation, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated or unstayed for an aggregate of sixty (60) days (whether or not consecutive); or (v) Landlord believes in its reasonable judgment that the prospect of payment or performance of any of the terms, conditions and covenants of this Lease to be paid or performed by Tenant are about to be impaired; or

or (vii) Tenant abandons the Premises; then in any such event and at any time thereafter, Landlord may, without further notice to Tenant, and in addition to and not in lieu of any other rights or remedies available to Landlord at law or in equity, exercise any one ormore of the following rights:

(x) Landlord may (A) terminate this Lease and the tenancy created hereby by giving notice of such election to Tenant, and (B) reenter the Premises, by summary proceedings or otherwise, remove Tenant and all other persons and property from the Premises and store such property in a public warehouse or elsewhere at the sole cost and expense of and for the account of Tenant without Landlord being deemed guilty of trespass or becoming liable for any loss or damage occasioned thereby.

(y) Landlord may reenter and take possession of the Premises, without terminating this Lease and without relieving Tenant of its obligations under this Lease, and divide or subdivide the Premises in any manner Landlord may desire and lease or let the Premises or portions thereof, alone or together with other premises, for such term or terms (which may be greater or less than the balance of the remaining portion of the Term of this Lease) and on such terms and conditions (which may include concessions or free rent and alterations of the Premises) as Landlord, in its discretion, may determine.

(b) If this Lease is terminated by Landlord pursuant to this Paragraph 21, Tenant nevertheless shall remain liable for any Base Rental, Additional Rental, Other Charges required to be paid hereunder and damages that may be due or sustained prior to such termination, and for all reasonable costs, fees and expenses incurred by Landlord in pursuit of its remedies hereunder, including attorneys', brokers' and other professional fees (all such rents, damages, costs, fees and expenses being referred to herein collectively as "Termination Damages") plus additional damages (the "Liquidated Damages") which are hereby stipulated to be equal to the present value of Base Rental, Additional Rental and Other Charges required to be paid hereunder that, but for termination of this Lease, would have become due during the remainder of the Term, plus the unamortized portion of tenant improvements and leasing commissions, less the fair market rental rate for the remainder of the Term of this Lease discounted at the current five (5) year treasury bill rate. Termination Damages and Liquidated Damages shall be due and payable immediately upon demand by Landlord following any termination of this Lease

pursuant to this Paragraph 21.

(c) If Landlord reenters and takes possession of the Premises pursuant to this Paragraph 21, without terminating this Lease, and relets the Premises or any part thereof (which Landlord shall have no obligation to do), the net rentals from such letting shall be applied first to the costs, fees and expenses incurred by Landlord in pursuit of its remedies hereunder, including attorneys', brokers' and other professional fees, in renting the Premises or part thereof to others from time to time (including the cost and expense of making such improvements to the Premises as may be necessary, in Landlord's sole discretion, to enable Landlord to relet same). The balance, if any, shall be applied by Landlord from time to time on account of the rent and other payments due from Tenant hereunder, with the right reserved to Landlord to bring such actions or proceedings for the recovery of any deficits remaining unpaid as Landlord may deem favorable from time to time without being obligated to await the end of the Term for the final determination of Tenant's account. Any balance remaining, however, after full payment and liquidation of Tenant's account as aforesaid shall be paid to Tenant with the right reserved to Landlord at any time to give notice in writing to Tenant of Landlord's election to cancel and terminate this Lease and the giving of such notice and the simultaneous payment by Landlord to Tenant of any credit balance in Tenant's favor that may at the time be owing to Tenant shall constitute a final and effective cancellation and termination of this Lease and the obligations hereunder on the part of either party to the other. Landlord shall not be liable for, nor shall Tenant's obligations be diminished by reason of, any failure by Landlord to relet the Premises or any failure of Landlord to collect any rent due upon such reletting, providing reasonable efforts to relet or collect have been made by Landlord.

(d) Upon the termination of this Lease or of Tenant's right to possession of the Premises by lapse of time or earlier termination as herein provided, Tenant shall remove its property from the Premises. Any such property of Tenant not removed from the Premises by Tenant within thirty (30) days after the end of the term or of Tenant's right to possession of the Premises, however terminated, whichever occurs earlier, shall be conclusively deemed to have been forever abandoned by Tenant and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit.

(e) Notwithstanding anything contained herein, if Landlord shall have given written notice of three (3) defaults in any twelve (12) month period, no further prior notice by Landlord shall be required for Landlord to declare this Lease to be in default.

(f) If Tenant at any time fails to make any payment or perform any other act on its part to be made or performed under this Lease, Landlord may, but shall not be obligated to, and after reasonable notice or demand and without waiving or releasing Tenant from any obligation under this Lease, make such payment or perform such other act to the extent Landlord may deem desirable, and in connection therewith to pay expenses and employ counsel. Tenant shall pay upon demand all of Landlord's costs, charges and expenses, including the fees of counsel, agents and others retained by Landlord, incurred in SUCCESSFULLY enforcing Tenant's obligations hereunder or incurred by Landlord in any litigation, negotiations or transactions in which Tenant causes Landlord, without Landlord's fault, to become involved or concerned, which amount shall be deemed to be rent due and payable by Tenant, upon demand by Landlord, and Landlord shall have the same rights and remedies for the nonpayment thereof, as in the case of default in the payment of rent.

(g) All rights and remedies of Landlord herein enumerated shall be cumulative, and none shall exclude any other right or remedy allowed by law. In addition to the other remedies in this Lease provided, Landlord shall be entitled to the restraint by injunction of the violation or attempted violation of any of the covenants, agreements or conditions of this Lease.

22. Waiver of Default or Remedy. No waiver of any covenant or condition or
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of the breach of any covenant or condition of this Lease shall be taken to constitute a waiver of any subsequent breach of such covenant or condition nor to justify or authorize the nonobservance on any other occasion of the same or of any other covenant or condition hereof, nor shall the acceptance of rent by Landlord at any time when Tenant is in default under any covenant or condition hereof be construed as a waiver or such default or of Landlord's right to terminate this Lease on account of such default, nor shall any waiver or indulgence granted by Landlord to Tenant be taken as an estoppel against Landlord, it being expressly understood that if at any time Tenant shall be in default in any of its covenants or conditions hereunder an acceptance by Landlord of rental during the continuance of such default or the failure on the part of Landlord promptly to avail itself of such rights or remedies as Landlord may have, shall not be construed as a waiver of such default, but Landlord may at any time thereafter, if such default continues, terminate this Lease or

assert any other rights or remedies available to it on account of such default in the manner hereinbefore provided.

23. Landlord's Lien.
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25. Force Majeure. If Landlord or Tenant shall be delayed, hindered in or
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prevented from the performance of any act required hereunder (other than the payment of rent and other charges payable by Tenant) by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, riots, insurrection, the act, failure to act or default of the other party, war or any other reason beyond the reasonable control of the party who is seeking additional time for the performance of such act, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a reasonable period, in no event to exceed a period equivalent to the period of such delay. No such interruption of any service to be provided by Landlord shall ever be deemed to be an eviction, actual or constructive, or disturbance of Tenant's use and possession of the Premises, the Building or the Property.

26. Subordination of Lease.

(a) Landlord reserves the right and privilege to subject and subordinate this Lease to any and all mortgages, deeds of trust or land leases now existing upon or that may be hereafter placed upon the Premises and the Property and to all advances made or to be made thereon and all renewals, modifications, consolidations, replacements or extensions thereof and if such right is exercised, the lien of any such mortgages, deeds of trust or land leases shall be superior to all rights hereby or hereunder vested in Tenant, to the full extent of all sums secured thereby. In confirmation of such subordination, Tenant shall, on request of Landlord or the holder of any such mortgages, deed(s) of trust and land leases, execute and deliver to Landlord within ten (10) days any instrument that Landlord or such holder may reasonably request. Landlord shall use their best efforts to obtain a non-disturbance agreement. "Notwithstanding anything to the contrary in this Lease, Landlord's right to subordinate this Lease is conditioned upon Landlord providing Tenant with a Non-Disturbance and Attornment Agreement, signed by the Lender, in the form attached as Exhibit 26(a) to this Lease," or in such other form as is acceptable to Lender and Tenant.

(b) If the interest of Landlord under this Lease shall be transferred by reason of foreclosure, deed in lieu of foreclosure, or other proceedings for shall be bound to the transferee (the "Purchaser") under the terms, covenants and conditions of this Lease for the balance of the Term remaining, and any extensions or renewals, with the same force and effect as if the Purchaser were the landlord under this Lease, and at the option of Purchaser, Tenant shall attorn to the Purchaser (including the mortgagee under any such mortgage, if it be the Purchaser), as its landlord, the attornment to be effective and self-operative without the execution of any further instruments upon the Purchaser succeeding to the interest of Landlord under this Lease. The respective rights and obligations of Tenant and the Purchaser upon the attornment, to the extent of the then remaining balance of the Term of this Lease, and any extensions and renewals, shall be and are the same as those set forth in this Lease.

27. Notices and Consents. All notices, demands, requests, consents and
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approvals that may or are required to be given by either party to the other shall be in writing and shall be deemed given when sent by United States certified or registered mail, postage prepaid, or by overnight courier (a) if for Tenant, addressed to Tenant at 2200 Golf Road, Des Plaines, Illinois 60016 Attention: President, or at such other place as Tenant may from time to time designate by notice to Landlord, or (b) if for Landlord, addressed to _____ _____ with a copy to Landlord, c/o OTR, 275 East Broad Street, Columbus, Ohio 43215, Attention: Real Estate Manager, or at such other place as

Landlord may from time to time designate by notice to Tenant. All consents and approvals provided for herein must be in writing to be valid. Notice shall be deemed to have been given if addressed and mailed as above provided on the date two (2) days after deposit in the United States mail or one (1) day after deposit with an overnight courier.

28. Security Deposit.
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29. Miscellaneous Taxes. Tenant shall pay, prior to delinquency, all taxes

assessed against or levied upon its

occupancy of the Premises, or upon the fixtures, furnishings, equipment and all other personal property of Tenant located in the Premises, if nonpayment thereof shall give rise to a lien on the Premises, and when possible Tenant shall cause said fixtures, furnishings, equipment and other personal property to be assessed and billed separately from the property of Landlord. In the event any or all of Tenant's fixtures, furnishings, equipment and other personal property, or upon Tenant's occupancy of the Premises, shall be assessed and taxed with the property of Landlord, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's fixtures, furnishings, equipment or personal property.

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31. Brokerage Commission. Tenant represents and warrants to Landlord that Tenant has been represented by Grubb & Ellis, whose fee shall be paid by Landlord, in connection with this leasing transaction. Landlord represents and warrants to Tenant that Landlord has dealt with no broker, agent or other person in connection with this transaction other than Frain Camins & Swartchild who would be entitled to a fee or commission. Landlord and Tenant each shall indemnify and hold harmless the other from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with such indemnifying party with regard to this leasing transaction. The provisions of this Paragraph 31 shall survive the termination of this lease.

32. Hazardous Devices and Contaminants.

(a) Prohibition. Except with the prior written consent of Landlord, Tenant shall not install or operate any steam or internal combustion engine, boiler, machinery, refrigerating

or heating device or air-conditioning apparatus in or about the Premises, or carry on any mechanical business therein. Except for Contaminants (as hereinafter defined) used in the ordinary course of business and in compliance with Requirements of Law (as hereinafter defined), Tenant and its agents, employees, contractors and invitees shall not use, store, release, generate or depose of or permit to be used, stored, released, generated or disposed of any Contaminants on or in the Premises.

(b) Indemnification. Tenant shall indemnify and hold harmless Landlord, its agents, servants, employees, officers and directors forever from and against any and all liability, claims, demands and causes of action, including, but not limited to, any and all liability, claims, demands and causes of action by any governmental authority, property owner or any other third person and any and all expenses, including attorneys' fees (including, but not limited to, attorneys' fees to enforce Tenant's obligation of indemnification under this Paragraph 32(b)), relating to any environmental liability resulting from (i) any Release by Tenant, its agents or employees, servants and assignees (as hereinafter defined) of any Contaminant at the Premises or emanating from the Premises to adjacent properties or the surrounding environment during the Term of this Lease; (ii) during the Term of this Lease, any generation, transport, storage, disposal, treatment or other handling of any Contaminant at the Premises by Tenant, including, but not limited to, any and all off-site transport, storage, disposal, treatment or other handling of any Contaminant generated, produced, used and/or originating in whole or in part from the Premises; and (iii) any activities by Tenant at the Premises during the Term of this Lease that in any way might be alleged to fail to comply with any Requirements of Law.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS LEASE, LANDLORD AND

STRBO SHALL INDEMNIFY AND HOLD TENANT AND ITS EMPLOYEES HARMLESS FROM ANY LOSS, LIABILITY, SUITS AND EXPENSES, INCLUDING BUT NOT LIMITED TO ANY CLEAN-UP COSTS AND RELATED REMEDIAL INVESTIGATIONS, AND INCLUDING REASONABLE CONSULTANTS' AND ATTORNEYS' FEES AND COSTS, ARISING OUT OF OR RELATED TO ANY CONTAMINATION OR RELEASE EXISTING OR OCCURRING PRIOR TO THE COMMENCEMENT DATE.

(c) Definitions.

(i) "Contaminant" shall mean any substance or waste containing hazardous substances, pollutants, and contaminants as those terms are defined in the federal Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. and any substance similarly defined or identified in any other federal, provincial or state laws, rules or regulations

governing the manufacture, import, use, handling, storage, processing, release or disposal of substances or wastes deemed hazardous, toxic, dangerous or injurious to public health or to the environment. This definition includes friable asbestos and petroleum or petroleum-based products.

(ii) "Requirements of Law" shall mean any federal, state or local law, rule, regulation, permit, agreement, order or other binding determination of any governmental authority relating to the environment, health or safety.

(iii) "Release" shall have the same meaning as in the federal Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601, et seq.

33. Exculpation. This Lease is executed by certain general partners of Landlord, not individually, but solely on behalf of, and as the authorized nominee and agent for STRBO, and in consideration for entering into this Lease, Tenant hereby waives any rights to bring a cause of action against the individuals executing this Lease on behalf of Landlord (except for any cause of action based upon lack of authority or fraud), and all persons dealing with Landlord must look solely to STRBO's assets for the enforcement of any claim against Landlord, and the obligations hereunder are not binding upon, nor shall resort be had to the private property of any of, the trustees, officers, directors, employees or agents of STRBO.

34. Signs. Tenant shall not display, inscribe, print, paint, maintain or affix on any place in or about the Building any sign, notice, legend, direction, figure or advertisement, except on the doors of the Premises, and then only such name(s) and matter, and in such color, size, place and materials, as shall first have been approved by Landlord in writing. Landlord reserves the right to install and maintain a sign or signs on the exterior or interior of the Building. If Tenant desires, Landlord shall list Tenant on the Building directory board, at Tenant's sole cost and expense.

35. Locks. No additional locks or similar devices shall be attached to any door or window without Landlord's prior written consent. Except for those keys provided by Landlord, no keys for any door shall be made. If more than two keys for one lock are desired, Landlord will provide the same upon payment by Tenant. All keys must be returned to Landlord at the expiration or Termination of this Lease. Tenant shall see that the doors and windows, if operable, of the Premises are closed and securely locked before leaving the Building.

36. Employment. Tenant shall not contract for any work or service that might involve the employment of labor incompatible

with the Building employees or employees of contractors doing work or performing services by or on behalf of Landlord.

37. Plumbing. Tenant must observe strict care and caution that all water faucets and water apparatus are shut off before Tenant or its employees leave the Building to prevent waste or damage. Plumbing fixtures and appliances shall be used only for purposes for which constructed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed therein. Damage resulting to any such fixtures or appliances from misuse by Tenant shall be paid by Tenant and Landlord shall not in any case be responsible therefor.

38. Certain Rights Reserved to Landlord. Landlord reserves the following rights:

(a) To name the Building and to change the name or street address of the Building;

(b) To designate all sources furnishing sign painting and lettering, ice, towels, toilet supplies, and like services used on the Premises or in the Building;

(c) On reasonable prior notice to Tenant, to exhibit the Premises to prospective tenants during the last twelve (12) months of the Term, and to exhibit the Premises to any prospective purchaser, mortgagee, or assignee of any mortgage on the Property and to others having a legitimate interest at any time during the Term; and

(d) To install vending machines of all kinds in the Property, and to provide mobile vending service therefor, and to receive all of the revenue derived therefrom; provided, however, that no vending machines shall be installed by Landlord in the Premises nor shall any mobile vending service be provided therefor, unless Tenant so requests.

39. Miscellaneous.

(a) No receipt of money by Landlord from Tenant after the termination of this Lease or after the service of any notice or after the commencement of any suit, or after final judgment for possession of the Premises shall reinstate, continue or extend the Term of this Lease or affect any such notice, demand or suit or imply consent for any action for which Landlord's consent is required.

(b) The term "Landlord" as used in this Lease, so far as covenants or agreements on the part of Landlord are concerned, shall be limited to mean and include only the

owner (or ground lessor, as the case may be) for the time being of the Premises. If the Premises or the underlying lease, if any, be sold or transferred, the seller thereof shall be automatically and entirely released of all covenants and obligations under this Lease from and after the date of conveyance or transfer, provided the purchaser on such sale has assumed and agreed to carry out all covenants and obligations contained in this Lease to be performed on the part of Landlord hereunder, it being hereby agreed that the covenants and obligations, contained in this Lease to be performed on the part of Landlord, hereunder it being hereby agreed that the covenants and obligations contained in this Lease shall be binding under Landlord, its successors and assigns, only during their respective successive period of ownership.

(c) It is understood that Landlord may occupy portions of the Building in the conduct of Landlord's business. In such event, all references herein to other tenants of the Building shall be deemed to include Landlord as occupant.

(d) All of the covenants of Tenant hereunder shall be deemed and construed to be "conditions" as well as "covenants" as though the words specifically expressing or implying covenants and conditions were used in each separate instance.

(e) In the event of variation or discrepancy among counterparts, Landlord's original copy of this Lease shall control.

(f) This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided that this provision shall in no manner enlarge Tenant's rights of assignment, which right of assignment has been restricted under the foregoing provisions of this Lease.

40. Relationship of Parties. Any intention to create a joint venture,
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partnership or principal and agent relationship between the parties hereto is hereby expressly disclaimed. This Lease shall create the relationship of landlord and tenant between Landlord and Tenant.

41. Gender and Number. Whenever words are used herein in any gender, they
---
shall be construed as though they were used in the gender appropriate to the context and the circumstances, and whenever words are used herein in the singular or plural form, they shall be construed as though they were used in the form appropriate to the context and the circumstances.

42. Topic Headings. Headings and captions in this Lease are inserted for
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convenience and reference only and in no way

define, limit or describe the scope or intent of this Lease nor constitute any part of this Lease and are not to be considered in the construction of this Lease.

43. Counterparts. Several copies of this Lease may be executed by all of the parties. All executed copies constitute one and the same Lease, binding upon all parties.

44. Entire Agreement. This Lease contains the entire understanding between the parties and supersedes any prior understanding or agreements between them respecting the subject matter. No representations, arrangement, or understandings except those fully expressed herein, are or shall be binding upon the parties. No changes, alterations, modifications, additions or qualifications to the terms of this Lease shall be made or be binding unless made in writing and signed by each of the parties.

45. Recording. The parties agree that this Lease shall not be recorded, but a Short Form Lease or Memorandum of Lease, complying in form with applicable state law, shall be executed setting forth the description of the Premises, the Term of this Lease and other pertinent provisions, which Short Form Lease or Memorandum of Lease may be recorded by either party in lieu of recordation of this Lease.

46. Governing Law; Invalidity of any Provisions. This Lease shall be subject to and governed by the laws of the state in which the Premises are located. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the other terms of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

Witness:

[SIGNATURE NOT LEGIBLE]
- ----------
[SIGNATURE NOT LEGIBLE]
- ----------

LANDLORD:

OTR, an Ohio general partnership,
acting as the duly authorized nominee of the BOARD OF THE STATE TEACHERS RETIREMENT SYSTEM OF OHIO

By: [SIGNATURE NOT LEGIBLE]

[SIGNATURE NOT LEGIBLE], a general partner

TENANT:

UNITED STATIONERS SUPPLY CO.,
an Illinois Corporation

_____

_____ By:_____

STATE OF OHIO)
) SS:
COUNTY OF FRANKLIN)

BE IT REMEMBERED, that on this 30th day of July, 1993 before me, the subscriber, a Notary Public, personally appeared the above-named OTR, an Ohio general partnership, by Stephen A. Mitchell, a general partner, known to me and

known to me to be the person who signed the foregoing instrument as such partner, who acknowledged to me that he signed said instrument as such partner, duly authorized by the partnership so to do, and that the signing of the same was his free act and deed, as such partner, for and on behalf of said partnership, for the uses and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto subscribed by name and affixed the official seal of my office at Chambers, Ohio, on the day and year last above written.

/s/ PAMELA J. MCCAMMON
Notary Public

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

BE IT REMEMBERED, that on this 15th day July, 1993, before me, the subscriber, a Notary Public and for said County and State, personally appeared the above-named UNITED STATIONERS SUPPLY CO. organized under the laws of the State of ILLINOIS by OTIS H HALLEEN, its Vice Pres., known to me and known to me to be the person who signed the foregoing instrument as such Vice President, who acknowledged to me that he signed said instrument as such Vice Pres., duly authorized by the

directors of said corporation so to do, and that the signing of the same was his free act and deed, as such officer, for and on behalf of said United Stationers Supply Co, for the uses and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the official seal of my office at Des Plaines, Illinois, on the day and year last above written.

/s/ Joan M. Hefferman
Notary Public

[SEAL APPEARS HERE]

[PLAN APPEARS HERE]

[PLAN APPEARS HERE]

EXHIBIT B
LEGAL DESCRIPTION

Lot 501 in Kensington Center - Phase Five, being a subdivision in part of the Northeast 1/4 of Section 35, Township 42 North, Range 11 East of the Third Principal Meridian, as per plat filed February 8, 1985 as LR 3418941 in Cook County, Illinois.

EXHIBIT C

COMMENCEMENT DATE AGREEMENT

THIS COMMENCEMENT DATE AGREEMENT ("Agreement") dated _____, 199_ is between OTR, an Ohio general partnership, whose address is 275 East Broad Street, Columbus, Ohio 43215, acting as the duly authorized nominee of The State Teachers Retirement System of Ohio ("Landlord"), whose address is 275 East Broad Street, Columbus, Ohio 43215, and _____, a _____ ("Tenant"), whose address is _____.

W I T N E S S E T H:
- - - - - - - - - - -

A. Landlord and Tenant executed a certain Lease dated _____, 199_ (the "Lease").

B. The Lease provides that the Lease will commence on the date that Landlord delivers possession of the Premises (as defined in the Lease) to Tenant.

C. Landlord and Tenant now desire to set forth in writing the actual date of delivery of the Premises and the actual commencement date of the Lease.

NOW THEREFORE in consideration of the mutual covenants and promises contained herein and other valuable consideration, the parties agree that the Lease commenced on _____, 199_ and shall terminate on _____, _____.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on the day and year first above written.

Signed and Acknowledged
general partnership
the Presence of:

LANDLORD: OTR, an Ohio

acting as the duly authorized nominee of The State Teachers Retirement System of Ohio

_____

_____

By:_____
_____, a general partner

TENANT:

UNITED STATIONERS SUPPLY CO.

_____

_____ By: _____

Its: _____

STATE OF OHIO)
) SS:
COUNTY OF FRANKLIN)

BE IT REMEMBERED, that on this _____ day of _____, 199_, before me, the subscriber, a Notary Public, personally appeared the above-named OTR, a partnership organized under the laws of the State of Ohio, by Stephen A. Mitchell, a general partner, known to me and known to me to be the person who signed the foregoing instrument as such partner, who acknowledged to me that he signed said instrument as such partner, duly authorized by the partnership so to do, and that the signing of the same was his free act and deed , as such partner, for and on behalf of said partnership, for the uses and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the official seal of my office at Columbus, Ohio, on the day and year last above written.

_____
Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

BE IT REMEMBERED, that on this _____ day _____, 19__, before me, the subscriber, a Notary Public and for said County and State, personally appeared the above-named _____ organized under the laws of the State of _____ by _____, its _____, known to me and known to me to be the person who signed the foregoing instrument as such _____, who acknowledged to me that _____ signed said instrument as such _____, duly authorized by the _____ of said _____ so to do, and that the signing of the same was _____ free act and deed, as such officer, for and on behalf of said _____, for the uses and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the official seal of my office at _____, _____, on the day and year last above written.

_____
Notary Public

EXHIBIT D TENANT IMPROVEMENTS

Landlord will provide a turnkey buildout based on plans and specifications prepared by SDG Architects dated 7-14-93.

[MAP APPEARS HERE]

EXHIBIT D TENANT IMPROVEMENTS CONTINUED

[PLAN APPEARS HERE]

EXHIBIT E

TENANT ESTOPPEL CERTIFICATE

RE:
Premises:_____
Lease Dated:_____
Amendment(s) Dated:_____
Between_____ (Landlord)
and_____ (Tenant)
Square Footage Leased:_____
Floor(s)/Suite #(s):_____

The undersigned, Tenant under the above-referenced lease ("Lease"), certifies to the following:

1. We have taken possession of and accepted the Premises described above, except as follows:

_____
_____
_____
_____
_____

2. The lease terms as described below are true and accurate, and the lease is in full force and effect:

Base Rent: _____ per year
Expense Stop: _____ per square foot

Escalations:_____
_____

Free Rent: _____
Commencement Date: _____
Expiration Date: _____
Renewals: _____

3. No part of the Premises has been subleased or assigned except as follows:_____

_____
_____
_____

4. The rent has been paid through: _____
_____

5. The security deposit is
_____
_____
There are no tax or insurance escrows_____

6. We are not in default of our obligations under the Lease. Landlord, to the best of our knowledge, is not in default of its obligations under the Lease. There exists no defense or counterclaim to rent or other sums required to be paid by us under or pursuant to the Lease.

If Tenant is a corporation, the undersigned is a duly appointed officer of the

corporation signing this certificate and is the incumbent in the office indicated under his/her name. In any event, the undersigned individual is duly authorized to execute this certificate.

Date: _____, 19___
Signed: _____
(Signature)

_____
(Print Name & Title)

EXHIBIT F

RULES AND REGULATIONS

1. Any sign, lettering, picture, notice or advertisement installed on or in any part of the Premises and visible from the exterior of the Building, or visible from the exterior of the Premises, shall be installed at Tenant's sole cost and expense and in such manner, character and style as Landlord may approve in writing. In the event of a violation of the foregoing by Tenant, Landlord may remove the same without any liability and may charge to Tenant the expense incurred by such removal.

2. No awning or other projection shall be attached to the outside walls of the Building. No curtains, blinds, shades or screens shall be visible from the exterior of the Building, or hung in, or used in connection with any window or door of the Premises without the prior written consent of Landlord. Such quality, type, design and color of window treatments shall be approved by Landlord and shall be attached in a manner approved by Landlord.

3. Tenant shall not place objects against glass partitions, doors or windows of the exterior of the Building and shall promptly remove any such objects upon notice from Landlord.

4. Tenant shall not make excessive noises, cause disturbances or vibrations or use or operate any electrical or mechanical devices that emit excessive sound or other waves or disturbances or create obnoxious odors, any of which may be offensive to other tenants and occupants of the Building, or that would interfere with the operation of any device, equipment, radio, television broadcasting or reception from or within the Building or elsewhere and shall not place or install any projections, antennas, aerials or similar devices inside or outside of the Premises or on the Building.

5. Tenant assumes full responsibility for protecting its space from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed and secured after normal business hours.

6. No person or contractor not employed by Landlord shall be used to perform janitorial work, window washing, cleaning, maintenance, repair or similar work in the Premises without the written consent of Landlord, which consent shall not be unreasonably withheld.

7. Landlord shall have the right to prohibit any advertising by Tenant which in Landlord's reasonable opinion tends to impair the reputation of the Building or its desirability as an office complex for office use, and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

8. Any carpeting cemented down by Tenant shall be installed with a releasable adhesive. In the event of a violation of the foregoing by Tenant, Landlord may charge the expense incurred by such removal to Tenant.

9. No electric circuits for any purpose shall be brought into the Premises without Landlord's written permission specifying the manner in which same may be done.

10. No bicycle or other vehicle, and no dog or other animal other than service animals for persons with disabilities, shall be allowed in offices, halls, corridors, or elsewhere in the Building.

11. Tenant shall not throw anything out of the door or windows, or down any passageways or elevator shafts.

12. All loading, unloading, receiving or delivering of goods, supplies or disposal of garbage or refuse shall be made only through entryways and freight elevators provided for such purposes and indicated by Landlord. Tenant shall be responsible for any damage to the Building or the property of its employees or others and injuries sustained by any person whomsoever resulting from the use or moving of such articles in or out of the Premises, and shall make all repairs and improvements required by Landlord or governmental authorities in connection with the use or moving of such articles.

13. All safes, equipment or other heavy articles shall be carried in or out of the Premises only at such time and in such manner as shall be prescribed in writing by Landlord. Any such safe, equipment or other heavy article shall only be used by Tenant in a manner which will not interfere with or cause damage to the Premises or the Building in which they are located, or to the other tenants or occupants of the Building. Tenant shall be responsible for any damage to the Building or the property of its employees or others and injuries sustained by any person whomsoever resulting from the use or moving of such articles in or out of the Premises, and shall make all repairs and improvements requires by Landlord or governmental authorities in connection with the use or moving of such articles.

14. Vending machines shall not be installed without permission of the Landlord except for food and soft drink vending machines which are for the sole and exclusive use of Tenant's employees.

15. Wherever in these Building Rules and Regulations the word "Tenant" occurs, it is understood and agreed that it shall mean Tenant's servants, employees, agents, customers, invitees, successors and assigns. Wherever the work "Landlord" occurs, it is understood and agreed that it shall mean Landlord's servants, employees, agents, customers, invitees, successors and assigns.

16. Landlord shall have the right upon notice to Tenant at least twenty-four (24) hours in advance, which notice may be oral, telephonic or otherwise, to enter upon the Premises at all reasonable hours for the purpose of inspecting the same.

17. Tenant shall, when using the common parking facilities, if any, in and around the building, observe and obey all signs regarding fire lanes and no parking zones, and when parking always park between the designated lines. Landlord reserves the right to tow away, at the expense of the owner, any vehicle which is improperly parked or parked in a no parking zone. All vehicles shall be parked at the sole risk of the owner, and Landlord assumes no responsibility for any damage to or loss of vehicle. No vehicles shall be parked overnight.

18. At all times Landlord's property manager shall be in charge of the Building and (a) persons may enter the Building only in accordance with Landlord's regulations, (b) persons entering or departing from the Building may be questioned regarding their business in the Building, and the right is reserved to require the use of an identification card or other access device and the registering of such persons as to the hour of entry and departure, nature of visits, and other information deemed necessary for the protection of the Building, and (c) all entries into and departures from the Building will take place through such one or more entrances as Landlord shall from time to time designate; provided, however, anything herein to the contrary notwithstanding, Landlord shall not be liable for any lack of security in respect to the Building whatsoever. Landlord will normally not enforce clauses (a), (b) and (c) above from 7:00 a.m. to 6:00 p.m., Monday through Friday, and from 8:00 a.m. to 1:00 p.m. on Saturdays, but it reserves the right to do so or not to do so at any time at its sole discretion. In case of invasion, mob riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants or the protection of the Building and the property therein. Landlord shall in no case be liable for damages for any error or other action taken with regard to the admission to or exclusion from the Building of any person.

19. Landlord reserves the right at any time and from time rescind, alter or waive, in whole or in part, any of these Rules and Regulations when it is deemed necessary, desirable, or proper, in Landlord's judgment, for its best interest or for the best interest of the tenants of the Building.

20. Tenant shall observe faithfully and comply strictly with the foregoing rules and regulations and such other and further appropriate rules and regulations as Landlord and Landlord's additional rules and regulations shall be given in such manner as Lessor may reasonably elect.

"EXHIBIT G"

JANITORIAL SPECIFICATIONS

A. TENANT AREAS

DAILY SERVICES - Five (5) days per week (Monday through Friday), between the hours of 6:00 p.m. and 2:00 a.m. or other schedule to be

reviewed and approved by FC&S.

1. Clean, polish and sanitize drinking fountains.
2. Empty waste baskets, ash trays and other trash receptacles.
3. Ash trays to be wiped clean. Trash to be removed from building to designated pick up areas.
4. All chairs and waste baskets to be returned to proper position when cleaned.
5. Dust mop all hard surface floors with specially treated dust mops and spot mop daily.
6. Thoroughly vacuum carpets. Remove spots and chewing gum from carpet.
7. Thoroughly dust desks and office furniture and office accessories. Spot clean with mild soap solution as required. Items included are as follows:

   Desks
   Bookcases
   Counters
   Clocks
   Tables
   File Cabinets
   Telephones
   Chairs
   Pictures
   Desk Displays
   Desk Accessories
   Lamp/Shades

8. All items to be returned to proper position after clean-up.
9. Remove finger prints from doors, door frames, walls and wall switches.
10. Spot clean entrance door glass and all partition glass.
11. Clean glass desk tops.

WEEKLY SERVICES

12. Thoroughly polish/clean desks, office furniture and office accessories (encompassing above listed items) taking care that build-up does not occur on items treated with an oil based polish.

B. PUBLIC AREAS

DAILY SERVICES - Five (5) days per week (Monday through Friday)

1. Dust mop all hard surface floors with specially treated dust mop. Damp mop and buff, as necessary.
2. All carpets are to be vacuumed nightly.
3. Clean, polish and sanitize drinking fountain.
4. Remove fingerprints from doors, door frames, wall and wall switches.
5. Empty waste baskets, ash trays and other trash receptacles.
6. Ash trays to be wiped clean. Trash to be removed from building to designated pick up area.
7. Spot clean entrance door glass and all partition glass.
8. Clean and polish elevator doors and control panels. Thoroughly clean inside of elevator cabs. Vacuum elevator carpeting, door tracks and saddles.
9. Clean lunchroom furniture and appliances.
10. Damp mop and spot clean lunchroom floors.
11. Spot mop hard surface floor areas for spillage.
12. Maintain walk-off mats in lobby vacuuming daily and shampooing as necessary.

C. TENANT AND PUBLIC AREAS

WEEKLY SERVICES

1. Completely dust all low reach areas, chair rungs, and inside of door jams.
2. Completely dust window sills, ledges, door louvers and wood paneling molding, handrails and railings.
3. Raise and dust all levelors, window frames and sills. Do not use acetone as this is painted surface.
4. Clean and polish entrance door metal and thresholds.
5. Clean fire extinguishers and/or fire hose cabinet - dust and clean glass.
6. Remove all spots, smudges and marks from doors, partitions, walls, wood-work, window frames, mullions and ledges, wall switches and outlet plugs in floors and walls.

7. Thoroughly sweep stairwells throughout building.
8. Clean and sanitize telephones.
9. Clean outside doors and mailchutes.
10. All carpets are to be edged with an edging tool and baseboards will be wiped with a treated dust cloth weekly.
11. Damp mop and spray buff all hard surface floors weekly.
12. Dust all high-reach areas, door frames and tops of partitions.

MONTHLY SERVICES

13. Vacuum upholstered furniture.
14. Dust all picture moldings and frames.
15. Vacuum wall vents and ceiling vents.

QUARTERLY SERVICES

16. Wipe down all plastic, leather and wood furniture.
17. Vacuum draperies and cornices or blinds.
18. Shampoo carpets of public areas in front of elevators and corridor areas on all floors.
19. Scrub and refinish all hard surface floors quarterly.

SEMI-ANNUAL SERVICES

20. Strip and refinish all hard surface floors semi-annually.

D. RESTROOM SERVICES

NIGHTLY

1. Floors. Floors will be swept clean and wet-mopped using a germicidal detergent approved by FC&S. The floors will then be mopped dry and all watermarks and stains wiped from walls and metal partition bases.

2. Metal Fixtures. Wash and polish all mirrors, powder shelves, bright work (including exposed piping below wash basins), towel dispensers, receptacles and any other metal accessories. Mirrors will be cleaned and polished. Contractor shall use only non-abrasive, non-acidic material to avoid damage to metal fixtures.

3. Ceramic Fixtures. Scour, wash and disinfect all basins, bowls, and urinal with FC&S approved germicidal detergent solution, including tile walls near urinals. Special care must be taken to inspect and clean areas of difficult access such as the underside of toilet bowls rings and urinals, to prevent building up of calcium and iron oxide deposits. Wash both sides of all toilet seats with approved germicidal solution and wipe dry. Toilet seats to be left in an upright position.

4. Walls and Metal Partitions. Spot clean all metal toilet partitions and modesty screens and tiled walls nightly using approved germicidal solution to remove fingermarks, etc. All surfaces are to be wiped dry so that all wiped marks are removed and surface has

a uniformly bright appearance. Dust the top edges of all partitions, ledges and mirror tops.

5. General. It is the intention of this specification to keep lavatories thoroughly clean and not to use disinfectant to mask odors. Odorless disinfectants shall be used.

Remove all waste paper and refuse, including soiled sanitary napkins, to designated areas in the building. All receptacles are to be thoroughly cleaned and washed, and new liners installed. Fill toilet tissue holders, seat cover containers, soap dispenser, towel dispensers (Kleenex and hand lotion dispenser where applicable). Damage and/or improper operation of same should be reported to FC&S. Materials, as specified by FC&S, to be furnished by Contractor. The filling of such dispensers to be in such quantity as to last the entire business day, whenever possible. This work is to be performed by the night crew.

WEEKLY
------

1. Floors. All restroom floors will be machine scrubbed using a ------ germicidal solution, detergent and water. After scrubbing, floors will be rinsed with clear water and dried. All water marks will be removed from walls, partitions and fixtures. If directed by Owner, an approved floor finish will be applied.

2. Floor Drains. Clean, disinfect and fill with water at least ------------ weekly.

3. Walls and Metal Partitions. Completely sanitize all metal toilet -------------------------- partitions an modesty screens and tiled walls using approved germicidal solution. All surfaces are to be wiped dry so that all wipe marks are removed and surface has a uniformly bright appearance.

E. FLOOR SERVICES
----

1. Lobby floors to be thoroughly damp mopped and spray buffed daily.
2. Baseboards to be cleaned concurrent with floor service.

F. WINDOW CLEANING SERVICES
----

1. Wash lobby entrance ways and doors daily.

2. Wash all partition glass as needed.

G. ALL BUILDINGS ANNUALLY
----

1. Thoroughly clean all ceiling and wall vents and louvers annually or as required.

H. SERVICE AREAS
----

1. Dust all pipes, ducts, ventilating grills, air conditioning machines and other accessible equipment outside of machinery spaces, quarterly.
2. Slop sinks are to be cleaned after use. Mops, rags and equipment are to be cleaned and stored in racks. Walls and floors are to be kept clean at all times.
3. Electric, telephone closets and storerooms are to be kept free from debris and material. Floors are to swept weekly and washed monthly. Report storage of extraneous material and equipment to building management.

I. EXTERIOR CLEANING

Maintain entire ground level exterior including metal work, entrance doors, store from trim and exterior window frames, and mullions and hose bibs; in short, properly maintain the exterior of the building so that there is uniformity of color, brightness and cleanliness at all times.

1. Maintain entire building exterior, and sidewalks in a first class condition.
2. Sweep sidewalks daily.
3. Keep in clean condition and control litter in all planting areas.
4. Remove all gum and foreign matter from sidewalks on sight.
5. Police entire area as needed, picking up all foreign matter on sight.

Exhibit "H"

NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This Agreement is made on _____, 199_____, between:

_____, ("Mortgagee"), whose address is _____,

BOARD OF THE STATE TEACHERS RETIREMENT SYSTEM OF OHIO, ("Landlord"), whose address is _____, and

UNITED STATIONERS SUPPLY CO., ("Tenant"), whose address is 2200 E. Golf Road, Des Plaines, Illinois 60016, who agree as follows:

1. Recitals. This Agreement is made with reference to the following facts and objectives:

(a) Mortgages is, or it is anticipated that Mortgagee will become, mortgagee under a certain mortgage ("Mortgage") on improved property located at 1661 Feehanville Drive, Mt. Prospect, Illinois ("Property"), and legally described on Exhibit A attached hereto. Mortgagee shall also be deemed to include any lender who executes this Agreement and subsequently acquires title to the Property pursuant to a bankruptcy proceeding involving Landlord.

(b) On or about _____, 1993, Landlord leased to Tenant, and Tenant leased from Landlord, a portion of the Property ("Premises"). A copy of the Lease is attached as Exhibit B ("Lease").

(c) The parties desire, under the provisions set forth in this Agreement, to assure Tenant that in the event of the foreclosure of the Mortgage, or in the event of a sale in lieu of such foreclosure, or in the event that Mortgagee directly or indirectly becomes the new landlord of the Property because of its providing financing to Landlord, the terms of the Lease shall not be terminated, disturbed, or adversely affected, provided an event of default has not occurred under Section 21 of the Lease and subject to the cure rights set forth in the Lease ("Tenant Default").

2. Attornment. If Landlord is in default under the Mortgage after the expiration of the applicable period that Landlord has in which to cure its default, and if a foreclosure sale takes place due to such default, or if Mortgagee shall notify Tenant of such transfer of title to the Property or if Mortgagee becomes the new Landlord of the Property, after receipt of such notice, upon the effective date of such transfer of title, and after Tenant has received written notice of such transfer of title, Tenant shall attorn to Mortgagee and shall recognize Mortgagee as

Tenant's landlord under the Lease, and Tenant agrees to execute any instruments reasonably requested to evidence such attornment. Upon attornment, the Lease shall continue in full force and effect, so long as a Tenant Default has not occurred, and Tenant shall perform all Tenant's obligations under the Lease directly to Mortgagee, as if Mortgagee were the landlord under the Lease. Tenant agrees to make any modifications of the Lease requested by Mortgagee hereunder, provided that such modifications do not adversely affect any right of Tenant under the Lease or increase any of Tenant's monetary obligations under the Lease.

3. Non-Disturbance by Mortgagee. If a Tenant Default is not in existence at the time of the transfer of title, the Lease shall continue with the same force and effect as if Mortgagee and Tenant had entered into a lease with the same provisions as those contained in the Lease, and the terms of the Lease and Tenant's leasehold estate in the Property shall not be terminated, disturbed, or adversely affected, except according to the terms of the Lease.

4. Conditions of Mortgagee's Recognition. Until a Tenant Default occurs, Mortgagee or such other purchaser shall recognize the leasehold estate of Tenant under all of the terms, covenants and conditions of the Lease for the remaining balance of the term and any renewals thereof with the same force and effect as if Mortgagee or such other purchaser were the landlord under the Lease, and Mortgagee and Tenant shall immediately enter into a written agreement with the same provisions as those in the Lease, except for any technical changes that are necessary because of the substitution of Mortgagee in place of Landlord; provided, however, that Mortgagee, or such other purchaser, shall not be:

(i) liable for any act or omission of Landlord or any other prior lessor which occurred prior to the time the Mortgagee purchased or acquired its interest under the Lease, except with respect to Tenant's right to deduct from rents next due under the Lease any (a) unpaid arbitration awards or court judgment, or (b) unpaid commission due and owing the Tenant's real estate broker all as set forth in the Lease;

(ii) except as provided in (i) to the contrary, obligated to cure any defaults of Landlord or any other prior lessor under the Lease which occurred prior to the time that Mortgagee purchased or acquired its interest under the Lease (except to the extent that the default is not monetary and remains in existence at the time Mortgagee purchased or acquired its interest under the Lease);

(iii) except as provided in (i) to the contrary, subject to any offsets or defenses which Tenant may be

entitled to assert against Landlord or any other prior lessor;

(iv) bound by any payment of rent or additional rent by Tenant to Landlord or any other prior lessor for more than one month in advance;

(v) bound by any amendment or modification of the Lease which would adversely affect any right of Landlord under the Lease made without the written consent of Mortgagee or such other purchaser who has first, in writing, notified Tenant of its interest, which consent cannot be unreasonably withheld.

5. Miscellaneous.

(a) No Effect on Mortgage. Nothing in this Agreement shall be deemed to change in any manner the provisions of the Mortgage as between Mortgagee and Landlord, to waive any right that Mortgagee may now have or later acquire against Landlord by reason of the Mortgage.

(b) Attorneys' Fees. If any party commences an action against any of the other parties arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees and costs of such action.

(c) Notice. Any notice, demand, request, consent, approval, or communication that any party desires or is required to give the other party or any other person shall be in writing and either served personally or sent by prepaid first-class mail, addressed to the other party at the address set forth in the introductory paragraph of this Agreement. Any party may change its address by notifying the other parties of the change of address. Notice shall be deemed communicated within 3 business days from the time of mailing, if mailed as provided in this paragraph.

(d) Successors. This Agreement shall be binding on and inure to the benefit of the parties and their successors.

(e) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois.

(f) Modifications. This Agreement contains all of the agreements and understandings between the parties regarding the subject matter of this Agreement. This Agreement supersedes any and all prior agreements and understandings between Landlord, Tenant and Mortgagee and alone expresses the agreement of the parties. This Agreement shall not be amended, changed or modified in any way unless in writing

executed by Landlord, Tenant and Mortgages. Landlord, Tenant and Mortgagee shall not have waived or released any of their rights hereunder unless in writing and signed by Landlord, Tenant and Mortgagee.

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

LANDLORD:

BOARD OF THE STATE TEACHERS RETIREMENT SYSTEM
OF OHIO,
A _____,

By: _____
Its

TENANT:

United Stationers Supply Co.
an Illinois corporation

By _____
Its

MORTGAGEE:

_____,
a _____

By: _____
Its

LEASE EXHIBIT I TENANT OCCUPANCY TIMETABLE

TENANT: United Stationers Supply Company PROJECT: Mt. Prospect

RSF: 46,847 DATE: Issued 15-Jul-93

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CRITICAL PATH EVENTS	RESPONSIBILITY	WKG DAYS REQUIRED	END DATE SCHEDULED	END DATE ACTUAL
<S>	<C>	<C>	<C>	<C>
Approved Space Utilization Plans Delivered to Landlord	TENANT	N/A	June 14, 1993	June 15, 1993
EXECUTED LEASE DELIVERED TO LANDLORD	TENANT	N/A	July 16, 1993	
Construction Documents Delivered from Landlord to Tenant	LANDLORD	N/A	June 25, 1993	
Approved or Comments on Construction Documents Returned	TENANT	2 DAYS	June 29, 1993	
Finishes & Furniture Specifications Delivered from Tenant to Landlord Provision of Exhibit D to Lease	TENANT	N/A	July 6, 1993	
Building Permit Obtained	LANDLORD	N/A	July 1, 1993	
Construction Begins	LANDLORD	N/A	July 19, 1993	
Immaterial Changes to Construction Documents/Construction by Tenant Until This Date Without Delay by Landlord/Contractor	TENANT	N/A	Aug 6, 1993	
Substantial Completion of Demised Premises	LANDLORD	35 DAYS	Sept 3, 1993	
Inspection & Punchlist of Demised Premises: Execution of Commencement Date Agreement	TENANT/LANDLORD	N/A	Sept 7, 1993	
Complete Occupancy of Demised Premises	TENANT	N/A	Sept 27, 1993	

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RIDER TO LEASE

BETWEEN

OTR, AN OHIO GENERAL PARTNERSHIP (LANDLORD)

AND

UNITED STATIONERS SUPPLY CO. (TENANT)

An Illinois Corporation

DATED:

This rider is annexed to and make a part of the Landlord's Lease to which it is attached, and in each instance in which the provisions of this Rider shall contradict or be inconsistent with the provisions of the Lease, the provisions of this Rider shall prevail and govern, and the contradicted or inconsistent provision of the Lease shall be deemed amended accordingly.

Renewal Right: Tenant shall receive two (2) consecutive three year options to renew this lease. Nine (9) months prior written notice by Tenant to Landlord will be required. The base rental rate for the initial option will be at $8.40 per square foot escalating at a rate of $.40 annually. The base rental rate for the second option will be at $9.60 per square foot escalating at a rate of $.40 annually.

Expansion Option: If Tenant is not then in default of the terms, covenants and conditions of this Lease, Tenant shall have the option to expand into approximately 5,000 rentable square feet on the first floor within the initial two (2) years of occupancy. Nine months prior written notice will be required.

The base rental rate will be at Tenants then escalated rent.

Termination Option: If Tenant is not then in default of the terms, covenants and conditions of this Lease, Tenant shall have the option to terminate this lease at the end of the third year of occupancy. Tenant must provide nine (9) months prior written notification to Landlord together with the payment of a termination fee equal to the unamortized Tenant Improvements and leasing costs. This termination option will apply to the third or fourth spaces or both.

Right of First Offer: If Tenant is not in default of the terms, covenants and conditions of this Lease at the time of the exercise of the right of first offer granted hereunder, Landlord hereby grants to Tenant the option to lease additional space on the first floor of the Building as such space becomes available

for occupancy by termination, expiration, vacation or otherwise, all upon the same terms and conditions as contained in this Lease, except for base rent which shall be at the Market Base Rental Rate (the "First Offer Option"). Within thirty (30) days after Landlord has determined that such space will be or has become available for leasing, Landlord shall give written notice of the additional space that is available to Tenant for rent, the terms and conditions under which the space is available and the approximate date that such space is available for possession. Tenant shall exercise its First Offer Option by written notice to Landlord within thirty (30) days after such notice from Landlord. If Tenant fails to exercise the First Offer Option with respect to such space, the First Offer Option with respect to such space be null and void. If Tenant fails to exercise its option, nothing shall preclude Tenant from exercising its First Offer Option on any other space on the first floor of the Building (including the space for which Tenant failed to exercise its option and which has been thereafter leased to a third party) as it becomes available during the term of this Lease.

Moving Allowance: Landlord will provide Tenant with a moving allowance equal $1.00 per rentable square foot. This allowance will be paid to Tenant upon occupancy.

Signage: Landlord will provide at its sole cost and expense a monument sign at the entrance to the property. All signage must be approved by Landlord and meet all the covenants and restrictions of the park and village.

Satellite Dish: Tenant may, at their own cost and expense,install a satellite dish at the property in a location designated by Landlord. All installations must be supervised and approved by Landlord.

----------FIRST AMENDMENT TO LEASE----------

First Amendment to Lease

The First Amendment To Lease is made entered into this 30th day of Sept, 1993 by and between OTR, an Ohio general partnership, ("Landlord") acting as the duly authorized nominee of the BOARD OF THE STATE TEACHERS RETIREMENT SYSTEM OF ("STROB") and United Stationers Supply Co., an Illinois Corporation ("Tenant").

WITNESSETH THAT:

WHEREAS, Lessor and Lessee entered into an office lease dated July 30, 1993 for certain premises located at 1661 Feehanville Drive, Suite 300 and 400, Mt. Prospect, IL 60056 (said Lease, being hereinafter referred to as the "Lease"); and

WHEREAS, Lessor and Lessee desire to amend the Lease by modifying language as it relates to obligations regarding the Tenant maintenance of auxiliary heating, ventilation and air conditioning equipment.

NOW THEREFORE, in consideration of the mutual covenants hereinafter made and contained, Landlord and Tenant agree that the Lease shall be amended as follows:

1. Landlord will be responsible for the major repair or replacement of Tenant's auxiliary heating, ventilation and air conditioning equipment.

2. Tenant will be required to provide for a preventative maintenance agreement on Tenant's auxiliary heating, ventilation and air conditioning equipment. Such agreement will provide for the replacement of filters, inspections and the replacement of any minor parts

associated with the overall maintenance of the equipment.

IN WITNESS WHEREOF, this First Amendment to the Lease has been executed as of the day and year first above written.

Signed in presence of:

_____

_____

/s/ Pamela J. McCammon

_____

_____

Landlord:

OTR, an Ohio general partnership
acting as the duly authorized nominee
of the BOARD OF THE STATE TEACHERS RETIREMENT SYSTEM OF OHIO

By: _____
_____, a
general partner

TENANT:

UNITED STATIONERS SUPPLY, CO., an Illinois Company

By: /s/ Otis H. Halleen

Vice President

EXHIBIT 10.37

LEASE AGREEMENT
by and between

CORPORATE PROPERTY ASSOCIATES 8, L.P.,
A DELAWARE LIMITED PARTNERSHIP

as LANDLORD

and

STATIONERS DISTRIBUTING COMPANY, INC.

as TENANT

Premises: Plauche Street and Beven Street, New Orleans, LA
Harbor Avenue, Memphis, TN
Highpoint Drive, San Antonio, TX

Dated as of: December 20, 1988

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Exhibit "B" - Machinery and Equipment
Exhibit "C" - Permitted Encumbrances
Exhibit "D" - Rent Schedule
Exhibit "E" - Allocation of Acquisition Cost
Exhibit "F" - Percentage Allocation

LEASE AGREEMENT, made as of this 20th day of December, 1988, between CORPORATE PROPERTY ASSOCIATES 8 L.P., A DELAWARE LIMITED PARTNERSHIP ("Landlord"), a Delaware limited partnership with an address c/o W. P. Carey & Co., Inc., 689 Fifth Avenue, New York, New York 10022, and STATIONERS DISTRIBUTING COMPANY, INC. ("Tenant"), a Delaware corporation with an address at 4055 International Plaza, Suite 450, Fort Worth, Texas 76109.

In consideration of the rents and provisions herein stipulated to be paid and performed, Landlord and Tenant hereby covenant and agree as follows:

1. Demise of Premises. Landlord hereby demises and lets to Tenant, and Tenant hereby takes and leases from Landlord, for the term or terms and upon the provisions hereinafter specified, the following described property (hereinafter referred to individually as the "New Orleans Premises", the "Memphis Premises" and the "San Antonio Premises" [each of which Premises shall include the portions of items (a), (b) and (c) of this Paragraph 1 located thereon or therein or appertaining thereto] and collectively as the "Leased Premises"): (a) the premises described in Exhibit "A" attached hereto and made a part hereof, together with the easements, rights and appurtenances thereunto belonging or appertaining (collectively, the "Land"); (b) the buildings,

structures and other improvements now or hereafter constructed on the Land (collectively, the "Improvements"); and (c) the machinery and equipment described in Exhibit "B" attached hereto and made a part hereof and installed in and upon the Improvements, together with all additions and accessions thereto, substitutions therefor and replacements thereof permitted by this Lease (collectively, the "Equipment").

2. Certain Definitions.

"Acquisition Cost" shall mean $4,630,000.

"Additional Rent" shall mean Additional Rent as defined in Paragraph 6(b).

"Adjoining Property" shall mean all sidewalks, curbs and vault spaces adjoining any of the Leased Premises.

"Affected Premises" shall mean the Affected Premises as defined in Paragraph 13(b) or Paragraph 14(i), as the case may be, and as the context requires.

"Affiliate" shall mean any Person in controlling, control of or under common control with Tenant.

"Alterations" shall mean all changes, additions, improvements or repairs to, all alterations, reconstructions, renewals or removals of and all substitutions or replacements for any of the Improvements or Equipment, both interior and exterior, structural and non-structural, and ordinary and extraordinary.

"Applicable Final Date" shall mean the Applicable Final Date as defined in Paragraph 27.

"Applicable Initial Date" shall mean the Applicable Initial Date as defined in Paragraph 27.

"Applicable Provision" shall mean the Applicable Provision as defined in Paragraph 27.

"Assignment" shall mean an assignment of rents and leases from Landlord to Lender securing Landlord's obligation to repay the Loan and/or any subsequent assignment of rents covering any of the Leased Premises from Landlord to Lender, as the same may from time to time be amended, supplemented or modified, securing repayment of the Loan.

"Basic Rent" shall mean Basic Rent as defined in Paragraph 6(a).

"Basic Rent Payment Dates" shall mean the Basic Rent Payment Dates as defined in Paragraph 6(a).

"Casualty Offer Amount" shall mean the Casualty Offer Amount as defined in Paragraph 14(i).

"Casualty Termination Date" shall mean the Casualty Termination Date as defined in Paragraph 14(i).

"Condemnation" shall mean a Taking and/or a Requisition.

"Condemnation Notice" shall mean notice or knowledge of the institution of or intention to institute any proceeding for Condemnation.

"Default Offer Amount" shall mean the Default Offer Amount as defined in Paragraph 19(b)(v).

"Default Rate" shall mean the Default Rate as defined in Paragraph 6(b).

"Delay Period" shall mean the Delay Period as defined in Paragraph 27.

"Environmental Laws" shall mean all federal, state or local laws, ordinances, rules, regulations or written policies, now or hereafter existing, which govern or otherwise relate to the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of any Hazardous Substance, including the laws, ordinances, regulations and written policies provided pursuant to or under (i) Toxic Substances Control Act, 15 U.S.C. (s)(s) 2601 et seq., (ii) National Historic Preservation Act, 16 U.S.C. (s)(s)470 et. seq., (iii) Coastal Zone Management Act of 1972,

16 U.S.C. (s)(s)1451 et seq., (iv) Rivers and Harbors Act of 1899, 33 U.S.C. (s)(s)401 et seq., (v) Clean Water Act, 42 U.S.C. (s)(s)1251 et seq, (vi) Flood Disaster Protection Act, 42 U.S.C. (s)(s)4321 et seq., (vii) National Environmental Policy Act, 42 U.S.C. (s)(s)4321 et seq., (viii) Resource Conservation and Recovery Act of 1976, 42 U.S.C. (s)(s)6901 et seq., (ix) Clean Air Act, 42 U.S.C. (s)(s)7401 et seq. and (x) Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. (s)(s)9601 et seq. ("CERCLA").

"Equipment" shall mean the Equipment as defined in Paragraph 1.

"Event of Default" shall mean an Event of Default as defined in Paragraph 19(a).

"Exchange" shall mean Exchange as defined in Paragraph 32.

"Exchange Date" shall mean Exchange Date as defined in Paragraph 32.

"Existing Property" shall mean Existing Property as defined in Paragraph 32.

"Fair Market Value" shall mean the higher of (a) the fair market value of the Leased Premises or the Affected Premises or the Selected Premises, as applicable, as affected and encumbered by this Lease and assuming that the Term has been extended for all extension periods, if any, provided for herein. Fair Market Value, for all purposes of this Lease, shall be determined in accordance with the procedure specified in Paragraph 27.

"Guarantor" shall mean SDC Distributing Corp., a Delaware corporation.

"Guaranty" shall mean the Guaranty of even date herewith from Guarantor to Landlord.

"Hazardous Substances" shall mean (i) any flammable substance, radioactive materials, hazardous materials, hazardous wastes, toxic substances, pollutants, pollution or any related materials or substances specified in any of the Environmental Laws (including any "hazardous substance" as defined in CERCLA) and (ii) asbestos and polychlorinated biphenyls.

"Impositions" shall mean the Impositions as defined in Paragraph 8(a).

"Improvements" shall mean the Improvements as defined in Paragraph 1.

"Land" shall mean the Land as defined in Paragraph 1.

"Law" shall mean any constitution, statute, rule of law, code, ordinance, order, judgment, decree, injunction, rule, regulation or requirement, even if unforeseen or extraordinary, of every duly constituted governmental authority, court or agency.

"Leased Premises" shall mean the Leased Premises as defined in Paragraph 1.

"Legal Requirements" shall mean all present and future Laws (including but not limited to Environmental Laws) and all covenants, restrictions and conditions now or hereafter of record which may be applicable to Tenant or to any of the Leased Premises, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of any of the Leased Premises, even if compliance therewith necessitates structural changes or improvements or results in interference with the use or enjoyment of any of the Leased Premises.

"Lender" shall mean any Person or entity which may, after the date hereof, make a Loan to Landlord.

"Loan" shall mean one or more loans of not more than $2,500,000 which may be made by Lender to Landlord after the date hereof, secured by a Mortgage and an Assignment and evidenced by a Note.

"Memphis Premises" shall mean the Memphis Premises as defined in Paragraph 1.

"Mortgage" shall mean any mortgage or deed of trust encumbering the Leased Premises from Landlord to Lender, as the same may from time to time be amended, supplemented or modified.

"Net Award" shall mean the entire award payable to Landlord by reason of a Condemnation, less any reasonable out-of-pocket expenses and reasonable attorney's fees, if applicable incurred by Landlord and Lender in collecting such award.

"Net Proceeds" shall mean the entire proceeds of any insurance required under clauses (i), (ii) (to the extent payable to Landlord or Lender), (iv) and (v) of Paragraph 14(a), less any reasonable out-of-pocket expenses and reasonable attorney's fees, if applicable incurred by Landlord and Lender in collecting such proceeds.

"New Orleans Premises" shall mean the New Orleans Premises as defined in Paragraph 1.

"Note" shall mean a promissory note evidencing Landlord's obligation to repay the Loan, which Note may be secured by the Mortgage and the Assignment, as the same may from time to time be amended, supplemented or modified.

"Offer Amount" shall mean the Termination Offer Amount, the Casualty Offer Amount, the Transfer Offer Amount, the Default Offer Amount or the Purchase Price, as the case may be, and as the context requires.

"Option Purchase Date" shall mean the Option Purchase Date as

defined in Paragraph 28.

"Permitted Encumbrances" shall mean those covenants, restrictions, reservations, liens, conditions and easements, listed on Exhibit "C" attached hereto and made a part hereof.

"Person" shall mean an individual, partnership, association, corporation or other entity.

"Prime Rate" shall mean the average of the interest rates per annum quoted by Bank of America NT & SA, San Francisco, CA, The Chase Manhattan Bank, N.A., New York, NY, Chemical Bank, New York, NY, Citibank, N.A., New York, NY, and Morgan Guaranty Trust Company, New York, NY, as their respective prime rates, such average to change effective as of the effective date of any change in any of the aforesaid prime rates. The Prime Rate shall be the average of such publicly announced prime rates even though one or more of the aforesaid banks may actually charge interest on some of its loans at lower rates; and if any of the aforesaid banks has more than one prime rate of interest in effect simultaneously, the prime rate of such bank for the purposes of this definition shall be deemed to be the highest of such prime rates then simultaneously in effect for such bank. If three or more of the aforesaid banks cease to have a publicly announced prime rate, then, for so long as three or more of the aforesaid banks cease to have a publicly announced prime rate, the Prime Rate shall be the average per annum discount rate from time to time on ninety-one (91) day bills issued by the United States Treasury (the so-called "Treasury bills") at the most recent auction or, if no such ninety-one (91) day bills are then being issued, Treasury bills then being issued for the period of time closest to ninety-one (91) days.

"Purchase Price" shall mean the Purchase Price as defined in Paragraph 28.

"Remaining Sum" shall mean the Remaining Sum as defined in Paragraph 15(a).

"Rent" shall mean Basic Rent and Additional Rent.

"Replaced Equipment" shall mean the Replaced Equipment as defined in Paragraph 11(d) .

"Replacement Equipment" shall mean the Replacement Equipment as defined in Paragraph 11(d).

"Requisition" shall mean any temporary requisition or confiscation of the use or occupancy of any of the Affected Premises by any governmental authority, civil or military, whether pursuant to an agreement with such governmental authority in settlement of or under threat of any such requisition or confiscation, or otherwise.

"Retention Date" shall mean the later of the date on which the amount of a Remaining Sum is finally determined or the date on which Landlord's right to retain the Remaining Sum is finally determined.

"San Antonio Premises" shall mean the San Antonio Premises as defined in Paragraph 1.

"Selected Premises" shall mean the Selected Premises as defined in Paragraph 19(b)(v).

"Set-Off" shall mean a Set-Off as defined in Paragraph 7(a).

"Site Assessments" shall mean the Site Assessments as defined in Paragraph 8(d).

"Site Reviewers" shall mean the Site Reviewers as defined in Paragraph 8(d).

"State" shall mean the State of Louisiana, the State of Tennessee and/or the State of Texas, as applicable.

"Substitute Property" shall mean the Substitute Premises as defined in Paragraph 32 .

"Taking" shall mean any taking of any of the Leased Premises in or by condemnation or other eminent domain proceedings pursuant to any Law, general or special, or by reason of any agreement with any condemnor in settlement of or under threat of any such condemnation or other eminent domain proceeding, or by any other means, or any de facto condemnation.

"Term" shall mean the Term as defined in Paragraph 5.

"Termination Date" shall mean the Termination Date as defined in Paragraph 13(b).

"Termination Offer Amount" shall mean the Termination Offer Amount as defined in Paragraph 13(b).

"Transfer Offer Amount" shall mean Transfer Offer Amount as defined in Paragraph 17 .

"Transfer Purchase Date" shall mean Transfer Purchase Date as defined in Paragraph 17.

3. Title and Condition.

(a) The Leased Premises are demised and let subject to (i) the Mortgage and the Assignment, (ii) the rights of any parties in possession of any of the Leased Premises, (iii) the existing state of title of the Leased Premises, including the Permitted Encumbrances, as of the commencement of the Term, (iv) any state of facts which an accurate survey or physical inspection of the Leased Premises might show, (v) all Legal Requirements, including any existing violation of any thereof, and (vi) the condition of the Leased Premises as of the commencement of the Term, without representation or warranty by Landlord; it being understood and agreed, however, that the recital of the Permitted Encumbrances herein shall not be construed as a revival of any thereof which for any reason may have expired or terminated.

(b) Tenant acknowledges that the Leased Premises are in satisfactory condition and repair at the inception of this Lease. LANDLORD HAS NOT MADE AND WILL NOT MAKE ANY INSPECTION OF ANY OF THE LEASED PREMISES. LANDLORD LEASES AND WILL LEASE AND TENANT TAKES AND WILL TAKE THE LEASED PREMISES AS IS. TENANT ACKNOWLEDGES THAT LANDLORD (WHETHER ACTING AS LANDLORD HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LANDLORD BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE LEASED PREMISES, INCLUDING ANY WARRANTY OR REPRESENTATION AS TO (i) ITS FITNESS, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, (ii) THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, (iii) THE EXISTENCE OF ANY DEFECT, LATENT OR PATENT, (iv) LANDLORD'S TITLE THERETO, (v) VALUE, (vi) COMPLIANCE WITH SPECIFICATIONS, (vii) LOCATION, (viii) USE, (ix) CONDITION, (x) MERCHANTABILITY, (xi) QUALITY, (xii) DESCRIPTION, (xiii) DURABILITY OR (xiv) OPERATION; AND ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY TENANT. TENANT ACKNOWLEDGES THAT THE LEASED PREMISES ARE OF ITS SELECTION AND TO ITS SPECIFICATIONS AND THAT THE LEASED PREMISES HAVE BEEN INSPECTED BY TENANT AND ARE SATISFACTORY TO IT. IN THE EVENT OF ANY DEFECT OR DEFICIENCY IN ANY OF THE LEASED PREMISES OF ANY NATURE, WHETHER LATENT OR PATENT, LANDLORD SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO OR FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT). THE PROVISIONS OF THIS PARAGRAPH 3(b) HAVE BEEN NEGOTIATED; AND THE FOREGOING PROVISIONS ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES BY LANDLORD, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE LEASED PREMISES, ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR ARISING OTHERWISE.

(c) Tenant represents to Landlord that Tenant has examined the title to the Leased Premises prior to the execution and delivery of this Lease and has found the same to be satisfactory for the purposes contemplated hereby, and acknowledges that title is in Landlord and that Tenant has only the right of possession and use of the Leased Premises (and a right of first refusal) as provided in this Lease. Tenant further acknowledges that to its knowledge (i)

the Improvements conform to all Legal Requirements and all requirements of the carriers of all insurance on any of the Leased Premises, (ii) all easements necessary or appropriate for the use or operation of the Leased Premises have been obtained, (iii) all contractors and subcontractors who have performed work on or supplied materials to the Leased Premises have been fully paid, and all materials and supplies have been fully paid for, (iv) the Improvements have been fully completed in a workmanlike manner, and (v) all Equipment necessary for the use or operation of the Leased Premises has been installed and all Equipment in the Leased Premises is presently operative.

(d) Landlord hereby assigns to Tenant, without recourse or warranty whatsoever, all warranties, guaranties and indemnities, express or implied, and similar rights which Landlord may have against any manufacturer, seller, engineer, contractor or builder in respect of any of the Leased Premises, including any rights and remedies existing under contract or pursuant to the Uniform Commercial Code. Such assignment shall remain in effect until the termination of this Lease, and upon the termination of this Lease, such assignment shall cease and all the said warranties, guaranties, indemnities and other rights shall automatically revert to Landlord unless Tenant shall have acquired the Premises in which event the assignment shall continue in effect.

4. Use of Leased Premises: Quiet Enjoyment.

(a) Tenant may occupy and use the Leased Premises for any lawful purpose, provided that no Alterations may be made and no additional Improvements may be constructed except in accordance with Paragraph 12, no Equipment may be removed from the Leased Premises except in accordance with Paragraphs 11(d), 13(d) and 14(h), and such use will not otherwise violate any provision of this Lease. Tenant shall not permit any unlawful occupation, business or trade to be conducted on any of the Leased Premises or any use to be made thereof contrary to any applicable Legal Requirement then in effect. Tenant shall not use or occupy or permit any of the Leased Premises to be used or occupied, nor do or permit anything to be done in or on any of the Leased Premises, in a manner which would (i) violate any certificate of occupancy affecting any of the Leased Premises, (ii) make void or voidable any insurance then in force with respect to any of the Leased Premises, (iii) make it difficult or impossible to obtain fire or

other insurance which Tenant is required to furnish hereunder, (iv) cause structural injury to any of the Improvements, or (v) constitute a public or private nuisance or waste.

(b) Subject to the other provisions of this Lease, so long as no Event of Default exists hereunder, Landlord covenants to do no act to disturb the peaceful and quiet occupation and enjoyment of the Leased Premises by Tenant, provided that Landlord may enter upon and examine any of the Leased Premises at reasonable times and upon five (5) days advance notice to Tenant

(except in the event of an emergency or upon the occurrence of an Event of Default in either of which events no notice shall be required) and may take such action with respect to the Leased Premises as is permitted by any provision hereof.

5. Term. Subject to the provisions hereof, Tenant shall have and hold
---
the Leased Premises for an initial term (such term, as extended or renewed in accordance with the provisions hereof, being called the "Term") commencing on the date hereof and ending on the last day of the one hundred and eightieth (180th) calendar month next following the date hereof. If all Rent and all other sums due hereunder shall not have been fully paid by the end of the Term, Landlord may, at its option, extend the Term until all said sums shall have been fully paid.

Provided this Lease shall not have been terminated pursuant to any provision hereof, the initial Term shall be deemed to be automatically extended for an additional period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the initial Term that Tenant is terminating this Lease as of the end of the initial Term provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to terminate this Lease and in the event Tenant so rescinds its notice to terminate, this Lease and the Term shall be automatically extended for an additional period of five (5) years. If the initial Term is automatically extended as aforesaid and this Lease has not been terminated pursuant to any provision hereof prior to the expiration of the first extension period, the Term shall be further automatically extended for an additional consecutive period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the first extension period that Tenant is terminating this Lease as of the end of the first extension period provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to

terminate this Lease and in the event Tenant so rescinds its notice to terminate this Lease and the Term shall be automatically extended for an additional period of five (5) years. If the Term is automatically extended as aforesaid and this Lease has not been terminated pursuant to any provision hereof prior to the expiration of the second extension period, the Term shall be further automatically extended for an additional consecutive period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the second extension period that Tenant is

terminating this Lease as of the end of the second extension period provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to terminate this Lease and in the event Tenant so rescinds its notice to terminate this Lease and the Term shall be automatically extended for an additional period of five (5) years. If the Term is automatically extended as aforesaid and this Lease has not been terminated pursuant to any provision hereof prior to the expiration of the third extension period, the Term shall be further automatically extended for an additional consecutive period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the third extension period that Tenant is terminating this Lease as of the end of the third extension period provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to terminate this Lease and in the event Tenant so rescinds its notice to terminate this Lease and the Term shall be automatically extended for an additional period of five (5) years.

In the absence of such notice of termination by Tenant to Landlord and in the absence of any termination of this Lease pursuant to any other provision hereof, the Term shall be automatically extended for the applicable extension period specified above and no instrument of extension or renewal need be executed. Any such extension of the Term shall be subject to and continue in full force and effect all of the provisions of this Lease except that the Basic Rent payable during each extension period shall be as provided in Exhibit "C" attached hereto and made a part hereof.

In the event that Tenant exercises its option not to extend or not to further extend the Term, as hereinabove provided or upon the occurrence of an Event of Default hereunder, then Landlord shall have the right during the remainder of the Term then in effect to (a) advertise the availability of the Leased

Premises for sale or for reletting and to erect upon the Leased Premises signs indicating such availability provided that such signs shall not unreasonably interfere with the use of the Leased Premises by Tenant, and (b) show the Leased Premises to prospective purchasers or tenants at such reasonable times during normal business hours as Landlord may select.

6. Rent.

(a) Tenant shall pay to Landlord, as annual rent for the Leased

Premises during the Term the amounts determined in accordance with the schedule set forth in Exhibit "D" attached hereto and made a part hereof ("Basic Rent"), commencing on the first day of the first month next following the date hereof and continuing on the first day of each month thereafter during the Term (the said days being called the "Basic Rent Payment Dates"), and shall pay the same at Landlord's address set forth above, or at such other places or to such other Persons as Landlord from time to time may designate to Tenant in writing. Each rental payment shall be made to Landlord on or before the applicable Basic Rent Payment Date in immediately available funds which at the time of such payment shall be legal tender for the payment of public or private debts in the United States of America. Pro rata Basic Rent for the period from the date hereof through the last day of the month hereof shall be paid on the date hereof. Landlord may, at Landlord's option, by written notice to Tenant, require Tenant to pay installments of Basic Rent directly to one or more Persons in addition to Landlord, in such proportions as Landlord may select; and Tenant agrees to make such "split" payments of Basic Rent in the amounts, to the payees and in the manner specified by Landlord in any such notice, provided, however, that Tenant shall not be required to make more than two (2) "split" payments.

(b) Tenant shall pay and discharge when the same shall become due, as additional rent, all other amounts and obligations which Tenant assumes or agrees to pay or discharge pursuant to this Lease (except that amounts payable as liquidated damages pursuant to Paragraph 19(b) (iv) shall not constitute additional rent), together with every fine, penalty, interest and cost which may be added for non-payment or late payment thereof. If any installment of Basic Rent is not paid on or before the due date therefor, Tenant shall pay to Landlord, as additional rent, an amount equal to three percent (3%) of the amount of such installment, provided, however, that with respect to the first three (3) late payments in any twelve (12) month period (the first such period to commence on the first Basic Rent Payment Date following the date of this Lease) such late payment charge shall not be payable until two (2) business days following receipt of notice by Tenant that such payment has not been received. From the date of occurrence of any Event of Default until all Events of Default are fully cured, Tenant shall pay to Landlord on demand, as additional rent, a sum equal to any additional sums which might be payable by Landlord to any lender under any note occasioned by

the occurrence of an Event of Default under this Lease. The requirements of Paragraph 19(g) regarding notice and grace periods need not be satisfied prior to the imposition of Additional Rent (as hereinafter defined) under foregoing provisions of this Paragraph 6(b). In addition, upon the occurrence of an Event of Default, Tenant shall pay to Landlord on demand, as additional rent, interest at the rate (the "Default Rate") of three percent (3%) per annum over the Prime Rate on the following sums until paid in full: (i) all overdue installments of Basic Rent in excess of the payments due under any note for the same period from the respective due dates thereof, (ii) all overdue amounts of additional rent relating to obligations which Landlord shall have paid on behalf of Tenant, from the date of payment thereof by Landlord, and (iii) on all other overdue amounts

of additional rent from the date Landlord demands payment. All the foregoing additional rent is herein sometimes called "Additional Rent". In the event of any failure by Tenant to pay or discharge any Additional Rent, Landlord shall have all rights, powers and remedies provided herein, by law or otherwise, in the event of non-payment of Basic Rent.

7. Net Lease: Non-Terminability.

(a) This is a net lease and all Rent and all other sums payable hereunder by Tenant shall be paid without notice or demand, and without set-off, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense (collectively, a "Set-Off").

(b) This Lease shall not terminate, Tenant shall not have any right to terminate this Lease during the Term (except as otherwise expressly provided herein), Tenant shall not be entitled to any Set-Off of or to any Rent or any other sums payable under this Lease (except as otherwise expressly provided herein), and the obligations of Tenant under this Lease shall not be affected by any interference with Tenant's use of any of the Leased Premises for any reason, including the following: (i) any damage to or destruction of any of the Leased Premises by any cause whatsoever, (ii) any Condemnation, (iii) the prohibition, limitation or restriction of Tenant's use of any of the Leased Premises, (iv) any eviction by paramount title or otherwise as long as the same does not constitute a breach of Paragraph 4(b) hereof, (v) Tenant's acquisition of ownership of any of the Leased Premises other than pursuant to an express provision of this Lease, (vi) any default on the part of Landlord hereunder or under any other agreement as long as the same does not constitute a breach of Paragraph 4(b) hereof, (vii) any latent or other defect in, or any theft or loss of, any of the Leased Premises, (viii) the breach of any warranty of any seller or manufacturer of any of the Equipment, or (ix) any other cause, whether similar or dissimilar to the foregoing, any present or future Law to the contrary notwithstanding. It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that all Rent and all

other sums payable by Tenant hereunder shall continue to be payable in all events (or, in lieu thereof, Tenant shall pay amounts equal thereto), and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease. The obligation to pay Rent or amounts equal thereto shall not be affected by any collection of rents by any governmental body pursuant to a tax lien or otherwise, even though such obligation results in a double payment of Rent.

(c) Tenant agrees that it shall remain obligated under this Lease in accordance with its provisions and that, except as otherwise expressly provided herein, it shall not take any action to terminate, rescind or avoid

this Lease, notwithstanding (i) the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting Landlord, (ii) the exercise of any remedy, including foreclosure, under the Mortgage or the Assignment, or (iii) any action with respect to this Lease (including the disaffirmance hereof) which may be taken by Landlord, any trustee, receiver or liquidator of Landlord or any court under the Federal Bankruptcy Code or otherwise.

(d) Tenant waives all rights which may now or hereafter be conferred by law (i) to quit, terminate or surrender this Lease or any of the Leased Premises, or (ii) to any Set-Off of or to any Rent or any other sums payable under this Lease, except as otherwise expressly provided herein.

8. Payment of Impositions: Compliance with Law.

(a) Subject to the provisions of Paragraph 18 hereof (relating to contests) and the exclusions specified in the following paragraph of this Paragraph 8(a), Tenant shall, before interest or penalties are due thereon, pay and discharge all taxes of every kind and nature (including real and Personal property, franchise, withholding, profits and gross receipts taxes), all charges for any easement or agreement maintained for the benefit of any of the Leased Premises, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges, all charges for utility and communication services relating to any of the Leased Premises, all ground rents, and all other public charges whether of a like or different nature, even if unforeseen or extraordinary, imposed upon or assessed against (i) Tenant, (ii) any of the Leased Premises, (iii) Landlord as a result of or arising in respect of the acquisition, ownership, occupancy, leasing, use, possession or sale of any of the Leased Premises, any activity conducted on the Leased Premises, or Rent (including without limitation, any gross income tax or excise tax levied by any governmental body on or with respect to such Rent), or (iv) Lender by reason of the Note or Mortgage and which (as to this clause (iv)) Landlord has agreed to pay (collectively, the "Impositions").

Nothing in this Lease shall obligate Tenant to pay (A) Federal, State or local income, excess profits, or other taxes, if any, of Landlord or Lender, determined on the basis of their net income, (B) any estate, inheritance, succession, gift or similar tax, or (C) any capital gains tax imposed on Landlord by the State or municipality in which the Leased Premises are located in connection with the sale of any of the Leased Premises or any Federal capital gains tax, unless the taxes referred to in clause (A) above are in lieu of or a substitute for any other tax, assessment or other charge upon or with respect to any of the Leased Premises which, if such other tax, assessment or other charge were in effect, would be payable by Tenant. In the event that any assessment against any of the Leased Premises may be paid in installments, Tenant shall have the option to pay such assessment in installments; and, in such event, Tenant shall be liable only for those installments which become due and payable

during the Term. Tenant shall prepare and file all tax reports required by governmental authorities which relate to the Impositions. Tenant shall deliver to Landlord, within ten (10) days of receipt thereof, copies of all settlements and notices pertaining to the Impositions which may be issued by any governmental authority and, within ninety (90) days after the end of each calendar year of the Term, receipts for payments of all Impositions made during such year.

(b) Tenant shall promptly comply with and conform to all of the Legal Requirements, subject to the provisions of Paragraph 18 hereof.

(c) If Tenant fails to comply with any requirement of any Environmental Law in connection with any spill of any Hazardous Substance affecting the Leased Premises or in connection with the deposit, storage, placement or use of any Hazardous Substance at, upon, under or within the Leased Premises or any real estate contiguous thereto, Landlord may, at its sole option, upon prior written notice to Tenant, take any and all actions as Landlord shall deem reasonably necessary or advisable in order to cure such noncompliance. Any amounts so paid, together with interest thereon at the Default Rate from the date of payment by Landlord, shall be immediately due and payable by Tenant to Landlord. Nothing contained herein shall obligate Landlord to cure such noncompliance or release Tenant from any of its obligations hereunder.

(d) Tenant shall notify Landlord immediately after becoming aware thereof of any violation of or noncompliance with any of the covenants contained in this Paragraph hereof and shall forward to Landlord immediately upon receipt thereof copies of all orders, reports, notices, permits, applications or other communications relating to any such violation or noncompliance or any other matter relating in any fashion to any Environmental Law as it may affect or relate to the Leased Premises.

(e) All future leases, subleases or concession agreements relating to the Leased Premises entered into by Tenant shall contain covenants of the other party thereto which are identical to the covenants contained in Paragraphs 8(c) and 8(d).

9. Liens; Recording and Title.

(a) Tenant shall not, directly or indirectly, create or permit to be created or to remain, and shall promptly discharge or remove, any lien on any of the Leased Premises or on any Rent or any other sums payable by Tenant under this Lease, other than the Mortgage, the Assignment, the Permitted Encumbrances and any mortgage, lien, encumbrance or other charge created by or resulting solely from any act or omission of Landlord. NOTICE IS HEREBY GIVEN THAT LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT OR TO ANYONE HOLDING ANY OF THE LEASED PREMISES

THROUGH OR UNDER TENANT, AND THAT NO MECHANICS' OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN AND TO ANY OF THE LEASED PREMISES.

(b) Tenant shall execute, deliver and record, file or register from time to time all such instruments as may be required by any present or future Law in order to evidence the respective interests of Landlord and Tenant in any of the Leased Premises, and shall cause this Lease, or a memorandum of this Lease, and any supplement hereto or to such other instrument, if any, as may be appropriate, to be recorded, filed or registered and re-recorded, refiled or re-registered in such manner and in such places as may be required by any present or future Law in order to publish notice and protect the validity or priority of this Lease.

(c) Nothing in this Lease and no action or inaction by Landlord shall be deemed or construed to mean that Landlord has granted to Tenant any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest or lien in or upon the estate of Landlord in any of the Leased Premises.

10. Indemnification. Tenant agrees to pay, protect, indemnify, save and hold harmless Landlord and all other Persons described in Paragraph 29 from and against any and all liabilities, losses, damages, penalties, costs, expenses (including all reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature whatsoever, howsoever caused from any of the following (except for an affirmative act or omission of Landlord unless such act or omission is otherwise the obligation of Tenant under this Lease or unless arising from an internal conflict among the partners of Landlord or Persons described in Paragraph 29 that is not related to Tenant's performance under this Lease): (a) any matter pertaining to any of the Leased Premises or Adjoining Property or

the ownership, use, non-use, occupancy, operation, condition, design, construction, maintenance, repair or rebuilding of any of the Leased Premises or Adjoining Property, (b) any injury to or death of any Person or any loss of or damage to any property in any manner arising from the Leased Premises or Adjoining Property or from any matter described in clause (a) above, or connected therewith or occurring thereon, whether or not Landlord has or should have knowledge or notice of the defect or condition, if any, causing or contributing to said injury, death, loss, damage or other claim, (c) any violation by Tenant of any provision of this Lease, any contract or agreement to which Tenant is a party, any Legal Requirement or any Permitted Encumbrance, (d) any other cause pertaining to this Lease or any of the Leased Premises or Adjoining Property or the transaction of which this Lease forms a part, or (e) the alleged deposit, storage, disposal, burial, dumping, injecting, spilling, leaking or other use, placement or release in, on, or affecting the Leased Premises of a Hazardous Substance or otherwise arising from any other alleged

violation of any of the Environmental Laws including (i) liability for costs of removal or remedial action incurred by the United States Government or the State, or response costs incurred by any other Person or entity, or damages from injury to or destruction or loss of natural resources, including the reasonable costs of assessing such injury, destruction or loss, incurred pursuant to Section 107 of CERCLA, or any successor Section or Act; (ii) liability for costs and expenses of abatement, correction or clean-up, fines, damages, response costs or penalties which arise from the provisions of any of the other Environmental Laws; and (iii) liability for personal injury or property damage arising under any statutory or common-law tort theory, including damages assessed for the maintenance of a public or private nuisance or for carrying on of an abnormally dangerous activity. In case any action or proceeding is brought against Landlord or any other Person described in Paragraph 29 by reason of any such claim, Tenant covenants upon notice from Landlord to resist and defend such action or proceeding by counsel reasonable satisfactory to Landlord, and Landlord or such other Person will cooperate and assist in the defense of such action or proceeding if requested to do so by Tenant.

The obligations of Tenant under this Paragraph 10 shall survive any termination of this Lease.

11. Maintenance and Repair.

(a) Tenant shall at all times, including any Requisition period, maintain the Leased Premises and the Adjoining Property in good repair and condition and, in the case of the Equipment, in ordinary wear and tear, and shall promptly make all repairs (substantially equivalent in quality and workmanship to the original work) of every kind and nature, whether foreseen or unforeseen, which may be required to be made upon or in connection with any of the Leased Premises in order to keep and maintain the Land and

Improvements in as good repair and condition as they were on the date hereof, and the Equipment in as good mechanical condition as it was on the later of the date hereof or the date of its installation, except for ordinary wear and tear, in accordance with the better of the practices generally recognized as then acceptable within the Tenant's industry and in conformity with all legal requirements and insurance requirements. Tenant shall do or cause others to do all shoring of the Leased Premises or Adjoining Property or of foundations and walls of the Improvements and every other act necessary or appropriate for the preservation and safety thereof, by reason of or in connection with any excavation or other building operation upon any of the Leased Premises or Adjoining Property, whether or not Landlord shall, by any Legal Requirement, be required to take such action or be liable for failure to do so. Landlord shall not be required to make any Alteration, whether foreseen or unforeseen, or to maintain any of the Leased Premises or Adjoining Property in any way, and Tenant hereby expressly waives any right which may be provided for in any Law now or hereafter in effect to make Alterations at the expense of Landlord. Any

Alteration made by Tenant pursuant to this subparagraph (a) or pursuant to subparagraph (b) of this Paragraph 11 shall be made in conformity with the provisions of Paragraph 12.

(b) Except for the Permitted Encumbrances, in the event that any Improvement, now or hereafter constructed, shall encroach upon any property, street or right-of-way (including the Adjoining Property) adjoining any of the Leased Premises, shall violate the provisions of any restrictive covenant affecting any of the Leased Premises, shall hinder or obstruct any easement or right-of-way to which any of the Leased Premises is subject, or shall impair the rights of others in, to or under any of the foregoing, Tenant shall, promptly after receiving notice or otherwise acquiring knowledge thereof, either (i) obtain valid and effective waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, violation, hindrance, obstruction or impairment, whether the same shall affect Landlord, Tenant or both, or (ii) take such reasonable action as shall be necessary to remove all such encroachments, hindrances or obstructions and to end all such violations or impairments, including, if necessary, making Alterations.

(c) Landlord shall have the right (but no obligation), upon at least five (5) days prior notice to Tenant (or without notice in case of emergency), to enter upon any of the Leased Premises for the purpose of making any Alterations which may be necessary by reason of Tenant's failure to comply with the provisions of subparagraphs (a) and (b) of this Paragraph 11. Except in case of emergency, the right of entry shall be exercised at reasonable times and at reasonable hours and upon at least five (5) days prior notice. The cost of any such entry, together with the reasonable and actual cost of all such Alterations, shall be Additional Rent; and Tenant shall pay the same to Landlord, together with interest thereon at the Default Rate from the time

of payment by Landlord until paid by Tenant, immediately upon written demand therefor and upon submission of evidence of Landlord's payment of such costs.

(d) Tenant shall, from time to time, to the extent necessary or commercially reasonable, replace with other operational equipment or parts (the "Replacement Equipment") any of the Equipment (the "Replaced Equipment") which shall have (i) become worn out, obsolete or unusable for the purpose for which it is intended, (ii) been taken by a Condemnation as provided in Paragraph 13(d), or (iii) been lost, stolen, damaged or destroyed as provided in Paragraph 14(h); provided, however, that the Replacement Equipment shall (A) be in good operating condition, (B) have a value and useful life at least equal to the value and estimated useful life of the Replaced Equipment immediately prior to the time that the Replaced Equipment had become so worn out, or unusable, so taken, or so lost, stolen, damaged or destroyed, and (C) be suitable for a use which is the same or similar to that of the Replaced Equipment. Tenant shall repair at its sole cost and expense all damage to the Leased Premises caused by the removal of Replaced Equipment or other Personal property of Tenant or the installation of Replacement Equipment. All Replacement Equipment shall become

the property of Landlord, shall be free and clear of all liens and rights of others and shall become a part of the Equipment to the same extent as the Replaced Equipment had been. If so requested by Landlord in writing, Tenant shall promptly cause to be executed and delivered to Landlord an invoice, bill of sale or other appropriate instrument evidencing the transfer or assignment to Landlord of all estate, right, title and interest (other than the leasehold estate created hereby) of Tenant or any other Person in and to the Replacement Equipment, free from all liens and other exceptions to title; and Tenant shall pay all taxes, fees, costs and other expenses that may become payable as a result thereof. At the expiration of the Term or the sooner termination of this Lease, all Equipment shall be in good operating condition, ordinary wear and tear excepted.

12. Alterations and Improvements. Except with respect to the maintenance and repair required to be performed by Tenant pursuant to in Paragraph 11 and otherwise as provided in this Paragraph 12, Tenant shall not with respect to any of Memphis Premises, the New Orleans Premises Antonio Premises (a) make any Alterations the cost of which exceeds $250,000 for any single alteration or $500,000 in the aggregate over the Term, (b) construct upon the Land any additional Improvements or (c) install equipment in the Improvements or accessions to the Equipment, without the prior written approval of Landlord, which approval shall not be unreasonably withheld or delayed. In addition, Tenant shall not do any other act which, in the sole opinion of Landlord, would tend to impair the value of the Leased Premises. Tenant agrees that (i) the market value of the Leased Premises shall not be lessened by any such Alteration, construction or installation, or its usefulness impaired, (ii) all such Alterations, construction and installations shall be

performed in a good and workmanlike manner, (iii) all such Alterations, construction and installations shall be expeditiously completed in compliance with all Legal Requirements, (iv) all work done in connection with any such Alteration, construction or installation shall comply with the requirements of all insurance policies required to be maintained by Tenant hereunder, (v) Tenant shall promptly pay all costs and expenses of any such Alteration, construction or installation and shall discharge or remove all liens filed against any of the Leased Premises arising out of the same, (vi) Tenant shall procure and pay for all permits and licenses required in connection with any such Alteration, construction or installation, (vii) all such Alterations, construction and installations shall be the property of Landlord and shall be subject to this Lease, and (viii) Tenant shall comply, to the extent requested by Landlord, with the provisions of clauses (i) through (iv) of Paragraph 15(a).

Notwithstanding the foregoing, Tenant shall be permitted to construct additional Improvements upon the Land in order to expand the existing facilities so long as (a) Landlord receives prior written notice of Tenant's intention to

construct such Improvements and (b) Tenant complies fully with all of the provisions of this Paragraph 12, including, but not limited to, subparagraphs (i) through (viii) herein.

13. Condemnation.

(a) Tenant, immediately upon receiving a Condemnation Notice, shall notify Landlord thereof and, so long as an Event of Default has not occurred and is continuing, Tenant shall have the right on behalf of Tenant, Landlord and Lender to negotiate the settlement in any Condemnation proceeding and/or threat thereof and to contest the Condemnation and/or the amount of the Net Award therefor, all at Tenant's expense; provided, however, that if an Event of Default has occurred and is continuing Tenant shall have no right to participate in any such proceedings, negotiation or contest. Lender shall be entitled to participate with Tenant in any such proceeding, negotiation and/or contest, all at Tenant's expense, provided, however, that so long as an Event of Default has not occurred and is continuing counsel selected by Tenant shall represent Tenant, Landlord and Lender in any such proceeding, negotiation and/or contest. Subject to the provisions of this Paragraph 13, Tenant hereby irrevocably assigns to Landlord any award or payment to which Tenant is or may be entitled by reason of any Condemnation, whether the same shall be paid or payable for Tenant's leasehold interest hereunder or otherwise; but nothing in this Lease shall impair Tenant's right to any award or payment on account of Tenant's trade fixtures, equipment or other tangible property which is not part of the Equipment, moving expenses or loss of business, if available, to the extent that and so long as (i) Tenant shall have the right to make, and does make, a separate claim therefor against the condemnor and (ii) such claim does not in any way reduce either the amount of the award otherwise payable to Landlord for the

Condemnation of Landlord's fee interest in the Leased Premises or the amount of the award (if any) otherwise payable for the Condemnation of Tenant's leasehold interest hereunder.

(b) If (i) the entire "New Orleans Premises", the entire "Memphis Premises" or the entire "San Antonio Premises" or (ii) any substantial portion of the "New Orleans Premises", the Memphis Premises" or the "San Antonio Premises", which portion Tenant determines, in good faith, to be sufficient to render the remaining portion thereof uneconomic for the use of Tenant or any other tenant to which such premises might reasonably be leased, shall be taken by a Taking or under threat thereof, (any one or all of which is affected by a taking described in (i) or (ii) being hereinafter referred to as the "Affected Premises") then Tenant shall, not later than thirty (30) days after Landlord gives Tenant notice that Landlord has received a Condemnation Notice or Tenant otherwise receives a Condemnation Notice, give notice to Landlord of its intention to terminate this Lease as to the Affected Premises on the first Basic

Rent Payment Date (the "Termination Date") occuring after the date on which the Landlord rejects Tenant's offer to purchase the Affected Premises.

Such notice of intention to terminate shall contain (A) an irrevocable offer of Tenant to purchase the remaining portion of the Affected Premises, if any, on the Termination Date for the purchase price (the "Termination Offer Amount") specified in the next sentence and (B) in the event that less than the entire Affected Premises shall have been taken or be under threat thereof, a certificate of Tenant, signed by the president or a vice president thereof, stating that, in Tenant's good faith judgment, the portion of the Affected Premises so taken or under threat thereof is sufficient to fulfill the conditions set forth in clause (ii) of the first subparagraph of this Paragraph 13(b) and certifying that Tenant will forever abandon operations on the remainder of the Affected Premises. The Termination Offer Amount shall be the greater of (1) the Fair Market Value of the Affected Premises as of the date immediately prior to the Condemnation Notice or (2) the sum of that portion of the Acquisition Cost applicable to the Affected Premises, as set forth in Exhibit "E" attached hereto and made a part hereof, and one-half of any prepayment penalty or premium up to a maximum payment by Tenant of Fifty Thousand Dollars ($50,000) which may be payable under a Note or Mortgage. Promptly upon the delivery to Landlord of such notice of intention to terminate, Landlord and Tenant shall commence to determine such Fair Market Value in accordance with the procedure specified in Paragraph 27.

Tenant agrees that no rejection of an offer hereunder shall be effective for any purpose unless consented to by Lender. If Landlord shall reject such offer by notice to Tenant, containing the written consent of Lender to such rejection, not later than the twentieth (20th) day following the determination of Fair Market Value, then upon (x) payment of all Rent and any other charges due and unpaid under this Lease as of the Termination Date

and (y) compliance by Tenant with all other obligations and liabilities under this Lease which have arisen on or prior to the Termination Date, this Lease shall terminate on the Termination Date as to the Affected Premises and Tenant shall promptly vacate and have no further right, title or interest in or to any of the Affected Premises.

Unless Landlord shall have rejected such offer by the foregoing notice to Tenant not later than the twentieth (20th) day following the determination of Fair Market Value, Landlord shall be conclusively presumed to have accepted such offer. If such offer is accepted by Landlord, Tenant shall pay to Landlord the Termination Offer Amount on the Termination Date and, provided all Rent and other sums due and unpaid hereunder are paid in full, Landlord shall convey to Tenant the remaining portion of the Affected Premises, if any, in accordance with the provisions of Paragraph 16 and Landlord shall assign to Tenant its entire interest in and to the Net Award including any part thereof that has not been received by Landlord and/or deliver to Tenant or credit against the Termination Offer Amount such Net Award including any part thereof which shall

have been received by Landlord.

(c) In the event of any Taking of any of the Land or Improvements which does not result in a termination of this Lease as to any or all of the "New Orleans Premises", the "Memphis Premises", or the "San Antonio Premises", the Term shall, notwithstanding the Taking, continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder, except as expressly provided in Paragraph 15(b). Promptly after such Taking, Tenant, as required in Paragraph 11(a), shall commence and diligently continue to restore the Improvements as nearly as possible to their value, condition and character immediately prior to such Taking, in accordance with the provisions of Paragraph 12. Landlord shall make the Net Award available to Tenant as and when received by Landlord for restoration in accordance with and subject to the provisions of Paragraph 15(a).

In the event of a Requisition of any of the Land or Improvements, if Landlord is required to pay the Net Award of such Requisition to Lender in accordance with the provisions of the Note and the Mortgage and the debt service payments due under the Note are thereafter reduced by virtue of such payment of the Net Award to Lender, then each installment of Basic Rent payable on or after the effective date of such reduction in debt service shall be reduced in the same amount and for the same period as payments are reduced under the Note. In the event that the Net Award of a Requisition of any of the Land or Improvements is retained by Landlord, Landlord shall apply such Net Award, to the extent received, to the installments of Basic Rent thereafter payable until such Net Award has been applied in full or until the Term

hereof has expired, whichever first occurs. Upon the expiration of the Term, any portion of such Net Award which shall not have been previously credited to Tenant shall be retained by Landlord.

(d) If any of the Equipment shall be taken by a Condemnation other than a Condemnation which falls within the provisions of Paragraph 13(b), the Term shall nevertheless continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder. Tenant shall, whether or not the Net Award is sufficient for the purpose, promptly replace the Equipment so taken, in accordance with the provisions of Paragraph 11(d), and the Net Award of such a Condemnation made for the loss of the replaced Equipment only shall thereupon be payable to Tenant. The remainder of the Net Award shall be applied as hereinabove provided.

(e) Except as specifically provided in subparagraph (a) of this Paragraph 13, no agreement with any condemnor in settlement of or under threat of any Condemnation shall be made by Tenant without the written consent of Landlord and Lender.

14. Insurance.

(a) Tenant shall maintain at its sole cost and expense the following insurance on or in connection with the Leased Premises:

(i) Insurance against loss or damage to the Improvements and Equipment by fire and other risks from time to time included under standard extended and additional extended coverage policies, including vandalism and malicious mischief, sprinkler, plate glass and flood insurance, to the extent any of the Leased Premises are in a flood zone, in amounts not less than the actual replacement value of the Improvements and Equipment, excluding footings and foundations and other parts of the Improvements which are not insurable (or, in the case of plate glass insurance, the replacement cost of all plate glass in the Leased Premises). Such policies shall contain replacement cost endorsements.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about any of the Leased Premises or the Adjoining Property, in an amount not less than $1,000,000 primary combined single limit for bodily injury or death and/or property damage, each occurrence with a general aggregate limit of $2,000,000, combined single limit; provided, however, that Landlord shall have the right to determine such other limits as may be reasonable and customary for transactions and properties of this size and type. Policies for such insurance shall be for the mutual benefit of Landlord, Tenant and Lender.

(iii) Worker's compensation insurance covering all fulltime employees of Tenant employed in connection with any work done on or about any of the Leased Premises for which claims for death or bodily injury could be asserted against Landlord, Tenant or any of the Leased Premises, or, in lieu of such worker's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate agency of the State.

(iv) To the extent that the Improvements include at any time Equipment or any other equipment on or in the Leased Premises which by reason of its use or existence is capable of bursting, erupting, or exploding, boiler and pressure vessel insurance on any such Equipment, in an amount not less than $5,000,000 for damage to property, bodily injury or death resulting from such perils.

(v) Such other insurance, including business interruption insurance which would provide an amount necessary to pay Rent for at least one (1) year, on or in connection with any of the Leased Premises as Landlord or Lender may reasonably require, which at the time is prudent for Tenant's industry and is commonly obtained in connection with properties similar to the Leased Premises.

(b) The insurance required by Paragraph 14(a) shall be written by companies of recognized financial standing which are approved by Landlord, which approval shall not be unreasonably withheld, and are authorized to do an

insurance business in the State. The insurance policies (i) shall be for such terms as Landlord may reasonably approve, (ii) shall be in amounts sufficient at all times to satisfy any coinsurance requirements thereof, and (iii) shall (except for the worker's compensation insurance referred to in Paragraph 14(a)(iii) hereof) name Landlord, Tenant and Lender as insured parties, as their respective interests may appear. If said insurance or any part thereof shall expire, be withdrawn, become void, voidable, unreliable or unsafe for any reason, including a breach of any condition thereof by Tenant or the failure or impairment of the capital of any insurer, or if for any other reason whatsoever said insurance shall become unsatisfactory to Landlord, Tenant shall promptly obtain new or additional insurance reasonably satisfactory to Landlord.

(c) Each insurance policy referred to in clauses (i), (iv) and (v) of Paragraph 14(a) shall contain standard non-contributory mortgagee clauses in favor of and reasonably acceptable to Lender. Each policy required by any provision of Paragraph 14(a), except clause (iii) thereof, shall provide that it may not be cancelled except after thirty (30) days' prior notice to Landlord and Lender except for the non-payment of premiums which shall require at least ten (10) days notice of cancellation. Each such policy shall also provide that any loss otherwise payable thereunder shall be payable notwithstanding (i)

any act or omission of Landlord or Tenant which might, absent such provision, result in a forfeiture of all or a part of such insurance payment, (ii) the occupation or use of any of the Leased Premises for purposes more hazardous than those permitted by the provisions of such policy, (iii) any foreclosure or other action or proceeding taken by Lender pursuant to any provision of the Mortgage upon the happening of an event of default therein, or (iv) any change in title to or ownership of any of the Leased Premises.

(d) Tenant shall pay as they become due in installments or otherwise all premiums for the insurance required by this Paragraph 14, shall renew or replace each policy and deliver to Landlord evidence of the payment of the full premium or next succeeding installment, as the case may be, therefor at least twenty (20) days prior to the expiration date of such policy, and shall promptly deliver to Landlord all original policies; and in the event of Tenant's failure to comply with any of the foregoing requirements, Landlord shall be entitled, but not obligated, to procure such insurance. Any sums expended by Landlord in procuring such insurance shall be Additional Rent and shall be repaid by Tenant, together with interest thereon at the Default Rate from the time of payment by Landlord until fully paid by Tenant, immediately upon written demand therefor by Landlord.

(e) Tenant shall have the replacement cost and insurable value of the Improvements determined from time to time as required by the replacement cost endorsements and shall deliver to Landlord the new replacement cost endorsement or certificate evidencing such endorsement promptly upon Tenant's receipt thereof. If, at any time, a replacement cost endorsement is not available, Tenant shall have the replacement cost and insurable value of the

Improvements determined at least once a year by the underwriter of fire insurance on the Leased Premises or, if such underwriter will not act, by a qualified appraiser satisfactory to Landlord, and shall deliver to Landlord such determination promptly upon receipt.

(f) Tenant shall promptly comply with and conform to (i) all provisions of each insurance policy required by this Paragraph 14 and (ii) all requirements of the insurers thereunder, applicable to Landlord, Tenant or any of the Leased Premises or to the use, manner of use, occupancy, possession, operation, maintenance, alteration or repair of any of the Leased Premises, even if such compliance necessitates structural changes or improvements or results in interference with the use or enjoyment of any of the Leased Premises. Tenant shall not use any of the Leased Premises in any manner which would permit the insurer to cancel or increase the premium for any insurance policy.

(g) In the event of any loss, Tenant shall give Landlord and Lender immediate notice thereof. So long as an Event of Default has not occurred and is continuing, Tenant is hereby

authorized to adjust and compromise, in its discretion, all claims under any of the insurance policies required by this Paragraph 14 (except public liability insurance claims payable to a person other than Tenant, Landlord or Lender) and to execute and deliver of behalf of Landlord and Lender all necessary proofs of loss, receipts, vouchers and release required by the insurers; and Landlord agrees to sign, upon the request of Tenant, all such proofs of loss, receipts, vouchers and releases. However, if Lender so elects, Lender shall adjust and compromise any and all such claims. Any adjustment, settlement or compromise of any such claim shall be subject to the prior written approval of Lender unless Tenant receives a prior written waiver from Lender, and Lender shall have the right to prosecute or contest, or to require Tenant to prosecute or contest, any such claim, adjustment, settlement or compromise, all at Tenant's expense. All proceeds of any insurance required under clauses (i) (in excess of One Hundred Thousand Dollars ($100,000), (ii), (except proceeds payable to a person other than Tenant, Landlord or Lender), (iv) and (v) of Paragraph 14(a) shall be payable to Landlord and Lender. Each insurer is hereby authorized and directed to make payment under said policies, including return of unearned premiums, directly to Landlord and Lender instead of to Landlord and Tenant jointly (except for a casualty loss payment of less than One Hundred Thousand Dollars ($100,000) which shall be paid directly to Tenant); and Tenant hereby appoints each of Landlord and Lender as Tenant's attorneys-in-fact to endorse any draft therefor.

In the event of any casualty (whether or not insured against) resulting in damage to any of the Improvements which does not result in a termination of this Lease, the Term shall, notwithstanding such casualty, continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder, except as expressly provided in Paragraph 15(b).

Promptly after such casualty, Tenant, as required in Paragraph 11(a), shall commence and diligently continue to restore the Improvements as nearly as possible to their value, condition and character immediately prior to such damage, subject to and in accordance with the provisions of Paragraph 12. Landlord shall make such Net Proceeds available to Tenant as and when received by Landlord for restoration by Tenant in accordance with and subject to the provisions of Paragraph 15(a).

In the event of any loss of any of the Equipment in a casualty which does not result in a termination of this Lease, the Term shall nevertheless continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder. Tenant shall, whether or not the Net Proceeds are sufficient for the purpose, promptly repair or replace such Equipment, subject to and in accordance with the provisions of Paragraph 11(d), and the Net Proceeds paid for the loss of such Equipment only shall thereupon be payable to Tenant. The remainder of the Net Proceeds shall be applied as hereinabove provided.

(h) If (a) the entire "New Orleans Premises", the entire "Memphis Premises" or the entire "San Antonio Premises" or (b) a substantial portion of the "New Orleans Premises", the "Memphis Premises" and the "San Antonio Premises", shall be damaged or destroyed by fire or other casualty and, in Tenant's good faith judgment, it is uneconomical to replace, repair or restore the Affected Premises within one hundred and fifty (150) days of the date of such casualty for continued use and occupancy by Tenant or any other tenant to which the Affected Premises might reasonably be leased (any one or all of which is affected by a fire or casualty described in (a) or (b) being hereinafter referred to as the "Affected Premises"), then Tenant shall, not later than twenty (20) days after such occurrence, give notice to Landlord of its intention to terminate this Lease as to the Affected Premises on the first Basic Rent Payment Date (the "Casualty Termination Date") which occurs after the date on which Landlord rejects Tenant's offer to purchase the Affected Premises.

Such notice shall contain (A) an irrevocable offer of Tenant purchase the Affected Premises on the Casualty Termination Date for the purchase price (the "Casualty Offer Amount") specified in the next sentence and (B) a certificate of Tenant, signed by the president or a vice president of Tenant, stating that, in Tenant's good faith judgment, the portion of the Affected Premises so damaged or destroyed is sufficient to render the Affected Premises uneconomical for restoration for continued use and occupancy by Tenant or any other tenant to which the Affected Premises might be leased and certifying that Tenant will not restore the Affected Premises for the use to which such Premises was devoted prior to such damage or destruction. The Casualty Offer Amount shall be the greater of (1) the Fair Market Value of the Affected Premises as of the date immediately prior to such casualty or (2) the sum of that portion of the Acquisition Cost applicable to the Affected Premises, as set forth in Exhibit "E", and one-half (1/2) of any prepayment penalty or premium up to a maximum

payment by Tenant of Fifty Thousand Dollars ($50,000.00) which may be payable under a Note or Mortgage. Promptly upon the delivery of such notice from Tenant to Landlord, Landlord and Tenant shall commence to determine such Fair Market Value in accordance with the procedure specified in Paragraph 27.

No rejection of an offer hereunder shall be effective for any purpose unless consented to by Lender. If Landlord shall reject such offer by notice to Tenant, containing the written consent of Lender to such rejection, not later than the twentieth (20th) day following the determination of Fair Market Value, then upon (x) payment of all Rent and any other charges due and unpaid under this Lease as of the Casualty Termination Date and (y) compliance by Tenant with all other obligations and liabilities under this Lease which have arisen on or prior to the Casualty Termination Date, this Lease shall terminate on the Casualty Termination Date as to the Affected Premises and Tenant shall promptly vacate and have no further right, title or interest in or to any of the Affected Premises.

Unless Landlord shall have rejected such offer by the foregoing notice to Tenant not later than the twentieth (20th) day prior to the Casualty termination Date, Landlord shall be conclusively presumed to have accepted such offer. If such offer is accepted by Landlord, Tenant shall pay to Landlord the Casualty Offer Amount on the Casualty Termination Date and, provided an Event of Default does not then exist, Landlord shall convey to Tenant the Affected Premises in accordance with the provisions of Paragraph 16 and, provided all Rent and other sums due and unpaid under this Lease are paid in full, Landlord shall assign to Tenant its entire interest in and to the Net Proceeds including any part thereof that has not been received by Landlord and/or deliver to Tenant or credit against the Casualty Offer Amount such Net Proceeds including any part thereof which shall have been received by Landlord.

(i) Tenant shall not carry separate insurance concurrent in form or contributing in the event of loss with that required in this Paragraph 14 unless (i) Landlord and Lender are included therein as named insureds, with loss payable as provided herein, and (ii) such separate insurance complies with the other provisions of this Paragraph 14. Tenant shall immediately notify Landlord of such separate insurance and shall deliver to Landlord the original policies therefor.

15. Restoration: Reduction of Rent.

(a) If (on the basis of a cost breakdown provided by Tenant) the cost of restoration is reasonably estimated by Landlord to be One Hundred Thousand Dollars ($100,000) or less, then, so long as an Event of Default has not occurred and is continuing, such amount shall be disbursed to Tenant from the Net Proceeds or a Net Award, and Tenant shall promptly restore the Affected Premises in accordance with and subject to Paragraph 12 of this Lease. Net Proceeds or a Net Award which are for restoration of the Land or Improvements

the cost of which is reasonably estimated of Landlord to be in excess of One Hundred Thousand Dollars ($100,000) shall be disbursed to Tenant only in accordance with the following conditions:

(i) prior to commencement of restoration, the architects, contracts, contractors, plans and specifications for the restoration shall have been approved by Landlord, which approval shall not be unreasonably withheld or delayed; Landlord shall be provided with mechanics' lien insurance (if available) and acceptable performance and payment bonds which insure satisfactory completion of the restoration, are in an amount and form and have a surety acceptable to Landlord, and name Landlord and Lender as additional dual obligees; and appropriate waivers of mechanics' and materialmen's liens shall have been filed;

(ii) at the time of any disbursement, no Event of Default shall exist and no mechanics' or materialmen's liens shall have been filed against any of the Leased Premises and remain undischarged;

(iii) disbursements shall be made from time to time in an amount not exceeding the cost of the work completed since the last disbursement, upon receipt of (A) satisfactory evidence, including architects' certificates, of the stage of completion, of the estimated cost of completion and of performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (B) waivers of liens for work covered by the prior disbursement, (C) contractors' and subcontractors' sworn statements as to completed work for which payment is requested, (D) a satisfactory bringdown of title insurance, and (E) other evidence of cost and payment so that Landlord can verify that the amounts disbursed from time to time are represented by work that is completed, in place and free and clear of mechanics' and materialmen's lien claims;

(iv) each request for disbursement shall be accompanied by a certificate of Tenant, signed by the president or a vice president of Tenant, describing the work for which payment is requested, stating the cost incurred in connection therewith, stating that Tenant has not previously received payment for such work and, upon completion of the work, also stating that the work has been fully completed and complies with the applicable requirements of this Lease;

(v) Landlord may retain ten percent (10%) of the restoration fund until the restoration is fifty percent (50%) completed;

(vi) the restoration fund may not be commingled with Landlord's other funds and shall bear interest which shall be added to the restoration fund;

(vii) at all times the undisbursed balance of the restoration fund held by Landlord shall be not less than the cost of completing the

restoration work free and clear of all liens; and

(viii) such other reasonable conditions as Landlord may impose.

In addition, prior to commencement of restoration and at any time during restoration, if the estimated cost of completing the restoration work free and clear of all liens, as determined by Landlord, exceeds the amount of the Net Proceeds or the Net Award available for such restoration, the amount of such excess shall, upon demand by Landlord, be paid by Tenant to Landlord to be added to the restoration fund. Any sum which remains in the restoration fund upon completion of restoration (the "Remaining Sum") shall be refunded to Tenant, unless such sum is required to be applied by

Landlord to reduce principal outstanding under the Note, in which event it shall be paid by Landlord to Lender to reduce principal outstanding under the Note. For purposes of determining the source of funds with respect to the disposition of funds remaining after the completion of restoration, the Net Proceeds or the Net Award shall be deemed to be disbursed prior to any amount added by Tenant.

(b) In the event that there is a Remaining Sum upon completion of restoration which is paid by Landlord to Lender, as aforesaid, then each installment of Basic Rent payable on or after the effective date of such reduction in debt service shall be reduced in the same amount and for the same period as payments are reduced under the Note.

16. Procedures Upon Purchase.

(a) In the event of the purchase of any of the Leased Premises by Tenant pursuant to any provision of this Lease, Landlord need not transfer and convey to Tenant or its designee any better title thereto than that which was transferred and conveyed to Landlord, and Tenant shall accept such title, subject, however, to all Permitted Exceptions and to all liens, exceptions and restrictions on, against or relating to any of the Leased Premises which were created with the concurrence of Tenant or as a result of a default by Tenant under this Lease and to all applicable Laws, but free of the lien of and security interest created by the Mortgage and the Assignment and liens, exceptions and restrictions on, against or relating to the Leased Premises which have been created by or resulted solely from acts of Landlord without the concurrence of Tenant.

(b) Upon the date fixed for any such purchase of any of the Leased Premises pursuant to any provision of this Lease, Tenant shall pay to Landlord or to any Person to whom Landlord directs payment, at its address set forth above, or at any other place designated by Landlord, the Offer Amount therefore specified herein, in federal or other immediately available funds which at the time of such payment shall be legal tender for the payment of public or private debts in the United States of America, less any credits of the

Net Award or Net Proceeds allowed against the Offer Amount pursuant to the provisions of Paragraphs 13(b) or 14(i), and Landlord shall thereupon deliver to Tenant (i) a special warranty deed in form satisfactory to Landlord's counsel which describes any of the Leased Premises then being sold to Tenant and conveys and transfers the title thereto which is described in Paragraph 16(a), (ii) such other instruments as shall be necessary to transfer to Tenant or its designee any other property (or rights to any Net Proceeds or Net Award not yet received by Landlord) then required to be sold by Landlord pursuant to this Lease and (iii) any Net Award or Net Proceeds received by Landlord, not credited to Tenant against the Offer Amount and required to be delivered by Landlord to Tenant pursuant to this Lease. Tenant shall pay all reasonable charges incident

to such conveyance and transfer, including Landlord's reasonable counsel fees, escrow fees, recording fees, title insurance or guarantee premiums all applicable federal, state and local taxes which may be incurred or imposed by reason of such conveyance and transfer and/or by reason of the delivery of said deed and other instruments (excluding, however, any capital gains or net income tax payable by Landlord as a result of said transfer). Tenant agrees, upon the request and direction of Landlord, to pay a portion of the Offer Amount as a brokerage commission to Landlord or one of its Affiliates who Tenant acknowledges shall be deemed the broker of record in connection with the transfer of the Leased Premises. Upon the completion of such purchase, but not prior thereto (whether or not any delay in the completion of or any failure to complete such purchase shall be the fault of Landlord), Tenant may elect to terminate this Lease and all obligations hereunder (including the obligations to pay Rent) with respect to any of the Leased Premises conveyed to Tenant, except any obligations and liabilities of Tenant, actual or contingent, under this Lease, which arose on or prior to such date of purchase. In the event that the completion of such purchase shall be delayed for more than ninety (90) days solely as a result of acts or omissions of Tenant, then the Offer Amount payable by Tenant upon the purchase of any of the Leased Premises pursuant to any provisions of this Lease shall, at Landlord's sole option, be determined as of the actual date of such purchase by Tenant, provided that Tenant shall have paid to Landlord all Rent due and payable hereunder to and including such date. Any prepaid Basic Rent or other prepaid sums paid to Landlord shall be prorated as of the date the purchase is completed, and the prorated unapplied balance shall be deducted from the Offer Amount due to Landlord.

No apportionment of any Impositions shall be made upon such purchase, Tenant being liable for payment thereof during the Term as Tenant and being liable thereafter as owner.

17. Assignment and Subletting. Tenant may not assign this Lease at any time to any other party without the prior written consent of Landlord; provided, however, that upon prior notice to Landlord, Tenant shall have the right to assign this Lease to any party which, immediately following such assignment, complies both with the provisions of Paragraph 31 of this Lease and

with the provisions of this Paragraph 17. Tenant may sublet any of the Leased Premises at any other time to any other party without the prior written consent of Landlord. Each sublease of any of the Leased Premises shall be subject and subordinate to the provisions of this Lease. If Tenant assigns all its rights and interest under this Lease, the assignee under such assignment shall expressly assume all the obligations of Tenant hereunder, including obligations, actual or contingent, of Tenant which may have arisen on or prior to the date of such assignment, by a written instrument delivered to Landlord at the time of such assignment. No assignment other than as specifically permitted by this Paragraph and Paragraph 31 and no sublease made as permitted

by this Paragraph shall affect or reduce any of the obligations of Tenant hereunder; and all such obligations shall continue in full force and effect as obligations of a principal and not as obligations of a guarantor, as if no assignment or sublease had been made. No assignment or sublease shall impose any obligations on Landlord under this Lease. Tenant shall, within ten (10) days after the execution and delivery of any such assignment, deliver a duplicate original copy thereof in recordable form to Landlord, and within ten (10) days after the execution and delivery of any such sublease, Tenant shall deliver a duplicate original copy thereof to Landlord.

In the event Tenant desires to assign its interest in this Lease or effect a Change in Control (as defined in Paragraph 31) and such assignment or Change of Control would cause a breach of Paragraph 31 and such anticipatory breach is not waived in writing by Landlord within (10) days after receipt of notice from Tenant, then Tenant shall, not later than sixty (60) days prior to such occurrence, make an irrevocable offer to purchase the Leased Premises on the first Basic Rent Payment Date (the "Transfer Purchase Date") which occurs after the date on which Landlord accepts Tenant's offer to purchase the Leased Premises for the purchase price (the "Transfer Offer Amount") specified in the next sentence. The Transfer Offer Amount shall be the greater of (1) the Fair Market Value of the Leased Premises as of the date immediately prior to such assignment or Change in Control or (2) the Acquisition Cost and any prepayment penalty or premium which may be payable under a Note or Mortgage. Promptly upon the deliver of such notice from Tenant to Landlord, Landlord and Tenant shall commence to determine such Fair market Value in accordance with the procedure specified in Paragraph 27.

No rejection of an offer hereunder shall be effective for any purpose unless consented to by Lender. If Landlord shall reject such offer by notice to Tenant, containing the written consent of Lender to such rejection, not later than the twentieth (20th) day following the determination of Fair Market Value, then the breach of Paragraph 31 shall be deemed waived by Landlord, subject, however, to the terms of this Paragraph 17 and this Lease shall continue in full force and effect.

Unless Landlord shall have rejected such offer by the foregoing notice to Tenant not later than the twentieth (20th) day following the determination of

Fair Market Value, Landlord shall be conclusively presumed to have accepted such offer. If such offer is accepted by Landlord, Tenant shall pay to Landlord the Transfer Offer Amount on the Transfer Purchase Date and, provided all Rent and other sums due hereunder are paid in full, Landlord shall convey to Tenant the Leased Premises in accordance with the provisions of Paragraph 16.

Upon the occurrence of an Event of Default under this Lease, Landlord shall have the right immediately or at any time thereafter to collect and enjoy all rents and other sums of money

payable under any sublease of any of the Leased Premises, and Tenant hereby irrevocably and unconditionally assigns such rents and money to Landlord, which assignment may be exercised upon and after (but not before) the occurrence of an Event of Default. Tenant shall not mortgage or pledge this Lease, and any such mortgage or pledge made in violation of this Paragraph shall be void.

18. Permitted Contests. Tenant shall not be required to (a) pay any imposition, (b) comply with any Legal Requirement, (c) discharge or remove any lien referred to in Paragraph 9 or 12, or (d) take any action with respect to any encroachment, violation, hindrance, obstruction or impairment referred to in Paragraph 11(b), so long as Tenant shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its or Landlord's liability therefore, by appropriate proceedings which shall operate during the pendency thereof to prevent (i) the collection of, or other realization upon, the Imposition, lien or claim so contested, (ii) the sale, forfeiture or loss of any of the Leased Premises or any Rent to satisfy the same or to pay any damages caused by the violation of any such Legal Requirement or by any such encroachment, violation, hindrance, obstruction or impairment, (iii) any interference with the use or occupancy of any of the Leased Premises, (iv) any interference with the payment of any Rent, and (v) the cancellation of any fire or other insurance policy. If the contested amount is in excess of Twenty Thousand Dollars ($20,000.00), Tenant shall provide Landlord security which is reasonably satisfactory to Landlord, to assure the payment, compliance, discharge, removal and/or other action, including all costs, attorneys' fees, interest and penalties that may be or become due in connection therewith. While any proceedings which comply with the requirements of this Paragraph 18 are pending and the required security is held by Landlord, Landlord shall not have the right to pay, remove or cause to be discharged the Imposition, lien or claim thereby being contested. Tenant further agrees that each such contest shall be promptly and diligently prosecuted to a final conclusion, except that Tenant shall, so long as the conditions of the first sentence of this Paragraph are at all times complied with, have the right to attempt to settle or compromise such contest through negotiations. Tenant shall pay, and save Landlord harmless against, any and all losses, judgments, decrees and costs (including all reasonable attorneys' fees and expenses) in connection with any such contest and shall, promptly after the final determination of such contest, fully pay and discharge the amounts which

shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest, costs and expenses thereof or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof. No such contest shall subject Landlord to the risk of any civil or criminal liability.

19. Conditional Limitations; Default Provision.

(a) The occurrence of any one or more of the following events which continue for a period equal to the greater of (i) any grace period specified in this subparagraph 19(a) or in subparagraph 19(g) hereof or (ii) two (2) days less than any applicable grace period, if any, given to Landlord for such default under any Note and Mortgage shall constitute an Event of Default under this Lease: (i) a failure by Tenant to make (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity, or before any administrative tribunal, which have or might have the effect of preventing Tenant from complying with the provisions of this Lease) any payment of Rent or other sum herein required to be paid by Tenant; (ii) a failure by Tenant duly to perform and observe, or a violation or breach of, any other provision or covenant hereof not otherwise specifically mentioned in this Paragraph 19(a); (iii) any representation or warranty made by Tenant herein or in the Assignment or in any certificate, demand or request made pursuant hereto or thereto proves to be incorrect, now or hereafter, in any material respect; (iv) Tenant shall (A) voluntarily be adjudicated a bankrupt or insolvent, (B) seek or consent to the appointment of a receiver or trustee for itself or for any of the Leased Premises, (C) file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, or (D) make a general assignment for the benefit of creditors; (v) a court shall enter an order, judgment or decree appointing, without the consent of Tenant, a receiver or trustee for it or for any of the Leased Premises or approving a petition filed against Tenant which seeks relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain in force, undischarged or unstayed, sixty (60) days after it is entered; (vi) any Improvement is substantially damaged or destroyed by an uninsured casualty and Tenant fails to commence promptly thereafter to restore the Leased Premises to its condition immediately prior to such casualty or fails to proceed actively, diligently and in good faith with such restoration and to continue such restoration until the Leased Premises have been fully restored; (vii) any of the Leased Premises shall have been vacated or abandoned; (viii) Tenant shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution; (ix) the estate or interest of Tenant in any of the Leased Premises shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such proceeding shall not be vacated or discharged within sixty (60) days after it is commenced; or (x) a failure by Guarantor duly to perform and observe any provision under the Guaranty, or a

violation or breach of any covenant made by Guarantor under the Guaranty.

(b) If an Event of Default shall have occurred, Landlord shall have the right at its option, then or at any time thereafter to do any one more of the following without demand upon or notice to Tenant (except as otherwise provided in subparagraph (g) of this Paragraph 19):

(i) Landlord shall give Tenant ten (10) days written notice of Landlord's intention to terminate this Lease on a date specified in such notice. Upon the date therein specified, the Term, the estate hereby granted and all rights of Tenant hereunder, shall expire and terminate as if such date were the date herein before fixed for the expiration of the Term, but Tenant shall remain liable for all its obligations hereunder, including its liability for Rent, as hereinafter provided.

(ii) Landlord may, whether or not the Term of this Lease shall have been terminated pursuant to clause (i) above, (A) give Tenant notice to surrender any of the Leased Premises to Landlord immediately or on a date specified in such notice, at which time Tenant shall surrender and deliver possession of the Leased Premises or the specified portion thereof to Landlord or (B) re-enter and repossess any of the Leased Premises, with or without legal process, by peaceably entering the Leased Premises and changing locks or by summary proceedings, ejectment or any other lawful means or procedure. Upon or at any time after taking possession of any of the Leased Premises, Landlord may, by peaceable means or legal process, remove any Persons or property therefrom. Landlord shall be under no liability for or by reason of any such entry, repossession or removal. No such entry or repossession shall be construed as an election by Landlord to terminate this Lease unless Landlord gives a written notice of such intention to Tenant pursuant to clause (i) above.

(iii) After repossession of any of the Leased Premises pursuant to clause (ii) above, whether or not this Lease shall have been terminated pursuant to clause (i) above, Landlord shall have the right (but shall be under no obligation) to relet any of the Leased Premises to such tenant or tenants, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term), for such rent, on such conditions (which may include concessions or free rent) and for such uses as Landlord, in its absolute discretion, may determine; and Landlord may collect and receive any rents payable by reason of such reletting. Landlord shall have no duty to mitigate damages and shall not be responsible or liable for any failure to relet any of the Leased Premises or for any failure to collect any rent due upon any such reletting. Landlord may make such Alterations as Landlord, in its sole discretion, may deem advisable. Tenant agrees to pay Landlord, as Additional Rent, immediately upon demand, all expenses incurred by Landlord in obtaining possession, in performing Alterations and in reletting any of the Leased Premises, including fees and commissions of attorneys, architects, agents and brokers.

(iv) Unless Landlord shall have exercised its remedy under Paragraph 19(b) (v) (as to the entire Leased Premises) or 19(b) (vi) hereof and shall have received all sums due thereunder, Landlord may, upon written demand to Tenant, recover from Tenant, and Tenant shall pay to Landlord, as and for liquidated and agreed final damages for Tenant's default and in lieu of all current damages beyond the date of such demand (it being agreed that it would be impracticable or extremely difficult to fix the actual damages), an amount equal to the present value of the excess, if any, of (A) all Rent from the date of such demand to the date on which the then Term is scheduled to expire hereunder in the absence of any earlier termination, re-entry or repossession over (B) the then fair market rental value of the Leased Premises for the same period; provided, however, that in the event Landlord shall have exercised its remedy under Paragraph 19(b) (v) to require the purchase of less than the entire Leased Premises and shall have received all sums due in connection therewith, the Rent referred to in clause (A) above shall be that portion of the Rent which is attributable to that portion of the Leased Premises which is not sold to Tenant pursuant to said Paragraph 19(b) (v) and the fair rental value referred to in clause (B) above shall be the fair rental value of such unsold remainder of the Leased Premises. The present value of such excess shall be determined by discounting the Rent and such fair market rental value at the rate per annum which is the lower of the then Prime Rate or nine percent (9%) per annum. If any Law shall validly limit the amount of such liquidated final damages to less than the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such Law.

(v) Unless Landlord shall have exercised its remedy under Paragraph 19(b) (iv) or 19(b) (vi) hereof and shall have received all sums due thereunder, Landlord may, upon notice to Tenant, require Tenant to make an irrevocable offer to purchase, for the purchase price (the "Default Offer Amount") specified in the next two sentences, either (A) the entire Leased Premises or (B) any one or more of the New Orleans Premises, the San Antonio Premises and the Memphis Premises (such entire Leased Premises or any one or more of the New Orleans Premises, the San Antonio Premises and the Memphis Premises, as applicable, being hereinafter referred to as the "Selected Premises"), as Landlord in its sole discretion may select. The Default Offer Amount shall be the greater of (1) the then Fair Market Value of the Selected Premises, (2) the sum of that portion (determined in accordance with the percentages set forth in Exhibit "F") of the unpaid balance of the Note and Mortgage covering any of the Selected Premises, all interest accrued thereon, and prepayment penalties payable in connection therewith and all other sums due thereunder as of the date of such purchase, or (3) an amount equal to the sum of the Acquisition Cost with respect to the Selected Premises and any prepayment penalty payable under the Loan with respect to the Selected Premises. Upon such notice by Landlord to Tenant, Tenant shall be deemed to have made such offer, and the Fair Market Value

of the Selected Premises shall be determined in accordance with the procedure set forth in Paragraph 27 hereof. Within thirty (30) days after such determination of the Fair Market Value, Landlord shall accept or reject such offer. If Landlord accepts such offer, then, on the tenth (10th) business day after such acceptance, Tenant shall pay to Landlord the Default Offer Amount and purchase the Selected Premises in accordance with Paragraph 16 hereof. Any rejection by Landlord of such offer shall have no effect on any other provision of this Lease.

(vi) Unless Landlord shall have exercised its remedy under Paragraph 19(b) (iv) or 19(b) (v) (as to the entire Leased Premises) hereof and shall have received all sums due thereunder or shall have repossessed and relet the Leased Premises, Landlord may declare by notice to Tenant the entire Basic Rent (in the amount of Basic Rent then in effect) discounted at the rate per annum which is the lower of the then Prime Rate or nine percent (9%) per annum for the remainder of the then current Term, to be immediately due and payable. In that event, Tenant shall immediately pay to Landlord all such Basic Rent, all accrued Rent then due and unpaid, all other sums which are then due or which would have been due hereunder but for the aforesaid Event of Default and all sums which arise or become due by reason of such Event of Default (including any attorneys' fees and costs). Upon receipt of all such accelerated Basic Rent and other sums, this Lease shall remain in full force and effect and Tenant shall have the right to possession of the Leased Premises from the date Landlord receives the accelerated Basic Rent and all the other said sums to the end of the Term then in effect (or that would be in effect but for the Event of Default) pursuant and subject to all the provisions of this Lease, including the obligation to pay all increases in Basic Rent and all Additional Rent and other sums that subsequently become due, except that (A) no Basic Rent which has been prepaid hereunder shall be due thereafter during the said Term, (B) Tenant shall have no option to extend or renew the then current Term and (C) Tenant shall have no further rights, if any, under Paragraph 28. Notwithstanding the foregoing, in the event Landlord shall have exercised its remedy under Paragraph 19(b) (v) to require the purchase of less than the entire Leased Premises and shall have received all sums due in connection therewith, the Basic Rent to be accelerated pursuant to this Paragraph 19(b) (vi) shall be that portion of the Basic Rent which is attributable to that portion of the Leased Premises which is not sold to Tenant pursuant to said Paragraph 19(b)(v) and Tenant's right to possession pursuant to this Lease shall extend only to such unsold remainder of the Leased Premises.

(vii) Landlord may exercise any other right or remedy now or hereafter existing by Law or in equity.

(c) No expiration or termination of this Lease pursuant to Paragraph 19(b)(i) or any other provision of this Lease, by operation of law or otherwise, before the expiration date provided in Paragraph 5 or if applicable the termination date

provided in Paragraph 13(b), 14(i) or 28, no repossession of any of the Leased Premises pursuant to Paragraph 19(b)(ii) or otherwise, nor any reletting of any of the Leased Premises pursuant to Paragraph (19)(b)(iii) shall relieve Tenant of any of its liabilities and obligations hereunder, including the liability for Rent, all of which shall survive such expiration, termination, repossession or reletting.

(d) In the event of any expiration or termination of this Lease or repossession of any of the Leased Premises by reason of the occurrence of an Event of Default, and provided that Landlord has not exercised its remedy under Paragraph 19(b)(iv), 19(b)(v) (as to the entire Leased Premises) or 19(b)(vi) or has not received all sums due thereunder, Tenant shall pay to Landlord all Rent and all other sums required to be paid by Tenant to and including the date of such expiration, termination or repossession and, thereafter, Tenant shall, until the end of what would have been the Term in the absence of such expiration, termination or repossession, and whether or not any of the Leased Premises shall have been relet, be liable to Landlord for, and shall pay to Landlord, as liquidated and agreed current damages (i) Basic Rent, Additional Rent and all other sums which would be payable under this Lease by Tenant in the absence of such expiration, termination or repossession, less (ii) the net proceeds, if any, of any reletting pursuant to Paragraph 19(b)(iii), after deducting from such proceeds all of Landlord's expenses in connection with such reletting (including all repossession costs, brokerage commissions, legal expenses, attorneys' fees, employees' expenses, costs of Alterations and expenses of preparation for reletting) provided, however, that in the event
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Landlord has exercised its remedy under Paragraph 19(b)(v) to require the purchase of less than the entire Leased Premises and has received all sums due in connection therewith, the Rent hereinabove in this Paragraph 19(d) referred to shall mean that portion of the Rent which is applicable to that portion of the Leased Premises which is not sold to Tenant pursuant to said Paragraph 19(b)(v). Tenant hereby agrees to be and remain liable for all sums aforesaid; and Landlord may recover such damages from Tenant and institute and maintain successive actions or legal proceedings against Tenant for the recovery of such damages. Nothing herein contained shall be deemed to require Landlord to wait to begin such action or other legal proceedings until the date when the Term would have expired by limitation had there been no such Event of Default.

(e) The words "enter," "re-enter," or "re-entry," as used in this Paragraph 19 are not restricted to their technical meaning.

(f) WITH RESPECT TO ANY REMEDY OR PROCEEDING OF LANDLORD HEREUNDER, TENANT WAIVES ANY RIGHT TO A TRIAL BY JURY.

(g) Except as otherwise hereinafter in this Paragraph 19(g) provided, before an Event of Default shall exist under this Paragraph 19, Landlord shall have given Tenant notice

thereof and Tenant shall have failed to cure the default within the applicable grace period stated below. If the default consists of a failure to pay Rent, the applicable grace period shall be two (2) business days from the date such notice is given. If the default consists of the failure to provide any insurance required pursuant to Paragraph 14, the applicable grace period shall be seven (7) days from the date on which the notice is given, but Landlord shall not be obligated to give notice of, or allow any grace period for, any such default more than twice within any twelve (12) month period. If the default consists of something other than the failure to provide any such insurance, the applicable grace period shall be twenty (20) days from the date on which the notice is given or, if the default cannot be cured within the said twenty-day period and delay in the exercise of a remedy would not (in Landlord's reasonable judgment) cause any material adverse harm to Landlord or any of the Leased Premises, the grace period shall be extended for the period required to cure the default (but such grace period, including any extension, shall not in the aggregate exceed sixty (60) days), provided that Tenant shall commence to cure the default within the said twenty-day period and shall actively, diligently and in good faith proceed with and continue the curing of the default until it shall be fully cured. However, no notice or grace period shall be required in any one or more of the following events: (i) substantial damage to any of the Leased Premises will, in Landlord's reasonable judgment, probably occur unless a remedy is exercised promptly; (ii) the occurrence of a default under clause (iii), (iv), (v), (viii), or (ix) of subparagraph (a) of this Paragraph 19; or (iii) the default is such that any delay in the exercise of a remedy by Landlord could reasonably be expected to cause irreparable harm to Landlord.

20. Additional Rights of Landlord.

(a) No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing by Law or in equity. Upon the occurrence of any Event of Default, Landlord shall have the right (but no obligation) to perform any act required of Tenant hereunder, whether as agent for Tenant or otherwise; and the cost thereof shall be Additional Rent hereunder and shall be paid by Tenant to Landlord, together with interest thereon at the Default Rate from the date such cost is incurred until it shall be fully paid by Tenant, immediately upon demand. Tenant agrees that Tenant shall be liable to Landlord for any and all damages suffered or incurred by Landlord in connection with any Event of Default and Tenant further agrees that Landlord shall be entitled to exercise any and all remedies existing at law or in equity for the recovery thereof. Tenant acknowledges that time is of the essence in the performance of its obligations under this Lease. No failure of Landlord (i) to insist at any time upon the strict performance of any provision of this Lease or (ii) to exercise any

option, right, power or remedy contained in this Lease shall be constructed as a waiver, modification or relinquishment thereof. A receipt by Landlord of any Rent or other sum due hereunder with knowledge of the breach of any provision contained in this Lease shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in a writing signed by Landlord. In addition to the other remedies provided in this Lease, Landlord shall be entitled, to the extent permitted by applicable Law, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the provisions of this Lease, or to specific performance of any of the provisions of this Lease.

(b) Tenant hereby waives and surrenders, for itself and all those claiming under it, including creditors of all kinds, (i) any right and privilege which it or any of them may have under any present or future Law to redeem any of the Leased Premises or to have a continuance of this Lease after termination of this Lease or of Tenant's right of occupancy or possession pursuant to any court order or any provision hereof, and (ii) the benefits of any present or future Law which exempts property from liability for debt or for distress for rent.

(c) Tenant shall pay to Landlord, as Additional Rent, all the expenses incurred by Landlord in connection with any Event of Default or the exercise of any remedy by reason of an Event of Default or otherwise in connection with the enforcement of this Lease, including reasonable attorneys' fees and expenses. If Landlord shall be made a party to any litigation commenced against Tenant or any litigation pertaining to this Lease or any of the Leased Premises (except litigation among the partners of Landlord or other Persons described in Paragraph 29 which does not arise out of any act or omission of Tenant under this Lease), then, at the option of Landlord, Tenant, at its expense, shall provide Landlord with counsel approved by Landlord and, in any event, Tenant shall pay all costs and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation; provided, however, that if in a non-appealable decision, a court of competent jurisdiction determines that Landlord was the sole cause of litigation pertaining to this Lease or any of the Leased Premises then all costs and fees incurred by Tenant in connection with such litigation shall be refunded to Tenant.

21. Notices. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease shall be in writing and shall be deemed to have been given for all purposes when delivered in Person or by Federal Express or other 24-hour delivery service or five (5) business days after being deposited in the United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address stated above. A copy of any notice given by Tenant to Landlord shall simultaneously be given by Tenant to Reed Smith Shaw & McClay,

1600 Avenue of the Arts Building, Philadelphia, PA 19107, Attention: Chairman, Real Estate Department. For the purposes of this Paragraph, any party may substitute its address by giving fifteen (15) days' notice to the other party, in the manner provided above.

22. Estoppel Certificate. Tenant shall, at any time and from time to time, but not more than three (3) times in any calendar year, upon not less than ten (10) days' prior written request by Landlord, execute, acknowledge and deliver to Landlord a statement in writing, executed by the President or a vice president of Tenant, certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and setting forth such modifications), (b) the dates to which Basic Rent, Additional Rent and all other sums payable hereunder have been paid, (c) that, to the knowledge of the signer of such certificate, no default by either Landlord or Tenant exists hereunder or specifying each such default of which the signer may have knowledge, and (d) that, to the knowledge of the signer of such certificate, there are no proceedings pending or threatened against Tenant before or by any court or administrative agency which, if adversely decided, would materially and adversely affect the financial condition and operations of Tenant or, if any such proceedings are pending or threatened to said signer's knowledge, specifying and describing the same. It is intended that any such statements by Tenant may be relied upon by Lender, Landlord or their assignees or by any prospective purchaser or mortgagee of the Leased Premises.

Landlord shall, at any time and from time to time but not more often than twice in any twelve (12) month period upon not less than ten (10) days' prior written request by Tenant, execute, acknowledge and deliver to Tenant a statement in writing, executed by a general partner of landlord certifying (a) that this Lease in unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and setting forth such modifications), (b) the dates to which Basic Rent, Additional Rent and all other sums payable hereunder have been paid, (c) that, to the knowledge of the signer of such certificate, no default by Tenant exists hereunder of specifying each such default of which the signer may have knowledge. It is intended that nay such statements by Landlord may be relied upon by Tenant, its lenders or its permitted assignees.

23. Surrender. Upon the expiration of earlier termination of this Lease, Tenant shall peaceably leave and surrender the Leased Premises (except for any portion thereof with respect to which this Lease has previously terminated or with respect to which Tenant has purchased) to Landlord in the same condition in which the Leased Premises were originally received from Landlord at the commencement of this Lease, except as repaired, rebuilt, restored, altered, replaced or added to as

permitted or required by any provision of this Lease, and except for ordinary wear and tear. Tenant shall remove from the Leased Premises on or prior to such expiration or earlier termination all property which is owned by Tenant or third parties other than Landlord and Tenant; and Tenant, at its expense, shall, on or prior to such expiration or earlier termination, repair any damage caused by such removal. Property not so removed shall become the property of Landlord; Landlord may thereafter cause such property to be removed from the Leased Premises; and the cost of removing and disposing of such property and repairing any damage to any of the Leased Premises caused by such removal shall be borne by Tenant. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any such property which becomes the property of Landlord upon the expiration or earlier termination of this Lease.

24. Risk of Loss. The risk of loss or of decrease in the enjoyment
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and beneficial use of any of the Leased Premises in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosure, attachments, levies or executions, is assumed by Tenant, and Landlord shall in no event be answerable or accountable therefor. Except as otherwise specifically provided in this Lease, none of the events mentioned in this Paragraph shall entitle Tenant to any abatement of Rent.

25. No Merger of Title. There shall be no merger of this Lease nor of
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the leasehold estate created by this Lease with the fee estate in or ownership of any of the Leased Premises by reason of the fact that the same Person may acquire or hold or own, directly or indirectly, (a) the leasehold estate created by this Lease or any part thereof or interest therein or any interest of Tenant in this Lease, and (b) the fee estate or ownership of any of the Leased Premises or any interest in such fee estate or ownership; and no such merger shall occur unless and until all Persons having any interest in (i) this Lease as Tenant or the leasehold estate created by this Lease and (ii) this Lease as Landlord or the fee estate in or ownership of the Leased Premises or any part thereof sought to be merged shall join in a written instrument effecting such merger and shall duly record the same.

26. Books and Records. Tenant shall permit Landlord and Lender by
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their respective agents, accountants and attorneys, to visit and inspect the Leased Premises and to discuss the finances and business with the officers of Tenant, at such reasonable times as may be requested by Landlord, and, upon the occurrence of an Event of Default, to examine the records and books of account Tenant, at such reasonable times as may be requested by Landlord.

Tenant shall deliver to Landlord and to Lender (i) within thirty (30) days of the end of each calendar month the monthly management reports of Tenant for the prior calendar month and (ii) within ninety (90) days of the close of each fiscal year annual audited financial statements of Tenant prepared by independent

certified public accountants satisfactory to Landlord, and such other relevant financial data as Landlord may reasonably require pertaining to Tenant or to the Leased Premises. Tenant shall also furnish to Landlord all filings, if any, of Form 10-K, Form 10-Q and other required filings with the Securities and Exchange Commission pursuant to the provisions of the Securities Exchange Act of 1934, as amended, or any other Law. All financial statements of Tenant shall be prepared in accordance with generally accepted accounting principles consistently applied and the annual statements hereinabove referred to shall be accompanied by an unqualified opinion of said accountants and by the affidavit of the president or a vice president of Tenant dated within five (5) days of the delivery of such statement, (a) stating that the affiant knows of no Event of Default or event which, upon notice or the passage of time or both, would become an Event of Default which has occurred and is continuing hereunder, or, if any such event has occurred and is continuing, specifying the nature and period of existence thereof and what action Tenant has taken or proposes to take with respect thereto and (b) except as otherwise specified, with respect to Tenant stating that Tenant has fulfilled all of its obligations under this Lease which are required to be fulfilled on or prior to the date of such affidavit.

27. Determination of Value.

(a) Whenever a determination of Fair Market Value is required pursuant to any provision of this Lease, such Fair Market Value shall be determined in accordance with the following procedure:

(i) Landlord and Tenant shall endeavor to agree upon such Fair Market Value within fifteen (15) days after the date (the "Applicable Initial Date") on which (A) Tenant provides Landlord with notice of its intention not to extend or to terminate this Lease as to the Affected Premises pursuant to Paragraph 13(b) or Paragraph 14(h) hereof of (B) Landlord provides Tenant with notice of its intention to require Tenant to make an offer to purchase the Selected Premises pursuant to Paragraph 19(b) (v) hereof, as applicable. Upon reaching such agreement, the parties shall execute an agreement setting forth the amount of such Fair Market Value.

(ii) If the parties shall not have signed such agreement setting forth the amount of such agreed Fair Market Value within fifteen (15) days after the Applicable Initial Date, Tenant shall within ten (10) days after the Applicable Initial Date select an appraiser and notify Landlord in writing of the name, address and qualifications of such appraiser. Within ten (10) days thereafter, Landlord shall select an appraiser and notify Tenant of the name, address and qualifications of such appraiser. The appraiser selected by Tenant and the appraiser selected by Landlord shall endeavor to agree upon the Fair Market Value of the Leased Premises or the Affected Premises or the

Selected Premises, as applicable, as of the date specified in the particular provision of this Lease (the "Applicable Provision") pursuant to which the determination of Fair Market Value is being made. If the said two appraisers shall agree upon such Fair Market Value, the amount of such Fair Market Value as agreed to by the said two appraisers shall be binding and conclusive.

(iii) If the appraiser selected by Tenant and the appraiser selected by Landlord shall be unable to agree upon such Fair Market Value within twenty (20) days after the selection of an appraiser by Landlord, then the said two appraisers shall select a third appraiser to make the determination of such Fair Market Value and the determination of such third appraiser shall be binding and conclusive upon Landlord and Tenant.

(iv) In the event the appraiser selected by Tenant and the appraiser selected by Landlord shall be unable to agree upon the designation of a third appraiser within ten (10) days after the expiration of the twenty (20) day period referred to in clause (iii) above or in the event the third appraiser so selected does not make a determination of the Fair Market Value of the Leased Premises or the Affected Premises or the Selected Premises within twenty (20) days after his selection, then such third appraiser, or a substituted third appraiser, as applicable, shall, at the request of either party hereto, be appointed by the President or Chairman of the American Arbitration Association in Philadelphia, Pennsylvania. The determination of Fair Market Value made by the third appraiser appointed pursuant hereto shall be made within twenty (20) days after such appointment. Fair Market Value shall be the average of the determination of Fair Market Value made by the third appraiser and the determination of Fair Market Value made by the appraiser whose determination of Fair Market Value is nearest to that of the third appraiser. Such average shall be binding and conclusive upon Landlord and Tenant.

(v) All appraisers selected or appointed pursuant to this Paragraph 27(a) shall be independent qualified appraisers. Such appraisers shall have no right, power or authority to alter or modify the provisions of this Lease and in determining the Fair Market Value of the Leased Premises or the Leased Premises or the Leased Premises or the Selected Premises, as applicable, such appraisers shall utilize the definition of Fair Market Value hereinabove set forth above.

(b) The cost of the appraiser selected by Tenant shall be paid by Tenant and the cost of the appraiser selected by Landlord shall be paid by Landlord; the cost of a third appraisal, if required, will be split equally between Landlord and Tenant.

(c) If, by virtue of any delay in the appointment of a third appraiser pursuant to Paragraph 27(a) (iv) above or of any delay by such appointed third appraiser to determine such Fair Market Value, the Fair Market Value of the Leased Premises or the Affected Premises or the Selected Premises, as applicable, is not

determined by such appointed third appraiser within one hundred forty (140) days after the Applicable Initial Date, then the date (the "Applicable Final Date") on which the Leased Premises or the Affected Premises or the Selected Premises, as applicable, would otherwise be sold to Tenant or on which this Lease would otherwise terminate, as specified in the Applicable Provision, shall be extended the same number of days (the "Delay Period") by which the total period so required for the binding and conclusive determination of Fair Market Value exceeds one hundred forty (140) days and all relevant defined terms used in the Applicable Provision shall be deemed amended accordingly, anything to the contrary in the Applicable Provision notwithstanding. In addition, any time period which is afforded Landlord under the Applicable Provision within which to accept or reject an offer by Tenant shall likewise be extended by the number of days equal to the Delay Period.

28. Financing.

(a) Tenant shall pay, within three (3) business days of written demand therefore, all out of pocket costs (including but not limited to closing costs, title charges, commitment or application fees, and attorneys' fees), not to exceed $50,000 in the aggregate (other than the principal of the Note and interest thereon at the contract rate of interest specified therein), imposed upon Landlord by Lender pursuant to the initial Loan to Landlord evidenced by a Note and secured by a Mortgage constituting a first lien on the Leased Premises provided that Landlord obtains such Loan no later than the fourth (4th) anniversary of the initial Basic Rent Payment Date.

(b) In the event that Landlord desires to obtain a Loan to be secured any of the Leased Premises, Tenant shall negotiate in good faith with Landlord concerning any request made by the proposed mortgagee for changes or modifications in this Lease. Tenant shall not unreasonably withhold or delay its consent to such financing, and Tenant hereby agrees that Tenant shall provide any other consent or statement and shall execute any and all other documents that any proposed mortgagee requires in connection with such financing, so long as the same do not materially adversely affect any right, benefit or privilege of Tenant under this Lease or increase the Rent or other obligations of Tenant hereunder.

29. Non-Recourse as to Landlord. Anything contained herein to the
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contrary notwithstanding, any claim based on or in respect of any liability of Landlord under this Lease shall be enforced only against the Leased Premises and not against any other assets, properties or funds of (a) Landlord, (b) any director, officer, general partner, limited partner, employee or agent of Landlord or any general partner of Landlord (or any legal representative, heir, estate, successor or assign of any thereof), (c) any predecessor or successor partnership or corporation (or

other entity) of Landlord or any general partner of Landlord, either directly or through Landlord or its general partners or any predecessor or successor partnership or corporation (or other entity) of Landlord or any general partner of Landlord, or (d) any other Person or entity (including Eighth Carey Corporate Property, Inc., W. P. Carey & Co. Inc., Carey Corporate Property Management, Inc., Clark & Pendleton Realty Corp. or any Person affiliated with any of the foregoing, or any director, officer, employee or agent of any thereof).

30. Substitution and Exchange of Property. If the Board of Directors of Tenant determines, in good faith, that any one or more of the New Orleans Premises, the San Antonio Premises or the Memphis Premises (any one or more of which that is determined to be uneconomically viable as provided hereunder being hereinafter referred to as the "Existing Property") is no longer economically viable for Tenant's continued use and operation for any reason, including, but not limited to, unprofitability, obsolescence or change in zoning regulations; then Tenant shall have the right, during the Term of this Lease or any renewal hereof, to convey to Landlord a substitute property (the "Substitute Property") and lease the Substitute Property back from Landlord on the terms and conditions provided herein in exchange for the conveyance to Tenant of the Existing Property and the termination of the Lease with respect to such Existing Property (the "Exchange"), upon the terms and conditions set forth herein. In the event that Tenant elects to exercise such right, Tenant shall give written notice to Landlord and Lender, which notice shall contain (i) a resolution of Board of Directors of Tenant stating that the Existing Property is no longer economically viable and setting forth in reasonable detail the reasons for such determination; (ii) a description and MAI Appraisal of the Substitute Property; (iii) such relevant data as Landlord may request demonstrating the economic viability of the Substitute Property; (iv) Tenant's offer to convey the Substitute Property to Landlord and Lease back the Substitute Property in exchange for Landlord conveying the Existing Property to Tenant and terminating the Lease with respect to the Existing Property; and (v) notice to Landlord of Tenant's intention to affect the Exchange on the first Basic Rent Payment Date occurring at least ninety (90) days after the date on which Landlord receives such notice (the "Exchange Date").

Landlord (if Landlord obtains the written consent of Lender) shall accept or reject Tenant's offer of the Substitute Property not later than the thirtieth (30th) day prior to the Exchange Date; and Landlord shall accept such offer if Landlord (in its reasonable discretion) receives and approves all items listed in the foregoing paragraph. If Landlord, with the written consent of Lender, has accepted Tenant's offer and if on the Exchange Date all conditions and requirements imposed by Landlord and Lender in connection with the acceptance of Tenant's offer of substitution have been satisfied, including, but not limited to, (i) the approval of Landlord, Lender and their respective counsel

of all documents relating to the Exchange; (ii) all installments of annual Basic Rent, Additional Rent and all other charges due and unpaid hereunder having been paid in full by Tenant; (iii) Tenant's compliance with all other obligations and liabilities, actual or contingent, under this Lease which have arisen on or prior to the Exchange Date and Tenant not then being in default hereunder; (iv) delivery to Landlord and Lender, respectively, of ALTA "owner" and "mortgagee" title insurance policies insuring Landlord's fee title to the Substitute Property and Lender's first lien thereon; and (v) Tenant's conveyance of the Substitute Property to Landlord, the lease back of the Substitute Property to Tenant, and the mortgaging of the Substitute Property to Lender; then the Existing Property shall be conveyed to Tenant in accordance with the provisions of Paragraph 16(a) and all obligations hereunder with respect to the Existing Property shall terminate, except for any obligations or liabilities of Tenant, actual or contingent, arising prior to such conveyance.

Tenant shall pay all charges incident to the Exchange, regardless of whether or not the Exchange occurs, including, but not limited to, Landlord's and lender's counsel fees, escrow fees, recording fees, brokerage fees, title insurance and all federal, state and local taxes which may be incurred or imposed by reason of such conveyance and transfer and/or by delivery of any deed or other instrument.

31. Financial Covenant. Tenant shall not sell, assign or transfer its interest in this Lease and shall not permit a Change in Control of Tenant to an entity which, immediately following such sale, transfer, assignment or Change in Control has a Tangible Net Worth of less than $18,996,000 or a secured debt to equity ratio of greater than 4:1.

"Tangible Net Worth" as used herein shall mean as of any date the excess of (A) the aggregate gross book value of all assets of Tenant or any other entity, as the case may be, as of such date (excluding all franchises, licenses, permits, drawings, patents, patent applications, copyrights, trademarks, trade names, goodwill, experimental or organizational expenses and all other assets which, in accordance with generally accepted accounting principles, are deemed intangible) over (B) the aggregate of all liabilities of Tenant or such other entity as of such date, all computed in accordance with generally accepted accounting principles.

"Change in Control" as used herein shall mean as of any date (i) a sale of all or substantially all of the Tenant's assets to any Person or related group of Persons as an entirety or substantially as an entirety in one transaction or series of transactions, (ii) the merger or consolidation of the Tenant with or into another corporation or the merger of another corporation into the Tenant or the sale of the stock of Tenant with the effect that Guarantor holds less than 51% of the total voting power

entitled to vote in the election of directors, managers or trustees of the surviving corporation of such merger or consolidation (any nonvoting common stock now outstanding or issued after the date hereof of the surviving corporation having terms substantially similar to the Tenant's nonvoting common stock shall be considered voting stock for purposes of this provision) or holds less than 51% of the total voting power entitled to vote in the election of directors, managers or trustees of Tenant following such sale or (iii) the liquidation or dissolution of the Tenant.

32. Subordination. Tenant agrees that this Lease and its interest hereunder shall be subordinate to any mortgage, deed of trust, and/or other security instrument hereafter placed upon the Leased Premises by the Landlord, and to any and all advances made or to be made thereunder, to the interest thereon, and all renewals, replacements and extensions thereof provided that any such instrument (or separate instrument in recordable form duly executed by the holder of any such mortgage, deed of trust or security instrument and delivered to Tenant) shall provide for the recognition of this Lease and the non-disturbance of all of Tenant's rights hereunder until such time as Landlord shall have the right to terminate this Lease pursuant to any applicable provisions of Paragraph 19 hereof.

33. First Refusal Right.

(a) Except as otherwise provided in subparagraph (c) below, if Landlord should desire to sell or shall receive an offer for its interest in any one or more of the Memphis Premises, the New Orleans Premises and/or the San Antonio Premises (any one or more of which Landlord desires to sell or for which Landlord receives an offer being hereinafter referred to as the "Sale Premises") prior to the tenth (10th) anniversary of the initial Basic Rent Payment Date as subject to this Lease, then subject to the limitation set forth in subparagraph (d) below Landlord first shall be required (i) either to obtain a bona fide written offer to purchase the Sale Premises acceptable to Landlord or to enter a contract for sale of the Sale Premises to Landlord or to enter a contract for sale of the Sale Premises conditioned upon Tenant's failure to exercise its right under this subparagraph (a), and (ii) to give written notice to Tenant of the offer (and Landlord's willingness to accept the same) or contract for sale accompanied by a copy of the executed offer or contract together with the name and business address of the prospective purchaser ("Third Party Purchaser"). For a period of fifteen (15) business days following receipt of such notice and provided that Basic Rent shall be current at the time of the exercise of such right of first refusal, Tenant shall have the right and option, exercisable by written notice to landlord given within said fifteen (15) business days period to purchase Landlord's interest in the Sale Premises at the purchase price and upon the terms and conditions set forth in such written offer or agreement, subject in addition, to the provisions of Paragraph 16(a) hereof. The closing date for the purchase shall

be the later to occur of (i) ninety (90) days from the date of Tenant's notice to Landlord or (ii) the closing date provided in the applicable contract of sale or offer to purchase. If at the expiration of the aforesaid fifteen (15) day period, Tenant shall have failed to exercise the aforesaid option, Landlord's interest in the Sale Premises may be sold for the consideration, to the Third Party Purchaser, and upon the terms and conditions set forth in the original offer or agreement of sale provided the sale is consummated with a period of one hundred eighty (180) days after the giving of the original notice to Tenant pursuant to subparagraph (a) (ii) above.

(b) If Tenant does not exercise its option to purchase any Sale Premises, then Tenant agrees that (i) the Lease is bifurcated with respect to remaining Leased Premises and the Sale Premises; (ii) Tenant will attorn to any Third Party Purchaser as Landlord with respect to the Sale Premises purchased so long as the third Party Purchaser assumes the obligations of Landlord under the Lease; and (iii) the terms of the Lease will remain in full force and effect with respect to the Sale Premises except that the Basic Rent will be that percentage of the then Basic Rent which is allocated to the Sale Premises as set forth on Exhibit "F" attached hereto and made a part hereof. At the request of Landlord, Tenant will promptly execute such documents confirming (i) that, if the sale occurs after the fifth (5th) anniversary of the initial Basic Rent Payment Date its option to purchase the Sale Premises is null and void, (ii) the agreements referred to above and (iii) such other agreements as Landlord may reasonably request provided that such do not increase the liabilities and obligations of Tenant hereunder.

(c) The provisions of subparagraph (a) shall not apply to or prohibit -(i) any mortgaging, subjection to deed of trust or other hypothecation of Landlord's interest in the leased private power of sale under or judicial foreclosure of any mortgage, deed of trust or other security instrumunent or devise to which Landlord's interest in the Leased Premises is now or hereafter subject, (iii) any transfer or Landlord's interest in the Leased Premises to a mortgage, beneficiary under deed of trust or other holder of a security interest therein by deed in lieu of foreclosure, or (iv) any transfer of the Leased Premises to an Affiliate of Landlord or (v) to any governmental or quasi-governmental agency with power of condemnation.

(d) If Landlord elects to sell any one or more of the Memphis Premises, New Orleans Premises or Tulsa Premises prior to the fifth (5th) anniversary of the initial Basic Rent Payment Date and Tenant does not elect to purchase such Sale Premises, Tenant shall have one (1) additional first refusal right for the initial offer or contract of sale with respect to such Sale Premises which occurs during the period which commences with the fifth (5th) anniversary of the initial Basic Rent Payment Date and terminates on the one hundred twenty-seventh (127th) Basic Rent Payment Date. Notwithstanding anything to the contrary set forth

in this Paragraph 33, the first of first refusal granted by this Paragraph 33 shall terminate and be null and void with respect to the Leased Premises upon the earlier to occur of (i) the one-hundred twenty seventh (127th) Basic Rent Payment Date or (ii) the termination of this Lease.

34. Miscellaneous. The paragraph headings in this Lease are used only for convenience in finding the subject matters and are not part of this Lease or to be used in determining the intent of the parties or otherwise interpreting this Lease. As used in this Lease, the singular shall include the plural as the context requires and the following words and phrases shall have the following meanings: (a) "including" shall mean "including but not limited to"; (b) "provisions" shall mean "provisions, terms, agreements, covenants and/or conditions"; (c) "lien" shall mean "lien, charge, encumbrance, title retention agreement, pledge, security interest, mortgage and/or deed of trust"; (d) "obligation" shall mean "obligation, duty, agreement, liability, covenant and/or condition"; (e) "any of the Leased Premises" shall mean "the Leased Premises or any part thereof or interest therein"; (f) "any of the Land" shall mean "the Land or any part thereof or interest therein"; (g) "any of the Improvements" shall mean "the Improvements or any part thereof or interest therein"; (h) "any of the Equipment" shall mean "the Equipment or any part thereof or interest therein"; and (i) "any of the Adjoining Property" shall mean "the Adjoining Property or any part thereof or interest therein". Any act which Landlord is permitted to perform under this Lease may be performed at any time and from time to time by Landlord or any Person or entity designated by Landlord. Any act which Tenant is required to perform under this Lease shall be performed at Tenant's sole cost and expense. Each appointment of Landlord as attorney-in-fact for Tenant under this Lease is irrevocable and coupled with an interest. Landlord shall in no event be construed for any purpose to be a partner, joint venturer or associate of Tenant or of any subtenant, operator, concessionaire or licensee of Tenant with respect to any of the Leased Premises or otherwise in the conduct of their respective businesses. This Lease and any documents which may be executed by Tenant on or about the effective date hereof at Landlord's request constitute the entire agreement between the parties and supersede all prior understandings and agreements, whether written or oral, between the parties hereto relating to the Leased Premises and the transactions provided for herein. This Lease may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought. The covenants of this Lease shall run with the land and bind Tenant, the heirs, distributees, Personal representatives, successors and assigns of Tenant, and all present and subsequent encumbrancers and subtenants of any of the Leased Premises, and shall inure to the benefit of Landlord, its successors and assigns. In the event there is more than one Tenant, the obligations of each shall be joint and several. In the event any one or more of the provisions contained in this Lease shall for any reason be held to be

invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. This Lease shall be governed by and construed according to the Laws of the State of Louisiana with respect to the New Orleans Premises, the State of Texas with respect to the San Antonio Premises and the State of Tennessee with respect to the Memphis Premises.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed under seal as of the day and year first above written.

LANDLORD:

CORPORATE PROPERTY ASSOCIATES 8,L.P.,
A DELAWARE LIMITED PARTNERSHIP

By Eighth Carey Corporate Property,
Inc., a General Partner

By _____
H. Cabot Lodge III
Senior Vice President

Attest: _____
Assistant Secretary

TENANT:

STATIONERS DISTRIBUTING COMPANY, INC.

By _____
David R. Smith,
Chairman

Attest: _____
_____ Secretary

EXHIBIT "A"

LOUISIANA PROPERTY

TRACT I

A CERTAIN PORTION OF GROUND, together with all the buildings and improvements thereon and all the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging, or in anywise appertaining, designated as PARCEL 1F-B6, said parcel being situated in ELMWOOD INDUSTRIAL PARK, according to a plan of resubdivision of J. J. Krebs & Sons, Inc., C.E. & S., dated June 9, 1977, approved by Ordinance No. 13026 of the Jefferson Parish Council, dated September 13, 1977, filed for record September 13, 1977, and recorded in COB 905, folio 321, which Parcel 1F-B6 is composed of a portion of original Lot 1-F, Elmwood Industrial Park (which includes all or a portion of resubdivided Parcel 1-F-B, created by Ordinance No. 12675, recorded in COB 882, folio 820), and according to said resubdivision plan dated June 9, 1977, said property is more fully described as follows:

Parcel 1F-B6 commences at the most northerly corner of Plauche Industrial Park, being the point of intersection of the southerly right of way line of Edwards Avenue along Plauche Industrial Park, and the westerly right of way line of Plauche Street, thence North 47 degrees 54 minutes 41 seconds West, a distance of 48.50 feet to a point on Edwards Avenue; thence South 42 degrees 6 minutes 4 seconds West, a distance of 708.63 feet to a point; thence South 55 degrees 24 minutes 35 seconds West, a distance of 193.94 feet; thence South 73 degrees 24 minutes 17 seconds West, a distance of 56.18 feet to the northerly most corner of the property herein described, being the point of beginning;

Thence from said point of beginning, South 47 degrees 53 minutes 49 seconds East, a distance of 98.21 feet to a point on the westerly right of way line of Beven Street:

Thence along said westerly right of way line of Beven Street, South 42 degrees 06 minutes 04 seconds West, a distance of 99.32 feet to a point on the westerly right of way line of Beven Street:

Thence North 47 degrees 54 minutes 41 seconds West, a distance of 158.63 feet to a point:

Thence North 73 degrees 24 minutes 17 seconds East, a distance of 116.28 feet to the point of beginning.

Containing an area of 12,755.84 square feet.

TRACT II

A CERTAIN PORTION OF GROUND, together with all the buildings and improvements thereon and all the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging, or in anywise appertaining, designated as PARCEL 14-A, said parcel being situated principally in PLAUCHE INDUSTRIAL PARK, AND ALSO IN ELMWOOD INDUSTRIAL PARK, according to a plan of resubdivision of J. J. Krebs & Sons, Inc., C.E. & S., dated September 13, 1976, revised February 8, 1977, approved by Ordinance No. 12783 of the Jefferson Parish Council, dated March 17, 1977, filed for record March 28, 1977, and recorded in COB 888, folio 74, which Parcel 14-A is composed of all of former Lot 14, Square 2, Plauche Industrial Park, and a portion of original Lot 1-F Elmwood Industrial Park, and according to said resubdivision plan and the subdivision plan of J.J. Krebs & Sons, Inc., dated May 15, 1975, showing Squares 1 and 2 of Plauche Industrial Park, said property is more fully described as follows:

Commencing at the most northerly corner of Plauche Industrial Park, being the point of intersection of the southerly right of way line of Edwards Avenue along Plauche Industrial Park, and the westerly right of way line of Plauche Street, thence South 42 degrees 6 minutes 4 seconds West, as distance of 627.20 feet along the westerly right of way line of Plauche Street to a point, being the northerly corner of former Lot 14, Square 2, Plauche Industrial Park, for the point of beginning.

Thence South 47 degrees 53 minutes 49 seconds East along Plauche Street right of way a distance of 284.18 feet to a point and corner:

Thence South 42 degrees 6 minutes 4 seconds West a distance of 330 feet to a point and corner:

Thence North 47 degrees 53 minutes 49 seconds West a distance of 365.68 feet to a point and corner on the center line of a 20 foot railroad servitude:

Thence following the center line of said 20 foot railroad servitude, along a curve to the left having a radius of 501.95 feet, an arc distance of 244.60 feet to a point;

Thence continue along the center line of said 20 foot railroad servitude North 42 degrees 1 minute 1 second East, a distance of 94.88 feet to a point and corner on the southerly right of way line of Plauche Street extended:

Thence South 47 degrees 53 minutes 49 seconds East, a distance of 23.56 feet to a Plauche Street corner, being the point of beginning:

Containing an area of 105,940.80 square feet.

TENNESSEE PROPERTY

Being Lots 359, 360, and 361 in the Resubdivision of Lot "A" Second Addition to Memphis and Shelby County Port Commission Industrial Subdivision as recorded in Plat Book 25, Page 56, in the Register's Office of Shelby County, Tennessee, and being more particularly described as follows:

Beginning at a point in the southeast line of Harbor Avenue 756.0 feet northeast of the centerline of Pier Street as measured along the southeast line of Harbor Avenue; thence North 65 degrees 13 minutes 18 seconds East along the southeast line of Harbor Avenue a distance of 299.60 feet to a point; thence South 24 degrees 42 minutes 51 seconds East a distance of 515.92 feet to a point in the northwest line of a railroad right-of-way; thence South 65 degrees 10 minutes 40 seconds West along the northwest line of said railroad right-of-way a distance of 299.97 feet to a point; thence North 24 degrees 40 minutes 23 seconds West a distance of 516.15 feet to the point of beginning.

The above described property is improved with a one story concrete building known as 2483 Harbor Avenue.

The above described property has an area of 154,700 square feet or 3.551 acres.

TEXAS PROPERTY

Lot 1, Block 1, New City Block 16837, NACOGDOCHES ROAD BUSINESS PARK SUBDIVISION, UNIT 1, in the City of San Antonio, Bexar County, Texas, according to plat thereof recording in Volume 8600, Page 202, Deed and Plat Records of Bexar County, Texas, being more particularly described as follows:

BEGINNING: at a 1/2" iron pin set in the Northeast R.O.W. line of Highpoint Drive at the West corner of said Lot 11, said point being South 34 deg. 50 min., 00 sec., West, 69.19' from the curve return at the intersection with Crosspoint Drive;

THENCE: North 55 deg., 10 min., 00 sec., East, 355.45' to a point in the center of a Mo-pac Railroad Spur Tract for the North corner of said Lot 1:

THENCE: along the Southwesterly line of the Mo-pac Railroad Spur Tract R.O.W., South 34 deg., 28 min., 31 sec., East, 389.82' to a 1/2" iron pin set at an angle point and South 36 deg., 21 min., 13 sec., East, 95.22' to a 1/2" iron pin set at the East corner of said Lot

1;

THENCE: South 55 deg., 10 min., 00 sec., West, 355.54' to a 1/2" iron pin set in the Northeast R.O.W. line of Highland Drive at the South corner of said Lot 1;

THENCE: along the Northeast R.O.W. line Highpoint Drive, North 34 deg., 50 min., 00 sec., East, 485.0' to the Point of Beginning and containing 3.944 acres of land.

EXHIBIT "B"

FIXTURES AND EQUIPMENT

All fixtures, machinery, apparatus, equipment, fittings and appliances of every kind and nature whatsoever, including all electrical, anti-pollution, heating, lighting (including hanging fluorescent lighting and outside yard lights), incinerating, power, air cooling, air conditioning, humidification, sprinkling, power, plumbing, lifting, cleaning, fire prevention, fire extinguishing and ventilating systems, devices and machinery and all engines, pipes, pumps, tanks (including exchange tanks and fuel storage tanks), motors, conduits, ducts, steam circulation coils, blowers, steam lines, compressors, oil burners, boilers, doors (including fiberglass roll-up doors and rail doors), windows, loading platforms (including sunken interior truck docks), lavatory facilities, stairwells, fencing (including cyclone fencing), rail siding and switches, flagpoles, passenger and freight elevators and garage units, but excluding all Personal property and all trade fixtures, machinery, appliances, office, manufacturing and warehouse equipment, movable partitions and other barriers which are not necessary to the operation, as buildings, of the buildings which constitutes part of the Leased Premises, whether or not such items are affixed to the Leased Premises, and which can be removed without material damage to the Leased Premises.

EXHIBIT C

The matters set forth on those certain commitments issued by Lawyers Title Insurance Corporation, nos. 296595, 36999/C1061CCBF213032 and BF-042778.

EXHIBIT "D"

BASIC RENT PAYMENTS

1. Basic Rent. Subject to the adjustments provided for in Paragraphs 2, 3 and 4 below, Basic Rent payable in respect of the Term shall be $523,600 per annum, payable monthly in advance on each Basic Rent Payment Date, in equal monthly installments of $43,633.33 each.

2. CPI Adjustments to Basic Rent. Basic Rent shall be subject to adjustment, in the manner hereinafter set forth, for increases in the index known as United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, United States City Average, All Items, (1982-84-100) ("CPI") or the successor index that most closely approximates the CPI. If the CPI shall be discontinued with no successor or comparable successor index, Landlord and Tenant shall attempt to agree upon a substitute index or formula, but if they are unable to so agree, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing in New York City. Any decision or award resulting from such arbitration shall be final and binding upon Landlord and Tenant and judgment thereon may be entered in any court of competent jurisdiction. In no event will the Basic Rent as adjusted from the CPI adjustment be less than the Basic Rent in effect for the five (5) year period immediately preceding such adjustment.

3. Effective Dates of CPI Adjustments. Basic Rent shall not be adjusted to reflect changes in the CPI until the fifth (5th) anniversary of the Basic Rent Payment Date on which the first monthly installment of Basic Rent shall be due and payable (the "First Full Basic Rent Payment Date"). As of the fifth (5th) anniversary of the First Full Basic Rent Payment Date and thereafter on the tenth (10th) and, if the term is extended, on the fifteenth (15), twentieth (20th), twenty-fifth (25), and thirtieth (30th), anniversaries of the First Full Basic Rent Payment Date, Basic Rent shall be adjusted to reflect increases in the CPI during the most recent five (5) year period immediately preceding each of the foregoing dates (each such date being hereinafter referred to as the "Basic Rent Adjustment Date").

4. Method of Adjustment for CPI Adjustment.

(a) As of each Basic Rent Adjustment Date when the average CPI determined in clause (i) below exceeds the Beginning CPI (as defined in this Paragraph 4(a)), the Basic Rent in effect immediately prior to the applicable Basic Rent Adjustment Date (subject to adjustment as provided in the following subparagraph 4(b)) shall be multiplied by a fraction, the numerator of which shall be the difference between (i) the average CPI for the three

(3) most recent calendar months (the "Prior Months") ending prior to such Basic Rent Adjustment Date for which the CPI has been published on or before the forty-fifth (45th) day preceding such Basic Rent Adjustment Date and (ii) the Beginning CPI, and the denominator of which shall be the Beginning CPI. The product of such multiplication shall be added to the Basic Rent in effect immediately prior to such Basic Rent Adjustment Date. The Beginning CPI shall mean the average CPI for the three (3) calendar months corresponding to the Prior Months, but occurring five (5) years earlier. If the average CPI determined in clause (i) is the same or less than the Beginning CPI, the Basic Rent will remain the same for the ensuing five (5) year period.

(b) Effective as of a given Basic Rent Adjustment Date, Basic Rent payable under this Lease until the next succeeding Basic Rent Adjustment Date shall be the Basic Rent in effect after the adjustment provided for as of such Basic Rent Adjustment Date.

(c) Notice of the new annual Basic Rent shall be delivered to Tenant on or before the thirtieth (30th) day preceding each Basic Rent Adjustment Date.

EXHIBIT "E"

ALLOCATION OF ACQUISITION COST

<TABLE>

<S>	<C>
New Orleans Premises:	$1,640,000
Memphis Premises:	$1,420,000
San Antonio Premises:	$1,570,000
Entire Leased Premises	$4,630,000

</TABLE>

EXHIBIT "F"

PERCENTAGE ALLOCATION

<TABLE>

<S>	<C>
New Orleans Premises:	35.42%
Memphis Premises:	30.67%
San Antonio Premises:	33.91%

</TABLE>

[PLAN APPEARS HERE]

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement ("First Amendment") made this 29th day of March, 1995, by and between CORPORATE PROPERTY ASSOCIATES 8, L.P., a Delaware limited partnership ("Landlord") and UNITED STATIONERS SUPPLY CO.

("Tenant") successor-in-interest to Stationers Distributing Company, Inc.
("Original Tenant").

WHEREAS, Landlord and Original Tenant entered into a Lease Agreement dated as of December 20, 1988 (the "Lease") pursuant to which Landlord leased to Original Tenant certain premises located in New Orleans, Louisiana, Memphis, Tennessee and San Antonio, Texas; and

WHEREAS, Tenant is the successor-in-interest to Original Tenant pursuant to a Merger which occurred on or about July 1, 1992; and

WHEREAS, Landlord and Tenant desire to amend the Lease as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged Landlord and Tenant covenant and agree as follows:

1. Paragraph 2. Certain Definitions is hereby amended in the following respects:

(a) the definition of "Guarantor" is hereby deleted and the following is inserted in lieu thereof:

"Guarantor" shall mean United Stationers, Inc., a Delaware Corporation.

(b) the term "Guaranty" is hereby deleted and the following is inserted in lieu thereof:

"Guaranty shall mean the Guaranty of even date with the First Amendment from Guarantor to Landlord."

2. The first sentence of Paragraph 5. Term is hereby deleted in its entirety and the following is inserted in lieu thereof:

"Subject to the provisions hereof, Tenant shall have and hold the Leased Premises for an initial Term (such Term as extended or renewed in accordance with the provisions hereof being called the "Term") commencing on December 20, 1988 and ending on March 31, 2010."

3. The last sentence of Paragraph 17. Assignment and Subletting is hereby deleted in its entirety and the following is inserted in lieu thereof:

"Tenant shall have the right to mortgage or pledge this Lease and in connection with

any such mortgage or pledge Landlord agrees that it will enter into an Estoppel and Consent substantially in the form of the Estoppel and Consent of even date herewith among Landlord, Tenant and Bank of America National Trust and Savings Association, as Trustee under that certain Pooling and Servicing Agreement dated as of July 1, 1992 for RTC Commercial Mortgage Pass-Through Certificates Series 1992-C5 with such modifications as are acceptable to Landlord in its reasonable discretion."

4. Clause (iv) of Subparagraph (c) of Paragraph 33. First Refusal Right is hereby deleted in its entirety and the following is inserted in lieu thereof:

"(iv) any transfer of the Leased Premises to any Person, controlling, in control of, or under common control with Landlord, or any Person and its affiliates to whom Landlord sells all or substantially all of its assets, provided that the purchaser of all or substantially all of the assets of Landlord is an entity for which W.P. Carey & Co., Inc., W.P. Carey Incorporated or their affiliates or successors provide investment advice or management services."

5. The following is hereby added as Paragraph 35. Tax Treatment
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Reporting; Useful Life.
- ---

"Landlord and Tenant each acknowledge that each shall treat this transaction as a true lease for state law purposes and shall report this transaction as a Lease for Federal income tax purposes. For Federal income tax purposes each shall report this Lease as a true lease with Landlord as the owner of the Leased Premises and Equipment and Tenant as the lessee of such Leased Premises and Equipment including: (1) treating Landlord as the owner of the property eligible to claim depreciation deductions under Section 167 or

168 of the Internal Revenue Code of 1986 (the "Code") with respect to the Leased Premises and Equipment, (2) Tenant reporting its Rent payments as rent expense under Section 162 of the Code, and (3) Landlord reporting the Rent payments as rental income.

6. Exhibit D Basic Rent Payments is hereby deleted in its entirety
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from the Lease and Exhibit D Basic Rent Payments attached to this First
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Amendment is hereby incorporated in the Lease as is fully set forth therein.

7. Except as specifically amended hereby the terms and conditions of the Lease shall remain in full force and effect and binding upon Landlord and

Tenant and their respective successors and assigns.

8. From and after the date hereof, the term "Lease" shall mean the Lease as amended by this First Amendment.

WITNESS the due execution hereof the day and year first above written.

LANDLORD:

CORPORATE PROPERTY ASSOCIATES 8, L.P.

By: Eighth Carey Corporate, Inc.

By: [SIGNATURE ILLEGIBLE]

Title:_____

-4-

TENANT:

UNITED STATIONERS SUPPLY CO.

BY:/s/David Bushell

Title:/s/Patrick H. Bushell

-5-

CONSENT

Bank of American National Trust and Savings Association, as Trustee under that certain Pooling and Servicing Agreement dated as of July 1, 1992 for RTC Commercial Mortgage Pass-Through Certificates Series 1992-C5 hereby consents to the within First Amendment to Lease.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, AS TRUSTEE UNDER THAT CERTAIN POOLING AND SERVICING AGREEMENT DATED AS OF JULY 1, 1992 FOR RTC COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES SERIES 1992-C5

By: _____ (SEAL)
Name: Michael Green
Title: Vice President

EXHIBIT "D"
BASIC RENT PAYMENTS

1. Basic Rent. Basic Rent payable for the period from December 20, 1988 to and including December 31, 1993 was $523,600 per annum, payable monthly in advance on each Basic Rent Payment Date, in equal monthly installments of $43,633.33 each. Following the first adjustment provided for in Paragraphs 2, 3 and 4 below, Basic Rent for the period from January 1, 1994 to and including March 28, 1995 was $635,283 per annum payable in monthly installments of $52,940.25. Subject to the adjustments provided for in Paragraphs 2, 3 and 4 below, Basic Rent from March 29, 1995 through the balance of the Term shall be $812,500 per annum, payable monthly in advance on each Basic Rent Payment Date, in equal monthly installments of $67,708.33.

2. CPI Adjustments to Basic Rent. Basic Rent shall be subject to adjustment, in the manner hereinafter set forth, for increases in the index known as United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, United States City Average, All Items, (1982-84=100) ("CPI") or the successor index that most closely approximates the CPI. If the CPI shall be discontinued with no successor or comparable successor index, Landlord and Tenant shall attempt to agree upon a substitute index or formula, but if they are unable to so agree, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing in New York City. Any decision or award resulting from such arbitration shall be final and binding upon Landlord and Tenant and judgment thereon may be entered in any court of competent jurisdiction. In no event will the Basic Rent as adjusted from the CPI adjustment be less than the Basic Rent in effect for the five (5) year immediately preceding such adjustment.

3. Effective Dates of CPI Adjustments. As of January 1, 1999, January 1, 2004, January 1, 2009, and if the Term is extended, January 1, 2014, January 1, 2019 and January 1, 2024, Basic Rent shall be adjusted to reflect

increases in the CPI during the most recent five (5) year period immediately preceding each of the foregoing dates (each such date being hereinafter referred to as the "Basic Rent Adjustment Date").

4. Method of Adjustment for CPI Adjustment.

(a) As of each Basic Rent Adjustment Date when the average CPI determined in clause (i) below exceeds the Beginning CPI (as defined in this Paragraph 4 (a)), the Basic Rent in effect immediately prior to the applicable Basic Rent Adjustment Date (subject to adjustment as provided in the following subparagraph 4(b)) shall be multiplied by a fraction, the numerator of which shall be the difference between (i) the average CPI for the three

(3) most recent calendar months (the "Prior Months") ending prior to such Basic Rent Adjustment Date for which the CPI has been published on or before the forty-fifth (45th) day preceding such Basic Rent Adjustment Date and (ii) the Beginning CPI, and the denominator of which shall be the Beginning CPI. The product of such multiplication shall be added to the Basic Rent in effect immediately prior to such Basic Rent Adjustment Date. The Beginning CPI shall mean the average CPI for the three (3) calendar months corresponding to the Prior Months, but occurring five (5) years earlier. If the average CPI determined in clause (i) is the same or less than the Beginning CPI, the Basic Rent will remain the same for the ensuing five (5) year period.

By way of example:

Second Basic Rent Adjustment Date: January 1, 1999
Basic Rent in Effect: $812,500
Assume Average CPI for Prior Months - 145.20
Assume Beginning CPI - 119.67

$$812.500 \times \frac{145.20-119.67}{119.67}$$

812.500 x .2133=$173,336.05

Basic Rent as of January 1, 1999=$985,836.05

(b) Effective as of a given Basic Rent Adjustment Date, Basic Rent payable under this Lease until the next succeeding Basic Rent Adjustment Date shall be the Basic Rent in effect after the adjustment provided for as of such Basic Rent Adjustment Date.

(c) Notice of the new annual Basic Rent shall be delivered to Tenant on or before the thirtieth (30th) day preceding each Basic Rent

Adjustment Date.

EXHIBIT 10.38

I N D U S T R I A L L E A S E

THIS INDENTURE, made and entered into this 22nd day of February , 1988 .

W I T N E S S E T H:

NORTHTOWN DEVCO, a Missouri General Partnership of Kansas City, Missouri, "Landlord", hereby leases unto STATIONER'S DISTRIBUTING COMPANY 4055 International Plaza, Fort Worth, Texas 76109 "Tenant", and the Tenant accepts the premises known as:

1606 Linn Street, the leased premises located in that certain warehouse on Linn Street consisting of 77,244 square feet,

as outlined in red on the attached floor plan marked Exhibit "A" attached hereto and made a part hereof in North Kansas City, Clay County, Missouri, for the TERM of Seven (7) Years and Three (3) Months , commencing March 1 , 1988 , and ending May 31 , 1995 , unless sooner terminated as provided herein, to be occupied and used by Tenant for the sole purpose of: General offices, warehousing and distribution of office furniture, supplies and related items of Tenant's products.

IN CONSIDERATION THEREOF, THE PARTIES COVENANT AND AGREE:

1. RENT. Tenant shall pay to Landlord at the offices of Leo Eisenberg Co., 1101 Walnut, Suite 800, Kansas City, Jackson County, Missouri 64106, or elsewhere as designated from time to time by Landlord's notice, the sum of One Million Three Hundred Twelve Thousand One Hundred Eighty and 77/100 ---------- DOLLARS ($ 1,312,180.77) in installments as follows:

Commencing March 1, 1988, and ending May 31, 1989, (15 months) the monthly rental shall be Thirteen Thousand Three Hundred Twenty Four and 59/100 Dollars ($13,324.59).

Commencing June 1, 1989, and ending May 31, 1991, (24 months) the monthly rental shall be Fourteen Thousand One Hundred Sixty One and 33/100 Dollars ($14,161.33).

Commencing June 1, 1991, and ending May 31, 1993, (24 months) the monthly rental shall be Fifteen Thousand Four Hundred Forty Eight and 80/100 Dollars (15,448.80).

Commencing June 1, 1993, and ending May 31, 1995, (24 months) the monthly rental shall be Sixteen Thousand Seven Hundred Thirty Six and 20/100 Dollars ($16,736.20).

The annual rent shall be payable in equal monthly installments, without deduction or set off, each such monthly installment due and payable to Landlord on the first day of each and every month of the term hereof in advance. Any rentals or other payments (hereinafter sometimes referred to as "additional rent") required by this Lease not received by Landlord within ten (10) days after the due date set forth herein shall be subject to a late charge of five percent (5%) of the amount thereof for each month or portion of a month during which said rental remains unpaid plus interest on the past due amount from the due date thereof to the date of payment at a rate (the "Default Rate") equal to the lesser of (i) 2% in excess of the prime rate from time to time announced by The Mercantile Bank of Kansas City (or its successor) or (ii) the highest lawful rate that may be charged to Tenant under the laws of the state in which the premises are located. Failure by Tenant to pay said late charge within ten (10) days after receipt of notice from Landlord that it is due shall constitute a default of this Lease by Tenant.

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2. SECURITY DEPOSIT. Tenant agrees to deposit on the date hereof the sum of ---------- N/A ---------- Dollars ($ N/A), which sum - ---------- ----------
shall be held by Landlord, without obligation for interest, as security for the performance of Tenant's covenants and obligations under this Lease; it being expressly understood that such deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon the occurrence of any event of default by Tenant, Landlord may, from time to time, without prejudice to any other remedy provided herein or provided by law, use such fund to the extent necessary to make good any such default, or any damage, expense, or liability caused by such default, and Tenant shall promptly pay to Landlord on demand the amount as applied in order to restore the security deposit to its original amount. Failure of Tenant to restore the security deposit, as set forth above, within ten (10) days from demand by Landlord shall constitute an act of default under this Lease. Should Tenant comply with all the covenants and

conditions under the Lease, the security deposit or any balance thereof shall be returned to the Tenant at the expiration of the term provided Tenant shall have made all such payments and performed all covenants and agreements. Nothing in this paragraph shall be deemed to limit the amount of any claim, demand or cause of action of Landlord against Tenant under the provisions of this Lease.

3. SERVICE. All utility services used in or assessed against the premises shall be paid for and contracted for in the name of Tenant.

4. REAL ESTATE TAXES. In the event the general real estate taxes, assessments and other similar charges, levies, fees or excises (whether general or special, ordinary or extraordinary, or foreseen or unforeseen) (the "Real Estate Taxes") on the premises hereinbefore described for the calendar year 1981 , or any
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thereafter, exceeds the Real Estate Taxes for the calendar year 1980 , the
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Tenant agrees to pay to the Landlord the full amount of such increase as additional rent within thirty (30) days after notice that the same is due. Should Tenant occupy less than the whole of the property against which such taxes are assessed, the Tenant agrees to pay, as additional rental, a percentage of the said increase based on the ratio of square footage of floor area in the demised premises to the total square footage of the floor area of the building or buildings included in the tax bill, during the calendar year to which the increased tax bill applies. Tenant shall have the right to inspect any real estate tax bill involved in Landlord's request for such additional rental. The Real Estate Taxes payable by Tenant for the years in which this lease commences and terminates shall be prorated.

5. INSURANCE. Tenant shall cause Landlord, as well as any entity named by Landlord and in privity with Landlord, to be named as "Additional Insured" in a comprehensive public liability insurance policy to be carried by the Tenant covering the premises during the term of the lease or any extension thereof with limits not less than One Million and no/100 Dollars ($1,000,000.00) (combined single limit bodily injury and property damage). Such policy shall also include a contractual endorsement insuring Tenant's indemnity obligations set forth in paragraphs 8 and 10 of this lease. Tenant shall furnish the Landlord with a certificate of said insurance coverage. Said certificate shall affirmatively agree that Tenant's policy shall not be cancelled, materially amended or allowed to lapse without ten (10) days prior written notice to Landlord. Tenant shall comply with all insurance regulations so the lowest insurance rates consistent with the use of the premises permitted by this Lease may be obtained, and shall not permit anything on or about the leased premises which would make void or voidable any insurance now or hereafter maintained on the premises by Landlord or Tenant. If, during the term of this lease, the hazard insurance rates of Landlord are increased, or the amount of insurance coverage Landlord is required to maintain is increased by reason of Tenant's use of the premises, Tenant agrees to reimburse Landlord for the amount of such increased insurance premium in any year of the lease term in excess of the insurance premium covering the premises for the calendar year 1986 . Proration shall be made for partial
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year's occupancy in the last year of lease term.

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6. MULTIPLE TENANCY BUILDING. Tenant's responsibility for reimbursements, as called for this Paragraph of this lease, shall be for payment of Tenant's percentage share of such reimbursements based upon the percentage of floor space as calculated by Landlord from time to time, that Tenant occupies in the building or buildings included within the area subject to the reimbursement charge of this paragraph.

Following execution of this Lease, and prior to the commencement of each calendar year during the term of this lease, Landlord shall notify Tenant of the estimated annual amount of Tenant's percentage of the reimbursements called for in this Paragraph, and Tenant shall pay one-twelfth (1/12th) of said estimated amount as additional rent with each monthly installment of base rent due under this lease. Tenant shall pay the balance due, if any, upon receipt of statement therefor, or shall receive credit for any excess paid by Tenant during the previous year.

Tenant agrees to conduct its business in a manner that will not be objectionable to other tenants in the building of which the premises are a part, including noise, vibration, odor, or fumes. In the event Landlord receives complaints from other tenants in the building and determines, in its sole reasonable judgment, that Tenant is conducting its operations in a manner so as to be objectionable to other tenants, Tenant agrees, upon notice from Landlord thereof, to promptly modify the conduct of its operations to eliminate such objectionable operations.

7. POSSESSION AND CONDITION AT BEGINNING OF TERM. Landlord shall use due diligence to give possession as nearly as possible at the beginning of the term of this Lease, and rent shall abate pro rata for the period of any delay in so doing. Tenant shall make no other claims against Landlord for such delay. Tenant has inspected and knows the condition of the premises and accepts the same in their present "as is" condition. Tenant acknowledges that neither Landlord, nor Landlord's agent, has made any representations or warranties concerning the premises or their suitability for Tenant's use, except as is set forth in this Lease.

8. PUBLIC REQUIREMENTS. Tenant shall comply with all laws, ordinances, governmental orders and regulations and other requirements now and hereafter affecting the premises or the use thereof, including but not limited to all recorded covenants and restrictions, if any, and all rules and regulations of Landlord's hazard and liability insurance carrier, and all governmental requirements requiring replacements, additions, repairs and alterations to those portions of the premises constructed by Tenant and to those portions of the premises which Tenant is required to maintain under Section 13 of this lease, and shall save and hold Landlord harmless from expense or damage resulting from failure to do so.

9. ASSIGNMENT AND SUBLETTING. (a) Tenant shall not sell, assign, mortgage, pledge, encumber, or in any manner transfer the lease, or any interest therein,

or agree to do so; permit any transfer of or lien upon this lease or any interest therein by operation of law; sublet the premises, or any part thereof, or permit the occupancy of the leased premises, or any part thereof, by anyone other than Tenant without the prior written consent of Landlord. With respect to any permitted assignment or subletting, such assignee or sublessee shall be bound by and shall perform all of the terms, conditions and covenants by which the Tenant hereunder is bound. Consent by Landlord to one assignment or subletting of the leased premises, or any part thereof, shall not constitute a waiver of Landlord's rights hereunder, including but not limited to consent to any future assignment or subletting. Any assignment or subletting, notwithstanding the consent of Landlord, shall not in any manner release the Tenant herein from its continued liability for the performance of the provisions of this lease and any amendments or modifications. The acceptance of any rental payments by Landlord from any alleged assignee

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shall not constitute approval of the assignment of this lease by the Landlord. (b) If at any time during the term a cumulative total of more than 49% of the voting stock of Tenant (if Tenant shall be a corporation) shall be transferred, directly or indirectly, by sale, assignment, gift or in any other manner, any such transfer shall, unless made with Landlord's prior consent, be deemed an unauthorized assignment of this lease and a default by Tenant under this lease. (c) Landlord shall have the right to sell, convey or transfer all or any part of its interest in this lease, and all covenants and obligations of Landlord under this lease accruing thereafter shall cease, but such covenants and obligations shall run with the land and shall be binding upon the subsequent owners or assignees thereof.

10. LIABILITY. Tenant hereby relinquishes all claims, releases, assumes all risks and agrees to hold Landlord harmless from any liability for any damage done or occasioned by Tenant's use of the premises or by or from any plumbing, wiring, gas, water, steam, sprinkler system, equipment or other pipes, or the bursting, leaking or running of any tank, washstand, water closet, waste pipe or other articles in, above, upon or about the building or premises, or for damage occasioned from or by water, snow or ice being upon, above or about the premises unless caused by the intentional act of Landlord.

Landlord and Tenant hereby expressly waive any cause of action or right of recovery which either may have hereafter against the other for any loss or damage to the leased premises, or to the contents thereof, from all claims and liabilities arising from or caused by any hazard that could be covered by a standard fire insurance policy with extended coverage and "all risk" endorsement on the premises, or on the contents thereof, (whether or not such insurance is, in fact, so maintained) and each party hereto shall, to the extent reasonably obtainable, obtain a waiver from any insurance carrier with which it carries insurance covering the leased premises, or the contents thereof, releasing its subrogation rights as against the other party, and upon request by either party

evidence of said waiver shall be furnished by each party hereto to the other party.

Tenant agrees to save, defend and hold Landlord harmless from any claim, damage, liability or expense arising from any injury (including death) to persons or damage to property occurring in, on or about the premises, occurring from any use of the premises or any part thereof, or occurring from the failure of Tenant to comply with the terms of this lease, including, without limitation, those set forth in Section 34.

All merchandise and property in or about the premises shall be at Tenant's sole duty and risk and Tenant does hereby now and forever relinquish all claims, release and agree to hold Landlord harmless from any claims or damages thereto or any of same, howsoever caused.

11. UNTENANTABILITY. In the event the leased premises shall be destroyed or so damaged by fire, explosion, windstorm or other casualty as to be wholly or partially untenantable, Landlord may restore the leased premises within a reasonable time after such destruction or damage, or may terminate this lease and the term demised as of the date of the destruction or damage, in either case by giving Tenant notice within thirty (30) days after the date of the destruction or damage, and the rent shall abate on a per diem thirty-day month basis during the period of restoration.

In the event the leased premises shall be damaged as aforesaid but are not thereby rendered untenantable, Landlord shall (but only to the extent of the insurance proceeds actually received by Landlord on account thereof) restore the leased premises with reasonable dispatch, and while such damage is being repaired, Tenant shall be entitled to an equitable abatement of the rent as determined by Landlord provided that if the leased premises must be restored and repaired by Landlord within ninety (90) days following such damage, Tenant may elect to terminate this Lease. Landlord shall not be liable or responsible for any delays in rebuilding or repairing due to labor controversies, riots, acts of God, national emergency, acts of a public enemy, governmental laws or regulations, inability to procure materials or labor, or both, or any other cause beyond its control.

12. MAINTENANCE BY LANDLORD. Landlord shall keep in repair, ordinary wear and tear excepted, only the roof, foundations, exterior walls (exclusive of inside surfaces, glass, dock bumpers, levelers or doors therein), gutters and downspouts, but Tenant shall be responsible for any of the foregoing repairs resulting from Tenant's negligence or abuse. Tenant shall reimburse Landlord for the cost of repairing any damage to exterior walls, canopies, gutters or downspouts damaged by Tenant or Tenant's invitees (e.g., delivery trucks, etc.). Before any obligation on Landlord to make repairs, Landlord shall first be given written notice of any defects and shall have a reasonable time thereafter to make such repair. Landlord shall not be liable, beyond the actual cost of any repairs Landlord fails to make within a reasonable time after such written notice, for any failure to make such repairs.

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13. MAINTENANCE BY TENANT. Subject to the foregoing obligation of Landlord, Tenant agrees to take good care of the premises and the equipment and fixtures therein (including replacement of parts and components of heating and air conditioning equipment) and shall keep the same in good working order and condition, including, without limitation, the water pipes, electrical heating and air conditioning equipment, plumbing, windows, doors, frames, glass, and dock bumpers, dividing walls, all interior and office decoration, entrance and exit doors and locks, overhead doors, fixtures, appliances, unit heaters and sprinkler system, and shall keep the premises and approaches, sidewalks and the alleys adjacent thereto, if any, clean and sightly and free from ice and snow (including policing the grounds if they are included in the premises). In addition, Tenant shall repair any damage to the parking area in front of or immediately adjacent to the demised premises which is due to Tenant's negligence. At the expiration of the term, Tenant shall (i) surrender the premises broom clean and in good condition and repair, subject to ordinary wear and tear; and (ii) at its expense, remove all of "Tenant's Property" from the leased premises, such removal to be in accordance with all applicable governmental laws and codes. All damage or injury to the premises not caused by fire or other casualty and all damage to glass, windows and doors shall be promptly repaired by Tenant.

14. ALTERATIONS AND INSTALLATIONS. Tenant shall not make any alterations in or additions to the leased premises nor make any contract therefor, without first procuring Landlord's written consent and delivering to Landlord the plans, specifications, names and addresses of contractors, copies of proposed contracts and the necessary permits, all in form and substance satisfactory to Landlord, and furnishing indemnification against liens, costs, damages and expenses as may be required by Landlord. All alterations, additions, improvements and fixtures, (other than Tenant's trade fixtures, signs and moveable furniture installed by Tenant at its sole cost and expense [collectively "Tenant's Property]), which may be made or installed by either Landlord or Tenant upon the leased premises shall be the property of Landlord and shall remain upon and be surrendered with the leased premises as a part thereof, without disturbance, molestation or injury at the termination of the term of this lease, whether by lapse of time or otherwise, all without compensation or credit to Tenant, provided, however, if prior to said termination or within fifteen (15) days thereafter, Landlord so directs by written notice to Tenant, Tenant shall promptly remove the additions, improvements, fixtures and installations which were placed in the leased premises by Tenant and which are designated in said notice, and repair any damage occasioned by such removals, and in default, thereof, Landlord may effect said removals and repairs, and Tenant will pay to Landlord, on demand, the reasonable cost thereof. Any linoleum or other floor covering that is cemented or otherwise adhesively affixed to the floor of the leased premises shall be deemed a non-trade fixture and become the property of the Landlord. All of Tenant's Property not removed by Tenant prior to the expiration of the lease shall, at Landlord's option, become the property of Landlord.

15. ACCESS TO PREMISES. Landlord reserves the right to enter upon the leased premises at all reasonable hours for the purpose of inspecting the same, or of

making repairs, additions or alterations to the building in which the leased premises are located, to exhibit the leased premises to prospective tenants, purchasers, or others, to display during the last ninety (90) days of the term, without hindrance or molestation by Tenant, "For Rent" or similar signs on windows or doors in the leased premises. The exercise by Landlord of any of its rights under this section shall not be deemed an eviction or disturbance of Tenant's use and possession of the leased premises. Landlord agrees that, in making any such repairs, additions or alterations, it shall use reasonable efforts not to interfere with the conduct of Tenant's business operations.

16. SIGNS. Tenant shall not place on any exterior door, wall or window of the premises any sign or advertising matter without first obtaining Landlord's reasonable written approval and consent. Tenant agrees to maintain such sign or advertising matter as approved by Landlord in good condition and repair. All signs shall comply with applicable ordinances or other governmental restrictions and the determination of such requirements and the prompt compliance therewith shall be the responsibility of the Tenant.

17. DEFAULT AND REMEDIES. In the event (a) Tenant fails to comply with any term, provision, condition, or covenant of this lease including, without limitation, the payment of any rent or additional rent; (b) Tenant deserts or vacates the premises; (c) any petition is filed by or against Tenant under any section or chapter of the Federal Bankruptcy Act, as amended, or under any similar law or statute of the United States or any state thereof; (d) Tenant becomes insolvent or makes a transfer in fraud of creditors; (e) Tenant makes an assignment for benefit of creditors; or (f) a receiver is appointed for Tenant or any of the assets of Tenant, then in any

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of such events, Tenant shall be in default and the Landlord shall have the option, in addition to any other rights or remedies Landlord may have at law or in equity, to do any one or more of the following: upon ten (10) days prior written notice, except in the payment of rent or additional rent for which no demand or notice shall be necessary, in addition to and not in limitation of any other remedy permitted by law; to enter upon the demised premises or any part thereof either with or without process of law, and to expel, remove and put out Tenant or any other persons who might be thereon, together with all personal property found therein; and, Landlord may terminate this Lease, or it may from time to time, without terminating this Lease, relet said demised premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable, with the right to repair, renovate, remodel, redecorate, alter and change said premises. At the option of Landlord, rents received by Landlord from such reletting shall be applied first to the payment of any indebtedness from Tenant to Landlord other than rent and additional rent due hereunder; second, to payment of any costs and expenses of such reletting, including but not limited to attorney's

fees, advertising fees and brokerage fees, and to the payment of any repairs, renovation, remodeling, redecorations, alterations and changes in the premises; third, to the payment of rent and additional rent due and payable hereunder and interest thereon, and, if after applying said rentals there is any deficiency in the rent and additional rent and interest to be paid by Tenant under this Lease, Tenant shall pay any such deficiency to Landlord and such deficiency shall be calculated and collected by Landlord monthly. No such re-entry or taking possession of said premises shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention be given to Tenant. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach and default. Should Landlord at any time terminate this Lease by reason of any default, in addition to any other remedy it may have, it may recover from Tenant the worth, at the time of such termination, of the excess of the amount of rent and additional rent reserved in this Lease for the balance of the term hereof over the then reasonable rental value of the premises for the same period. Landlord shall have the right and remedy to seek redress in the courts at any time to correct or remedy any default of Tenant by injunction or otherwise, without such resulting or being deemed a termination of this Lease, and Landlord, whether this Lease has been or is terminated or not, shall have the absolute right, by court action or otherwise, to collect any and all amounts of unpaid rent or unpaid additional rent or any other sums due from Tenant to Landlord under this Lease which were or are unpaid at the date of termination. In case it should be necessary for Landlord to bring any action under this lease, to consult or place said lease or any amount payable by Tenant hereunder with an attorney concerning or for the enforcement of any of Landlord's rights hereunder, then Tenant agrees in each and any such case to pay to Landlord, Landlord's reasonable attorney's fees.

18. EMINENT DOMAIN. If the premises or any substantial part thereof shall be taken by any competent authority under the power of eminent domain or be acquired for any public or quasi-public use or purpose, the term of this lease shall cease and terminate upon the date when the possession of said premises or the part thereof so taken shall be required for such use or purpose and without apportionment of the award, and Tenant shall have no claim against Landlord for the value of any unexpired term of this lease. If any condemnation proceedings shall be instituted in which it is sought to take or damage any part of Landlord's building or the land under it, or if the grade of any street or alley adjacent to the building is changed by any competent authority and such change of grade makes it necessary or desirable to remodel the building to conform to the changes of grade, Landlord shall have the right to cancel this lease after having given written notice of cancellation to Tenant not less than one hundred twenty (120) days prior to the date of cancellation designated in the notice. In either of said events, rent at the then current rate shall be apportioned as of the date of the termination. No money or other consideration shall be payable by the Landlord to the Tenant for the right of cancellation, and the Tenant shall have no right to share in the condemnation award or in any judgment for damages caused by the taking or the change of grade. Nothing in this paragraph shall preclude an award being made to Tenant for loss of business or depreciation to and cost of removal of equipment or fixtures.

19. MECHANIC'S LIENS. Tenant will not permit any mechanic's liens, or other liens, to be placed upon the premises or any building or improvement thereon

during the term hereof, and in case of the filing of any such lien, Tenant will promptly pay same; provided, however, that Tenant shall have the right to contest the validity or amount of any such lien upon posting security with Landlord which in Landlord's sole reasonable judgment is adequate to pay and discharge any such lien in full if held valid. If default in payment thereof shall continue for thirty (30) days after notice thereof from Landlord to Tenant, Landlord shall have the right and

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privilege at Landlord's option, of paying the same or any portion thereof without inquiry as to the validity thereof, and any amounts so paid, including expenses and interest, shall be immediately due by Tenant to Landlord and shall be paid promptly upon presentation of bill therefor.

20. MORTGAGES AND ESTOPPEL CERTIFICATES. This lease shall be subject and subordinate to any mortgage or deed of trust now or at any time hereafter constituting a lien or charge upon the premises or the improvements situated thereon. Tenant shall, at any time hereafter, on demand, execute any instruments, releases or other documents which may be required by any such mortgagee for the purpose of subjecting and subordinating this lease to the lien of any such mortgage.

Tenant shall, at any time, and from time to time, upon not less than ten (10) days' prior request by Landlord, execute, acknowledge and deliver to Landlord, a statement in writing certifying that (i) this lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and identifying the modifications), (ii) the dates to which the base rent and other charges have been paid, and (iii) Landlord is not in default under any provisions of this lease (or if there are defaults, specifying the defaults). It is intended that any such statements may be relied upon by any person proposing to acquire Landlord's interest in this lease or the premises, or any prospective mortgagee of, or assignee of any mortgage upon such interest in the premises.

21. GENERAL. No waiver of any default of Tenant hereunder shall be implied from any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers of any covenant, term or condition of this lease by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. The invalidity or unenforceability of any provision hereof shall not affect or impair any other provisions. If the Tenant shall occupy the premises prior to the beginning of the term of this lease with the Landlord's consent, all the provisions of this

lease shall be in full force and effect as soon as the Tenant occupies the premises. The laws of the State of Missouri shall govern the validity, performance and enforcement of this lease. Submission of this instrument for examination does not constitute a reservation of or option for the premises. The instrument becomes effective as a lease upon execution and delivery by both Landlord and Tenant.

22. NOTICES. Any notice required or permitted under this lease shall be deemed sufficiently given or served if sent by registered or certified mail to Tenant at the address of the leased premises and to Landlord at the address then fixed for the payment of rent, and either party may be like notice at any time and from time to time designate a different address to which notices shall be sent. Notices given in accordance with these provisions shall be deemed received when mailed.

23. SUCCESSORS. All of the terms, covenants and conditions of this lease shall apply and inure to the benefit of, and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise provided herein.

24. QUIET POSSESSION. Landlord covenants with Tenant that said Tenant, on paying the rent herein required to be paid and performing the covenants herein contained, shall and may peaceably and quietly have, hold and enjoy the premises during the term of this lease without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under Landlord.

25. HOLDING OVER. If Tenant retains possession of the premises or any part thereof after the termination of the term by lapse of time or otherwise, Tenant shall pay Landlord at double the rate specified in Section 1, for the time Tenant thus remains in possession, and in addition thereto, shall pay Landlord all damages sustained by reason of Tenant's retention of possession. If Tenant remains in possession of the premises or any part thereof after termination of the term by lapse of time or otherwise, such holding over shall constitute a month-to-month tenancy. Landlord may terminate Tenant's month-to-month tenancy at any time with thirty (30) days written notice. Landlord's acceptance of any rent after holding over does not renew the lease. The provisions of this section do not waive Landlord's right of re-entry or any other right hereunder.

LL:_____

TT:_____

26. FLOOR LOADING. Tenant shall not overload the floors of the premises. In no event shall machinery be positioned so as to exert a floor load in excess of 1,000 pounds on any square foot. Landlord shall have the election either to repair any damage caused by overloading the floors or to require Tenant to repair such damage immediately after written demand to that effect is made to Tenant. If Tenant elects to repair the damage or if Tenant fails to do so immediately after demand by Landlord, the cost of all such repairs shall be paid

to Landlord by Tenant upon demand.

27. USE OF PREMISES. (a) Tenant shall occupy and use the premises for the purpose above specified and none other. (b) Tenant shall not exhibit, sell or offer for sale, use, rent or exchange on the premises or in the building any article, thing or service except those ordinarily embraced within the stated use of the premises; and will not make or permit any use of the premises which directly or indirectly is forbidden by Public Law, ordinance or governmental or municipal regulation or order, or which may be dangerous to life, limb or property. (c) All vehicles stored or parked on premises must be operational and properly licensed. (d) Tenant will comply with all requirements for state, municipal and other governmental inspections, licenses and permits, and will promptly pay all proper fees and charges in connection therewith, failing which Landlord may, but need not, pay any and all such fees and charges for the account of Tenant and Tenant shall pay the amount thereof to Landlord upon demand. (e) Tenant shall not take or permit to be taken any supplies, merchandise, fixtures, equipment or appliances in or out of the premises or the building except through proper exit doors. (f) Tenant shall not cause any of the area outside of the building to be used for storage of any goods or materials. (g) Tenant shall have the right to use the driveway parking and sidewalk space in the immediate front of the premises except that Landlord reserves the right to make parkway or sidewalk spaces which adjoin similar spaces in the immediate front of adjoining spaces, if any, available for joint use of the demised and adjoining premises. (h) At the expiration of this lease, whether by lapse of time or otherwise, Tenant shall surrender all keys for the leased premises to the Landlord at the place then fixed for the payment of rent and shall inform Landlord of the explanation of all combinations on locks, safes and vaults, if any, in the leased premises. (i) Tenant shall have the right to use the switching track located west of the demised premises. (j) Tenant, at its own
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expense, shall be responsible for snow removal in front of the leased premises during the term of this lease.

28. ATTORNMENT AND PRIORITY AND LANDLORD'S MORTGAGEE. (a) Tenant shall, in the event any proceedings are brought for the foreclosure of, or in the event of the exercise of the power of sale under, any mortgage covering any part of the premises, attorn to the purchase upon any such foreclosure or sale and recognize such purchaser as Landlord under this lease, and upon the request of any interested party, Tenant shall execute, acknowledge and deliver an instrument, in form and substance satisfactory to such party, evidencing such attornment. (b) In the event the holder of any mortgage elects to have this lease superior to its mortgage, then upon Tenant being notified to that effect by such encumbrance holder, this lease shall be deemed prior to the lien of said mortgage, whether this lease is dated prior or subsequent to the date of said mortgage, and Tenant shall execute, acknowledge and deliver an instrument in the form customarily used by such encumbrance holder, effecting such priority. (c) Upon written demand by the holder of any mortgage covering any part of the premises, Tenant shall forthwith execute, acknowledge and deliver an agreement in favor of and in the form customarily used by such encumbrance holder, by the terms of which Tenant will agree to give prompt written notice to such encumbrance holder in the event of any casualty damage to the premises or in the event of any default on the part of Landlord under this lease, and will agree to allow such encumbrance holder a reasonable length of time (taking into

consideration for the purpose of determining such permitted length of time any delays encountered by reason of any causes beyond the reasonable control of such holder) after notice to cure or cause the curing of such default before exercising Tenant's rights of self-help under this lease, if any, or terminating or declaring a default under this lease.

29. LANDLORD'S RIGHT TO CURE DEFAULTS. If Tenant fails to perform any of the agreements or obligations on its part to be performed under this lease, Landlord shall have the right (i) if no emergency exists, to perform the same after giving ten (10) days' notice to Tenant, and (ii) in any emergency situation, to perform the same immediately without notice or delay. For the purpose of rectifying Tenant's defaults as aforesaid, Landlord shall have the right to enter the premises. Tenant shall on demand reimburse Landlord for the costs and expenses incurred by Landlord in rectifying Tenant's defaults as aforesaid, including reasonable attorneys' fees.

30. LIMITATION OF LIABILITY. Anything contained in this lease to the contrary notwithstanding, Tenant agrees that Tenant shall look solely to the estate of Landlord in the premises for the collection of any judgment (or other judicial process) requiring the payment

LL:_____

TT:_____

of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms and provisions of this lease to be observed or performed by Landlord, subject, however, to the prior rights of the holder of any mortgage covering the premises, and no other assets of Landlord shall be subject to levy, execution or other judicial process for the satisfaction of Tenant's claim and Landlord shall not be liable for any such default or breach except to the extent of Landlord's estate in the premises.

31. LEGAL EXPENSES. In case suit shall be brought because of the breach of any covenant herein contained on the part of Tenant or Landlord to be kept or performed, and a breach shall be established, the prevailing party shall be entitled to recover all expenses incurred therefor, including reasonable attorneys' fees.

32. BROKER'S COMMISSION. Tenant represents and warrants to Landlord that it has not incurred or caused to be incurred any liability for real estate brokerage commissions or finder's fees in connection with the execution of this lease for which Landlord may be liable, other than a commission payable by Landlord to Leo Eisenberg Co. Tenant agrees to indemnify and hold Landlord harmless from and against any and all claims, liabilities or expense (including reasonable attorneys' fees) in connection with its breach of the foregoing representation.

33. TRIAL BY JURY WAIVER. THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP

OF LANDLORD AND TENANT, OR TENANT'S USE AND OCCUPANCY OF THE PREMISES.

34. HAZARDOUS MATERIAL. Tenant shall not store or permit or suffer the storage of any hazardous or dangerous waste, chemicals or other materials, including, without limitation, those defined in the Comprehensive Environmental Response Compensation and Liability Act, as amended, as "Hazardous Substances" (the foregoing are hereinafter collectively called "Hazardous Materials") within the premises without the prior written consent of Landlord, which consent Landlord may withhold arbitrarily. If Tenant shall store or permit or suffer the storage of any Hazardous Materials without the prior written consent of Landlord, then (i) Tenant shall immediately, upon notice from Landlord, remove the same from the premises and perform such other clean-up work and procedures necessary to cause the premises to comply with all applicable governmental laws, codes, statues and regulations, and (ii) Landlord shall have the right to immediately, without further notice, terminate this lease, provided, however, such termination shall not release Tenant from the foregoing clean-up obligations. If Landlord shall not so elect to terminate this lease, then Tenant shall pay Landlord, in addition to the rent and other charges payable hereunder, (a) an amount equal to 1/15th of the monthly base rent then payable by Tenant for each day Tenant shall store or permit or suffer the storage of such Hazardous Materials in violation of this Section, plus (b) all costs and expenses incurred by Landlord in connection with the clean-up and/or removal of all such Hazardous Materials in accordance with all applicable governmental laws, codes, statutes and regulations.

35. SURVIVAL OF TENANT'S OBLIGATIONS. All obligations of Tenant which by their nature involve performance, in any particular, after the end of the term, or which cannot be ascertained to have been fully performed until after the end of the term, shall survive the expiration or sooner termination of the term hereof.

IN WITNESS WHEREOF, Landlord and Tenant have executed this lease agreement or have caused it to be executed by their respective authorized representatives the day and year first above written. Each of the persons executing this lease represent that they are authorized to execute the same on behalf of the party for whom they have executed hereafter.

	NORTHTOWN DEVCO, a Missouri General Partnership
STATIONER'S DISTRIBUTING COMPANY	By: LECO NORTHTOWN PARTNERS, a Missouri General Partnership, Managing General Partner
By: [SIGNATURE NOT LEGIBLE]	By: [SIGNATURE NOT LEGIBLE]
----------	----------
TENANT	a Managing General Partner
	LANDLORD
Date:_____	Date: 3/14/88

A D D E N D U M

COMMON AREA MAINTENANCE. Landlord shall maintain the parking lot and loading areas including the lighting, striping, snow removal, surface repair and landscaping. Tenant agrees to reimburse Landlord, as and when statements are rendered therefore, for its prorated share of the cost of such maintenance, which prorated share shall be computed on the ratio of the area of the premises to the total rentable space in the property of which the premises are a part.

Landlord further represents and warrants to Tenant that in no event shall such costs to Tenant exceed the sum of five cents ($.05) per square foot per month, and Tenant shall have no obligation for any costs in excess of five cents ($.05) per square foot per month during the term of this lease or any extension hereof. Further, if the useful life of any improvement or repair made to the common area extends beyond the term life of this lease or any extension thereof, then Tenant shall have no obligation to pay any amount with respect thereto in excess of that portion of the cost of such improvement which is equitably and fairly attributable or allocable to the remaining term of this lease or any extension thereof. In addition, Landlord agrees that Landlord shall give no other tenant in the project (which project consists of the building in which Tenant occupies space and the building located at 1602 Linn) terms relating to the payment or determination of common area costs more favorable than the terms given to Tenant under this lease, if said tenant enters into a lease in which the tenant is obligated to pay common area costs, unless the same more favorable terms are offered to Tenant hereunder retroactive to the date this Tenant's lease commences. Landlord shall give Tenant immediate written notice of any lease in which it has agreed to any such favorable terms. Copies of all invoices for services will be presented to Tenant for verification.

LEASE OBLIGATION. By letter agreement dated February 18, 1988, Stationer's Distributing Company agreed to purchase certain assets of McKesson Corporation and assign the dated January 27, 1986, to McKesson Corporation. McKesson has agreed to be bound by and to perform all obligations of the lease on space a 1621 Jasper Street in accordance with its terms.

The lease dated February 22, 1988, for 1602 Linn Street, shall supersede the lease between Northtown Devco and Stationer's Distributing Company for 1621 Jasper Street.

LL:_____
TT:_____

[PLAN APPEARS HERE]

NORTHTOWN DEVCO, a Missouri General Partnership of Kansas City, Missouri ("Landlord"), and

UNITED STATIONERS SUPPLY CO., an Illinois corporation, 2200 East Golf Road, Des Plaines, Illinois 60016, as successor-in-interest to Stationers Distributing Company by reason of merger ("Tenant").

Landlord and Tenant are parties to a Lease dated February 22, 1988 ("Lease") for the premises known as 1606 Linn Street, North Kansas City, Missouri, consisting of 77,244 square feet (the "Premises"). The Lease is scheduled to expire May 31, 1995. The parties desire to extend the term of the lease for an additional five years.

THEREFORE, FOR VALUABLE CONSIDERATIONS, THE PARTIES AGREE AS FOLLOWS:

1. The Lease is hereby renewed for an additional five-year term, to expire May 31, 2000.

2. The rent for the renewal term shall be payable in monthly installments of Sixteen Thousand Seven Hundred Thirty-six and 20/100 Dollars ($16,736.20).

3. Landlord shall make, at Landlord's expense, the following repairs and improvements:

a. Paint outside of building

b. Paint office space

c. Replace damaged and stained ceiling tiles

d. Repair warehouse floor where deteriorating

e. Raise dock level where floor has sunk.

4. Except as otherwise provided in this Agreement, the terms and conditions of the Lease shall remain in full force and effect for the renewal term.

UNITED STATES SUPPLY CO. Tenant	NORTHTOWN DEVCO, a Missouri General Partnership, Landlord
By: [Signature Illegible] --- Its Vice President Date signed: 5/10/95	By:_____ a General Partner Date signed:

EXHIBIT 10.39

THIS LEASE, dated the 17th day of April 1989, between ISAAC HELLER

having an office at 205 Mill Road, Edison, New Jersey 08817

(hereinafter designated as Landlord), and UNITED STATIONERS SUPPLY CO. a corporation of the State of Illinois

having an office at 2200 East Golf Road, Des Plaines, Illinois 60016

(hereinafter designated as Tenant).

WITNESSETH:

ARTICLE I - DEMISE AND PREMISES

SECTION 1.01. DEMISE AND PREMISES. Landlord does hereby demise and lease to Tenant and Tenant does hereby take and hire from Landlord all that certain tract or parcel of land, together with the building and improvements, both hereinafter designated as the Building, to be erected thereon by Landlord, as provided herein, situate, lying and being in the Township of Edison, Middlesex County, New Jersey and shown on the plot plan designated Exhibit A, annexed hereto and made a part hereof, the lands aforesaid being more particularly described on Exhibit B annexed hereto and made a part hereof, together with the fixtures and equipment therein and the appurtenances now or hereafter belonging or pertaining thereto (all referred to hereinafter as the Demised Premises or the Premises).

TO HAVE AND TO HOLD for the Term and at the rents as herein provided, subject to the terms, covenants and conditions herein contained which each of the parties hereto expressly covenants and agrees to keep, perform and observe.

ARTICLE II - TERM AND COMMENCEMENT

SECTION 2.01. TERM AND COMMENCEMENT.

(a) TERM. The term of this Lease is three (3) years plus the fractional month, if any, referred to in this section. (Term). If the Commencement Date is the first day of a calendar month, the Term of this Lease shall terminate at 5:00 P.M. (prevailing time) on the day before the third anniversary of the Commencement Date. If the Commencement Date is not the first day of a calendar month (the period between the latter Commencement Date and the end of the month

in which it falls being herein called Fractional Month) this Lease shall terminate on the last day of the month in which shall fall the third anniversary of the Commencement Date.

(b) COMMENCEMENT OF TERM. The Term shall commence on the first business day (hereinafter designated as Commencement Date) following the date on which the last of all of the following shall have occurred or been performed:

(i) After or simultaneously with substantial compliance with the conditions in (ii), (iii), (iv) and (v) of this paragraph (b) Tenant shall have received written notice from Landlord authorizing Tenant to enter upon the premises to do such work as Tenant may decide, the Commencement Date shall be the next business day following the receipt by Tenant of said notice. By sending such notice to Tenant, Landlord covenants, represents and warrants that it has theretofore performed, or that it will thereafter complete the performance of the covenants and conditions set forth in (ii), (iii), (iv), and (v) of this paragraph (b), which obligation to perform shall survive the commencement of the Term;

(ii) Landlord shall have certified to Tenant, in writing, that the construction work as defined in Article III hereof has been substantially completed in accordance with the Final Plans (as defined in said Article III), and that the Building is ready for Tenant's occupancy and use except for any installations Tenant may make;

(iii) Landlord shall deliver to Tenant a copy of a Certificate of Occupancy (or temporary certificate of occupancy if Tenant is permitted thereunder to have full use and enjoyment of the Premises) issued by the appropriate local authority certifying that the Demised Premises may be lawfully occupied for the purposes set forth in Section 15.01 of this Lease;

(iv) All utilities required by the Final Plans shall have been connected and shall be ready for use.

(v) Landlord shall deliver to Tenant a copy of Architects Certificates that the Building has been substantially completed in accordance with the Final Plans.

Notwithstanding the above, Landlord hereby agrees that Commencement of the Lease shall not occur prior to June 1, 1989.

(c) COMMENCEMENT DATE AGREEMENT. Within 10 days after the request of either party after the Commencement Date has been determined, Landlord and Tenant shall execute, acknowledge and deliver to each other duplicate originals of an agreement, in recordable form, setting forth the Commencement Date.

(d) RIGHT OF TERMINATION. Notwithstanding anything herein contained to the contrary, in the event that Landlord enters into a contract with Tenant to build for Tenant an expansion of the existing facility owned by Tenant and located at 77 Executive Avenue, Edison, New Jersey; Landlord and Tenant hereby agree that

Tenant shall have the right to terminate this Lease by serving written notice to Landlord of such desire to terminate within 30 days of execution of the aforesaid contract. In such event, this Lease would terminate simultaneously with Tenant taking occupancy of the expanded facility.

SECTION 2.02. OCCUPANCY PRIOR TO COMMENCEMENT. Subject to all provisions of this Lease relating to occupancy or performance of Tenant's Work by Tenant prior to the Commencement Date as provided in this Lease, Tenant shall have the right to occupy and use a portion of the Demised Premises (hereinafter called Portion) prior to the commencement of the Term provided that Landlord shall have issued to Tenant written authorization for such occupancy and use and the Portion has been substantially completed and can be legally occupied and used by Tenant. The performance of Tenant's Work as set forth in Section 26.21 of this Lease shall not be considered Occupancy Prior to Commencement.

SECTION 2.03. PRO-RATA RENT DURING PRE COMMENCEMENT OCCUPANCY. If Tenant occupies the Portion, as aforesaid, (i) it shall commence to pay rent and all other charges payable under the Lease, as of the date of occupancy, on a pro-rata basis in proportion to the area occupied, (ii) all of the terms and provisions of this Lease shall become operative with respect to the Portion as if the Commencement Date had occurred including, without limitation, the obligation of Tenant to provide insurance coverage hereunder; provided, however, that notwithstanding such partial occupancy the Term shall not commence until the conditions of Section 2.01(b) have been fulfilled. During the period it occupies a Portion of the premises, Tenant shall, at its cost and expense as a condition precedent to such prior occupancy, obtain and keep in force during the period in which Landlord is completing the balance of the Construction Work, insurance coverage in amounts as required in Section 7.01(i) of this Lease in respect of the entire Demised Premises, including the portion being completed by Landlord. However, Landlord shall reimburse Tenant for that portion of the cost of such insurance in proportion to the part of the building not occupied by Tenant and being completed by Landlord for the period ending with delivery of possession thereof to Tenant.

SECTION 2.04. RIGHT OF RENEWAL. Provided this Lease is not in default, the Tenant is granted a right of renewal of this Lease as follows: At the option of the Tenant, the Term of this Lease may be extended for three renewal period(s) of 2 years, 3 years, 2 years respectively each by written notice to the Landlord at least six (6) months prior to the expiration of the Term, or any renewal term thereof, as the case may be.

Upon valid exercise of any such rights of renewal, the terms of this Lease shall remain in full force and effect except that the rental shall be as stipulated in Section 5.03.

ARTICLE III - PLANS AND CONSTRUCTION

SECTION 3.01. PLANS AND SPECIFICATIONS.

PLANS. The parties hereto have approved and signed for purposes of identification plans and specifications for construction of the Building (hereinafter called Plans) prepared by Abrahm Hertzberg, Consulting Engineer, P.C. (hereinafter called Architect) and attached hereto as Exhibit A.

SECTION 3.02. CONSTRUCTION OF IMPROVEMENTS.

(a) SUBSTANTIAL COMPLETION. Landlord shall as soon after the date of execution of this Lease as is practicable start construction hereunder and thereafter proceed with diligence and substantially complete the Construction Work on or before June 1, 1989 all at Landlord's cost and expense. The term Substantial Completion as used in this Lease is intended to constitute that stage of completion which will permit the Tenant to occupy the Demised Premises and to use the same for intended purpose of such occupancy without any substantial interference by reason of any failure of Landlord to finish punch list items.

(b) INSPECTION BY TENANT. Tenant may inspect the progress of the Construction Work as frequently as it may desire provided Tenant does not interfere with the Construction Work or with the workmen.

ARTICLE IV - LANDLORD'S COVENANTS

SECTION 4.01. NO WAIVER BY TENANT. No act of Tenant, including the taking possession of the Demised Premises, shall constitute a waiver by Tenant of any of Landlord's obligations respecting the Construction Work or to correct any defects in materials or workmanship as provided in this Lease.

SECTION 4.02. LANDLORD'S COVENANTS REGARDING CONSTRUCTION. Landlord represents, warrants and covenants that on the Commencement Date:

(i) The Building will be structurally safe and sound and that all parts thereof and all mechanical equipment therein (except such as may be installed by Tenant) will be in good working order;

(ii) Liability of the Landlord as to the foregoing (i) shall be limited to one year and to the extent set forth in Section 10.01:

(iii) All utilities serving the Demised Premises will have been installed and paid for.

(iv) To the best of Landlord's knowledge and belief there are no "Hazardous Substances" or "Wastes" (as defined in ECRA and/or Spill Compensation

and Control Act) presently upon the Demised Premises.

ARTICLE V - RENT AND PAYMENT

SECTION 5.01. RENT DURING TERM. Landlord reserves and Tenant covenants to pay to Landlord during the Term of this Lease without demand or notice, and without any setoff or deduction, a net basic rental (herein called Basic Rent) as follows:

First Year	-	$519,390.30 per year ($43,282.53 per month)
Second Year	-	$532,708.00 per year ($44,392.33 per month)
Third Year	-	$546,025.70 per year ($45,502.14 per month)

Such annual Basic Rent shall be paid monthly in installments in the amounts set forth above, in advance, on the first day of each and every month.

SECTION 5.02. PAYMENT OF RENT. The Basic Rent and all additional rents and moneys payable to Landlord under this Lease shall be paid at the above address of Landlord or at such other address as may be specified by Landlord from time to time by notice given to Tenant.

SECTION 5.03. RENT DURING RENEWAL TERM(S). In the event the Tenant shall exercise the option(s) to renew this Lease for any of the renewal period provided for in Section 2.04, the annual Basic Rent during each renewal period shall be adjusted for the applicable year term thereof by multiplying $532,708.00 by the "Index Change" herein after defined, provided, however, that the Basic Rent during the renewal period(s) shall not be less than the Basic Rent paid for the immediately preceding period.

SECTION 5.04. The first monthly installment of Basic Rent shall be due and payable by Tenant on the Commencement Date. Subsequent monthly installments of Basic Rent shall be due and payable by Tenant on or before the first day of each month following the Commencement Date and continuing thereafter until the expiration of the Term. Basic Rent for the Fractional Month, if any, shall be prorated and shall be due and payable by Tenant on the first day of the month following the month in which the Commencement Date occurs.

Upon the execution of this Lease, Tenant shall pay to Landlord a deposit in the amount of the first monthly installment of Basic Rent which deposit shall be held by Landlord as additional security for Tenant's performance of this Lease and applied by Landlord against the first monthly installment of Basic Rent on the Commencement Date.

ARTICLE VI - TAXES AND IMPOSITIONS

SECTION 6.01. REAL ESTATE TAXES. As additional rental hereunder Tenant shall, throughout the term, pay to the Landlord pro rata taxes and assessments levied or assessed against the Demised Premises or any part thereof, including those presently in effect, as well as those which may be enacted in the future. Such payment as to all real estate taxes levied or assessed against the Demised Premises or any part thereof, shall be made by Tenant to Landlord at the time of the next Basic Rent payment due after Tenant's receipt of an invoice or statement from Landlord setting forth the amount of such taxes or assessments and Tenant's pro rata share thereof.

The real estate taxes and assessments aforesaid shall be apportioned by Landlord among tenants or users of Landlord's Property including Landlord, to arrive at Tenant's pro rata share of real estate taxes and assessments. Landlord's Property shall mean the two (2) buildings totalling 336,464 sq. ft. located on Lot 15, Block 366-A. The computation of Tenant's pro rata share of taxes and assessments on land and building shall be made by multiplying the real estate taxes or assessments levied against the Landlord on Landlord's Property by a fraction the numerator of which is the number of square feet of building premises demised to Tenant and the denominator of which is the total number of square feet in Landlord's Property assessed by the taxing authorities.

In the calculation of the total number of square feet of building premises demised to Tenant, finished space, i.e. offices, including toilet areas, shall be weighted in determination of the numerator in the fraction described in this subsection by doubling the square footage devoted to such finished space. Tenant's pro rata share will be 40.08%. In the event that subsequent to the date hereof the total square footage of either building changes, the percentage set forth herein shall be recalculated accordingly.

Notwithstanding the above, Landlord hereby agrees that he will attempt to obtain a statement from the Edison Township Tax Assessor's office allocating the taxes applicable to each of the buildings located on Landlord's Property. In such event, Tenant's pro rata share of taxes shall be determined based on the statement received from the Tax Assessor's office.

To the extent that Tenant shall be liable for the payment of other taxes under this Article VI which may be assessed against Landlord or for which Landlord may become liable by reason of its estate or interest in the Demised Premises, Tenant shall pay its pro rata share thereof in accordance with the above.

SECTION 6.02. OTHER TAXES AND PAYMENT THEREOF. In addition to the pro rata taxes and assessments described in Section 6.01, Tenant shall pay pro rata in accordance with Section 6.01 for each and every item of expense in the nature of a tax or charge or assessment for which Landlord is or shall become liable by reason of its estate or interest in the Demised Premises, or any part thereof, including, without limiting the generality thereof, all personal property taxes,

gross receipts taxes, use and occupancy taxes, and excise taxes levied or assessed against Landlord or Tenant by reason of the use, occupancy or any other activity by the Tenant in connection with the Demised Premises or any part thereof, or which may be levied or assessed or imposed upon any rents or rental income, as such, payable to Landlord or payable to Tenant from any subtenant in connection with the Demised Premises or any part thereof. There is expressly included among Tenant's obligations with respect to taxes and assessments as set forth in this Article any tax which may be levied against Landlord enacted as part of tax reform legislation in lieu of taxes presently levied against real estate or any portion thereof.

SECTION 6.03. CERTAIN TAXES NOT PAYABLE BY TENANT. Tenant shall not be required to pay any of the following taxes or governmental impositions which shall be levied or imposed against Landlord by any governmental authority:

(i) Any estate, inheritance, devolution, succession, transfer, legacy or gift tax which may be imposed upon or with respect to any transfer of Landlord's interest in the Demised Premises;

(ii) Any capital stock tax or other tax imposed against Landlord for the privilege of doing business;

(iii) Any income tax levied upon or against the profits of the Landlord from all sources.

SECTION 6.04. APPORTIONMENT DURING FIRST AND LAST YEAR OF TERM. All taxes which shall become payable during the tax fiscal year in which this lease commences or ends shall be apportioned between Landlord and Tenant in accordance with the portion of the tax year within the term.

SECTION 6.05. ASSESSMENTS PAYABLE IN INSTALLMENTS. With respect to any assessment levied by any governmental or municipal agency or authority which is or may be payable, at the option of the taxpayer, in installments, Tenant agrees to pay Landlord, as additional rent, annually, from the date of payment of the assessment, the installment due therefor, at least five (5) days before the last day on which each such installment may be paid without penalty or interest. Tenant shall not be required to pay any installment which shall fall due after the expiration of this Lease.

ARTICLE VII - INSURANCE

SECTION 7.01. COVERAGE AND AMOUNT. Tenant shall, at its sole cost and expense, and as additional rent, during the term of this Lease:

(i) Keep and maintain the Building and the building equipment, fixtures and appurtenances insured with 100% co-insurance against all loss and damage including, but not limited to, coverage by an all risk form of insurance policy issued by a "Best A Rated Co." or better with agreed amount endorsement and replacement cost endorsement, in an amount no less than One Hundred percent (100%) of the full replacement value thereof (exclusive of cost of foundation, excavation and land) from time to time.

(ii) Rent insurance covering the risks described in (i) above in an amount equal to the Basic Rent and additional rent payable; and

(iii) Provide, keep and maintain in force, if and when obtainable and generally carried on building of the type to be leased hereunder, war risks and nuclear damage, as well as flood and earthquake insurance for the full replacement value of the Demised Premises if such insurance is required by any institutional first mortgagee of the Premises; and

(iv) Provide any additional insurance coverages as may be reasonably required from time to time, by any institutional first mortgagee of the Premises; and

(v) Provide, keep and maintain in force, comprehensive general public liability insurance against claims arising out of the ownership, operation and control of the Demised Premises, including but not limited to contractual liability in connection with the Tenant's indemnification of Landlord herein as to the liability of Landlord to Tenant's employees, agents, invitees and licensees in limits of not less than Five Million Dollars ($5,000,000.00) combined single limit arising out of one occurrence. The Landlord may insure his Liability under his Blanket Comprehensive General Liability Policy, Umbrella Liability Policy, and Environmental Impairment Liability Policy, and the Tenant will reimburse the Landlord for the Tenant's pro rata share of the premium.

(vi) PROVIDE INSURANCE COVERAGE OF ANY AND ALL TRADE FIXTURES AND PERSONAL PROPERTY (INCLUDING, BUT NOT LIMITED TO, ANY FURNITURE, MACHINERY, GOODS OR SUPPLIES) OF TENANT, WHICH TENANT MAY HAVE UPON OR WITHIN THE DEMISED PREMISES WHICH TENANT DEEMS NECESSARY.

SECTION 7.02. FORMS AND CERTIFICATES. The coverage above required in Section 7.01 and its subsections shall be:

(i) As to 7.01 (i), (ii), (iii), and (iv), by policies in form and reasonably acceptable to Landlord showing loss payable to Landlord and to the first mortagee by standard mortgage clause, as their respective interests may appear. Tenant shall furnish a certificate thereof to the first mortgagee and to the Landlord showing continuous coverage for the risks stated; and

(ii) As to 7.01 (v) and (vi) by policies in form reasonably acceptable to Landlord. Tenant shall provide Landlord with certificates of such policies showing continuous coverage for the risks stated. As to 7.01 (v),

Landlord shall be named as an additional named insured on any such policy.

SECTION 7.03. BLANKET POLICIES, RENEWALS, RECOGNIZED INSURANCE COMPANIES, CANCELLATION. Tenant may carry any or all of such insurance under blanket policies. In any case, Tenant shall deliver to Landlord at or prior to the Commencement Date, policies or certificates of the insurance required above, and shall procure and deliver to Landlord, policies or certificates of renewals thereof from time to time at least thirty (30) days before the expiration thereof, together with evidence of payment as is required by the first mortgagee. If Tenant shall default in such delivery or renewal, Landlord may, at its option, without waiving or releasing Tenant from any obligation hereunder, procure any such insurance and Tenant shall, on demand, pay to Landlord as additional rent, the cost of the premium thereof, plus a 15% handling charge, together with interest at the Lease Interest Rate (as hereinafter defined). All such insurance shall be taken in companies of recognized responsibility licensed to do business in the state in which the Premises are located and be reasonably acceptable to Landlord and to each mortgagee. Every policy shall provide that it may not be cancelled by the carrier without at least (30) days prior written notice to each insured.

SECTION 7.04. WAIVER OF SUBROGATION. Landlord shall not be liable for any damage by fire or other peril in the coverage afforded by the Standard All Risk Policy (whether or not such coverage is in effect), no matter how caused, it being understood that the Tenant will look solely to its insurer for reimbursement. Tenant shall not be liable for any damage by fire or other peril includable in the coverage afforded by the Standard All Risk Policy (whether or not such coverage is in effect), no matter how caused, it being understood that the Landlord will look solely to its insurer for reimbursement. Each party, as applicable, shall obtain a Waiver of Subrogation Endorsement if necessary to permit the Waiver of Subrogation and mutual release as set forth herein in connection with any applicable Insurance Policy carried by it. Any Waiver of Landlord's rights against Tenant as contained in this Section shall be ineffective if such Waiver of Subrogation Endorsement shall not be obtained.

*pursuant to Section 7.01 (i) through (iv) above

SECTION 7.05. PAYMENT OF LOSSES. All property losses of Seventy-Five Hundred ($7,500.00) Dollars or less* shall be settled by Tenant and loss payments therefor paid to Tenant alone, to be held and used by Tenant pursuant to Article XI hereof. All losses in excess of Seventy-Five Hundred ($7,500.00) Dollars shall be settled jointly by Landlord and Tenant. Loss payments in such case shall be paid jointly to Landlord and first mortgagee and shall be held in trust for repair and restoration pursuant to Article XI hereof.

ARTICLE VII - CONSTRUCTION OR OTHER WORK

SECTION 8.01. CONDITIONS AS TO REPAIRS, ALTERATIONS OR OTHER WORK. Whenever any repairs, alterations, changes or other work in on, to or about the Premises shall be made by either Landlord or Tenant as provided in this Lease:

(i) The work shall be done in a good and workmanlike manner and in compliance with all applicable laws, ordinances and codes, and all applicable governmental rules, regulations and requirements, and in accordance with the standards, if any, of the Board of Fire Underwriters, or other organizations exercising the functions of a board of fire underwriters whose jurisdiction includes the Demised Premises.

(ii) All materials and workmanship shall be of good quality, and in case of repairs, restoration, changes, additions, alterations or improvements, shall be at least equal to the original;

(iii) All said work shall be paid for as promptly as is practicable and consistent with good business practices under the then existing circumstances;

(iv) Such work shall be done as promptly as is possible and practicable under the existing circumstances;

(v) The comprehensive general liability insurance provided for in Section 7.01 shall be extended by Tenant, if necessary, to apply to the work being done, and evidence thereof shall be delivered to the Landlord prior to commencement of such work.

(vi) The party doing or having the work done shall carry or cause its contractors, if any, to carry workman's compensation insurance as required by law in connection with such work, and evidence thereof shall be delivered to the other party prior to commencement of such work;

(vii) Title to all buildings, building fixtures and improvements erected and installed by Tenant (but not Tenant's trade fixtures, however the same may be attached to the realty) shall become the property of Landlord upon the expiration or earlier termination of this Lease;

(viii)The contractor or the party performing the work shall obtain an official certificate of occupancy or an amended certificate of occupancy upon completion of the work in each instance if under local practice such certificates of occupancy are issued or required in connection with such work. The party performing the work shall also obtain the certificate from the Board of Fire Underwriters, or other organization exercising the same functions, whose jurisdiction includes the Demised Premises in each instance, certifying that the electrical work has been properly completed whenever the work done involves any electrical work for which such a certificate is issued under local practice. If, under local practice, official certificates of occupancy are not issued or required by a governmental officer or department, or if the Board of Fire Underwriters, or other such organization does not issue certificates on proper completion of electrical work, this covenant shall be satisfied upon issuance of such

certifications by an architect or engineer selectedby Landlord.

(ix) Landlord agrees to join in the applications for all permits and authorizations whenever necessary.

ARTICLE IX - MECHANIC'S LIENS

SECTION 9.01. MECHANIC'S LIENS PROHIBITED. Tenant shall not suffer any mechanic's lien to be filed against the Demised Premises by reason of work, labor, services or materials performed or furnished to Tenant or to anyone holding the Demised Premises, or any part thereof, through or under Tenant. If any mechanic's lien or any notice of intention to file a mechanic's lien shall at any time be filed against the Demised Premises, (unless the labor or materials were actually performed for or furnished to Landlord in connection with its obligations under this Lease) Tenant shall at Tenant's cost, within fourteen (14) days after knowledge or notice of the filing of any mechanic's lien cause the same to be removed or discharged of record by payment, bond, order of a court of competent jurisdiction, or otherwise.

SECTION 9.02. LANDLORD'S REMEDY FOR TENANT'S BREACH. If Tenant shall fail to remove or discharge any mechanic's lien or any notice of intention to file a mechanic's lien within the prescribed time, then in addition to any other right or remedy of Landlord. Landlord may, at its option, procure the removal or discharge of the same by payment or bond or otherwise. Any amount paid by Landlord for such purpose, together with all legal and other expenses of Landlord in procuring the removal or discharge of such lien or notice of intention and together with interest thereon at the Lease Interest Rate (as hereinafter defined), shall be and become due and payable by Tenant to Landlord as additional rent, and in the event of Tenant's failure to pay therefor within fifteen (15) days after demand, the same shall be added to and be due and payable with the next month's rent.

SECTION 9.03. NON-CONSENT OF LANDLORD TO FILING OF LIENS. Nothing contained in this Lease shall be construed as a consent on the part of Landlord to subject Landlord's estate in the Demised Premises to any lien or liability arising out of Tenant's use or occupancy of the Premises.

ARTICLE X - REPAIRS AND MAINTENANCE

SECTION 10.01 (a) LANDLORD'S COVENANTS. Landlord at its sole cost and expense shall remedy all defects in workmanship and materials in the Construction Work, evidence of which shall appear or be discovered within twelve (12) months after the Commencement Date. Landlord shall not be liable under this Section however unless Tenant shall give Landlord notice specifying such defects or of the need for remedying them on or before the last day of the twelfth month of the Term.

In addition, Landlord agrees to procure a five (5) year guarantee of the roof installation from the roofer in the form attached hereto as Exhibit D,

and to assign said guarantee to Tenant. Landlord agrees to exercise its reasonable efforts to cause the guarantor on the roof guarantee to perform its obligations thereunder.

(b) STRUCTURAL COMPONENTS. In addition Landlord at its sole cost and expense shall remedy all defects in workmanship and materials in the Construction Work with respect to the Structural Components of the Building, evidence of which shall appear or be discovered within thirty-six (36) months after the Commencement Date, and shall repair all damage to the Demised Premises caused thereby. For the purpose of this paragraph, this term Structural Components, shall be limited to the structural steel framing including roof framing, the foundations, and the masonry perimeter walls (excluding all windows, plate glass, and doors). Landlord shall not be liable under this Section however unless Tenant shall give Landlord notice specifying such defects or the need for remedying them on or before the last day of the thirty-sixth month of the Term.

(c) ALTERATIONS BY TENANT. Notwithstanding any of the above, if Tenant shall make any changes or alterations, structural or otherwise, to any portion of the building, Landlord's obligations under this Section 10.01 shall not thereafter extend to any portion of the building affected by such change or alteration.

(d) LIMITED LIABILITY OF LANDLORD. Landlord's liability under the provisions of this Article X is limited to repair or correction of the defect or condition to be rectified, and Landlord shall not be liable for any consequential loss or damage. Landlord shall not be required to make any repairs caused by Tenant's abuse or misuse, or lack of routine maintenance, of the Demised Premises.

Section 10.02. TENANT'S OBLIGATIONS. Except for items which are the obligation of Landlord under Section 10.01 hereof, Tenant, for and during the Term of this Lease, at Tenant's sole cost and expense, assumes all responsibility and obligation for the physical condition of the Demised Premises and shall:

(a) Keep and maintain in good repair, as well as paint and decorate, both the exterior and interior of the Demised Premises including, but not limited to, all structural repairs, roof, floor, heating and air conditioning systems, electrical system, sprinkler system and plumbing facilities.

(b) Keep and maintain the Demised Premises in a clean and sanitary condition free from rubbish, flammable or other objectionable materials.

(c) Perform all normal routine adjustments and maintenance on all equipment, including but not limited to filter changes, cleaning and lubrication of heating, ventilating and air conditioning systems.

(d) Replace all mechanical and working parts used in connection with the heating, air conditioning, electrical and plumbing and sprinkler and other systems.

(e) Keep, maintain and repair all drainage facilities including drain pipes, ditches and detention areas, as well as the lawns, shrubbery, driveways and parking areas, including the keeping of the driveways, sidewalks and steps and parking areas free and clear of ice and snow.

(f) Comply with all present and future applicable Federal, State and local laws, ordinances and codes and all applicable rules, regulations and requirements, including without limitation, those relating to environmental protection and the requirements set forth in the applicable sections of the "National Fire Codes" as published by the National Fire Protection Association; and pay any and all costs of compliance and all fines and penalties imposed upon Landlord, or consequential damages incurred, by reason of any violations thereof.

SECTION 10.03 LANDLORD'S REMEDY FOR TENANT'S BREACH. In the event Tenant shall fail or neglect to comply with the aforesaid statutes, ordinances, rules, orders, regulations and requirements referred to in this Article X, or any of them, or in the event Tenant shall fail or neglect to make any repairs required of it, then Landlord or Landlord's agents may, after compliance with the notice requirements set forth in Section 13.01 hereof, enter in and upon the Demised Premises to make an inspection and make said repairs and comply with any and all the said statutes, ordinances, rules, orders, regulations or requirements, at the cost and expense of Tenant, and in the event of Tenant's failure to pay therefor within 15 days after demand the said cost and expense shall be added to the next month's rent and be due and payable as additional rent. This provision is in addition to the right of the Landlord to terminate this Lease by reason of any default on the part of Tenant, and Landlord's remedies provided in Article XXI.

ARTICLE XI - FIRE, DAMAGE AND DESTRUCTION

SECTION 11.01. NOTICE OF CASUALTY, CONTINUATION OF LEASE, RESTORATION. In the event of the total destruction of the Building by fire or otherwise during the term created hereby, or in the event of such partial destruction thereof:

(a) Tenant shall immediately notify Landlord in writing thereof;

(b) Upon receipt of said notice Landlord shall have its Architect make a full and comprehensive report on the damage of the building, and ascertain the number of days to complete the repair of the building. Unless such damage can, in the opinion of Landlord's Architect, be repaired within ninety (90) days after it occurrence, this Lease and the term hereby created shall cease and become null and void from the date of such damage or destruction, and Tenant shall upon written notice from Landlord, then immediately surrender the Demised Premises and all interest therein to Landlord, and Tenant shall pay

rent within said term only to the time of such damage or destruction.

If, however, in such Architect's opinion, the damage aforesaid can be repaired within ninety (90) days from the occurrence thereof, Landlord shall repair or rebuild the Demised Premises with all reasonable speed, and this Lease shall continue in full force and effect, but there shall be an abatement of rent to the extent of insurance payments received from rent insurance.

SECTION 11.02. INSURANCE PROCEEDS UP TO $7,500. The net insurance proceeds amounting to Seventy-Five Hundred ($7,500.00) Dollars or less payable to Tenant shall be held in trust by Tenant for the purpose of promptly repairing, restoring or rebuilding that portion of the Demised Premises so that the Demised Premises will be as nearly as practicable in the condition they were immediately prior to the occurrence of such damage or destruction.

SECTION 11.03. INSURANCE PROCEEDS ABOVE $7,500.00. The net insurance proceeds amounting to more than Seventy-Five Hundred ($7,500.00) Dollars payable to Landlord, first mortgagee and Tenant jointly shall be held in trust by a trustee satisfactory to the first mortgagee for application to the repair, restoration and rebuilding of the Demised Premises. Any proceeds remaining after such repair, restoration and rebuilding shall have been paid for, shall be the property of and belong solely to Tenant. If the insurance proceeds are insufficient to cover the cost of restoration, repair, and rebuilding, Tenant agrees to pay whatever additional sums are necessary to complete such restoration, repair and rebuilding.

SECTION 11.04. STATUTORY CONDITIONS. Tenant hereby expressly waives the benefit of New Jersey Revised Statutes, Title 46, Chapter 8, Sections 6 and 7. Tenant agrees that it will not be relieved of the obligation to pay basic net rent or any additional rent in case of damage to or destruction of the Demised Premises except as specifically provided in this Lease.

ARTICLE XII - EMINENT DOMAIN

SECTION 12.01. TOTAL TAKING. In the event that any public authority or agency holding the power of eminent domain under applicable law shall at any time during the term of this Lease condemn or acquire title in lieu of condemnation of substantially all of the Demised Premises, this Lease and the Term hereby created shall terminate and expire as of the date upon which title shall vest in such authority, and Tenant shall pay rent only to the time of such vesting of title.

SECTION 12.02. PARTIAL TAKING. If there shall be only a partial taking or condemnation as aforesaid which shall not substantially prevent Tenant's use of the Demised Premises for purposes of its business, this Lease shall thereafter continue as to the untaken part and Tenant shall be entitled to a

reduction in the basic rent in such proportion and in such manner as shall be fair and equitable, and if the parties hereto cannot agree thereto the dispute shall be settled by arbitration as set forth in this Lease.

SECTION 12.03. RESTORATION BY LANDLORD. If there shall be a partial taking and this Lease shall continue as to the remaining balance of the Demised Premises, Landlord, at its own expense and as promptly as practicable, shall restore the remaining building and land as nearly as may be practicable to their former condition.

SECTION 12.04. AWARD TO LANDLORD. Landlord reserves the exclusive right to negotiate with the condemning authority with respect to any proposed award, and all damages and compensation paid for the taking under the power of eminent domain, whether for the whole or a part of the Demised Premises shall belong to and be the property of Landlord, except that Landlord consents to efforts by Tenant separately to seek additional compensation from the condemning authority for the loss of depreciated value of leasehold improvements installed by Tenant resulting from the taking, provided always, that Tenant hereby releases and disclaims any interest or right whatsoever in the award or compensation offered or paid by the condemning authority to the Landlord for the loss of the fee. There is expressly excluded from any right of compensation to the Tenant and the Tenant expressly waives, any claim against the condemning authority for dimunition in the value of the leasehold.

SECTION 12.05. Notwithstanding any of the paragraphs above pertaining to eminent domain, there is expressly reserved to the Tenant the right to recover against the condemning authority for its actual reasonable expenses in moving its business from the Demised Premises and its actual direct losses in tangible personal property by virtue of the taking, all as contemplated in the the Relocation Assistance Act (R. S. 20:4-1 et seq), and rules and regulations adopted by the Department of Community Affairs of the State of New Jersey pursuant to the legislation aforesaid, and applicable regulations of the State Department of Transportation contemplated in the said Relocation Assistance Act.

ARTICLE XIII - NOTICES

SECTION 13.01. NOTICES. Every notice required or permitted under this Lease shall, unless otherwise specifically provided herein, be given in writing and shall be sent by United States certified mail, return receipt requested, addressed by the party giving, making or sending the same to the Landlord at the address first above given, and to the Tenant at the Demised Premises or to such other address as either party may designate from time to time by a notice given to the other party. Notice shall be deemed to be given upon receipt, provided, however, that in the event a party shall refuse to accept delivery of said Certified Mail, the notice shall nevertheless be deemed to be given upon the date of refusal to accept delivery and further provided that if the postal service is unable to deliver said Certified Mail the notice shall nevertheless be deemed to be given as of the date of the Postal Service's second notice of attempted delivery. Notwithstanding the above, a notice of change of address shall not be effective until received.

Landlord may, at its option, substitute for service by United States First Class Certified Mail, service by Federal Express or similar overnight courier, provided that such courier obtains and makes available to its customers evidence of delivery. Notice given via such courier shall be deemed to be given upon receipt.

ARTICLE XIV - MEMORANDUM OF LEASE

SECTION 14.01. MEMORANDUM OF LEASE. Tenant shall not record this lease, but if either party should desire to record a short form Memorandum of Lease setting forth only the parties, the Demised Premises and the Term, such Memorandum of Lease shall be executed, acknowledged and delivered by both parties upon notice from either party.

ARTICLE XV - USE

SECTION 15.01. USE. The Demised Premises shall be used and occupied by Tenant as a warehouse and office for the distribution of office products and other similar uses.

ARTICLE XVI - ASSIGNMENT, SUBLETTING, ETC.

SECTION 16.01. ASSIGNMENT, SUBLETTING, ETC. Tenant shall not sell, assign, mortgage, pledge, or, in any manner, transfer or encumber this Lease or any estate of interest hereunder (hereinafter designated as Assignment), or sublet the Demised Premises or any part thereof without the previous written consent of the Landlord which consent shall not be unreasonably withheld; provided, however, with respect to a corporation into which Tenant shall have been merged or consolidated or which shall have purchased all or substantially all of the assets of Tenant, such previous written consent by Landlord shall not be necessary. In any of the events aforesaid, Tenant, nevertheless, shall remain primarily liable for the payment of the basic net rent and all additional rents, and the performance of Tenant's other covenants and obligations hereunder. No consent to any Assignment of this Lease or subletting of any or all of the Demised Premises shall be deemed or be construed as a consent by Landlord to any further or additional Assignment or subletting. In the event of an Assignment of this Lease, the assignee shall assume, by written recordable instrument reasonably satisfactory to Landlord, the due performance of all Tenant's obligations under this Lease. No Assignment shall be valid or effective in the absence of such assumption. A true copy of such Assignment and the original assumption agreement or the sublease, as the case may be, shall be delivered to Landlord within 10 days of the effective date thereof. Notwithstanding anything hereinabove contained to the contrary, Landlord may refuse to permit Tenant to assign this Lease or sublet to a third party any portion of the Demised Premises if Landlord agrees to sublet back the Demised Premises from Tenant under the same terms and conditions as set forth in this Lease and for the remaining term of this Lease.

ARTICLE XVII - WARRANTY OF TITLE

SECTION 17.01. WARRANTY OF TITLE. Landlord covenants, represents and warrants that Landlord on the Commencement Date will be the sole and absolute owner of the fee title to the Demised Premises and has the right to execute this Lease, and that on the Commencement Date there will be no liens affecting the Demised Premises, or any covenants, easements or restrictions adversely affecting Tenant's use of the Demised Premises except as set forth in Exhibit B. Such exceptions are herein referred to as Permitted Encumbrances.

ARTICLE XVIII - SUBORDINATION

SECTION 18.01. SUBORDINATION TO MORTGAGES. At the option of Landlord, this Lease shall either be:

(a) Subject and subordinate to all mortgages which may now or hereafter affect the Demised Premises, and to all renewals, modifications, consolidations, replacements or extensions thereof, PROVIDED HOWEVER THAT THE HOLDER OF ANY SUCH MORTGAGE SHALL EXECUTE A "NON-DISTURBANCE" AGREEMENT SUBSTANTIALLY IN THE FORM ATTACHED HERETO AS EXHIBIT E.

OR

(b) This Lease shall be paramount in priority as an encumbrance against the Demised Premises with respect to the lien of any mortgage which may now or hereafter affect the Demised Premises and to all renewals, modifications, consolidations, replacements and extensions thereof.

SECTION 18.02. TENANT'S CERTIFICATE. Tenant further agrees, upon request of Landlord, to certify by written instrument duly executed and acknowledged to any mortgagee or purchaser, or any proposed mortgage lender, or purchaser, that this Lease is in full force and effect or, if not, in what respect it is not; that this Lease has not been modified, or to the extent to which it has been modified: that there are no existing defaults hereunder to the best of the knowledge of the party so certifying, or specifying the defaults, if any; and any additional statements of fact that may be requested or required from time to time by any mortgagee or purchaser, or any proposed mortgage lender or purchaser; that any such certification shall be without prejudice as between the Landlord and Tenant, it being agreed that any document required hereunder shall not be used in any litigation between Landlord and Tenant.

ARTICLE XIX - QUIET ENJOYMENT

SECTION 19.01. QUIET ENJOYMENT. Tenant, upon payment of the Basic Rent and all additional rents and all sums herein reserved and due upon the due performance of all the Terms, covenants and conditions herein contained on the Tenant's part to be kept and performed, shall and may at all times during the Term hereby granted peaceably and quietly enjoy the Demised Premises, subject, however, to the Terms of this Lease.

ARTICLE XX - INDEMNIFICATION

SECTION 20.01. INDEMNIFICATION OF LANDLORD. Tenant agrees to indemnify and save Landlord harmless from and against all liability, and all loss, cost and expense, including reasonable attorneys' fees, arising out of the operation, maintenance, management and control of the Premises or in connection with (a) any loss, injury or damage whatsoever caused to or by any person, including but not limited to Tenant, its employees or agents, licensees or invitees, or property including Tenant's property arising out of any occurrence on the Premises, (b) any breach of this Lease by Tenant, (c) any act or omission of Tenant or of any person on the Premises, occuring in, on, or about the Premises or on the sidewalks adjoining the same, or (d) any contest or proceeding brought by Tenant as provided for herein. However, notwithstanding anything herein contained to the contrary, Tenant shall not be obligated or required hereunder, to hold harmless or indemnify Landlord from or against any liability, loss, cost, expense, or claim arising from any act, omission or negligence of Landlord or its agents, servants, employees or contractors. The provisions hereof are not intended to abrogate the provisions regarding waiver of subrogation by the parties to this Lease.

ARTICLE XXI - DEFAULTS AND REMEDIES

SECTION 21.01. TENANT'S DEFAULTS. If Tenant defaults (a) in the payment of Basic Rent or any additional rent and fails to cure the default within 10 days after receipt of notice specifying the default, or (b) in compliance with or in the performance of any of the other covenants or conditions of this lease, and fails to cure the same within 30 days after the receipt of notice specifying the default, or within such additional period of time beyond said 30 days as shall be required by reason of strikes, lockouts, acts of God, governmental restrictions or prohibitions, or other causes beyond Tenant's Control, whether similar or dissimilar to the foregoing (each of which notices specifying a default is referred to in this lease as "FIRST NOTICE"), then at the expiration of said 10 days in the case of a default described in (a), at the expiration of said 30 days (or longer period as aforesaid in the case of a default described in (b), Landlord may (x) cancel and terminate this lease on not less than five days' notice (hereinafter called "SECOND NOTICE") to Tenant, and on the date specified in the Second Notice the term of this lease shall terminate and expire, and Tenant shall then quit and surrender the Premises to Landlord, but Tenant shall remain liable as hereinafter provided and/or (y) at any time thereafter re-enter and resume possession of the Premises by summary proceedings, an action in ejectment or by force or otherwise and dispossess or remove Tenant and other occupants and their effects and hold the Premises as if this lease had not been made; and Tenant waives the service of any additional

notice of intention to re-enter or to institute legal proceedings to that end.

SECTION 21.02. LANDLORD'S REMEDIES. If this lease shall be terminated or if Landlord shall be entitled to re-enter the Demised Premises and dispossess or remove Tenant under the provisions of Section 21.01, the Landlord, or Landlord's agents or servants, may immediately or at any time thereafter re-enter the Demised Premises and remove therefrom the Tenant, its agents, employees, servants, licensees, and any subtenants and other persons, firms or corporations, and all or any of its or their property therefrom, either by summary dispossess proceedings or by any suitable action or proceeding at law without being liable to indictment, prosecution or damages therefor, and repossess and enjoy said premises together with all additions, alterations and improvements thereto.

SECTION 21.03. LANDLORD'S DAMAGES. In case of such termination, re-entry, or dispossess or removal by summary proceedings or otherwise, the annual rent and all other charges required to be paid by the Tenant hereunder shall thereupon become due and be paid up to the time of such termination, re-entry, or dispossess or removal; and the Tenant shall also pay to the Landlord all reasonable expenses which the Landlord may then or thereafter incur for necessary legal expenses, attorneys' fees, brokerage commissions, and all other necessary costs paid or incurred by the Landlord for restoring the Demised Premises to good order and condition and for altering and otherwise preparing the same for re-letting. The Landlord may, at any time and from time to time, re-let the Demised Premises, in whole or in part, either in its own name or as agent of the Tenant, for a term or terms which, at the Landlord's option, may be for the remainder of the then current Term of this Lease, or for any longer or shorter period, and (unless the statute or rule of law which governs the proceedings in which such damages are to be proved, limits or shall limit the amount of such claim capable of being so provided and allowed, in which case the Landlord shall be entitled to prove as and for liquidated damages and have allowed an amount equal to the maximum allowed by or under any such statute or rule of law) the Tenant shall be obligated to, and shall pay to the Landlord as damages, upon demand, and the Landlord shall be entitled to recover of and from the Tenant, at the election of the Landlord, either

(a) liquidated damages, in an amount which, at the time of such termination, re-entry or dispossess or removal by the Landlord, as the case may be, is equal to the excess, if any, of the then present value of the installments of annual rent reserved hereunder, otherwise have constituted the unexpired portion of the then current Term of this Lease, over the then present value of the market rental value of the Demised Premises for such unexpired portion of the then current Term of this Lease, discounted at the rate of six (6%) percent per annum; or

(b) damages (payable in monthly installments, in advance, on the first

day of each calendar month following such termination re-entry or dispossess, and continuing until the date originally fixed herein for the expiration of the then current Term of this Lease) in any amount or amounts equal to the excess, if any, of the sums of the aggregate expenses paid by the Landlord during the month immediately preceding such calendar month for all such items as, by the terms of this Lease, are required to be paid by the Tenant, plus an amount equal to the amount of the installment of annual rent which would have been payable by the Tenant hereunder in respect to such calendar month, has this Lease and the Demised Term not been so terminated, and had the Landlord not so re-entered, over the sum of rents, if any, collected by or accruing to the Landlord in respect to such calendar month pursuant to such re-letting or any holding over by any subtenants of the Tenant, plus the amount of the rental value of any portion of the Demised Premises occupied by the Landlord or any agent of the Landlord. Any suit for any month shall not prejudice in any way the rights of the Landlord to collect the deficiency for any subsequent month by a similar proceeding. The Landlord, at its option and at its expense, may make such alterations, repairs and/or decorations in the Demised Premises as in its reasonable judgment the Landlord considers advisable and necessary, and the making of such alterations, repairs and/or decorations shall not operate or be construed to release the Tenant from liability hereunder.* Landlord will use reasonable efforts to re-let Demised Premises, however Landlord shall in no event be liable in any way whatsoever for failure to re-let the Demised Premises, or in the event that the Demised Premises are re-let, for failure to collect rent thereof under such re-letting; and in no event shall the Tenant be entitled to receive any excess of such annual rents over the sums payable by the Tenant to the Landlord hereunder but such excess shall be credited to the unpaid rentals due hereunder, and to the expenses of re-letting and preparing for re-letting as provided in this Section 21.03. Suit or suits for the recovery of such damages, or any installments thereof, may be brought by the Landlord from time to time at its election, and nothing herein contained shall be deemed to require the Landlord to postpone suit until the date when the Term of this Lease would have expired if it has not been terminated under the provisions of this Lease, or under any provision of law, or had the Landlord not re-entered into or upon the Demised Premises.

SECTION 21.04. WAIVER OF REDEMPTION. Tenant hereby waives all rights of redemption to which Tenant or any person claiming under Tenant might be entitled, after an abandonment of the Premises, or after a surrender and acceptance of the Premises and the Tenant's leasehold estate, or after a dispossession of Tenant from the Demised Premises, or after a termination of this lease, or after a judgment against Tenant in an action in ejectment, or after the issuance of a final order or warrant of dispossess in a summary proceeding, or any other proceeding or action authorized by any rule of law or statute now or hereafter in force or effect.

ARTICLE XXII - BANKRUPTCY

SECTION 22.01. BANKRUPTCY, INSOLVENCY, ETC. If the Tenant shall have applied or consented to the appointment of a custodian, receiver, trustee or liquidator, or other court appointed fiduciary of all or a substantial part of

its property; or a custodian shall have been appointed with or without the consent of the Tenant; or Tenant is generally not paying its debts as they become due by means of available assets and the fair use of credit; or has made a general assignment for the benefit of creditors; or has committed an act of bankruptcy, or has filed a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any insolvency law, or an answer admitting the material allegations of a petition in any bankruptcy, reorganization or insolvency proceeding; or has taken corporate action for the purpose of effecting any of the foregoing, or if within thirty (30) days after the commencement of any proceeding against the Tenant seeking any reorganization, rehabilitation, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed; or if, within thirty (30) days after entry of an Order for Relief under the present Bankruptcy Code, or similar order under future similar legislation, or the appointment of any trustee, receiver, custodian, liquidator, or other court appointed fiduciary of the Tenant (without the consent or acquiescence of such party), or of all or any substantial part of its property or any of the leased Premises, such order or appointment shall not have been vacated or stayed on appeal or otherwise or if, within thirty (30) days after the expiration of any such stay, such order or appointment shall not have been vacated, the occurrence of any one of such contingencies shall be deemed to constitute and shall be construed as a repudiation by Tenant of Tenant's obligations hereunder and shall cause this lease IPSO FACTO to be cancelled and terminated, without thereby releasing Tenant; and upon such termination Landlord shall have the immediate right to re-enter the Demised Premises and to remove all persons and property therefrom and this lease shall not be treated as an asset of the Tenant's estate and neither the Tenant nor anyone claiming by, through or under Tenant by virtue of any law or any order of any Court shall be entitled to the possession of the Demised Premises or to remain in the possession thereof. Upon the termination of this lease, as aforesaid, Landlord shall have the right to retain as partial damages, and not as a penalty, any prepaid rents and any security deposited by Tenant hereunder and Landlord shall also be entitled to exercise such rights and remedies to recover from Tenant as damages such amounts as are specified in Article XXI hereof, unless any statute or rule of law governing the proceedings in which such damages are to be proved shall lawfully limit the amount of such claims capable of being so proved, in which case Landlord shall be entitled to recover, as and for liquidated damages, the maximum amount which may be allowed under any such statute or rule of law. As used in this Article XXII, the term "Tenant" shall be deemed to include Tenant and its successors and assigns and the guarantor of the Tenant's obligations under this lease, if any.

ARTICLE XXIII - CHANGES, ALTERATIONS

SECTION 23.01. CHANGES AND ALTERATIONS. If Landlord shall have first consented thereto in writing, Tenant may make structural and nonstructural changes, alterations, additions and improvements to the Demised Premises. Landlord's reasonable consent shall be granted if the proposed work does not:

(a) Impair the structural soundness of the building;

(b) Lessen the present and future value of the building or improvement;

(c) Change the type of use from a general warehouse to a specialty type of building with a limited resale or re-letting market; or

(d) Increase risk or endanger the building or occupants of the building.

Furthermore, Landlord reserves the right to require Tenant to restore the premises to the original condition as nearly as may be practical, upon the expiration or sooner termination of this Lease. If Landlord requests, Tenant shall deliver to Landlord assurance, reasonably satisfactory to Landlord, of Tenant's financial ability to complete and pay for such changes, alterations, additions or improvements, and restorations thereof. In any event, however, Tenant may, without Landlord's consent, make nonstructural changes, alterations, additions and improvements costing in each case less than $10,000.00 (hereinafter called Minor Alterations). Tenant shall give written notice to Landlord of each change, alteration, addition and improvement to the Demised Premises costing more than $10,000.00 and obtain Landlord's consent as provided herein. In the event, however, that as the result of any changes, alterations, additions and improvements made by Tenant with or without Landlord's consent, the Building or any other part of the Demised Premises is damaged thereby, Tenant, at Tenant's sole cost, shall be obligated and responsible to repair said damage forthwith and restore the Building or Demised Premises to the condition they were in just prior to the damage. Landlord shall have no obligation to make any repairs with respect to any changes, alterations, additions, and improvements made by Tenant. Tenant need not obtain or furnish Landlord any certificate of completion or otherwise (unless required by law) with respect to Minor Alterations.

ARTICLE XXIV - END OF TERM

SECTION 24.01. END OF TERM.

(a) CONDITION OF THE DEMISED PREMISES. Tenant shall on the last day of the Term, or upon its earlier termination, peaceably and quietly surrender and deliver up to Landlord the Demised Premises broom clean including all buildings, alterations, rebuildings, replacements, changes or additions placed by Tenant thereon (except as expressly provided to the contrary in Section 23.01), with all equipment in or appurtenant thereto, in as good condition and repair as when delivered to Tenant; subject, however, to reasonable wear and tear, and to damage or destruction by any of the risks covered by insurance required under Section 7.01 of this Lease, or a taking by eminent domain, if this Lease is terminated by reason of such damage or destruction, or such taking.

(b) REMOVAL OF TRADE FIXTURES. Not withstanding anything to the

contrary contained in any other Article of this Lease but subject to subsection 24.01 (c) below and provided Tenant is not in default hereunder beyond any grace period to cure the same, Tenant may remove all trade fixtures installed or paid for by it, however affixed to the realty. If any trade fixtures or personal property are not removed by the end or earlier termination of the Term, they shall be deemed abandoned if Landlord shall so elect, and if Landlord shall not so elect, it may cause the removal and storage of same at Tenant's risk and expense, but if the Term ends by reason of condemnation or destruction of all or part of the Premises. Tenant shall have a reasonable time to effect such removal without being deemed to abandon said property. Tenant, at Tenant's cost, shall repair any damage caused to the Premises by reason of such removal. All obligations of Tenant under this paragraph shall survive the termination of this lease.

(c) COMPLETION OF REPAIRS. Any repair or restoration required to be performed by Tenant in order for Tenant to comply with its obligations under this Section 24.01 shall be completed on or before thirty (30) days prior to the end of the term or earlier termination of this Lease ("End of Term"). On or about thirty (30) days prior to this End of Term representatives of Landlord and Tenant shall inspect the Demised Premises to determine what repair or restoration remains to be completed, if any. If Tenant has not completed said repair or restoration within the time set forth above Landlord shall promptly advise Tenant of such fact and shall specify the work which has not been completed. Notwithstanding any other provision of this Lease, Tenant's failure to complete such repair or restoration by no later than fifteen (15) days prior to the End of Term shall, without further notice, constitute an uncured event of default hereunder. Landlord shall have the right to inspect the Demised Premises to determine whether Tenant has completed such work within the time periods provided herein. During the last thirty (30) days prior to the End of Term Landlord shall be permitted access to the Demised Premises for the purpose of performing such work as Landlord may desire in which event Landlord shall use reasonable efforts not to interfere with Tenant's activities at the Demised Premises.

SECTION 24.02. LANDLORD'S RIGHT TO INSPECT AND EXHIBIT SIGNS. Tenant shall permit Landlord or its agents to enter the Demised Premises during business hours on not less than 48 hours prior notice for the purpose of inspecting or showing the Demised Premises to persons wishing to purchase the same and, at any time within one year prior to the expiration of the term, to persons wishing to rent same; and Tenant shall, within one year prior to the expiration of the term, permit the usual notice of "To Let", "For Rent" and "For Sale" to be placed at reasonable locations on the Demised Premises and to remain thereon without hindrance and molestation.

ARTICLE XXV - DISPUTES

SECTION 25.01. RESOLUTION OF DISPUTES. All disagreements, controversies and disputes (other than with regard to the payment of the Basic Rent and additional rent) between the parties arising out of or related to interpretation, performance, validity or enforcement of any of the provisions of

this Lease shall be resolved by a final judgment in any court of competent jurisdiction.

SECTION 25.02. NO ABATEMENT IN RENT PENDING FINAL JUDGMENT; LIMITED RIGHT OF OFFSET AFTER AWARD. The parties expressly agree that during the pendency of any litigation and until such dispute shall have been resolved thereby, Tenant shall continue to pay the Basic Rent and any additional Rent stipulated herein without any abatement or deduction. If the dispute as resolved by a court of competent jurisdiction results in an award to Tenant, and Landlord does not promptly satisfy the said award in accordance with the Terms thereof, the Tenant shall have the right to offset said award against the Basic Rent to become due hereunder; provided, however, that the right of offset is expressly limited to exclude from any right of offset that portion of the Basic Rent necessary to satisfy (i) the mortgage obligations of the Landlord as Mortgagor, to the extent such obligations are set forth in the provisions of the Note and Mortgage; and (ii) in addition to the amounts required under (i) above, such amounts as then may be required to satisfy the obligations of the Landlord in the operation of the Demised Premises under the provisions of this Lease.

ARTICLE XXVI - GENERAL PROVISIONS

SECTION 26.01. NO WASTE. The Tenant covenants not to do or suffer any waste or damage, or injury to any building or improvement now or hereafter on the Demised Premises, or the fixtures and equipment thereof, or permit or suffer any overloading of the floors thereof.

SECTION 26.02. LANDLORD'S LIABILITY. If Landlord shall breach any of the provisions hereof, Landlord shall only be liable to Tenant for monetary damages and Landlord's liability shall in no event exceed the Landlord's interest in Landlord's Property as of the date of Landlord's breach; and Tenant expressly agrees that any judgment or award which it may obtain against Landlord shall be recoverable and satisfied solely out of the right, title and interest of Landlord in the Demised Premises and Tenant shall have no rights of lien or levy against any other property of Landlord, nor shall any other property or assets of the Landlord be subject to levy, execution or other enforcement proceedings for the collection of any such sums or satisfaction of any such judgment or award.

Landlord hereby agrees that the aggregate principal outstanding under any mortgage or mortgages placed upon Landlord's Property during the Initial Term of this Lease shall not exceed $10,000,000.00; and thereafter the maximum mortgage amount shall be increased by multiplying $10,000,000.00 by the Index Change as defined in Section 26.22(e). For purposes of this Section, in the definition of "Index Change" the words "mortgage is signed" shall be substituted for the words "relevant Renewal Term commences" in the fifth line.

SECTION 26.03. PARTIAL INVALIDITY. If any Term or provision of this Lease or the application thereof to any party or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to parties or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each Term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

SECTION 26.04. NO WAIVER. One or more waivers by either party of the obligation of the other to perform any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition.

The receipt of rent by the Landlord, with knowledge of any breach of this Lease by the Tenant or of any default on the part of the Tenant in the observance or performance of any of the conditions or covenants of this Lease, shall not be deemed to be a waiver of any provision of this Lease. Neither the acceptance of the keys nor any other act or thing done by the Landlord or any agent or employee during the Term herein demised shall be deemed to be an acceptance of a surrender of said premises, excepting only an agreement, in writing, signed by the Landlord accepting or agreeing to accept such a surrender.

SECTION 26.05. NUMBER AND GENDER. Wherever herein the singular number is used, the same shall include the plural and the masculine gender shall include the feminine and neuter genders.

SECTION 26.06. SUCCESSORS AND ASSIGNS. The Terms, covenants and conditions herein contained shall be binding upon and inure to the benefit of the respective parties and their successors and assigns.

SECTION 26.07. ARTICLE AND MARGINAL HEADINGS. The article and marginal headings herein are intended for convenience in finding the subject matters, are not to be used in determining the intent of the parties to this Lease.

SECTION 26.08. ENTIRE AGREEMENT. This instrument contains the entire and only agreement between the parties, and no oral statements or representations or prior written matter not contained in this instrument shall have any force or effect. This Lease shall not be modified in any way or terminated except by a writing executed by both parties.

SECTION 26.09. OBLIGATIONS ALSO COVENANTS. Whenever in this Lease any words of obligation or duty are used, such words or expressions shall have the same force and effect as though made in the form of covenants.

SECTION 26.10. COST OF PERFORMING OBLIGATIONS. The respective obligations of the parties to keep, perform and observe any Terms, covenants or conditions of this Lease shall be at the sole cost and expense of the party so obligated.

SECTION 26.11. REMEDIES CUMULATIVE. The specified remedies to which

the Landlord or Tenant may resort under the Terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which the Landlord or Tenant may be lawfully entitled in case of any breach or threatened breach of any provision of this Lease.

SECTION 26.12. HOLDING OVER. If Tenant holds over after the expiration or earlier termination of this Lease, and if Tenant is not otherwise in default hereunder, such holding over shall not be deemed to create an extension of the Term, but such occupancy shall be deemed to create a month-to-month tenancy at a rental rate of 150% of the then current Basic Rent, and on the same terms and conditions (except as the same may be then inapplicable) as are in effect on the date of said expiration or earlier termination.

SECTION 26.13. UTILITIES.

(a) UTILITY LINES. Landlord shall be responsible for bringing all utilities and utility services to the Building and connecting them to the interior lines installed in the Demised Premises.

(b) UTILITY CHARGES. Tenant shall undertake and be responsible for having all utilities metered in its name in the Demised Premises and agrees to pay all charges for same directly to the respective utility companies. Such utilities include gas, water, sewer, electricity, heat, power, telephone or other communication service or other utility or service used, rendered or supplied to Tenant at the Demised Premises throughout the demised Term.

(c) SPRINKLER AND SECURITY MONITORING SERVICE. Tenant shall install a Sprinkler Monitoring Service and a Security Monitoring Service with respect to the Demised Premises, all at Tenant's own cost and expense, and subject to all provisions of this Lease pertaining to construction and alterations in Articles VIII and XXIII and in Section 26.21 of this Article.

(d) WATER LINE AND SEWER. Tenant acknowledges that the water line and the sanitary sewer pump station and force main shown on Exhibit A, serve both buildings on Landlord's Property. The costs of operation, maintenance and repair of the water line, pump station and force main shall be performed by Landlord and Tenant shall reimburse Landlord for its pro rata share of the costs, such share to be calculated in accordance with the formula in Section 6.01.

SECTION 26.14. SIGNS.

(a) ERECTION OF SIGNS. Tenant shall have the right and privilege of erecting signs for identification purposes at the Demised Premises provided, however, that no sign shall be erected on the roof and that all signs comply with the applicable rules and regulations of the applicable governmental boards

and bureaus having jurisdiction thereof, and Tenant shall remove same at the expiration or sooner termination of this Lease. Notwithstanding the foregoing, Landlord shall have the right to order removal of such signs if in its reasonable judgment the content or design of said signs are not in harmony with the character of the building or the surrounding locale. In such case Tenant shall promptly remove same.

(b) REPAIR OF DAMAGE. Tenant shall be responsible for any damage caused by said signs and any damage so caused shall be repaired forthwith at Tenant's sole cost and expense. In the event any sign erected by Tenant is removed during the term of this Lease or at the expiration or earlier termination thereof, Tenant shall repair any damage whatsoever caused by the removal at Tenant's sole cost and expense.

SECTION 26.15. FORCE MAJEURE. The period of time during which the Landlord is prevented from performing any act required to be performed under this Lease by reason of fire, catastrophe, labor difficulties, strikes, lock-outs, civil commotion, acts of God or of the public enemy, governmental prohibitions or preemptions, embargoes, inability to obtain materials or labor by reason of governmental regulations or prohibitions, or other events beyond the reasonable control of Landlord, as the case may be, shall be added to the time for performance of such act, and Landlord shall not be liable to Tenant or in default under this Lease as the result thereof.

SECTION 26.16. VACANCY OR ABANDONMENT. In the event that the Demised Premises shall become vacant as the result of being vacated or abandoned by Tenant during the Term and such vacancy or abandonment shall exist for a period of two months, Landlord may re-enter the same, either by force or otherwise, without being liable to prosecution therefor and re-let said Demised Premises as agent of Tenant and receive the rent therefor and apply the same first to payment of such expenses as Landlord may be put to in reentering and then to payment of rent due under this Lease. In addition, such vacancy or abandonment shall constitute a default under paragraph (b) of Section 21.01. In any event, Tenant shall remain liable for any deficiency.

SECTION 26.17. GOVERNING LAW. The interpretation and validity of this Lease shall be governed by the laws of the state in which the Demised Premises are located.

SECTION 26.18. BROKERAGE. Tenant warrants and represents to the Landlord that it has not sought or engaged the services of any real estate broker with respect to leasing the Demised Premises.

SECTION 26.19. ADDITIONAL RENT. If Tenant shall be in default under any term, covenant, provision or condition hereof, Landlord, after 30 days notice that Landlord intends to cure such default, or without notice if in Landlord's reasonable judgment an emergency shall exist, shall have the right, but not the obligation, to cure such default, and Tenant shall pay to Landlord upon demand as additional rent the reasonable cost thereof with interest at the Lease Interest Rate (as hereinafter defined).

SECTION 26.20. NOTICE BY TENANT TO MORTGAGEE. If required by the holder of a mortgage lien on the Premises (provided Tenant is furnished with written notice of such requirement), Tenant agrees (a) to notify such mortgagee of any alleged default by Landlord in any of the provisions of this Lease; and (b) to allow to the said mortgagee a reasonable period of time to cure such alleged default.

SECTION 26.21. CONDUCT OF TENANT'S WORK.

(a) The parties mutually acknowledge that Tenant may determine to effect installation on the premises which are the subject of this Lease certain leasehold improvements (Tenant's Work) in the nature of fixtures, equipment and personalty. Such Tenant's Work is contemplated to be effected subsequent to the execution hereof and prior to the Commencement Date as herein defined. Landlord agrees to permit Tenant and its agents and contractors to enter upon the premises for such purposes with the understanding by the parties that it is of the essence that the progress of Landlord's construction of the improvements required hereunder (Landlord's Work) on the lands described in Exhibit "B" shall not be delayed, interrupted, or impeded; nor shall Landlord's Work be affected in any manner whatsoever which, will result in an increase in the Landlord's cost in completion of Landlord's Work prior to the Commencement Date.

(b) Subject to all of the provisions hereof, if Tenant shall determine to perform Tenant's Work, Landlord agrees to permit Tenant and its contractors and agents to enter upon the Demised Premises for such purposes.

(c) Labor used in the performance of Tenant's Work (Tenant's Labor) shall be such as is compatible with the Labor used in the performance of Landlord's Work (Landlord's Labor); and use of Tenant's Labor shall not result in any stoppage, delay or interruption whatsoever in Landlord's Work.

(d) In the event of any stoppage, delay or interruption in Landlord's Work while Tenant's Labor is engaged on the premises, Tenant shall forthwith cease and desist use of Tenant's Labor on the premises upon receipt of written notice from Landlord demanding cessation of Tenant's Work. Thereafter, Tenant shall not engage Tenant's Labor on the premises until Landlord shall have given written approval therefor.

(e) The parties acknowledge that the performance of Tenant's Work on the premises may effect additional costs to Landlord above those costs contemplated by Landlord in the performance of Landlord's Work by virtue of (i) delay in the progress of Landlord's Work, or (ii) additional work made necessary to complete Landlord's Work because of required changes in work procedures to accommodate Tenant's Work.

(f) If Landlord determines during the progress of Tenant's Work that the cost of Landlord's Work is being increased or will be increased by virtue of the factors described in (e) (i) and (ii) above, Landlord shall have the right to order Tenant to cease and desist in the performance of Tenant's Work; and Tenant agrees to comply with such order or orders. Tenant shall not recommence Tenant's Work unless and until Landlord and Tenant shall have

mutually agreed upon compensation to Landlord for such increase in costs to Landlord. Any such agreement between Landlord and Tenant to compensate Landlord for increased costs shall, among other things, provide for monthly invoices and monthly payment.

SECTION 26.22. DEFINITIONS.

(a) "RE-ENTER AND RE-ENTRY". The terms "re-enter" and "re-entry" as used in this Lease are not restricted to their technical legal meaning.

(b) "LANDLORD". The term "Landlord" as used in this Lease means only the holder, for the time being, of Landlord's interest under this Lease so that in the event of any transfer of title to the Demised Premises Landlord shall be and hereby is entirely freed and relieved of all obligations of Landlord hereunder accruing after such transfer, and it shall be deemed without further agreement between the parties that such grantee, transferee or assignee has assumed and agreed to observe and perform all obligations of Landlord hereunder arising during the period it is the holder of Landlord's interest hereunder.

(c) "LEASE INTEREST RATE". The term "Lease Interest Rate", as used in Sections 7.03, 9.02 and 26.19 of this Lease, shall mean interest at the rate which is three percent 3% in excess of the then current rate of interest charged by the First Fidelity Bank, N.A., New Jersey as its so called "base rate."

(d) "CONSTRUCTION WORK". The term "Construction Work" means the performing of all services and the furnishing of labor and material and all equipment necessary in the preparation for and completion of the construction of the Building in accordance with the Final Plans, including, but not limited to, the design of the improvements to be erected by Landlord, site preparation and subsoil footings and foundations, grading, surfacing of parking area, paths and ways, installation of all utilities, and the cleaning up and removal of debris, so that when the Demised Premises are completed the Building shall be fully available for the conduct of Tenant's business, except for such installations as Tenant may make.

(e) "INDEX CHANGE". The term "Index Change" shall mean the "all items" portions of the United States Department of Labor Bureau of Labor Statistics Consumer Price Index for urban wage earners and clerical workers (1982-1984 = 100) for the city or region closest to the Demised Premises for which an index is prepared for the shortest period for which an index is published which includes the date on which this lease is signed, divided into the said index for the shortest period for which an index is published which includes the date on which the relevant Renewal Term commences. If the index is no longer published, the index of consumer prices in such city or region most closely comparable to said index, after making such adjustments as may be prescribed by

the agency publishing same or as otherwise may be required to compensate for changes subsequent to the Commencement Date, in items included or method of compilation or computation thereof, shall be substituted therefor.

SECTION 26.23 LATE PAYMENT SERVICE CHARGE Tenant covenants and agrees to pay to the Landlord a "late payment service charge" equal to 4% of any rent payment, or any other payment prescribed herein, which has not been paid in accordance with the terms and conditions of this Lease Agreement. Said "late payment service charge" shall be paid by Tenant to Landlord promptly upon proper notice and demand therefor.

SECTION 26.24. CONSENTS. With respect to any provision of this Lease which provides, or is held to provide that Landlord shall not unreasonably withhold or unreasonably delay any consent or any approval. Tenant, in no event, shall be entitled to make, nor shall Tenant make, any claim for, and Tenant hereby waives any claim for money damages; nor shall Tenant claim any money damages by way of setoff, counterclaim or defense, based upon any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed any consent or approval; but Tenant's sole remedy shall be to seek specific performance of the Consent or approval in question through arbitration proceedings as set forth in Article XXV.

SECTION 26.25. SAFETY REQUIREMENTS. All requirements promulgated by any Federal, State or local governmental authority, including without limitation, under the Occupational Safety and Health Act (OSHA), the Spill Compensation and Control Act and the Environmental Clean Up Responsibility Act (ECRA), with respect to Tenant's use of the Premises shall be the sole responsibility of the Tenant, except that Landlord warrants that the Premises are in compliance with governing requirements, if any, which are of general application at the Commencement Date of the Lease Term for light industrial type buildings, without regard to any specific use thereof (notwithstanding that such use may be for the purposes herein permitted or may have been consented to by Landlord).

SECTION 26.26. INFORMATION FOR MORTGAGEE. The Tenant shall furnish to the Landlord any data or information which the Landlord shall reasonably require in his preparation of applications for mortgage financing, or as may be required by the Mortgage from time to time throughout the term of this Lease.

SECTION 26.27. INSPECTION BY LANDLORD. The Tenant agrees that Landlord, its agents and other representatives, shall have the right to enter into and upon said Premises, or any part thereof, at all reasonable hours, for the purpose of examining the same upon reasonable advance notice not less than 24 hours, except in the event of emergency, or making such repairs or alterations therein as may be necessary for the safety and preservation thereof, without unduly disturbing the operations of Tenant.

SECTION 26.28. SUBMISSION. Submission of this Lease for examination or signature of Tenant does not constitute an offer, reservation of, or option to lease; and this Lease will not be effective or binding upon the parties as a Lease or otherwise, until execution and delivery by both Landlord and Tenant.

SECTION 26.29. ENVIRONMENTAL COVENANTS.

(a) Tenant covenants not to discharge any "Hazardous Substances" or "Wastes" (as said terms are defined in ECRA and/or Spill Compensation and Control Act) upon the Premises or any adjacent lands. In the event of any such discharge, Tenant shall immediately notify Landlord, and shall, at Tenant's sole cost and expense, immediately take any and all actions required by law.

(b) Tenant agrees to conduct any and all environmental testing and sampling required by ECRA not more than six months, or less than two months, before the earlier of (i) the anticipated termination date of this Lease, or (ii) the date on which Tenant intends to "close, terminate or transfer operations" at the Premises (as those terms are defined in ECRA), or (iii) the commencement of an assignment or sublease of all or a portion of the Premises, or (iv) the termination of any such assignment or sublease. Tenant shall notify Landlord at least seven days in advance of any such testing or sampling and permit Landlord or its representatives to observe all testing and sampling activities. Tenant shall provide to the Landlord, within seven days from Landlord's request the following:

(1) the name, address and telephone number and primary contact name of Tenant's environmental testing or sampling consultants or contractors; and

(2) written authorization to such consultant or contractor to communicate freely with Landlord or its environmental consultants and to provide to Landlord or its environmental consultants, copies of all written materials relating to the Premises.

(c) Tenant agrees to remove and clean up any Hazardous Substances or Wastes prior to cessation of operation or termination of this Lease. In the event that the clean-up is not completed prior to the termination date of this Lease, Tenant shall be deemed to be a Hold Over in accordance with Section 26.12 and all the obligations of Tenant under the Lease shall continue until such completion, including, but not limited to, the Tenant's obligation to pay rent; provided, however, that Tenant's rights under the Lease shall be limited to a right of access for the sole and limited purpose of completing the required clean-up.

(d) Landlord shall have the right to inspect the Premises and surrounding lands and waters and to conduct environmental surveys and testing of any nature whatsoever (collectively "Inspection"), at any time. Landlord's right to conduct Inspection shall include, without limitation, a right of access to all portions of the Premises for testing and a right to inspect all of Tenant's raw materials, processes, work in process, finished products, machinery, waste disposal procedures, waste disposal equipment and waste

materials, and the right to remove samples of any of the foregoing for analysis. Landlord shall pay the cost of such Inspection unless any one or more of the following conditions are applicable, in which event the entire cost and expense of the Inspection shall be borne by the Tenant:

(1) the Inspection occurs within six months prior to, or within a reasonable time after, (i) the termination date of the Lease or the closure, termination or transfer of operations at the Premises and Tenant has failed to provide such testing as required in subsection (b) above; (ii) the assignment or sublease of all or a portion of the Premises by Tenant and Tenant has failed to provide such testing as required in subsection (b) above; or (iii) the termination of any such assignment or sublease and Tenant or Subtenant has failed to provide such testing as required in subsection (b) above; or

(2) the Inspection is required by any governmental authority having jurisdiction ("Environmental Regulator") and is related to Tenant's use of or operations at the Premises; or

(3) the Inspection reveals any unlawful environmental contamination of or discharge on the Premises; or

(4) the Inspection is the result of or in response to any discharge, spill or contamination of the Premises, or any clean-up of any of the foregoing.

As used herein, the costs and expenses of Inspection includes all costs directly or indirectly related to such Inspection, or as may be required by any Environmental Regulator in the formulation of a clean-up plan or otherwise.

(e) Landlord shall have the right of injunctive relief to enforce any and all of Tenant's obligations under this Section.

(f) Landlord shall have the right to remedy, at Tenant's sole cost and expense, which shall be due from Tenant upon demand as additional rent, any environmental contamination revealed by any Inspection or clean-up required by any Environmental Regulator.

(g) All rights and remedies of the Landlord under this Section are cumulative and in addition to any other rights or remedies provided to Landlord elsewhere in this Lease or pursuant to applicable law. In the event of any conflict between the provisions of this Section and the other provisions of this Lease, the provision which gives the greater protection to the Landlord shall control.

(h) Notwithstanding anything to the contrary contained in this Lease, Landlord shall indemnify and hold Tenant and its employees harmless from any loss, liability, suits, expenses, including but not limited to reasonable attorneys fees and expenses, and costs, including but not limited to any clean-up costs and related remedial investigations and feasibility studies, arising

out of or related to Hazardous Substances or Waste existing on the Demised Premises prior to the Commencement date hereof.

SECTION 26.30. TESTS PRIOR TO COMMENCEMENT. Prior to the Commencement Date, the Landlord, at its own cost and expense, shall cause the Demised Premises to be inspected by an environmental testing consultant who shall make such tests as he shall deem reasonable so that he may issue to Landlord and Tenant a report confirming that as of the Commencement Date of this Lease the Demised Premises are in compliance with applicable governmental regulations.

SECTION 26.31. FIT AND FINISH. The parties herein acknowledge that they have inspected several buildings constructed and leased by the Landlord to others. The parties agree that the fit and finish of the Demised Premises shall be substantially equal to the quality of those which they have inspected.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

Witness:

/s/Ellen M. Carpenter
- ----------
ELLEN M. CARPENTER

LANDLORD:

/s/Isaac Heller

Isaac Heller

Attest:

/s/Emily Burger
- ----------
EMILY BURGER

TENANT:

UNITED STATIONERS SUPPLY CO.

By:/s/Ronald W. Weissman

Ronald W. Weissman
Sr. Vice President, Logistics

EXHIBIT "B"

Township of Edison, County of Middlesex, State of New Jersey Being part of Lot 15, in Block 366-A, as shown on a map entitled Tax Map of the Township of

Edison.

The said Demised Premises consist of a one-story building located upon the land above described. The said building encloses a total area of 133,177 sq. ft. including 12,578 sq. ft. of mezzanine area as more particularly shown on Exhibit A. The land demised includes all of the land under the building demised and additional lands as is more particularly shown within the Lease Line on Exhibit A.

This demise is subject to the following Permitted Exceptions:

(a) A servitude of the public in and to that portion of the Premises that lies within

(b) Restrictions to run with the land as follows:

(i) No building shall at any time be erected on the Premises unless such building shall be set back 50 feet from abutting public roadways and not less than 40 feet from other property boundaries.

(ii) All buildings erected on the property shall be of masonry construction or its equivalent. All walls facing public roadways and the first bay on each side of such walls shall be finished with face brick, natural stone, architecturally treated concrete panels, e.g. stucco, modern metal paneling or glass. Other walls shall be faced with common brick, concrete block, or concrete panel construction or its equivalent.

(iii) All areas in the setbacks required by these restrictions shall be used either for open landscaped and green areas, driveways or for service access to the building or as a paved parking area subject to applicable law. The said landscaped and green areas shall be properly maintained in a slightly and attractive condition.

(iv) Water tower, water tanks, stand pipes, penthouses, elevators or elevator equipment, stairways, ventilating fans or similar equipment required to operate and maintain the building, fire or parapet walls, skylight, tanks, cooling or other towers, wireless radio or television masts, flagpoles, chimneys, smoke stacks, gravity flow storage and mixing towers or similar structures may exceed a height of fifty (50) feet from the established building grade only with the written approval of the Landlord.

(v) In addition to such easements as shall have been reserved by Landlord as provided herein, Landlord excepts and reserves for itself non-exclusive easements under and through the above designated set-back areas for constructing, erecting, maintaining and operating facilities, including wires and conduits for lighting and power, telephone wires, gas and water lines, railroad tracks, sanitary and storm sewer lines and drains, all of which facilities are hereinafter referred to as Utilities, and the Landlord may grant and convey easements to others for such purposes. All contracts for the installation and maintenance of such Utilities shall provide, inter

alia, that the surface of the Premises shall be restored in harmony to its condition existing prior to work performed thereon, and so as not to interfere with Tenant's operations.

(vi) Outdoor storage areas shall be effectively screened from streets upon which the Premises may have frontage by a wall, fence, shrubs, hedges or other foliage, all of which shall be properly maintained in a sightly and attractive condition.

(vii) Neither the Premises nor any portion thereof shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste, which shall be kept in sanitary containers and regularly taken away from the Premises. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition and shall be effectively screened from streets upon which the Premises may have frontage by a wall, fence, shrubs, hedges or other foliage all of which shall be properly maintained in a sightly and attractive condition.

(viii) The Premises shall not be used in any manner which will permit dust, noxides, odors, fumes or harmful airborne particles or gases which might contaminate, damage or injure persons or property to emanate or be emitted from any structure or facility on the Premises.

(ix) The Premises shall not be used in any manner which will permit solid or liquid contaminates to be put upon the land either under the building(s) or outside of the building(s). No underground storage tanks, wells, cisterns, pipes or other similar structures shall be constructed without prior written approval of the Landlord. No pumping of underground water shall be permitted.

(x) Upon any breach by the Tenant of any of the foregoing covenants or conditions, Landlord shall have a remedy of injunctive relief in addition to all other remedies available to Landlord under applicable law. It is understood, however, that the breach of any of the foregoing covenants, conditions and restrictions shall not defeat or render invalid the lien of any mortgage on the Premises made in good faith and for value; provided, however, that any breach or continuance thereof may be enjoined, abated or remedied by the proper arbitration proceedings as aforesaid and provided further, that each and all of the foregoing covenants, conditions and restrictions shall at all times remain in full force and effect against said Premises or any part thereof, title to which is obtained by foreclosure of any such mortgage.

(xi) Reference in these restrictions and conditions to Landlord or Tenant shall include their respective heirs, executors, administrators, successors and assigns.

(c) Such facts as an accurate survey may disclose provided there is nothing revealed thereby which would prohibit the use and occupancy by Tenant in accordance with the provisions of the Lease.

(d) Lien of Construction mortgage, if any, encumbering the premises used for the purpose of financing construction of the Building on the Demised Premises, provided that at the Commencement Date an institutional permanent loan commitment has been issued to and accepted by Landlord; or subject to mortgage liens which are in compliance with Article XVIII "Subordination" of the Lease.

(e) Easements as shown on Exhibit "A".

Drawings under this Letter of Credit cannot be effected before

Very truly yours,

APPROPRIATE BANK

APPROPRIATE SIGNATURE

EXHIBIT D

TO:

RE: LOCATION:

AREA OF ROOF: SQUARE FEET

EFFECTIVE DATE:

Dear Sir:

The undersigned certifies that they have applied the roof on the building at the above named location in a good and workmanlike manner, and do hereby guarantee that, subject to the conditions herein set forth, they will, at their own cost and expense, make or cause to be made such repairs of injury to or failure of the said roof as may be necessary to maintain said roof in a watertight condition during the period of five years from the "effective date" above mentioned.

This guarantee shall not include damages caused by fire, hurricane, lightning, tornado, hail, or other unusual phenomena of the elements, nor shall the undersigned be liable for any defects caused by the act of any third party.

This guarantee is made with further conditions as follows:

a. The undersigned will be notified promptly in writing, if such repairs are required, and the undersigned agrees to make such repairs within five (5) working days after receiving such notice.

b. Nothing in this guarantee shall render the undersigned liable in any respect for any damage to said building or any contents thereof.

c. The undersigned shall not be liable for any damage to said roof due to settlement, failure or cracking of the roof deck, walls or foundations of said building.

d. This guarantee runs to the owner named above, and shall be transferable to any future owners, or tenants of said building provided only if we are informed of same in writing.

Very truly yours,

_____

EXHIBIT E

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

THIS AGREEMENT, made and entered into as of the ____ day of _____, 198, by and between

(hereinafter called "Mortgagee"),

ISAAC HELLER, an individual, with his principal office at 205 Mill Road, Edison, New Jersey 08817 (hereinafter called "Lessor") and UNITED STATIONERS SUPPLY CO., an Illinois Corporation, having its principal office at 2200 East Golf Road, Des Plaines, Illinois 60016 (hereinafter called "Lessee");

W I T N E S S E T H:

WHEREAS, Lessee has by a written lease dated _____, (hereinafter called the "Lease") leased from Lessor all or part of certain real estate and improvements thereon located in the Township of Edison, New Jersey, as more particularly described in Exhibit A attached hereto (the "Demised

Premises"); and

WHEREAS, Lessor is encumbering the Demised Premises as security for a loan in the original principal amount of from Mortgagee to Lessor (the "Mortgage"); and

WHEREAS, Lessee, Lessor, and Mortgagee have agreed to the following with respect to their mutual rights and obligations pursuant to the Lease and the Mortgage;

NOW, THEREFORE, for and in consideration of Ten Dollars ($10.00) paid by each party to the other and the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt whereof is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

(1) Lessee's interest in the Lease and all rights of Lessee thereunder shall be and are hereby declared subject and subordinate to the Mortgage upon the Demised Premises and its terms, and the term "Mortgage as used herein shall also include any amendment, supplement, modification, renewal or replacement thereof.

(2) In the event of any foreclosure of the Mortgage or any conveyance in lieu of foreclosure, provided that the Lessee shall not then be in default beyond any grace period under the Lease, Lessee shall not be made a party in any action or proceeding to remove or evict Lessee or to disturb its possession, nor shall the leasehold estate of Lessee created by the Lease be affected in any way, and the Lease shall continue in full force and effect as a direct lease between Lessee and Mortgagee.

(3) After the receipt by Lessee of notice from Mortgagee of any foreclosure of the Mortgage or any conveyance in lieu of foreclosure, Lessee will thereafter attorn to and recognize Mortgagee as its substitute Lessor, and having thus attorned, Lessee's possession shall not thereafter be disturbed provided, and so long as, Lessee shall continue to timely pay all rentals under the Lease and otherwise observe and perform the covenants, terms and conditions of the Lease.

(4) Lessee shall not prepay any of the rents under the Lease more than one month in advance except with the prior written consent of Mortgagee.

(5) In no event shall Mortgagee be liable for any act or omission of the Lessor, nor shall Mortgagee be subject to any offsets or deficiencies which Lessee may be entitled to assert against the Lessor as a result of any act or omissions of Lessor occurring prior to Mortgagee's obtaining possession of the premises.

(6) No conveyance of Lessor's interest in the Demised Premises or any part thereof to Lessee shall, insofar as Mortgagee is concerned, cause the fee estate and leasehold estate created by the Lease to merge, rather said estates shall remain separate and distinct and the Lease shall continue in full force and effect notwithstanding the vesting of the leasehold and fee estates in any

single person or entity by reason of such conveyance or otherwise.

(7) The Lease may not be amended, altered, or terminated without the prior written consent of Mortgagee.

(8) This Agreement and its terms shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including without limitation, any purchaser at any foreclosure sale.

IN WITNESS WHEREOF, this Agreement has been fully executed under seal on the day and year first above written.

By: _____

By: _____

_____
ISAAC HELLER, Lessor

UNITED STATIONERS SUPPLY CO., Lessee

By: _____

By: _____

AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE, dated the 21st of April, 1992, between:

ISAAC HELLER, having an office at 205 Mill Road, Edison, New Jersey 08817, hereinafter referred to as;

"LANDLORD"

and

UNITED STATIONERS SUPPLY CO., having an office at 2200 East Golf Road, Des Plaines, Illinois 60016, hereinafter referred to as;

"TENANT".

W I T N E S S E T H:

WHEREAS, Isaac Heller and United Stationers Supply Co. entered into a certain Agreement of Lease dated April 17, 1989 ("Lease") with respect to certain real property premises located in the Township of Edison, County of Middlesex, State of New Jersey ("Demised Premises") more particularly shown, identified, and described in said Lease; and

WHEREAS, pursuant to Section 2.01(a) of the Lease, Tenant is currently in its Initial Term, which Initial Term commenced on June 12, 1989 and is due to expire on June 30, 1992; and

WHEREAS, the parties hereto desire to amend certain provisions of said Lease so as to extend the Initial Term under the terms and conditions set forth in this Amendment To Lease.

NOW THEREFORE, in consideration of the terms and conditions contained herein together with other good and valuable consideration, the parties hereto agree as follows:

1. The Initial Term of this Lease is hereby extended an additional three (3) years commencing July 1, 1992 and shall terminate on June 30, 1995.

2. Section 5.01 of the Lease is hereby amended by deleting this section in its entirety and replacing same with the following:

"Section 5.01 Rent During Initial Term. Landlord reserves and Tenant covenants to pay to Landlord during the Initial Term of this Lease without demand or notice, and without any setoff or deduction, a net basic rental (herein called Basic Rent) as follows:

6/12/89 - 6/30/90	-	$519,390.30 per year ($43,282.53 per month)
7/ 1/90 - 6/30/91	-	$532,708.00 per year ($44,392.33 per month)
7/ 1/91 - 6/30/92	-	$546,025.70 per year ($45,502.14 per month)
7/ 1/92 - 9/30/92	-	$440,004.00 per year ($36,667.00 per month)
10/ 1/92 - 6/30/95	-	$461,820.00 per year ($38,485.00 per month)

Such annual Basic Rent shall be paid monthly in installments in the amounts set forth above, in advance, on the first day of each and every month."

3. Section 5.03 of the Lease is hereby amended by deleting this Section in its entirety and replacing same with the following:

"SECTION 5.03. RENT DURING REMOVAL TERM(S).

(a) In the event the Tenant shall exercise the first option to renew this Lease as provided for in Section 2.04, the annual Basic Rent during the two (2) year first renewal period shall be as follows:

7/1/95 - 6/30/97 - $512,731.45 per year ($42,727.62 per month).

(b) In the event that Tenant shall exercise the second and/or third renewal options provided for in Section 2.04, the annual Basic Rent during each such renewal period shall be adjusted for the applicable term thereof by multiplying $532,708.00 by the "Index Change" herein after defined, provided, however, that the Basic Rent during any such renewal period(s) shall not be less than the Basic Rent paid for the immediately preceding period."

4. Section 26.18 to the Lease is hereby amended by adding the following new paragraph:

"Notwithstanding the foregoing, the parties hereto acknowledge that Tenant has advised Landlord that it has dealt with McCollom Realty Ltd., a real estate brokerage firm ("Broker"), regarding current market rentals for the period July 1, 1992 through June 30, 1995. In consideration for Tenant's extending the Initial Term as set forth herein, Landlord hereby agrees that Landlord will pay said Broker pursuant to an Agreement entered into between Landlord and said Broker."

5. Section 26.29 of the Lease is hereby amended by deleting this Section in its entirety and replacing same with the following:

"SECTION 26.29. ENVIRONMENTAL CONVENANTS.

(a) Tenant covenants not to discharge any "Hazardous Substances" or "Wastes" (as said terms are defined in ECRA and/or Spill Compensation and Control Act) upon the Premises or any adjacent lands. In the event of any such discharge by Tenant, its agents, employees, contractors, licensees or anyone acting under its authority or right, Tenant shall immediately notify Landlord, and shall, at Tenant's sole cost and expense, immediately take any and all actions required by law.

(b) Tenant agrees to conduct any and all environmental testing and sampling required by ECRA not more than six months, or less than two months, before the earlier of (i) the anticipated termination date of this Lease, or (ii) the date on which Tenant intends to "close, terminate or transfer operations" at the Premises (as those terms are defined in ECRA), or (iii) the

commencement of an assignment or sublease of all or a portion of the Premises, or (iv) the termination of any such assignment or sublease. Tenant shall notify Landlord at least seven days in advance of any such testing or sampling and permit Landlord or its representatives to observe all testing and sampling activities. Tenant shall provide to the Landlord, within seven days from Landlord's request the following:

(1) the name, address and telephone number and primary contact name of Tenant's environmental testing or sampling consultants or contractors; and

(2) written authorization to such consultant or contractor to communicate freely with Landlord or its environmental consultants and to provide to Landlord or its environmental consultants, copies of all written materials relating to the Premises.

(c) Tenant agrees to remove and clean up any Hazardous Substances or Wastes caused by Tenant, its agents, employees, contractors, licensees or anyone acting under its authority or right, prior to the cessation of operation or termination of this Lease. In the event that the clean-up is not completed prior to the termination date of this Lease, Tenant shall be deemed to be a Hold Over in accordance with Section 26.12 and all the obligations of Tenant under the Lease shall continue until such completion, including, but not limited to, the Tenant's obligation to pay rent; provided, however, that Tenant's rights under the Lease shall be limited to a right of access for the sole and limited purpose of completing the required clean-up.

(d) Landlord shall have the right to inspect the Premises and surrounding lands and waters and to conduct environmental surveys and testing of any nature whatsoever (collectively "Inspection"), at any time. Landlord's right to conduct Inspection shall include, without limitation, a right of access to all portions of the Premises for testing and a right to inspect all of Tenant's raw materials, processes, work in process, finished products, machinery, waste disposal procedures, waste disposal equipment and waste materials, and the right to remove samples of any of the foregoing for analysis. Landlord shall pay the cost of such Inspection unless any one or more of the following conditions are applicable, in which event the entire cost and expense of the Inspection shall be borne by the Tenant:

(1) the Inspection occurs within six months prior to, or within a reasonable time after, (i) the termination date of the Lease or the closure, termination or transfer of operations at the Premises and Tenant has failed to provide such testing as required in subsection (b) above; (ii) the assignment or sublease of all or a portion of the Premises by Tenant and Tenant has failed to provide such testing as required in subsection (b) above; or (iii) the termination of any such assignment or sublease and Tenant or Subtenant

has failed to provide such testing as required in subsection (b) above; or

(2) the Inspection is required by any governmental authority having jurisdiction ("Environmental Regulator") and is related to Tenant's use of or operations at the Premises; or

(3) the Inspection reveals any unlawful environmental contamination of or discharge on the Premises caused by Tenant, its Agents, invitees, employees, contractors, licensees or anyone acting under its authority or right; or

(4) the Inspection is the result of or in response to any discharge, spill or contamination of the Premises, or any clean-up of any of the foregoing caused by Tenant, its agents, invitees, employees, contractors, licensees or anyone acting under its authority or right.

As used herein, the costs and expenses of Inspection includes all costs directly or indirectly related to such Inspection, or as may be required by any Environmental Regulator in the formulation of a clean-up plan or otherwise.

(e) Landlord shall have the right of injunctive relief of enforce any and all of Tenant's obligations under this Section.

(f) Landlord shall have the right to remedy, at Tenant's sole cost and expense, which shall be due from Tenant upon demand as additional rent, any environmental contamination revealed by any Inspection or clean-up required by any Environmental Regulator caused by Tenant, its Agents, invitees, employees, contractors, licensees or anyone acting under its authority or right.

(g) All rights and remedies of the Landlord under this Section are cumulative and in addition to any other rights or remedies provided to Landlord elsewhere in this Lease or pursuant to applicable law. In the event of any conflict between the provisions of this Section and the other provisions of this Lease, the provision which gives the greater protection to the Landlord shall control.

(h) Notwithstanding anything to the contrary contained in this Lease, Landlord shall indemnify and hold Tenant and its employees harmless from any loss, liability, suits, expenses, including but not limited to reasonable attorneys fees and expenses, and costs, including but not limited to any clean-up costs and related remedial investigations and feasibility studies, arising out of or related to Hazardous Substances or Waste existing on the Demised Premises prior to the Commencement Date or any Hazardous Substances or Waste not caused by Tenant, its agents, invitees, employees, contractors, licensees or anyone acting under its authority or right."

6. Except as modified herein, all of the terms and conditions as set forth in the Agreement of Lease, as amended, shall remain in full force and effect throughout the Term.

IN WITNESS WHEREOF, the parties hereunto set their hands and seals or caused these premises to be duly executed by their proper corporate officers the day and year first written above.

WITNESS:	LANDLORD
/s/ Ellen M. Carpenter - ----------	/s/ Isaac Heller ----------
ATTEST:	UNITED STATIONERS SUPPLY CO.
/s/ Joan M. Heffernan - ----------	/s/ BY: Otis H Heller ---------- Vice President

[LOGO OF I. HELLER GOES HERE]
I. Heller

205 Mill Road
Edison, N.J. 08817
(908) 287-4880
FAX (908) 287-5033

February 22, 1995

United Stationers Supply Company
2200 East Gulf Road
Des Plaines, Illinois 60016

RE: Lease dated April 17, 1989 as amended
by Amendment to Lease dated April 21, 1992
133,177 Square Foot Building, Edison, New Jersey

Gentlemen:

This letter shall serve as a Second Amendment to the above referenced Lease.

In consideration of the terms and conditions contained herein together with other good and valuable consideration, the parties hereto agree to amend the Lease as follows:

1. Notwithstanding the provisions of Section 2.04 of the Lease, by their signatures below, Landlord and Tenant hereby acknowledge and agree that Tenant hereby exercises a right of renewal for a renewal period of three (3) years ("First Renewal Period") commencing July 1, 1995 and continuing through June 30, 1998 under the terms and conditions set forth in this Second Amendment to Lease.

2. Landlord and Tenant hereby acknowledge that Tenant shall have two (2) remaining renewal options of two (2) years each.

3. Notwithstanding the provisions of Section 5.03(a) of the Lease, as stated in Paragraph 3 of the Amendment to Lease, it is hereby agreed that Basic Rent for the First Renewal Period (7/1/95 - 6/30/98) shall be as follows:

7/1/95 - 6/30/98	$461,820.00/yr	payable	$38,485.00/mo

4. Except as modified herein, all of the terms and conditions of said Lease shall remain in full force and effect throughout the Term of this Lease and any extensions thereof.

Ingenuity in distribution center
side location and construction.

Please indicate your agreement and acceptance of the foregoing by signing all four (4) copies of this letter where indicated below, and return same to us. Two fully executed copies will be returned to you for your files. Thank you for your courtesy and cooperation in this matter.

Very truly yours,

/s/ Isaac Heller
- ----------
ISAAC HELLER, LANDLORD

ACCEPTED AND AGREED:

UNITED STATIONERS SUPPLY CO,
TENANT

by: /s/ Otis H Heller

Vice President

EXHIBIT 10.40

[LOGO OF WESTBELT BUSINESS PARK APPEARS HERE]

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into between WESTBELT BUSINESS PARK JOINT VENTURE, an Ohio joint venture partnership, 2777 Stemmons Freeway, Dallas, Texas 75207

---

hereafter referred to as "Lessor" and BOISE CASCADE CORPORATION, a Delaware corporation.

One Jefferson Square, Boise, Idaho 83728

hereafter referred to as "Lessee":

WITNESSETH:

1. LEASED PREMISES: In consideration of the rents, terms, provisions and covenants of this Lease Agreement, Lessor hereby leases, lets and demises to Lessee the following described premises (referred to as "leased premises" and containing approximately one hundred twenty-six thousand six hundred sixty-five (126,665) square feet) situated in Park Distribution Center Building A (sometimes referred to as "the building"): Situated in the City of Columbus, County of Franklin, State of Ohio, and further described as:

1630 Westbelt Drive
Columbus, Ohio 43228

as outlined in red on the floor plan of the building attached hereto and made a part hereof as Exhibit "A".

2. TERM: Subject to and upon the conditions set forth below, the term of this Lease shall commence on (xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx the "completion date" as defined in paragraph 11 herein which Lessor shall use

its best efforts to establish as June 1, 1984 as to the warehouse portion of the leased premises, as shown on Exhibit "A", and July 1, 1984 as to the office portion of the leased premises, as shown on Exhibit "A" and shall end no later than September 30, 1989. Upon the completion date as specified in paragraph 11 herein, the parties shall execute an Amendment setting forth the termination date of the Lease, which shall be no later than September 30, 1989.

3. LEASE RENT AND SECURITY DEPOSIT: Lessee agrees to pay the monthly rent for the leased premises in the amount of Twenty-Nine Thousand Five Hundred Fifty-Five Dollars ($29.555.00), which amount shall be payable to Lessor on the first day of each calendar month, c/o Vantage Properties, Inc., P. O. Box 28248, Columbus, Ohio 43228, with such rent commencing on December 1, 1984, or five (5) months after the completion date, whichever is later (in either instance, the "Rental Commencement Date"); provided, however, that Lessee agrees to pay to Lessor the amount of Twenty-Seven Thousand Seven Hundred Dollars ($27,700.00) per month for the period commencing with the later of November 1, 1984 or five (5) months after the completion of the warehouse portion of the leased premises, and ending with the day before the Rental Commencement Date. Provided, however, that in the event the Rental Commencement Date is other than on the first day of a month, the rent shall be prorated for the remainder of the month based on a 30-day month.

(c) The base rental set forth in the preceding subparagraph (a) shall be subject to escalation of operating expenses as otherwise provided in this Lease.

(d) Other remedies for nonpayment of rent notwithstanding, if the monthly rental payment is not received by Lessor on or before the tenth day of the month for which rent is due, a service charge of five percent of all past due amounts owed on such date shall become due and payable in addition to the regular rent owed under this Lease.

(e) In the event the operating expenses (as defined below) of Lessor upon the building and/or project of which the leased premises are a part shall, in any calendar year during the term of this Lease, exceed the sum of $_____ per square foot. Lessee agrees to pay as additional rental Lessee's pro rata share of the excess operating expenses. Lessor may, within nine months following the close of any calendar year for which additional rental is due under this paragraph, invoice Lessee for the excess operating expenses. The invoice shall include in reasonable detail all computations of the additional rental, and Lessee agrees to make payment of the additional rental to Lessor within ten days following receipt of the invoice. In the year in which this Lease terminates, Lessor, in lieu of waiting until the close of the calendar year in order to determine any excess operating expenses, has the option to invoice Lessee for Lessee's pro rata share of the operating expenses based upon the previous year's excess operating expenses: Lessor shall invoice Lessee under this option within thirty days prior to the termination of the Lease or at any time thereafter once the calendar year has closed, however, Lessor shall make any necessary adjustment to Lessee's pro rata share of the operating expenses based on the actual expenses. Lessee shall have the right, at its own expense and at a

reasonable time, to audit Lessor's books relevant to the additional rentals due under this paragraph.

(f) The term "operating expenses" as used above (See Addendum item A.) includes all expenses incurred with respect to the maintenance and operation of the building of which the leased premises are a part, including but not limited to maintenance and repair costs, water, sewer, security, trash and snow removal, landscaping, wages and fringe benefits payable to employees of Lessor whose duties are connected with the operation and maintenance of the building amounts paid to contractors or subcontractors for work or services performed in connection with the operation and maintenance of the building, all services, supplies, repairs, replacements or other expenses for maintaining and operating the building including common area and parking area. The term "operating expenses" also includes all real property taxes and installments of special assessments, including special assessments due to deed restrictions and/or owners' associations, which accrue against the building of which the leased premises are a part during the term of this Lease as well as all insurance premiums Lessor is required to pay or deems necessary to pay, including public liability insurance, with respect to the building. The term "operating expenses" does not include any capital improvement to the building of which the leased premises are a part, nor shall it include repairs, restoration or other work occasioned by fire, wind, storm or other casualty income and franchise taxes of Lessor, expenses incurred in leasing to or procuring of tenants, leasing commissions, advertising, expenses, expenses for the renovating of space for new tenants, interest or principal payments on any mortgage or other indebtedness of lessor, compensation paid to any employee of Lessor above the grade of building superintendent nor depreciation allowance or expenses.

4. SIGNS: Lessee shall have the right to erect signs requested by Lessee and approvedin good taste only on the (or such other location as may be requested by Lessee and approved by Lessor) subject to all applicable laws, deed restriction and regulations. See Addendum Item B. The composition and location of such sign shall be subject to approval of Lessor for the purposes of maintaining architectural continuity and quality of design. No signs or other objects shall be erected which are attached to the roof of the building and no signs shall be attached to the building or canopy at right angles suspended by guy wires, but shall be attached flush to the canopy in a safe and secure manner. All such signs erected shall advertise Lessee's business only and no revenue producing advertising shall be erected on the leased premises without specific written permission of Lessor. Lessee shall not paint any signs directly on the walls of the building or otherwise deface, damage or overload the building. Lessee shall have the right to place lettering upon the entrance doors or upon the plate glass windows of the leased premises: provided, however, that the lettering shall not exceed six inches in height and shall be subject to the approval of Lessor. See Addendum Item C. No other signs shall be displayed on the leased premises without the prior written consent of Lessor. Lessee shall remove all signs at the termination of this Lease, at Lessee's sole risk and expense and shall in a workmanlike manner properly repair any damage and close any holes caused by the removal of Lessee's signs.

5. USAGE: Lessee warrants and represents to Lessor that the leased premises shall be used and occupied only for the purposes of general office and

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distribution See Addendum item D

Lessee shall occupy the leased premises, conduct its business and control its agents, employees, invitees and visitors in such a way as is lawful, reputable and will not create any nuisance or otherwise interfere with, annoy or disturb any other tenant in its normal business operations or Lessor in its management of the building.

6. INSURANCE: Lessee shall not permit the leased premises to be used in any way which would, be extra hazardous on account of fire or otherwise which would in any way increase or render void the fire insurance on leasehold improvements or contents in the building belonging to other tenants in the building. Lessee warrants to Lessor that the insurance questionnaire (filled out by Lessee, signed and presented to Lessor prior to the execution of this Lease Agreement) accurately reflects Lessee's original intended use of the leased premises. The insurance questionnaire is made a part of this Lease Agreement by reference as though fully copied and recorded herein. If at any time during the term of this Lease the State Board of Insurance or other insurance authority disallows any of Lessor's sprinkler credits or imposes an additional penalty or surcharge in Lessor's insurance premiums because of Lessee's original or subsequent placement or use of storage racks or bins, method of storage or nature of Lessee's inventory or any other act of Lessee, Lessee agrees to pay as additional rental the increase (between fire walls) in Lessor's insurance premiums. If an increase in the fire and extended coverage premiums paid by Lessor for the building in which Lessee occupies space is caused by Lessee's use or occupancy of the leased premises, or if Lessee vacates the leased premises and causes an increase, then Lessee shall pay as additional rental the amount of such increase to Lessor.

7. REPAIRS AND MAINTENANCE: (a) Unless otherwise expressly provided, Lessor shall not be required to make any improvements, replacement or repairs of any kind or character on the leased premises during the term of this Lease except such repairs as are set forth in this subparagraph. Lessor: shall at its expense maintain only the roof, foundation soundness of the floors and exterior walls (excluding all windows, window glass, plate glass, all doors and pest control and extermination) of the building in good repair and condition except for reasonable wear and tear See Addendum Item E Lessee shall repair and pay for any damage caused by Lessee's negligence or default. Lessee shall immediately give written notice to Lessor of the need for repairs, and Lessor shall proceed promptly, after having had a reasonable opportunity, to make the repairs. Lessor shall not be liable to Lessee, except as expressly provided in this Lease, for any damage or inconvenience. Lessee shall not be entitled to any abatement or reduction of rent by reason of any repairs, alternations or additions made by Lessor under this Lease, see Addendum item F.

(b) Lessee shall, at its own risk and expense, maintain all other parts of the buildings and other improvements on the leased premises in good repair and condition (including all necessary replacement), including, but not limited to, downspouts, dock bumpers, damage to the floors caused by Lessee's use, regular mowing of any grass, trimming, weed removal, regular removal of debris See Addendum item G. However, in a multi-occupancy building, Lessor reserves the right to perform lawn maintenance and Lessee agrees to pay Lessor for lawn maintenance on a pro rata basis Lessor shall repaint the exterior doors or other

exposed parts of the building which reasonably require periodic repainting to prevent deterioration. Lessee shall take good care of all the property and its fixture, including all landscaping, and suffer no waste??? Should Lessee neglect to keep and maintain the leased premises, then Lessor shall have the right, but not the obligation to have the work done and any reasonable costs therefor shall be charged to Lessee as additional rental and shall become payable by Lease with the payment of the rental next due. At the termination of this Lease Agreement, Lessee shall deliver the leased premises "broom clean" in the same good order and condition as existed at the commencement date or completion date of this Lease ordinary wear, natural deterioration beyond the control of Lessee, damage by fire, tornado or other casualty excepted.

8. UTILITY SERVICE. Lessor shall provide the normal utility service connections into the leased premises. Lessee shall pay the cost of all utility services, including, but not limited to, initial connection charges, all charges for gas, water and electricity used on the leased premises, and for all electric light lamps or tubes. Lessee shall pay all costs caused by Lessee introducing excessive pollutants into the sanitary sewer system, including permits, fees and charges levied by any governmental subdivision for any pollutants or solids other than ordinary human waste. Lessee shall be responsible for the installation and maintenance of any dilution tanks, holding tanks, settling tanks, sewer sampling devices, and traps, grease traps or similar devices as may be required by the governmental subdivision for Lessee's use of the sanitary sewer system. If the leased premises are in a multi-occupancy building, Lessee shall pay all surcharges levied due to Lessee's use of sanitary sewer or waste removal services insofar as such surcharges affect Lessor or other tenants in the building. Lessee shall pay all charges for pest control and extermination. Lessor shall not be required to pay for any services, supplies or upkeep in connection with the leased premises. However, in a multi-occupancy building Lessor. See Addendum item H.

10. COMPLIANCE WITH LAWS, RULES AND REGULATIONS: Lessee shall comply with all laws, ordinances, orders, rules and regulations of state, federal, municipal or other agencies or bodies having jurisdiction relating to the use, and occupancy of the leased premises. Lessee will comply with the rules of the building adopted by Lessor, which are set forth on a schedule attached to this Lease. Lessor shall have the right at all times to amend the rules and regulations of the building in any reasonable manner as may be deemed advisable for the safety, care and cleanliness, and for the preservation of good order, of the leased premises. All amendments in the rules and regulations of the building will be sent by Lessor to Lessee in writing and shall thereafter be earned out and observed by Lessee.

11. LESSOR IMPROVEMENTS: See Addendum item I.

12. ALTERATIONS AND IMPROVEMENTS: Lessee shall not make or allow to be made any alterations or to the leased premises without first obtaining the written consent of Lessor. Any alterations, to the leased premises made by Lessee shall at once become the property of Lessor and shall be surrendered to Lessor upon the termination of this Lease; provided, however, this clause shall not apply to

moveable equipment or furniture owned by Lessee which may be removed by Lessee at the end of the term of this Lease if Lessee is not then in default and if such equipment and furniture is not then subject to any other rights, liens and interests of Lessor. See Addendum item J.

13. CONDEMNATION: (a) If, during the term (or any extension or renewal) of this Lease, all or a substantial part of the leased premises are taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or by private purchase in lieu thereof, and the taking would prevent or materially interfere with the use of the leased premises for the purpose for which they are then being used, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease effective on the date physical possession is taken by the condemning authority. See Addendum item K.

(b) In the event a portion of the leased premises shall be taken for any public or any quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or by private sale in lieu thereof, and this Lease is not terminated as provided in the subparagraph above. Lessor may, at Lessor's sole risk and expense, restore and reconstruct the building and other improvements situated on the leased premises to the extent necessary to make it reasonably tenantable. The rent payable under this Lease during the unexpired portion of the term shall be adjusted to such an extent as may be fair and reasonable under the circumstances. See Addendum item L.

14. FIRE AND CASUALTY: (a) If the leased premises should be totally destroyed by fire, tornado or other casualty, or if the leased premises should be so damaged so that rebuilding or repairs cannot reasonably be completed within one hundred and twenty (120) working days after the date of written notification by Lessee to Lessor of the destruction, this Lease shall terminate and the rent shall be abated for the unexpired portion of the Lease, effective as of the date of the written notification.

(b) If the leased premises should be partially damaged by fire, tornado or other casualty, and rebuilding or repairs can reasonably be completed within one hundred and twenty (120) working days from the date of written notification by Lessee to Lessor of the destruction, this Lease shall not terminate, but Lessor may at its sole risk and expense proceed with reasonable diligence to rebuild or repair the building or other improvements to substantially the condition in which they existed prior to the damage. If the leased premises are to be rebuilt or repaired and are untenantable in whole or in part following the damage, and the damage or destruction was not caused or contributed to by act or negligence of Lessee, its agents, employees, invitees or those for whom Lessee is responsible, the rent payable under this Lease during the period for which the leased premises are untenantable shall be adjusted to such an extent as may be fair and reasonable under the circumstances. In the event that Lessor fails to complete the necessary repairs or rebuilding within one hundred and twenty (120) working days from the date of written notification by Lessee to Lessor of the destruction, Lessee may at its option terminate this Lease by delivering written notice of termination to Lessor, whereupon all rights and obligations under the Lease shall cease to exist; See Addendum item M

15. CASUALTY INSURANCE: Lessor shall at all times during the terms of this

Lease, at its expense, maintain a policy or policies of insurance with the premiums paid in advance, issued by and binding upon some solvent insurance company, insuring the building against loss or damage by fire, explosion or other hazards and contingencies for the full insurable value; provided, that Lessor shall not be obligated in any way or manner to insure any personal property (including, but not limited to, any furniture, machinery, goods or supplies) of Lessee or which Lessee may have upon or within the leased premises or any fixtures installed by or paid for by Lessee upon or within the leased premises or any additional improvements which Lessee may construct on the leased premises.

16. WAIVER OF SUBROGATION: Anything in this Lease to the contrary notwithstanding, Lessor and Lessee hereby waive and release each other of and from any and all rights of recovery, claim, action or cause of action, against each other, their agents, officers and employees, for any loss or damage that may occur to the leased premises, improvements to the building of which the leased premises are a part, or personal property (building contents) within the building, by reason of fire or the elements, or other peril regardless of cause or origin, including negligence of Lessor or Lessee and their agents, officers and employees. Because this paragraph will preclude the assignment of any claim mentioned in it by way of subrogation (or otherwise) to an insurance company (or any other person), each party to this Lease agrees immediately to give to each insurance company which has issued to it policies of fire and extended coverage insurance, written notice of the terms of the mutual waivers contained in this paragraph, and to have the insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverages by reason of the mutual waivers contained in this paragraph.

17. HOLD HARMLESS. Unless caused by the sole negligence or misconduct by Lessor. Lessor shall not be liable to Lessee's employees, agents, invitees, licensees or visitors, or to any other person, for any injury to person or damage to property on or about the leased premises caused by the negligence or misconduct of Lessee, its agents, servants or employees, or of any other person entering upon the leased premises under express or implied invitation by Lessee, or caused by the buildings and improvements located on the leased premises becoming out of repair, or caused by leakage of gas, oil, water or steam or by electricity emanating from the leased premises, or due to any other cause. Lessee agrees to indemnify and hold harmless Lessor of and from any loss, attorney's fees, expenses or claims arising out of any such damage or injury not caused by the sole negligence of the Lessor. Any liability insurance which may be carried by Lessor or Lessee with respect to the leased premises shall be for the sole benefit of the party carrying the insurance and under its sole control.

18. QUIET ENJOYMENT. Lessor warrants that it has full right to execute and to perform this Lease and to grant the estate demised, and, that Lessee, upon payment of the required rents and performing the terms, conditions, covenants and agreements contained in this Lease, shall peaceably and quietly have, hold and enjoy the leased premises during the full term of this Lease as well as any extension or renewal; thereof.

19. LESSOR'S RIGHT OF ENTRY: Lessor shall have the right, at all reasonable hours after providing Lessee with 24 hour notice, to enter the leased premises for the following: inspection; cleaning or making repairs; alterations or additions as Lessor may deem necessary or desirable for the uniform and efficient operation of the leased premises; determining Lessee's use of the leased premises, or determining if an act of default under this Lease has occurred, provided however, Lessor may enter the leased premises without notice to Lessee in the event of an emergency.

20. ASSIGNMENT OR SUBLEASE: Lessor shall have the right to transfer and assign, in whole or in part, its rights and obligations in the building and property that are the subject of this Lease. Lessee shall not assign this Lease or sublet all or any part of the leased premises without the prior written consent of Lessor. Lessor shall have the option, upon receipt from Lessee of written request for Lessor's consent to subletting or assignment, to cancel this Lease or the part of the Lease which pertains to the part of the leased premises to be subleased as of the date the requested subletting or assignment is to be effective. The option shall be exercised, if at all, within fifteen (15) days following Lessor's receipt of written notice by delivery to Lessee or written notice of Lessor's intention to exercise the option See Addendum item X. In the event of any assignment or subletting. Lessee shall nevertheless at all times, remain fully responsible and liable for the payment of the rent and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an "event of default" as defined below, if all or any part of the leased premises are then assigned or sublet, Lessor, in addition to any other remedies provided by this Lease or provided by law, may, at its option, collect directly from the assignee or subtenant all rents becoming due to Lessee by reason of the assignment or sublease. Any collection directly by Lessor from the assignee or subtenant shall not be construed to constitute a notation or release of Lessee from the further performance of its obligations under this Lease.

21. HOLDING OVER: In the event of holding over by Lessee after the expiration or termination of this Lease, the hold over shall be as a tenant at will and all of the terms and provisions of this Lease shall be applicable during that period, except that Lessee shall pay Lessor as rental for the period of such hold over an amount equal to 125% the rent which would have been payable by Lessee had the hold over period been a part of the prior term of this Lease. Lessee agrees to vacate and deliver the leased premises to Lessor upon Lessee's receipt of notice from Lessor to vacate. The rental payable during the hold over period shall be payable to Lessor on demand. No holding over by Lessee without consent of Lessor, shall operate to extend this Lease except as otherwise expressly provided.

22. DEFAULT BY LESSEE. The following shall be deemed to be events of default by Lessee under this Lease:

(a) Lessee shall fail to pay any installment of the rent required to be paid under this Lease, and the failure continues for a period of ten (10) days:

(b) Lessee shall abandon any substantial portion of the leased premises:

(c) Lessee shall fail to comply with any term, provision or covenant of this

Lease, other than the payment of rent, and the failure is not cured within thirty (30) days after written notice to lessee; See Addendum item N

(d) Lessee shall file a petition or be adjudged bankrupt or insolvent under the National Bankruptcy Act, as amended or any similar law or statute of the United States or any state; or that a receiver or trustee shall be appointed for all or substantially all of the assets of Lessee; or that Lessee shall make a transfer in fraud of creditors or shall make an assignment for the benefit of creditors.

23. REMEDIES FOR LESSEE'S DEFAULT: Upon the occurrence of any event of default set forth in this Lease Agreement, Lessor shall have the option to pursue any one or more of the following remedies after providing Lessee with 15 days prior written notice.

(a) Terminate this Lease, in which event Lessee shall immediately surrender the leased premises to Lessor, and if Lessee fails to surrender the leased premises, Lessor may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the leased premises Lessee agrees to pay on demand the amount of all loss and damage which Lessor may suffer by reason of the termination of the Lease under this subparagraph, whether through inability to relet the leased premises on satisfactory terms or otherwise.

(b) Enter upon and take possession of the leased premises and relet the leased premises on behalf of Lessee and receive directly the rent by reason of the reletting. Lessee agrees to pay Lessor on demand any deficiency that may arise by reason of any reletting of the leased premises.

(c) Enter upon the leased premises and do whatever Lessee is obligated to do under the terms of this Lease. Lessee agrees to reimburse Lessor on demand for any expenses which Lessor may incur in effecting compliance with Lessee's obligations under this Lease; further, Lessee agrees that Lessor shall not be liable for any damages resulting to Lessee from effecting compliance with Lessee's obligations under this subparagraph not caused by the negligence of Lessor.

24. WAIVER OF DEFAULT OR REMEDY: Failure of Lessor to declare an event of default immediately upon its occurrence, or delay in taking any action in connection with an event of default, shall not constitute a waiver of the default, but Lessor shall have the right after providing Lessee with 15 days' prior written notice to declare the default while the default remains incurred, and take such action as is lawful or authorized under this Lease. Pursuit of any one or more of the remedies set forth in paragraph 23 above shall not preclude pursuit of any one or more of the other remedies provided in paragraph 23, provided elsewhere in this Lease or provided by law, nor shall pursuit of any remedy provided constitute a forfeiture or waiver of any rent or damages accruing to Lessor by reason of the violation of any of the terms, provisions or covenants of this Lease. Failure by Lessor to enforce one or more of the remedies provided upon an event of default shall not be deemed or construed to constitute a waiver of the default or of any other violation or breach of any of the terms, provisions and covenants contained in this Lease.

25. ACTS OF GOD: Lessor and Lessee shall not be required to perform any covenant or obligation in this Lease (except for the payment of rent by Lessee), or be liable in damages to the other, so long as the performance or non-performance of the covenant or obligation is delayed, caused by or prevented by an act of God or force majeure.

26. ATTORNEY'S FEES. In the event Lessee defaults in the performance of any of the terms, covenants, agreements or conditions contained in this Lease and Lessor places the enforcement of all or any part of this Lease, the collection of any rent due or to become due, or recovery of the possession of the leased premises in the hands of an attorney, Lessee agrees to pay Lessor reasonable attorney's fees for the services of the attorney, whether suit is actually filed or not. See Addendum item P

27. RIGHTS OF MORTGAGEE: Lessee accepts this Lease subject and subordinate to any recorded mortgage, deed of trust presently existing upon the leased premises. Lessor is hereby irrevocably vested with full power and authority to subordinate Lessee's interest under this Lease to any reasonable mortgage, deed of trust hereafter placed on the leased premises, and Lessee agrees upon demand to execute additional instruments subordinating this Lease as Lessor may require. If the interests of Lessor under this Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of any mortgage on the leased premises. Lessee shall be bound to the transferee (sometimes called the "Purchaser") under the terms, covenants and conditions of this Lease for the balance of the term remaining, and any extensions or renewals, with the same force and effect as if the Purchaser were Lessor under this Lease, and Lessee agrees to attorn to the Purchaser, including the mortgagee under any such mortgage if it be the Purchaser, as its lessor, the attornment to be effective and self-operative without the execution of any further instruments upon the Purchaser succeeding to the interest of Lessor under this Lease. The respective rights and obligations of Lessee and the Purchaser upon the attornment, to the extent of the then remaining balance of the term of this Lease, and any extensions and renewals, shall be and are the same as those set forth in this Lease. See Addendum item O.

28. DEFINITIONS: These definitions apply to the terms defined as those terms are used throughout this Lease.

(a) "Abandon" means the vacating of all or a substantial portion of the leased premises by Lessee, whether or not Lessee is in default of the rental payments due under this Lease.

(b) An "act of God" or "force majeure" is defined for purpose of this Lease Agreement as strikes, lockouts, sitdowns, material or labor restrictions by any governmental authority, riots, floods, washouts, explosions, earthquakes, fire, storms, acts of the public enemy, wars, insurrections and any other cause not reasonably within the control of Lessor or Lessee and which by the exercise of due diligence Lessor is Lessee is unable, wholly or in part, to prevent or overcome.

(e) "Real property tax" means all city, state, and county taxes and assessments including special taxing, district taxes or assessments.

29. SUCCESSORS: This Lease shall be binding and inure to the benefit of Lessor and Lessee and their respective heirs, personal representatives, successors and assigns.

30. EXTRINSIC EVIDENCE: It is expressly agreed by Lessee, as a material consideration for the execution of this Lease Agreement, that this Lease with the specific references to written extrinsic documents, is the entire agreement of the parties; that there are, and were, no verbal representations, understandings, stipulations, agreements or promises pertaining to this Lease Agreement or the expressly mentioned written extrinsic documents not incorporated in writing in this Lease Agreement. It is likewise agreed that this Lease may not be altered, waived, amended or extended except by an instrument in writing, signed by both Lessor and Lessee.

31. NOTICE: (a) All rent and other payments required to be made by Lessee shall be payable to Lessor at the address set forth below, or any other address Lessor may specify from time to time by written notice delivered to Lessee.

(b) All payments required to be made by Lessor to Lessee shall be payable to Lessee at the address set forth below, or at any other address within the United States as Lessee may specify from time to time by written notice.

(c) Any notice or document required or permitted to be delivered by this Lease shall be deemed to be delivered (whether or not actually received) when deposited in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the parties at the respective addresses set out below: See Addendum item Q.

LESSOR:

WESTBELT BUSINESS PARK JOINT VENTURE
c/o VANTAGE PROPERTIES, INC., MANAGING PARTNER
P.O. Box 28248
Columbus, Ohio 43228

32. RENT TAX: If applicable in the jurisdiction where the leased premises are situated, Lessee shall pay and be liable for all rental, sales and use taxes or other similar taxes, if any, levied or imposed upon rentals by any City, State, County or other governmental body having authority, such payments to be in addition to all other payments required to be paid to Lessor by Lessee under the terms of this Lease. Any such payments shall be paid concurrently with the payment of the rent upon which the tax is based as set forth above.

33. ESTOPPEL CERTIFICATES' Lessee agrees to furnish promptly, from time to time, upon request of Lessor or Lessor's mortgagee, a statement certifying that Lessee is in possession of the leased premises; the leased premises are acceptable, the Lease is in full force and effect; the Lease is unmodified See Addendum item R. Lessee claims no present charge, lien, or claim of offset against rent, the rent is paid for the current month, but is not paid and will not be paid for more than one month in advance: there is no existing default by

reason of some act or omission by Lessor See Addendum item S and such other matters as may be reasonably required by Lessor or Lessor's mortgagee.

34. OTHER PROVISIONS: See Addendum items T, U, V and W, and Y.

Signed at Columbus Ohio, this 10th day of May, 1984.

WITNESSES:	LESSOR:
	WESTBELT BUSINESS PARK JOINT VENTURE, AN OHIO JOINT VENTURE PARTNERSHIP BY: VANTAGE PROPERTIES, INC., MANAGING PARTNER
[SIGNATURE NOT LEGIBLE]	By /s/ Ronald A. Huff
/s/ Catherine A. Zitko	Ronald A. Huff Title Vice President

WITNESSES:	LESSEE:
	BOISE CASCADE CORPORATION, A DELAWARE CORPORATION
[SIGNATURE NOT LEGIBLE]	By [SIGNATURE NOT LEGIBLE]
[SIGNATURE NOT LEGIBLE]	Title V. P.
[SIGNATURE NOT LEGIBLE]	

ACKNOWLEDGEMENTS

State of Illinois
County of Cook

Dated this 20 day of April, 1984.

/s/ Linda M. Hicks

Linda M. Hicks, Notary
Commission expires: 2/21/87

BUILDING RULES AND REGULATIONS

1. Lessor agrees to furnish Lessee two keys without charge. Additional keys will be furnished at a nominal charge.

2. No Lessee shall at any time occupy any part of the Building as sleeping or lodging quarters.

3. Lessor will not be responsible for lost or stolen personal property, equipment, money or jewelry from Lessee's area or public rooms regardless of whether such loss occurs when area is locked against entry or not.

4. No birds, fowl, or animals shall be brought into or kept in or about the building.

5. The water closets and other water fixtures shall not be used for any purpose other than those for which they were constructed and any damage resulting to them from misuse, or the defacing or injury of any part of the Building shall be borne by the person who shall occasion it. No person shall waste water by interfering with the faucets or otherwise.

6. No person shall disturb the occupants of the Building by the use of any musical instruments, the making of unseemly noises causing objectionable odors, or any unreasonable use.

It is Lessor's desire to maintain in the Building the highest standard of dignity and good care???? consistent with comfort and convenience for Lessees. Any action or condition not meeting this high standard should be reported directly to Lessor. Your cooperation will be mutually beneficial and sincerely appreciated. The Lessor reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be needful, for the safety, care and cleanliness of the lease premises, and for the preservation of good order therein.

A C K N O W L E D G E M E N T S

State of Ohio
County of Franklin

The foregoing instrument was acknowledged before me this 10th day of May, 1984, by Ronald A. Huff, Vice President of Vantage Properties, Inc., a Texas corporation, on behalf of the Corporation and on behalf of Westbelt Business Park Joint Venture.

My Commission Expires: 5.26.88

/s/ Catherine A. Zitko
NOTARY PUBLIC

[NOTARY PUBLIC SEAL APPEARS HERE]

State of [ILLEGIBLE]
County of [ILLEGIBLE]

The foregoing instrument was acknowledged before me this 20 day of April, 1984, by /s/ E. Thomas Edquist, of Boise Cascade Corporation, a Delaware corporation, on behalf of the Corporation.

My Commission Expires: 2/21/87

/s/ Linda M. Hicks
NOTARY PUBLIC

ADDENDUM TO THAT CERTAIN LEASE AGREEMENT

BETWEEN WESTBELT BUSINESS PARK JOINT VENTURE

AND BOISE CASCADE CORPORATION

EXECUTED May 10, 1984

A. Shall include operating expenses attributable to the building under generally accepted accounting principles consistently applied from year to year with respect to buildings similar to the building subject to this Lease and

B. The signs shall be approximately 4 feet by 8 feet, basically the same in appearance as those pictured in Exhibit B, attached hereto and incorporated by this reference.

C. Lessee shall have the right to erect other signs on the building approximately 1 foot by 2 feet, to indicate loading, shipping, receiving and other appropriate instructions.

D. And receiving, storing, shipping and selling products, materials and merchandise made and/or distributed by Lessee, and for such other lawful purposes as may be incidental thereto.

E. Such expenses shall be excluded from the term "operating expenses."

F. Provided, however, that if Lessor fails to complete any repairs, alterations or additions within 60 days after the date of Lessee's notice (or such longer period of time in the event that such repairs, alterations or additions cannot be completed within such 60-day period, provided that Lessor has

commenced such repairs, alterations or additions and is diligently pursuing the same) and, in Lessee's reasonable opinion, such failure substantially interferes with Lessee's operations under this Lease, the Lessee may, at Lessee's option, cause such repairs, alterations or additions to be completed and deduct the cost therefore from the rent payments to be made under this Lease or be entitled to a proportionate abatement or reduction of rent for the loss of the use of the leased premises.

G. In the event the leased premises constitute a portion of a multiple occupancy building, Lessor shall be responsible for coordinating any repairs and other maintenance of any rail tracks serving or to serve the building, and if Lessee uses such rail tracks, Lessee shall reimburse Lessor, from time to time, upon demand, as additional rent, its proportionate share of the cost of such repairs and maintenance and of any other sum specified in any agreement to which Lessor is a party respecting such tracks.

H. Agrees to separately meter all utilities.

I. Lessor shall commence and complete the construction of the improvements on the leased premises. Should the cost of completing the improvements exceed $370,000, Lessor shall complete the construction, and Lessee shall pay for any excess cost over $370,000, so long as Lessor causes the improvements to be made in accordance with the floor plans and specifications in an efficient and timely manner. Lessee shall provide Lessor with specifications and floor plans for the improvements upon the

execution of this Lease, and such specifications and floor plans shall be agreed to by the parties and made a part of this Lease. Lessor shall use its best efforts to complete the construction of the improvements to the warehouse portion of the leased premises by June 1, 1984, and to the office portion of the leased premises by July 1, 1984. Upon Lessor's completion of the improvements, Lessor and Lessee shall inspect the premises and shall prepare a punch list of items, if any, not completed in accordance with the specifications and floor plans. All items listed shall be completed by Lessor as soon thereafter as possible. The "completion date" shall be the date upon which all the improvements have been constructed and shall have been substantially completed in accordance with the floor plans and specifications and accepted by Lessee by

a written letter of acceptance to Lessor. Lessee shall deliver the letter of acceptance to Lessor when the improvements are substantially completed in accordance with the floor plans and specifications. Should the improvements not be substantially completed by Lessor and accepted by Lessee within 60 days after June 1, 1984, with reference to the warehouse portion of the leased premises, or within 90 days after July 1, 1984, with reference to the office portion of the leased premises, Lessee, at its option, shall have the right to terminate this Lease and shall not be obligated to make payment for any improvements. The improvements shall be deemed to be substantially completed when all essential facilities and improvements have been constructed or installed by Lessor

and the leased premises are ready for use by Lessee for its intended purposes. If any dispute arises between Lessor and Lessee as to the time of substantial completion or the written acceptance of the improvements by Lessee, Lessor and Lessee shall appoint a mutually acceptable, independent architect who shall certify whether the improvements have been substantially completed in accordance with the floor plans and specifications. The fees for such architect's services shall be divided equally between Lessor and Lessee.

J. Lessee may, without the consent of Lessor, but at Lessee's own cost and expense and in a good workmanlike manner, make such minor alterations or erect, remove or alter partitions, lighting fixtures and dock levelers, or erect such shelves, bins, machinery and trade fixtures as Lessee may deem advisable without altering the basic character of the building or improvements. All shelves, bins, machinery, trade fixtures and light fixtures in the bin areas of the leased premises installed by Lessee may be removed by Lessee prior to the termination of this Lease if Lessee so elects, provided that Lessee is not in default under the terms of this Lease and further provided that Lessee shall repair any damage done to the leased premises as a result of such removal.

K. In the event of any such taking, Lessor and Lessee shall each be entitled to receive and retain such separate awards and/or a portion of lump sum awards as may be allocated

to their respective interests by the condemning authority or any court of competent jurisdiction in any condemnation proceedings.

L. In the event of any such taking, Lessor and Lessee shall each be entitled to receive and retain such separate awards and/or a portion of lump sum awards as may be allocated to their respective interests by the condemning authority or any court of competent jurisdiction in any condemnation proceeding. Further, should Lessor's restoration and reconstruction of the building and other improvements continue for longer than 90 days after the date physical possession is taken by the condemning authority, and in Lessee's reasonable opinion substantially interferes with Lessee's operations under this Lease, Lessee may, at its option, terminate this Lease.

M. And rent shall be abated for the unexpired portion of the Lease, effective as of the date Lessee notified Lessor of the destruction.

N. Or if the cure cannot be completed within 30 days, the cure has been commenced within 30 days and Lessee diligently thereafter completes the cure.

O. Provided, however, that Lessor shall procure from any mortgagee a nondisturbance agreement providing, in substance, that so long as Lessee shall faithfully discharge the obligations on its part to be kept and performed under the terms of this Lease, Lessee's tenancy will not be disturbed nor this Lease affected by any default under such mortgage, and Lessee agrees

that this Lease shall remain in full force and effect even though default in the mortgage may occur.

P. In the event Lessor defaults in the performance of any of the terms, covenants, agreements or conditions contained in this Lease, and Lessee places the enforcement of all or any part of this Lease in the hands of an attorney, Lessor agrees to pay Lessee reasonable attorneys' fees for the services of an attorney, whether suit is actually filed or not.

Q. To Lessee: Boise Cascade Office Products Division
Attention Vice President, General Manager
---
800 West Bryn Mawr Avenue
Itasca, IL 60143

Copy to: Boise Cascade Corporation
Attention General Counsel

One Jefferson Square
Boise, ID 83728

R. Or if there have been modifications, that the Lease is in full force and effect as modified and identifying such modifications.

S. Or if Lessee has knowledge of any default, a statement of the nature thereof.

T. Wherever the consent of either party is required under the terms of this Lease, such consent shall not be unreasonably withheld.

U. Provided that Lessee is not in default, Lessee shall have the option to renew this Lease for an additional term of 60 months at the same terms and conditions upon providing Lessor with 120 days' prior written notice to the expiration of this Lease. In the event Lessee exercises this option to renew, the rent shall be as follows: Lessee shall pay

no rent for the first three months of the renewal term, and rent thereafter shall be $36,944 per month. In the event Lessee does not exercise its option to renew, Lessee agrees to pay Lessor $158,894, as the unamortized portion of the leasehold improvements remaining at the termination of this Lease, and such payment shall be made within 30 days after the termination of this Lease. In the event Lessee exercises the renewal option, at the end of the renewal term, Lessee may exercise a second option to renew provided that Lessee is not in default, at the same terms and conditions for a period of 60 months upon providing Lessor with written notice 120 days prior to the expiration of the renewal term; however, the rent during the second option shall be the fair market rental based on the then prevailing rental rates for properties of equivalent quality, size, utility and location as the leased premises with the length of the lease term and credit-standing of Lessee to be taken into account, and the $.38 per square foot for operating expenses under paragraph 3(e) of this Lease shall be appropriately adjusted to reflect the actual expenses incurred by Lessor during the year prior to commencement of such renewal option. In the event Lessee exercises its second renewal option in accordance with the provisions of this paragraph, but Lessor and Lessee cannot in good faith agree to the fair market rental for the second option period at least 30 days prior to the expiration of the first renewal term, the second renewal option contained herein shall become null and void.

V. Pursuant to the provisions of this paragraph, Lessor hereby grants to Lessee the right to lease approximately 46,060 square feet in the building (the "Adjacent Space" as outlined in yellow in Exhibit A), provided Lessee is not in default of the Lease and the Lease is in full force and effect. Lessor agrees to offer the Adjacent Space to Lessee for lease at least one time during the period commencing 42 months and ending 78 months following the completion date of this Lease.

Lessor shall deliver to Lessee, in writing, notice that Lessor is offering Lessee the Adjacent Space. Lessee shall have 30 days from the receipt of such notice to notify Lessor in writing of its intent to lease all of the Adjacent Space. In the event Lessor has received no notice from Lessee by the end of the 30-day period, Lessee shall be deemed to have refused the offer. In the event Lessee does elect to lease all of the Adjacent Space and so notifies Lessor, then Lessor and Lessee shall execute an amendment to this Lease pertaining to the Adjacent Space containing substantially the same terms and conditions then existing under this Lease, with the term for the Adjacent Space to coincide with the remaining term of this Lease, including any renewal terms. Provided, however, that the rental for the Adjacent Space shall be as agreed upon by Lessor and Lessee.

W. In addition to the rights granted in paragraph V, Lessor does hereby grant to Lessee the right of first offer to lease additional space in the building for a term coincident

with the then remaining term of the Lease and renewal options consistent with the Lease, provided Lessee is not in default under this Lease and the Lease is in full force and effect. At any time during the term of this Lease, or any renewal term, should additional space in the building become available, Lessor shall notify Lessee in writing of the availability of such additional space. Lessee shall have 15 days from the receipt of any such notice to notify Lessor in writing of Lessee's desire to negotiate with Lessor regarding such space and Lessor shall not, during such 15-day period, enter into any lease with a third party for such space. A Lessee does not notify Lessor of Lessee's desire to negotiate with Lessor regarding such space within the 15 day period, Lessor may thereafter enter into a lease for such space with a third party. If Lessee notifies Lessor of Lessee's desire to negotiate and Lessor and Lessee do not reach an agreement regarding such space within 30 days after Lessee notifies Lessor, then Lessor may thereafter enter into a lease for such space with a third party. In the event that Lessor enters into a lease with Lessee for such space, such lease shall contain substantially the same terms and conditions as contained in this Lease, except for those terms dealing with rental and other financial items. It is specifically understood by both parties that nothing contained in this paragraph shall relieve Lessor of its obligation to offer the Adjacent Space to Lessee under paragraph V hereof.

X. Lessor must either cancel this Lease, or the part of the Lease which pertains to the part of the leased premises to be subleased, as of the date the requested subletting or assignment is to be effective, or consent to Lessee's assignment or subletting.

Y. The rental reserved hereunder for the primary term and first renewal term of this Lease includes the amortization of $230,668.50 in leasehold improvements over a ten-year period at

16% interest per annum. In the event that this Lease is terminated during the primary term or first renewal term on account of a default by Lessee, Lessee shall pay to Lessor the unamortized principal portion of the leasehold improvements remaining at the termination of this Lease, and such payment shall be made within 30 days after the termination of this Lease.

[DIAGRAM APPEARS HERE]

R E N E W A L O F L E A S E

This Renewal Agreement is made and entered into between MLH Income Realty Partnership V, a New York Limited Partnership, hereinafter referred to as "Lessor", and Boise Cascade Office Products Corporation, a Delaware Corporation, hereinafter referred to as "Lessee", for and in consideration of One Dollar

($1.00) and other good and valuable consideration, receipt of which is hereby acknowledged.

W I T N E S S E T H:

1. Lessor and Lessee hereby confirm and ratify, except as modified below, all of the terms, conditions and covenants in the certain written Lease Agreement dated May 10, 1984 and Addendum, as modified by Amendment to Lease dated September, 1985 and by Second Amendment to Lease dated March 19, 1986, between MLH Realty Partnership V, as Lessor, and Boise Cascade Office Products Corporation, as Lessee, for the rental of the following described property: 1634 Westbelt Drive, Columbus, Ohio 43228, consisting of approximately 126,665 square feet.

2. Lessee warrants that Lessee has accepted and is now in possession of the demised premises and that the Lease Agreement is valid and presently in full force and effect.

3. Effective as of October 1, 1989 (the "Effective Date"), the term of this Lease Agreement shall be extended for sixty (60) months (the "Extended Term") and the expiration date set forth in paragraph 2 is hereby changed from September 30, 1989 to September 30, 1994.

4. As of the Effective Date, the monthly rental payments set forth in paragraph 3(a) of the Lease Agreement shall be changed from $29,555.00 per month to $36,944.00 per month. Notwithstanding the foregoing, and provided Lessee is not in default, Lessee shall not be obligated to pay the first three installments of monthly rent due during the Extended Term.

5. All other terms and conditions of the Lease Agreement dated May 10, 1984 and Addendum attached thereto and made a part thereof, shall remain the same.

Signed at 2 Broadway, NY, NY, this 23rd day of May, 1989.

Signed and Acknowledged in the presence of:

[SIGNATURE NOT LEGIBLE]
- ----------

(Witnesses as to Lessor)

LESSOR:

MLH Income Realty Partnership V,
a New York Limited Partnership

By: [SIGNATURE NOT LEGIBLE]

Title: V.P

LESSEE:

Boise Cascade Office Products Corporation,
a Delaware Corporation

[SIGNATURE NOT LEGIBLE] By: [SIGNATURE NOT LEGIBLE]

[SIGNATURE NOT LEGIBLE] Title: V.P.

(Witnesses as to Lessee)

A C K N O W L E D G E M E N T S

STATE OF [ILLINOIS]

COUNTY OF [ILLEGIBLE]

The foregoing instrument was acknowledged before me this 27 day of April, 1989, by E. J. Edguist, the Vice President of Boise Cascade Office Products Corporation, a Delaware Corporation, on behalf of the corporation.

/s/ Joanne DeVries
NOTARY PUBLIC

My Commission Expires: 6/27/90

"OFFICIAL SEAL"
Joanne deVries
Notary Public State of Illinois
My Commission expires 6/27/90

STATE OF New York)

COUNTY OF New York)

The foregoing instrument was acknowledged before me this 23rd day of May, 1989, by Lawrence T Kwiat, the authorized representative of the Managing General Partner of MLH Income Realty Partnership V, a New York Limited Partnership, on behalf of the partnership.

/s/ Karen A Calabrese
NOTARY PUBLIC

My Commission Expires: 2/28/91

KAREN A. CALABRESE
Notary Public State of New York
No. 24-4823056
Qualified in Kings County
Commission expires 2/28/91

SECOND AMENDMENT TO LEASE

BY THIS AMENDMENT, dated March 19, 1986, to the Lease dated May 10, 1984, as amended in September 1985 by Amendment to Lease ("Lease"), between MLH INCOME REALTY PARTNERSHIP V, successor in interest to Westbelt Business Park Joint Venture ("Lessor"), and BOISE CASCADE OFFICE PRODUCTS CORPORATION, Successor in Interest to Boise Cascade Corporation ("Lessee"), for 126,665 square feet of space in Park Distribution Center Building A, Westbelt Business Park, Columbus, Ohio, Lessor and Lessee agree as follows:

1. The commencement date of the Lease shall be September 30, 1984, and the Lease termination date shall be September 30, 1989.

2. All other provisions of the Lease, as amended, not affected by this Amendment, including but not limited to Paragraphs U and V of the Addendum to the Lease, shall remain valid and effective.

IN WITNESS WHEREOF, the parties have caused this Second Amendment to Lease to be signed as of the date first set forth above.

LESSEE:	LESSOR:
BOISE CASCADE OFFICE PRODUCTS CORPORATION	MLH INCOME REALTY PARTNERSHIP V By: MLH Property Manager V Inc.
By [SIGNATURE NOT LEGIBLE] ----------	By [SIGNATURE NOT LEGIBLE] ----------
Vice President	Title [ILLEGIBLE] ----------

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (this "Amendment") is made as of this _____ day of August, 1994 by and between MLH INCOME REALTY PARTNERSHIP V, a New York limited partnership having an address at World Financial Center, South Tower, New York, New York 10080-6112 ("Landlord") and ASSOCIATED STATIONERS, INC., a

Delaware corporation having an address at 1075 Hawthorn Drive, Itasca, Illinois 60143 ("Tenant").

WITNESSETH:

WHEREAS, Westbelt Business Park Joint Venture, as predecessor-in-interest to Landlord, and Boise Cascade Corporation, as predecessor-in-interest to Tenant entered into that certain Lease Agreement dated May 10, 1984, as amended by Addendum dated May 10, 1984, Amendment to Lease dated September, 1985, Second Amendment to Lease dated March 19, 1986, Renewal of Lease dated May 23, 1989 and Consent Letter dated December 9, 1991 (collectively, the "Lease") with respect to premises consisting of approximately 126,665 rentable square feet in the building (the "Building") located at 1634 Westbelt Drive, Columbus, Ohio, as more particularly described in the Lease; and

WHEREAS, Landlord and Tenant desire to amend the Lease with respect to an extension of the term of the Lease and as otherwise provided in this Amendment; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. The provisions of this Amendment shall supersede any inconsistent provisions contained in the Lease, whether such inconsistent provisions are contained in the printed portion of the Lease or any addendum, rider or exhibit annexed thereto. All capitalized items not otherwise defined herein shall have the respective meanings ascribed to them in Lease.

2. Termination Date. The term of the Lease is hereby extended and shall end on August 31, 1999, unless sooner terminated as provided in the Lease or by applicable law.

3. Base Rent. Effective from and after July 1, 1994 (the "Effective Date"), Paragraph 3 of the Lease shall be amended so that base rent shall be $348,328.80 per annum ($29,027.40 per month). Landlord acknowledges that Tenant has paid rent in the amount of $36,944 for each of the months of July and August, 1994, and therefore has overpaid rent in the amount of $15,833.20, which amount shall be credited against Tenant's rent obligations for the month of November, 1994. Notwithstanding anything to the contrary contained herein, provided that Tenant shall not be in default under the terms of the Lease as amended hereby, Tenant shall not be obligated to pay base rent in the amount of $29,027.40 per month for the months of September and October, 1994. The foregoing rental concession shall be null and void "ab initio" if Landlord at any time terminates the Lease or re-enters or repossesses the Premises on account of any default of Tenant under the Lease, and Landlord shall be entitled to recover from Tenant, in addition to all other amounts Landlord is entitled to recover, the amount of all rental concessions.

4. Operating Expenses. Paragraph 3(e) of the Lease is hereby amended by deleting the $0.38 expense stop set forth therein and substituting $0.00 in lieu thereof, it being the intent of Landlord and Tenant that Tenant pay its pro rata share of all operating expense for the Building.

5. Use. The Premises shall be used for the warehousing and distribution of paper and office and related products and incidental lawful uses.

6. Landlord's Work

A. Landlord shall perform or cause to be performed certain improvements to be mutually agreed upon by Landlord and Tenant (the "Improvements") to the Premises in a building standard manner using building standard materials as more particularly set fourth on Exhibit "D" attached hereto and made a part hereof. Landlord agrees to perform any portion of the Improvement work which materially interferes with Tenant's conduct of business in the Premises on weekends or after normal business hours.

B. Tenant acknowledges and agrees that it is presently in possession of the Premises, that it has made a full and complete inspection of the Premises, and is familiar with the condition thereof

and, except for the Improvements, shall and does accept possession of the Premises in its present "as-is" condition as suitable for Tenant's intended use and occupancy thereof. Upon Tenant's continued occupancy of the Premises, it shall be conclusively presumed that same has been so accepted by Tenant, is in satisfactory condition, and complies fully with Landlord's covenants and obligations. Tenant acknowledges that Landlord shall have no obligation to perform any tenant improvement work of any kind in connection with Tenant's occupancy of the Premises and Tenant, at Tenant's sole cost and expense, shall perform all necessary or desirable work in connection with preparing the Premises for its occupancy in accordance with the Lease and any and all costs of same shall be paid by Tenant in full and Tenant shall provide Landlord with reasonable evidence of such payment within five (5) days after Landlord's request therefor.

C. In the event Landlord fails to substantially complete the Improvements on or before September 30, 1994 (unless such failure is due to an act or omission of Tenant, its agents or employees or force majeure), then Tenant shall have the right to send a notice to Landlord specifying the portion(s) of the Improvements (the "Incomplete Items") which have not been substantially completed. If Landlord fails to substantially complete the Incomplete Items within twenty (20) days after the giving of such notice, Tenant shall have the right to perform the Incomplete Items and thereafter send Landlord a statement of costs incurred for the Incomplete Items, together with evidence thereof. Landlord shall promptly reimburse Tenant for the reasonable

cost of performing the Incomplete Items, and in the event fails to do so within thirty (30) days after rendition of Tenant's statement. Tenant may deduct the reasonable cost of performing the Incomplete Items from the next installment of rent coming due under the Lease.

7. Extension Option

A. Provided that the Lease is in full force and effect, without the occurrence of an event of default thereunder or any defaults or breaches under any of the terms, covenants or conditions in the Lease on Tenant's part to observe or perform on the date that Tenant exercises the option granted herein or on the expiration date of the Lease, Tenant shall have the option (the "Extension Option"), to extend the term of the Lease for an extension term (the "Extension Term") of five (5) year(s) commencing on the day next succeeding the expiration date of the Lease and ending on the day which shall be the fifth (5th) anniversary of said expiration date, both dates inclusive, in accordance with and subject to the terms, covenants and conditions hereinafter set forth. Tenant shall exercise the Extension Option by sending a written notice thereof (the "Extension Notice") to the Landlord by certified mail, return receipt requested or nationally recognized overnight courier service on or before the date which is 180 days prior to the expiration date, time being of the essence. If Tenant shall send the Extension Notice within the time and in the manner hereinabove provided, the term of the Lease shall be deemed extended for the Extension Term upon the terms, covenants and conditions hereinafter contained. If Tenant shall fail to send the Extension Notice within the time and in the manner hereinabove provided, the Extension Option shall cease and terminate, and Tenant shall have no further option to extend the term of this Lease.

B. The Extension Term shall be upon, and subject to, all of the terms, covenants and conditions provided in the Lease for the initial term hereof, without any further right of extension, except that:

(a) any terms, covenants, or conditions in the Lease that are expressly or by their nature inapplicable to the Extension Term (including, without limitation, paragraph 6 of this Amendment) shall not apply during the Extension Term; and

(b) the basic annual rental payable by Tenant during the Extension Term (the "Extension Rent"), subject to adjustment as otherwise in the Lease provided, shall be an amount equal to the fair market rental value of the leased premises to be prevailing as of the commencement of the Extension Term on the basis of a new five (5) year letting of the leased premises determined in accordance with paragraph C below.

C. (i) Within thirty (30) days after receipt by Landlord of Tenant's Extension Notice, Landlord shall submit to Tenant Landlord's determination of the fair market rental value of the Premises. If Tenant does not notify Landlord in writing within ten (10) days of Tenant's receipt of Landlord's determination that Tenant objects to such determination of the fair market rental value, Tenant shall be deemed to have accepted such determination of the fair market value and such determination shall be deemed to be fair market value for the purpose of determining Extension Rent for the Extension Term. If Tenant so

notifies Landlord that Tenant objects to Landlord's determination, Landlord and Tenant shall endeavor to reach an agreement as to the fair market rental value of the Premises for the Extension Term. If Tenant and Landlord are unable to reach agreement within sixty (60) days after Tenant gives the Extension Notice, then Landlord and Tenant shall each, within twenty (20) days after the expiration of

such sixty (60) day period, select an MAI appraiser (the "Appraisers"). The two appraisers so selected shall, within forty-five (45) days of such selection, jointly attempt to determine and agree on the fair market rental value of the Premises for the Extension Term. If the Appraisers cannot agree on such fair market rental value, within said forty-five (45) day period, each Appraiser within such period shall make an independent appraisal of such rental value and deliver the same to Landlord and Tenant. If either Appraiser fails to deliver its appraisal within such forty-five (45) day period then the appraisal of the single Appraiser shall be deemed to be such fair market rental value for purposes of determining the Extension Rent for the Extension Term. Within ten (10) days of Landlord's and Tenant's receipt of the last appraisal, the two Appraisers shall select (by written notice to Landlord and Tenant) another MAI appraiser (the "Third Appraiser") whose sole responsibility shall be to select, within ten (10) days, which of the two original appraisals more closely approximates such fair market rental value, which appraisal shall be deemed to be the fair market value for purpose of determining Extension Rent. The determinations of the Appraisers or Third Appraiser, as the case may be, shall be in writing and shall be binding on both Landlord and Tenant. In determining such fair market rental value, each of such appraisers shall take into consideration the rental rate per square foot in comparable buildings in Columbus, Ohio the size, term, and location of the Building, the existence age and condition of the tenant improvements then in the Premises, and the terms and conditions of this Lease.

(ii) The Appraisers and the Third Appraiser shall have at least ten (10) years experience in appraising the value of leasehold interests in real estate and shall be familiar with then current rental values in comparable buildings located in Columbus, Ohio. Duplicate original counterparts of the determinations of each of the Appraisers and the Third Appraiser, as the case may be, shall be sent promptly to both Landlord and Tenant by certified mail, return receipt requested or nationally recognized overnight carrier. The cost and expense of the Third Appraiser (including fees) or determination shall be borne equally by Landlord and Tenant. Landlord and Tenant shall each bear the cost of its respective Appraiser.

D. If the Lease is extended as hereinbefore expressly provided, then Landlord shall have no obligations or duties to paint or otherwise prepare or repair the leased premises, or perform any work or make any installations, in connection with the Extension Term. When used in subparagraph A above, the term "Tenant" shall mean only the named tenant in the Lease, or, to the extent permitted under the Lease, a successor by merger, consolidation or sale of substantially all of the assets of Tenant, and no other assignee, subtenant or successor thereof.

E. Tenant acknowledges that it shall have no further rights under Paragraph U of the Addendum dated May 10, 1984.

8. Right of First Refusal

A. Provided that the Lease is then in full force and effect, and provided further that Tenant is not then in breach or default under any of the terms, covenants or conditions in the Lease as amended hereby on Tenant's part to observe or perform, if Landlord intends to lease the space consisting of approximately 79,325 rentable square feet as indicated on Exhibit "A" (the "Refusal Space") to a third-party tenant, Landlord shall give Tenant written notice (the "Refusal Space Notice") of such intention. During the five (5) business day period commencing on the date Landlord gives the Refusal Space Notice to Tenant, Tenant shall have the option (the "Refusal Space Option") to lease the Refusal Space from Landlord, upon the terms and conditions set forth in the Refusal Space Notice by giving to Landlord written notice by U.S. certified mail, return receipt requested or nationally recognized overnight courier service (the "Exercise Notice"), of Tenant's exercise of the Refusal Space Option.

B. If Tenant fails to give the Exercise Notice to Landlord within said five (5) business day period, time being of the essence, or if Tenant fails for any reason to duly execute and deliver to Landlord a lease agreement (or lease amendment) with respect to the Refusal Space in form and content satisfactory to Landlord, within fifteen (15) days after Tenant gives the Exercise Notice to Landlord, time being of the essence, the Refusal Space Option shall be deemed revoked and of no further force and effect and Landlord may thereafter proceed with the leasing of the Refusal Space to any third-party tenant upon terms and conditions satisfactory to said Tenant and Landlord.

C. Notwithstanding anything contained in this Lease to the contrary, if on the date Landlord gives the Refusal Space Notice to Tenant or on the date Tenant gives the Exercise Notice to Landlord, the Lease is not in full force and effect or Tenant is in breach or default under any of the terms, covenants and conditions in the Lease on Tenant's part to observe or perform then, in addition to all of Landlord's rights and remedies, the Refusal Space Option shall be deemed revoked and of no further force and effect, and Landlord may thereafter proceed with the leasing of the Refusal Space to any tenant and upon any terms and conditions.

D. The Refusal Space Option shall apply only to the first (1st) actual leasing of the Refusal Space immediately succeeding the initial letting of the Refusal Space (or, if the Refusal Space is currently leased, the existing letting). If the Refusal Space is initially leased to more than one (1) tenant, then each portion thereof so leased shall constitute a "Refusal Space" and the Refusal Space Option shall apply only to the first (1st) actual leasing of each such Refusal Spaces (or, if the Refusal Space is currently leased, the existing letting). Tenant expressly agrees that the Refusal Space Option is subject to

the then existing occupancies of, and any rights of first refusal or expansion of any tenant with respect, to the Refusal Space.

E. Tenant acknowledges that it shall have no further rights under Paragraph V or W of the Addendum dated May 10, 1984.

9. Insurance. The Insurance Rider attached hereto as Exhibit "B" is hereby incorporated into and made a part of the Lease. Tenant agrees to comply with all of the terms, conditions, and provisions of the Insurance Rider.

10. Hazardous Materials. The Hazardous Materials Rider attached hereto as Exhibit "C" is hereby incorporated into and made a part of the Lease. Tenant agrees to comply with all of the terms, conditions and provisions of the Hazardous Materials Rider.

11. Broker. Tenant represents and warrants that is has had no dealings, communications or negotiations with any broker or agent in connection with this Amendment except Grubb & Ellis and Carey Leggett Realty (collectively, "Leasing Broker") and National Realty (the "Former Broker"). Tenant hereby agrees to indemnify Landlord from any and against all loss, claim, expense, damage, liability or cost and expenses (including without limitation attorneys' fees) resulting from a breach of the foregoing representation and warranty. Landlord shall pay Leasing Broker a commission pursuant to a separate written agreement. Landlord represents that the Former Broker is not entitled to receive a commission in connection with this Amendment, and shall indemnify Tenant from and against any claim for a commission by the Former Broker.

12. Tax Status. Tenant represents that it is not a tax-exempt organization as defined in Section 401 or Section 501 of the Internal Revenue Code or a foreign entity not subject to the U.S. taxation.

13. Notices.

A. Landlord's address for all purposes under the Lease shall be:

MLH Income Realty Partnership V
World Financial Center - South Tower
New York, New York 10080-6112
Attn: Senior Vice President - Portfolio Management

with a copy sent concurrently to:

MLH Income Realty Partnership V
World Financial Center - South Tower
New York, New York 10080-6112
Attn: Sr. Vice President - Legal Department

B. Tenant's address for all purposes under the Lease shall be:

Associated Stationers, Inc.
1634 Westbelt Drive
Columbus, Ohio 43228
Attn: General Manager

with a copy sent concurrently to:

Associated Stationers, Inc.
1075 Hawthorne Drive
Itasca, Illinois 60143
Attn: Vice President-Distribution and Operations

14. Exculpation. Notwithstanding anything contained in the Lease to the contrary, Tenant agrees that it shall look solely to the estate and property of the Landlord in the land and building comprising the Property of which the Premises are a part for the collection of any judgment (or any other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed and performed by Landlord and no other property or estates of Landlord or any of its agents, employees, partners, (general or limited), affiliates, shareholders or joint venturers shall be subject to levy, execution or other enforcement procedures for the satisfaction of Tenant's remedies. In the event of any sale of this Lease or the Property or a lease thereof by Landlord, Landlord shall be entirely freed, relieved and released of all covenants and obligations of Landlord hereunder.

15. This Amendment shall not constitute an agreement by Landlord and shall not be binding upon Landlord unless and until this Amendment shall be executed by Landlord and Tenant, and shall be delivered by Landlord to Tenant.

16. This Amendment shall not be changed orally, and shall be binding upon and inure to the benefit of Landlord and Tenant, their respective heirs, successors and, as permitted their assigns. Tenant hereby confirms that it has assumed the performance of all of the terms, covenants and conditions of the Lease and agrees to perform all of the terms, covenants and conditions of the Lease with the same effect as though Tenant had executed the Lease as the tenant originally named therein.

17. Except as herein expressly amended or modified the terms and conditions of the Lease are hereby ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Fifth Amendment as of the date first written above.

LANDLORD:

MLH INCOME REALTY PARTNERSHIP V

WITNESS:

[SIGNATURE NOT LEGIBLE]
- ----------

(Print Name)

By: MLH Property Managers Inc.
Managing General Partner

By: [SIGNATURE NOT LEGIBLE]

Vice President

TENANT:

WITNESS/ATTEST:

/S/ Duane Ratay
- ----------

Duane Ratay
- ----------
(Print Name)

ASSOCIATED STATIONERS, INC.

By: /S/ Daniel H. Bushell

Name: Daniel H. Bushell

Title: Chief Financial Officer

EXHIBIT "A"

[DIAGRAM APPEARS HERE]

EXHIBIT "B"

INSURANCE RIDER

1. Notwithstanding anything to the contrary set forth in this Lease. Tenant covenants and agrees that during the term of this Lease (and any renewal or extension thereof), Tenant, at its sole cost and expense, shall obtain, maintain and keep in full force and effect:

(a) Comprehensive General Liability Insurance including Blanket Contractual, Personal Injury, Broad Form Property Damage, Products Liability, Completed Operations, Fire Legal Liability, Host Liquor Law Liability (and if Tenant shall be operating a restaurant, tavern or other establishment which sells or dispenses any drink or beverage containing alcohol, Dram Shop

Liability) and Owned, Non-owned and Hired automobile coverages, naming Landlord and Tenant, any mortgagee of the Building and any landlord under a ground lease of the property on which the Building is located, and any other designee of Landlord, as insureds, with minimum limits of $1,000,000 combined single limit for property damage and bodily injury per occurrence for any and all claims for injury or damage to persons or property or for the loss of life or of property occurring upon, in or about the Premises and the public portions of the Building arising out of or in connection with any act or omission of Tenant, its employees, agents, contractors, customers, and invitees.

(b) All Risk insurance including without limitation sprinkler leakage and flood and earthquake (if flood and earthquake exposure exists) and vandalism and malicious mischief on a 100% replacement cost basis covering all contents, merchandise, inventory, equipment, floor coverings, fixtures and improvements and such other portions of the Premises which Landlord is not responsible for restoring. Tenant shall apply all insurance proceeds attributable to any of the foregoing items to the repair and restoration thereof unless this Lease shall be terminated due to the occurrence of the casualty. In addition, Tenant shall obtain and keep in full force and effect during the term of this Lease business interruption insurance with all risk perils and such other insurance in such amounts as Landlord shall reasonably require.

(c) Workers' Compensation insurance as required by law and Employers' Liability coverage for a minimum of $100,000 per occurrence.

2. Tenant covenants to comply with any and all rules and regulations applicable to the Premises issued by the Board of Fire Underwriters or by any other body hereinafter constituted exercising similar functions and insurance companies writing policies covering the Premises. Tenant shall pay all costs, expenses, claims, fines, penalties and damages imposed because of failure of Tenant to comply with this Section (2) and agrees to indemnify Landlord from all liability (including without limitation attorney's fees) with reference thereto. Tenant shall, at its own cost and expense, procure and maintain each and every permit, license, certificate or other authorization and any renewals, extensions or continuances of the same required in connection with lawful and proper use of the Premises for Tenant's business. Tenant agrees to pay upon demand as additional rent under this Lease any increase in the amount of insurance premiums payable by Landlord for its insurance on the Building and/or the underlying property ("Landlord's Insurance") over and above the rate now in force that may be caused by Tenant's use or occupancy of the Premises or any act or omission of Tenant, its agents, employees, contractors or invitees. If as result of any such act or omission, all or any part of Landlord's Insurance shall be cancelled or suspended, then Tenant shall indemnity Landlord against any liability, cost or expense which would have been covered thereunder. All insurance obtained by Tenant hereunder shall be under primary policies and Landlord's Insurance shall be excess and noncontributory.

3. Tenant shall deposit a policy or policies of all such insurance, or an approved certificate evidencing such insurance issued by duly authorized agents of the carriers in question, with Landlord at least ten (10) days before the Commencement Date and renewals of such policies and at least thirty (30) days prior to the expiration of any existing policies. All such policies shall provide that such insurance shall not be modified, cancelled, reduced or allowed

to lapse except upon thirty (30) days prior written notice to Landlord and all other additional insureds.

4. All such policies shall (a) be written in form and substance satisfactory to Landlord by an insurance company licensed and authorized to do business in the state in which the Building is located and otherwise satisfactory to Landlord in all respects, (b) contain a provision or endorsement that (i) no act or omission of Tenant shall affect or limit the obligation of the insurer to pay the amount of the loss sustained, (ii) all of Tenant's indemnity obligations under this Lease are insured and (iii) Tenant shall be solely responsible for the payment of all premiums and that Landlord shall have no obligation to pay

same notwithstanding that Landlord is or may be named as an insured. Tenant's failure to provide and keep in force the aforementioned insurance shall be regarded as a material default hereunder, entitling Landlord to exercise any or all of the remedies in the event of a default under this Lease. Carrying the prescribed insurance shall in no way be construed as either a limitation or satisfaction of the hold harmless or indemnity agreements contained in this Lease. In the event Tenant shall not obtain any of the insurance required to be obtained hereunder, Landlord shall have the right to obtain such insurance on Tenant's behalf and Tenant shall pay to Landlord the cost thereof upon demand as additional rent. Landlord shall have the further right to review annually the form, substance and limits of all of Tenant's insurance required hereunder and Tenant shall adjust its insurance and/or increase the limits thereof as Landlord shall deem reasonably necessary provided such adjustment or increase is consistent with the standards of landlords of comparable buildings in Columbus, Ohio.

5. Landlord and Tenant shall obtain in all policies of insurance respectively maintained by them with respect to the Building and/or the Premises a waiver by the insurer of all right of subrogation against the other in connection with property insurance. So long as both Landlord's and Tenant's policies then in force include such mutual waiver of subrogation, Landlord and Tenant, to the fullest extent permitted by law, each waive all right of recovery against the other for and agree to release the other from liability from loss or damage to the extent such loss or damage is covered by valid and collectible insurance in effect at the time of such loss or damage. If such waiver of subrogation shall not be obtainable or shall be obtainable only at a premium over that chargeable without such waiver, the party undertaking to obtain such waiver shall notify the other thereof in writing, and the latter shall have ten (10) days in which either to (i) procure on behalf of the notifying party insurance with such waiver from a company or companies reasonably satisfactory to the notifying party or (ii) agree to pay such additional premium (in Tenant's case in the proportion which the rentable area of the Premises bears to the area covered by the insurance policy of Landlord in question).

EXHIBIT "C"

HAZARDOUS MATERIALS RIDER - INDUSTRIAL

(1) Tenant's Covenants Regarding Hazardous Materials.

(A) Compliance with Environmental Laws. Tenant shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations, including, but not limited to, the Federal Water Pollution Control Act (33 U.S.C. (S)1251, et seq.), Resource Conservation & Recovery Act (42 U.S.C. (S)6901, et seq.), Safe Drinking Water Act (42 U.S.C. (S)3000f, et seq.), Toxic Substances Control Act (15 U.S.C. (S)2601, et seq.), the Clean Air Act (42 U.S.C. (S)7401, et seq.), Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. (S)9601, et seq.) and other comparable local, state and federal laws, currently in force or enacted in the future (collectively, "Hazardous Materials Laws") relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any oil, petroleum products, flammable explosives, asbestos, urea formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitations, any "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under any such laws, ordinances or regulations (collectively, "Hazardous Materials").

(B) Hazardous Materials Handling. Tenant shall at its own expense procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Tenant's use of the Premises, including, without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Premises. Except as discharged into the sanitary sewer in strict accordance and conformity with all applicable Hazardous Materials Laws, Tenant shall cause any and all Hazardous Materials removed from the Premises to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes. Tenant shall in all respects handle, treat, deal with and manage any and all Hazardous Materials in, or under or about the Premises in total conformity with all applicable Hazardous Materials Laws and prudent industry practices regarding management of such Hazardous Materials. All reporting obligations imposed by Hazardous Materials Laws are strictly the responsibility of Tenant. Upon expiration or earlier termination of the term of the Lease, Tenant shall cause all Hazardous Materials to be removed from the Premises and transported for use, storage or disposal in accordance and compliance with all applicable Hazardous Materials Laws. Tenant shall not take any remedial action in response to the presence of any Hazardous Materials in or about the Premises or any Building, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises or Building, without first notifying Landlord of Tenant's intention to

do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto. In addition, at Landlord's request, Tenant shall remove any tanks or fixtures which contain or contained, or are contaminated with Hazardous Materials.

(C) Notices. Tenant shall immediately notify Landlord in writing of:

(i) any enforcement, cleanup, removal or other governmental or regulatory action of which Tenant or its agents or employees has knowledge, instituted, completed or threatened pursuant to any Hazardous Materials Laws in connection with the Premises or Tenant's use thereof; (ii) any claim made or threatened by any person against Tenant, the Premises or Building relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from any Hazardous Materials in connection with the Premises or Tenant's use thereof; and (iii) any reports made to any environmental agency of which Tenant or its agents or employees has knowledge, arising out of or in connection with any Hazardous Materials in, on or removed from the Premises or Building, including any complaints, notices, warnings, reports or asserted violations in connection therewith. Tenant shall also supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises, Building or Tenant's use thereof. Tenant shall promptly deliver to Landlord copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises.

(2) Indemnification of Landlord. Tenant shall indemnify, defend (by
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counsel acceptable to Landlord), protect, and hold Landlord, and each of Landlord's partners, employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including attorney's fees) for death of or injury to any person or damage to any property whatsoever (including water tables and atmosphere), arising from or caused in

whole or in part, directly or indirectly, be (A) the presence in, on, under or about the Premises or Building or discharge in or from the Premises or Building of any Hazardous Materials or Tenant's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials to, in, on, under, about or from the Premises or Building, except to the extent such Hazardous Materials were present in the Premises prior to the initial commencement date of the Lease (June 1, 1984), or (B) Tenant's failure to comply with any Hazardous Materials Law whether knowingly or unknowingly, the standard herein being one of strict liability. Tenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, cleanup or detoxification or decontamination of the Premises or Building, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith, and shall survive the expiration or earlier termination of the term of the Lease. For purposes of the release and indemnity provision

hereof, any acts or omissions of Tenant, or by employees, agents, assignees, contractors or subcontractors of Tenant or others acting for or on behalf of Tenant (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant.

(3) Environmental Audit: Right of Entry. Landlord shall have the right to require Tenant to undertake and submit to Landlord a periodic environmental audit from an environmental company approved by Landlord, which audit shall cover Tenant's compliance with this Rider. Landlord may not require an audit more often than once every two years unless Landlord has reasonable cause to believe that Tenant has violated the terms or conditions of this Rider Tenant shall promptly comply with all requirements of any such audit and cure all matters raised therein at Tenant's sole cost.

(4) Indemnification of Tenant. Landlord shall indemnify, defend (by counsel reasonably acceptable to Tenant), protect, and hold Tenant free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including reasonable attorney's fees) for death of or injury to any person or damage to any property whatsoever (including water tables and atmosphere), arising from or caused in whole or in part, directly or indirectly, be (A) the presence in, on, under or about the Premises or Building or discharge in or from the Premises or Building of any Hazardous Materials to the extent caused by Landlord, its agents or employees, or (B) Landlord's failure to comply with any Hazardous Materials Law.

EXHIBIT "D"

IMPROVEMENTS

1) Removal of all existing carpet throughout the office area including all necessary furniture relocation.

2) Install new carpet throughout the office area. Carpet will be direct glue down and shall be Shaw 22 oz. or equivalent. Color and style to be selected by tenant.

3) Repaint all walls throughout the office area with Sherwin Williams Promar or equivalent. Color and style to be selected by tenant.

4) Wash down and clean all existing wall covering throughout the office area.

5a) Existing concrete floor to be patched and repaired in selected places.

5b) Ashford Formula sealer or equivalent will be used to reseal aisles and staging areas.

6) Two existing exterior wall mounted lights located over the north entry will be replaced with "Hubbel" 400 watt metal halide flood lights and three will be added as indicated on the diagram provided in the Koll Management Services letter dated April 29, 1994, addressed to Duane Ratay.

7) The concrete dolly pad will be completely replaced from the main entry south to door #7.

8) Replace the existing ceiling tiles throughout the office area.

9) Install a hand rail along the steps leading from the front door to the parking lot.

EXHIBIT 10.41

LEASE

A. Lessor:

Name: Propco, Inc.

Address: 5000 S. E. 25th Avenue
Portland, Oregon 97202

B. Lessee:

Name: Crown Zellerbach Corporation

[_] Sole proprietorship
[_] Partnership composed of _____
[x] A Nevada corporation qualified to do business in Oregon.

Address: One Bush Street
ATTN: Real Estate Dept.
San Francisco, California 94104

C. Date of execution of Lease Jan. 9, 1981

D. Address of premises 4455 S.E. 24th Avenue
Portland, Oregon

E. Legal description a portion of Block 6,
SPANTON'S ADDITION,
Multnomah County, Oregon

F. Commencement date of Lease: Sept. 1, 1981 See Schedule A

G. Expiration date of Lease: June 30, 1991 See Schedule A

H. Initial rental: $ 19,631.00 per month. See Schedule A

J. Lease deposit: $ None

K. Rental adjustments: For the second 5-year period of the basic lease, the rent will be based on of the increase of the CPI, all items, using September

1981 as base year, Seattle, Wash.

L. Lessee's use of premises: Office and Warehouse (Uniform Building Code B2 Occupancy)

M. Additional provisions regarding repairs: Lessor shall be responsible for maintenance of concrete floors major settlements should occur to said floors. Lessee shall be responsible for all maintenance of the concrete floors except where major settlements occur.

N. Liability insurance coverages to be provided by Lessee:

Injury to one person: $ One Million

Injuries arising out of a single occurrence: $ Two Million

Property damage: $ One Million

P. Term of payment for business interruption: None

Q. Permitted period for display of Lessor's signs: 180 days

R. Liquidated damages for holding over: $ double the latest rent, prorated on a daily basis.

S. Additional terms and conditions:

See Schedule A

Notwithstanding the provisions of paragraph 17 & 19 herein, should the partial destruction or taking of the property substantially destroy the value of the property to the Lessee, and should Lessor be unable to restore the premises to meet Lessee's needs within 180 day of such destruction or taking then Lessee may terminate this lease at the end of such 180 day period.

Option Period: See Schedule A

CROWN ZELLERBACH CORPORATION

By: PROPCO, INC.

Title:[SIGNATURE NOT LEGIBLE]

"Lessor"

BY: /S/ W. J. Zellerbach

Title: W. J. Zellerbach

Senior Vice President "Lessee"

THIS AGREEMENT AND LEASE was made and entered into by and between the "Lessor" identified at Paragraph A. above and the "Lessee" identified at Paragraph B. above on the date set forth at Paragraph C. above.

Lessor does hereby lease, demise and let unto Lessee the premises located and described in Paragraphs D. and E. above for a term commencing at 12:01 a.m. on the date set forth at Paragraph F. above and expiring at midnight on the date set forth at Paragraph G. above.

1. TENANT'S ACCEPTANCE OF PROPERTY. The Lessee accepts the building, improvements, and personalty on the leased premises (all of which are hereinafter referred to as "the Leased Property",) in their present state and without any representation or warranty by the Lessor as to the condition of such property or as to the use which may be made thereof except that Lessor warrants that the premises upon delivery shall comply with all statute codes & regulations of the Federal, State or local government units. The Lessee acknowledges that the Leased Property, the title thereto, the streets, sidewalks, driveways, parking areas, curbs, utilities, and structures adjoining the same, any subsurface conditions thereof, and the present use and non-uses thereof have been examined by the Tenant. The Lessor shall not be responsible for any latent defect or change of condition in the Leased Property, and the rent hereunder shall in no case be withheld or diminished on account of any defect in the Leased Property, any change in the condition thereof, any damage occurring thereto, or the existence with respect thereto of any violations of the laws or regulations of any governmental authority except as may be otherwise specifically provided herein. The obligation of the Lessee to pay the full rent herein reserved shall not be affected by any future act or omission on the part of the Lessor with respect to the tenantability of the Leased Property, or the building of which it is a part, except as otherwise specifically provided herein. The taking of possession of the Leased Property by the Lessee shall be conclusive evidence that the Lessee accepts the same "as is" and that the Leased Property and the building and land of which the same form a part were in good condition at the time possession was taken.

2. RENTAL. The initial rental to be paid by the Lessee to the Lessor is the sum set forth at Paragraph H. above, said sum to be due and payable monthly commencing on the commencement date set forth at Paragraph F. above and paid monthly thereafter on the first day of each month during the term hereof.

3. LEASE DEPOSIT. Concurrently with the execution of this Lease, the Lessee has deposited with the Lessor the sum set forth at Paragraph J. above as security for the performance by the Lessee of all the conditions required to be performed by the Lessee under this Lease.

4. RENT REVISION. At the time or times, and in accordance with the terms set forth in Paragraph K. above, the rental set forth in Paragraph H. above shall be adjusted for the remaining term of the Lease.

5. USE OF PREMISES.

(i) The Lessee shall use the Leased Property for the conduct of the business described at Paragraph L. above and for no other purposes whatsoever without the Lessor's prior written consent.

(ii) The Lessee will not make any unlawful, improper or offensive use of the Leased Property; he will not suffer any strip or waste thereof; he will not permit any objectionable noise or odor to escape or to be emitted from the Leased Property or do anything or permit anything to be done upon or about the Leased Property in any way tending to create a nuisance.

(iii) The Lessee will not allow the Leased Property at any time to fall into such a state of repair or disorder as to increase the fire hazard thereon; he shall not install any power machinery on the Leased Property except under the supervision and with written consent of the Lessor; he shall not store gasoline or other highly combustible materials on the Leased Property in such a way or for such a purpose that the fire insurance rate on the building in which the Leased Property is located is thereby increased or that would prevent the Lessor from taking advantage of any rulings of the Insurance Rating Bureau of the state in which the Leased Property is situated which would allow the Lessor to obtain reduced premium rates for long term fire insurance policies.

(iv) The Lessee shall comply at the Lessee's own expense with all laws and regulations of any municipal, county, state, federal or other public authority respecting the use of the Leased Property except Lessor shall repair all pre-existing violations.

(v) The Lessee will not overload the floors of the Leased Property in such a way as to cause any undue or serious stress or strain upon the building in which the Leased Property is located, or any part thereof, and the Lessor shall have the right, at any time, to call upon any competent engineer or architect whom the Lessor may choose, to decide whether or not the floors of the Leased Property, or any part thereof, are being overloaded so as to cause any undue or serious stress or strain on said building, or any part thereof, and the decision of said engineer or architect shall be final and binding upon the Lessee; and in the event that the engineer or architect so called upon shall decide that in his opinion the stress or strain is such as to endanger or injure said building, or any part thereof, then and in that event the Lessee agrees immediately to relieve said stress or strain either by reinforcing the building or by lightening the load which causes such stress or strain in a manner satisfactory to the Lessor.

6. UTILITIES. The Lessee shall pay for all heat, light, water, power, garbage and other services or utilities used in the Leased Property during the term of this Lease.

7. REPAIRS AND IMPROVEMENTS.

(i) The Lessor shall not be required to make any repairs, alterations, additions or improvements to or upon the Leased Property during the term of this Lease, except only those hereinafter specifically provided for; the Lessee hereby agrees to maintain and keep the Leased Property including, but not limited to, all interior and exterior doors, heating, ventilating and cooling systems, interior wiring, plumbing and drain pipes to sewers or septic tank, in good order and repair during the entire term of this Lease at the Lessee's own cost and expense, and to replace all glass which may be broken or damaged during the term hereof in the windows and doors of the Leased Property with glass of as

good or better quality as that now in use; the Lessee hereby agrees to keep and maintain the sidewalks, driveways and parking areas immediately adjoining the Leased Property in a safe and orderly condition.

(ii) Except as otherwise provided in Paragraph M. above, the Lessor agrees to maintain in good order and repair during the term of this Lease the exterior walls, roof, gutters, downspouts and foundations of the building in which the Leased Property is situated. It is understood and agreed that the Lessor reserves and at any and all times shall have the right to alter, repair or improve the building of which the Leased Property is a part, or to add thereto, and for that purpose at any time may erect scaffolding and all other necessary structures upon the Leased Property, and the Lessor and Lessor's representatives, contractors and workman for the aforedescribed purposes may, upon reasonable advance notice, enter in or about the Leased Property with such materials and equipment as Lessor may deem necessary therefor, and Lessee waives any claim to damages, including loss of business resulting therefrom.

8. RIGHT OF ENTRY. It shall be lawful for the Lessor, his agents and representatives, at any reasonable time to enter into or upon the Leased Property for the purpose of examining into the condition thereof, or any other lawful purpose. If during the last month of the term the Lessee shall have removed all, or substantially all, of the Lessee's property from the Leased Property, the Lessor may immediately enter and alter, renovate, and redecorate the Leased Property, without elimination or abatement of rent and without liability to the Lessee for any compensation, and such acts shall have no effect upon this Lease.

9. RIGHTS OF ASSIGNMENT. The Lessee will not assign, transfer, pledge, hypothecate, surrender or dispose of this Lease, or any interest herein, or permit any other person or persons whomsoever to occupy the Leased Property without the written consent of the Lessor being first obtained in writing provided that such consent will not be unreasonably withheld. This Lease is personal to the Lessee. Lessee's interest, in whole or in part, cannot be sold, assigned, transferred, seized or taken by operation at law, or under or by virtue of any execution or legal process, attachment or proceedings instituted against the Lessee, or under or by virtue of any bankruptcy of insolvency proceedings had in regard to the Lease or in any other manner, except as above mentioned. Subject to the foregoing, all rights, remedies and liabilities herein given to or imposed upon either of the parties hereto, shall extend to, inure to the benefit of, and bind, as the circumstances may require, the heirs, personal representatives, successors and, so far as this Lease is assignable by the terms hereof, the assigns of such parties.

10. LIENS. The Lessee will not permit any lien of any kind, type or description to be placed or imposed upon the Leased Property or any part thereof.

11. ICE, SNOW, AND DEBRIS. If the Leased Property is located at street level, then at all times Lessee shall keep the sidewalks, curbs, driveways, and parking areas immediately adjoining the building (whether or not they are included herein as Leased Property), in front thereof free and clear of ice,

snow, rubbish, debris and obstruction; and if the Lessee occupies the entire building, he will not permit rubbish, debris, ice or snow to accumulate on the roof of said building so as to stop up or obstruct gutters or downspouts or cause damage to said roof.

12. ADVERTISING SIGNS. The Lessee will not use the outside walls of the Leased Property, or allow signs or devices of any kind to be attached thereto or suspended therefrom, for advertising or displaying the name or business of the Lessee or for any purpose whatsoever without the written consent of the Lessor.

13. INSURANCE COVERAGES. The Lessee shall, at all times during the term hereof, at his own expense, maintain, keep in effect, furnish and deliver to the Lessor insurance policies (or certificates evidencing same,) in form and with an insurer satisfactory to the Lessor insuring:

(i) Both the Lessor and the Lessee against all liability for damage to personal property in or about said Leased Property. The amount of said liability insurance shall be not less than the amount set forth in Paragraph N. above.

(ii) The Lessor against the damage or destruction of the Leased Property by fire or other casualty under a standard fire insurance policy with standard special or extended form coverage endorsement to 90% of the full, current replacement value.

(iii) The renewal forms of each such policy or certificate shall be delivered to the Lessor no less than 30 days prior to the expiration of the current policy. Each such policy shall provide that it cannot be cancelled as to the Lessor with less than 15 days notice to it.

14. INDEMNIFICATION. The Lessee agrees to and shall indemnify and hold the Lessor harmless against any and all claims and demands arising from, (i) the negligence of the Lessee his officers, agents, invitees and/or employees; (ii) a failure by the Lessee to perform any covenant required to be performed by the Lessee ??? ? hereunder; (iii) any accident, injury, or damage ???? shall happen in or about the Leased Property or appurtenances, or on or under the adjoining streets, sidewalks, driveways, parking ???? or curbs, or resulting from the condition, maintenance, or operation of the Leased Property or of the adjoining streets, sidewalks, driveways, parking areas, or curbs; (iv) the Lessee's failure to comply with any requirements of any governmental authority; and (v) any mechanic's lien, or security agreement, filed against the Leased Property as a result of the acts of the Lessee. The Lessee shall at his own expense defend the Lessor against any and all suits or actions arising out of the aforedescribed acts or claimed acts, and all appeals therefrom and shall satisfy and discharge any judgment which may be awarded against Lessor, including but not limited to, the Lessor's attorney's fees, in any such suit or action.

15. TAXES AND ASSESSMENTS. The Lessee shall pay all real property taxes, assessments (general and special) and other public charges levied, assessed or otherwise imposed upon the Leased Property, all promptly before the

same or any part thereof become past due; provided, however, that any municipal, county or state assessments over $2,000.00 total which become or may become a lien on the premises, may be bonded by the Lessee as provided by law, and the Lessee shall pay all installments of principal and interest on such bonds during his tenancy, but shall be released from all obligation for payment of installments becoming due after the end of the lease term herein reserved without proration. The Lessee shall also pay promptly, when due, all taxes levied against his own personal property and all taxes, assessments and other public charges whatsoever arising in respect to, and because of, the Lessee's occupancy, use or possession of the Leased Property. Such real property taxes for years in which the commencement and expiration of the term of this Lease shall fall shall be appropriately pro-rated and adjusted between the Lessor and the Lessee. The Lessee shall furnish to the Lessor, within 30 days after the date any amount is payable by the Lessee, as provided in this Paragraph, copies of official receipts of the appropriate taxing authority or other proof satisfactory to the Lessor evidencing payment.

16. LESSEE'S ALTERATIONS AND IMPROVEMENTS. No alteration, addition, or improvement to the Leased Property shall be made by the Lessee without the written consent of the Lessor. Any alteration, addition, or improvement made by the Lessee after such consent shall have been given, and any fixtures installed as part thereof, (except Lessee's movable trade fixtures), shall, at the Lessor's option, become the property of the Lessor upon the expiration or other sooner termination of this Lease; provided, however, that the Lessor shall have the right to require the Lessee to remove such fixtures at the Lessee's cost upon such termination of this Lease.

17. DAMAGE BY CASUALTY OR FIRE AND DUTY TO REPAIR. If all or any part of the Leased Property is damaged or destroyed by fire or other casualty subject to coverage under the standard fire insurance policy with standard special or extended form coverage endorsement applicable to the Leased Property, the Lessor shall, except as otherwise provided herein, repair and rebuild the Leased Property with reasonable diligence. If there is a substantial interference with the operation of the Lessee's business in the Leased Property, the then applicable rental shall be equitably apportioned for the duration of such repairs. Notwithstanding the foregoing provisions, if at any time within eighteen months prior to the end of the initial or any renewal term, and provided the Lessee shall not have served upon the Lessor notice of renewal or extension as herein provided, the Leased Property is completely destroyed or so damaged by fire or other casualty covered by insurance as to render it unfit for the use as set forth at Paragraph L. above, the Lessor may terminate this Lease on 30 days' written notice to the Lessee. If all or any substantial part of the Leased Property is damaged or destroyed by casualty which is not subject to coverage under the standard fire insurance policy with standard special or extended form coverage endorsement applicable to the Leased Property, or if subject to such coverage, the loss is, in fact, not covered to within 90% of replacement, the Lessor may terminate this Lease upon 30 days' written notice to the Lessee. If the Lessor shall terminate this Lease as provided herein, all rent shall be apportioned to the date of termination and all insurance proceeds shall belong to the Lessor. Except to the extent provided for in this Paragraph, neither the rent payable by the Lessee nor any of the Lessee's other obligations

under any provision of this Lease shall be affected by any damage to or destruction of the Leased Property by any cause whatsoever, and the Lessee hereby expressly waives any and all additional rights it might otherwise have under any law or statute.

18. WAIVER OF SUBROGATION RIGHTS. Neither the Lessor nor the Lessee shall be liable to the other for loss arising out of damage to, or destruction of, the Leased Property or the contents thereof, when such loss is caused by any of the perils which are or could be included within or insured against by a standard fire insurance policy with standard extended or special form coverage endorsement, including sprinkler leakage insurance and business interruption insurance, if any. All such claims for any and all loss, however caused, hereby are waived. Said absence of liability shall exist whether or not the damage or destruction is caused by the negligence of either Lessor or Lessee or by any of their respective agents, servants or employees. Neither the Lessor nor the Lessee shall have any interest or claim in the other's insurance policy or policies, or the proceeds thereof, unless specifically covered therein as a joint assured and notwithstanding any provision hereof requiring the Lessee to furnish such coverages on behalf of the Lessor. If the Lessee, at any time, is unable to obtain inclusion of any of the matters set forth above and any of its policies, the Lessee shall, at its own expense, have the Lessor named in such policies as one of the insureds.

19. EMINENT DOMAIN.

(i) If the whole of the Leased Property shall be taken for any public or any quasi-public use under any statue or by right of eminent domain, or by private purchase in lieu thereof, then this Lease shall automatically terminate as of the date that title shall be taken. If any part of the Leased Property shall be so taken as to render the remainder thereof unusable for the purposes for which the Leased Property was leased, as set forth in Paragraph L., then the Lessor and the Lessee shall each have the right to terminate this Lease on 30 days' notice to the other given not later than the date of such taking. In the event that this Lease shall terminate or be terminated, the rental shall, if and as necessary, be equitably adjusted.

(ii) If a part of the Leased Property shall be taken as provided in Subparagraph (i) above, without so rendering the remainder of the Leased Property unusable, then the Lessor shall rebuild and restore the Leased Property with reasonable diligence, and if there is a substantial interference with the operation of the Lessee's business in the Leased Property the then applicable rental shall be equitably apportioned for the duration of such rebuilding and restoration; provided, however, that the cost of such work shall not exceed the proceeds of its condemnation award; and provided, further, that if such taking occurs within 18 months prior to the end of the initial or any renewal term, the Lessor may upon 30 days' notice given to the Lessee on or before the date of such taking elect not to so rebuild or restore the Leased Property.

(iii) All compensation awarded or paid upon such a total or partial taking of the Leased Property shall belong to and be the property of the Lessor without any participation by the Lessee; provided, however, that nothing contained herein shall be construed to preclude the Lessee from prosecuting any

claim directly against the condemning authority in such condemnation proceedings for loss of business, or depreciation to, damage to, or cost of removal of, or for the value of stock, trade fixtures, furniture, and other personal property belonging to the Lessee; provided, further, however, that no such claim shall diminish or otherwise adversely affect the Lessor's award or the award of any fee mortgagee.

20. LESSOR'S SIGNS. During the periods specified in Paragraph Q. above, the Lessor may post on the Leased Property, including the windows thereof, signs of moderate size notifying the public that the premises are "for sale" or "for rent" or "for lease."

21. SURRENDER UPON TERMINATION. At the expiration of this term of the Lease or upon any sooner termination hereof, the Lessee will quit and deliver up said Leased Property and all future erections or additions to or upon the same, broom clean, to the Lessor or those having Lessor's estate in the premises, peaceably, quietly, and in as good order and condition, reasonable use and wear thereof, damage or loss excused pursuant to the terms hereof excepted, as the same are now in or hereafter may be put in by the Lessor and Lessee.

22. LIQUIDATED DAMAGES. In the event that the Lessee shall fail to deliver up the Leased Property as above agreed, he shall become liable for the payment, at the option of the Lessor, of a sum for each and every day which he holds possession and fails to deliver over possession in the amount set forth at Paragraph R. above. The Lessor by availing itself of the rights and privileges granted by this provision and the acceptance of said liquidated rental shall not be deemed to have waived any of the rights and privileges granted in other parts of this Lease, (including, but not limited to, the continuing charge of rental,) but the rights granted under this provision shall be considered, in any event, as in addition to, and not in exclusion of, such rights and privileges.

23. HOLDING OVER. In the event the Lessee for any reason shall hold over after the expiration of this Lease, such holding over shall not be deemed to operate as a renewal or extension of this Lease, but shall only create a tenancy from month-to-month which may be terminated at will at any time by the Lessor.

24. ATTORNEY'S FEES AND COURT COSTS. In case suit, action, or arbitration is instituted to enforce compliance with any of the terms, covenants or conditions of this Lease, or to collect the rental which may become due hereunder, or any portion thereof or to enforce any right of Lessor while Lessee is holding over after expiration hereof, the losing party agrees to pay such sum as the trial court or arbitrators may adjudge reasonable as attorney's fees to be allowed the prevailing party in such suit, action, or arbitration and in the event any appeal is taken from any judgment or decree in such suit or action, the losing party agrees to pay such further sum as the appellate court shall adjudge reasonable as prevailing party's attorney's fees on such appeal. The Lessee agrees to pay and discharge all Lessor's costs and expenses, including Lessor's reasonable attorney's fees, that shall arise from enforcing any provision or covenants of this Lease even though no suit, action, or arbitration is instituted if this Lease or Lessor's rights arising hereunder are placed in Lessor's attorney's hands for collection or enforcement.

25. WAIVER. Any waiver by the Lessor of any breach of any covenant herein contained to be kept and performed by the Lessee shall not be deemed or considered as a continuing waiver, and shall not operate to bar or prevent the Lessor from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise.

26. NOTICES. Any notice required by the terms of this Lease to be given by one party to the other or desired so to be given, shall be sufficient if in writing contained in a sealed envelope, deposited in the U.S. Registered or Certified Mails with postage fully prepaid, and if intended for the Lessor, then if addressed to said Lessor at the address set forth in Paragraph A. above and if intended for the Lessee, then if addressed to the Lessee at the address set forth for it in Paragraph B. above.

27. DELAY OF POSSESSION. If the Lessor for any reason cannot deliver possession of the Leased Property to the Lessee at the commencement of the Lease term, this Lease shall not be void or voidable, nor shall the Lessor be liable to the Lessee for any loss or damage resulting therefrom, but there shall be an abatement of rent for the period between the commencement of the Lease term and the time when the Lessor does deliver possession.

28. QUIET ENJOYMENT. The Lessee, upon the payment of the rent herein reserved and upon the performance of, and subject to the provisions of this Lease, shall at all times during the Lease term and during any extension or renewal term peaceably and quietly enjoy the Leased Property without any disturbance from the Lessor or from any other person claiming through the Lessor.

29. PERFORMANCE OF LESSEE'S OBLIGATIONS. If the Lessee shall be in default hereunder, the Lessor may cure such default on behalf of the Lessee, in which event the Lessee shall reimburse the Lessor for all sums paid to effect such cure, together with interest at the highest legal rate. In order to collect such reimbursement the Lessor shall have all the remedies available under this Lease for a default in the payment of rent.

30. ARBITRATION. In the event of any controversy between the parties over the application of Paragraphs 17., 19., or 27. hereof, the same shall be settled by arbitration at Portland, Oregon in accordance with the then existing rules of the American Arbitration Association, and judgment upon the award rendered may be entered in any court having jurisdiction thereof.

31. DEFAULT.

(i) The Lessor may give the Lessee five days' notice of intention to terminate this Lease in any of the following circumstances:

1. If the Lessee shall be in default in the performance of any covenant of the Lease (other than the covenants for the payment of basic rent or additional rent) and if such is not cured within 15 days after written notice thereof given by the Lessor; or, if such default shall be of such nature that it cannot be cured completely within such 15-day period, if the Lessee shall not

have promptly commenced the cure within such 15-day period or shall not thereafter proceed with reasonable diligence and in good faith to remedy such default.

2. If the Lessee shall be adjudicated a bankrupt, make a general assignment for the benefit of creditors, or take the benefit of any insolvency act, or if a permanent receiver or trustee in bankruptcy shall be appointed for the Lessee's property and such appointment is not vacated within 90 days. For these purposes the "Lessee" shall mean the tenant then in possession of the Leased Property.

3. If the Leased Property becomes vacant or deserted for a period of 30 days.

4. If this Lease shall be assigned or the Leased Property sublet other than in accordance with the terms of this Lease and such default is not cured within 15 days after notice.

(ii) The Lessor may give the Lessee 10 days' notice of intention to terminate this Lease if the Lessee shall be in default in the payment of the initial rent or any additional rent.

(iii) If the Lessor shall give the notice of intention to terminate provided above, then at the expiration of such period this Lease shall terminate as completely as if that were the date herein definitely fixed for the expiration of the term of this Lease, and the Lessee shall then surrender the Leased Property to the Lessor. If this Lease shall so terminate, it shall be lawful for the Lessor, at its option, without formal demand or notice of any kind, to re-enter the Leased Property by a forceable entry and detainer action or by any other means, including force, and to remove the Lessee and his possessions therefrom without being liable for any damages therefor. Upon the termination of this Lease, as herein provided, the Lessor shall have the right, at its election, to terminate any sublease then in effect, without the consent of the sublessee concerned.

(iv) The Lessee shall remain liable for all its obligations under this Lease despite the Lessor's re-entry, and the Lessor may re-rent or use the Leased Property as agent for the Lessee, if the Lessor so elects. The Lessor waives any legal requirement for notice of intention to re-enter and any right of redemption.

(v) If this Lease shall terminate as provided in this Paragraph the Lessor shall have the right, at its election at any time, to recover from the Lessee the amount by which the rent and charges equivalent to rent reserved herein for the balance of the term shall exceed the reasonable rental value of the Leased Property for the same period.

32. MISCELLANEOUS PROVISIONS.

(i) Time is of the essence of this Lease with respect of performance by the Lessee to his obligations hereunder.

(ii) In construing this Lease, masculine or feminine pronouns shall be substituted for those neuter in form and vice versa, and plural terms shall be substituted for singular and singular for plural in any place in which the context requires.

(iii) If there is more than one party tenant, the covenants of the Lessee shall be the joint and several obligations of each such party, and, if the Lessee is a partnership, the covenants of the Lessee shall be the joint and several obligations of each of the partners and the obligations of the firm.

(iv) The parties agree to execute and deliver any instruments in writing necessary to carry out any agreement, term, condition, or assurance in this Lease whenever occasion shall arise and request for such instruments shall be made.

(v) The specified remedies to which the Lessor may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress, as provided herein or by law, to which the Lessor may be lawfully entitled in case of any breach or threatened breach by the Lessee of any provision or provisions of this Lease.

(vi) The captions of this Lease are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of this Lease, nor in any way affect this Lease.

(vii) This Lease, together with any written agreements which shall have been executed simultaneously herewith, contains the entire agreement and understanding between the parties. There are no oral understandings, terms, or conditions, and neither party has relied upon any representation, express or implied, not contained in this Lease or the simultaneous writings heretofore referred to. All prior understandings, terms, or conditions are deemed merged in this Lease. This Lease cannot be changed or supplemented orally.

(viii) If any provision of this Lease shall be declared invalid or unenforceable, the remainder of this Lease shall continue in full force and effect.

33. ADDITIONAL TERMS AND CONDITIONS. Additional terms and conditions of this Lease are set forth at Paragraph S. above (and attached) and have the same force and effect as if printed here; provided, however, that in the event that any provisions of Paragraph S. conflict with any other provision hereof, and both may not be given effect, Paragraph S. shall control.

IN WITNESS WHEREOF, the Lessor identified at Paragraph A. above and the Lessee identified at Paragraph B. above have executed this instrument in duplicate, the day and year set forth at Paragraph C. above, any corporate signature being by authority of the board of directors of such corporation.

SCHEDULE A

Lessor: Propco, Inc.

Lessee: Crown Zellerbach Corporation

Location: 4455 S.E. 24th Avenue
Portland, Oregon

Commencement Date of Lease:
- ---------------------------

The Lease shall commence upon substantial completion of both the office and warehouse space. The Lessee shall have access to the warehouse area upon completion of the warehouse space. The office area will be completed approximately 30 days after the warehouse space is complete. During this period between when the warehouse is complete and when the office is completed, the Lessee shall be permitted to install racks and shelving in preparation for stocking merchandise. The waiver of subrogation provision of the lease shall be applicable commencing with Lessee's initial occupancy.

If the date of Substantial Completion is other than July 1, 1981, then the Commencement Date of Lease shall be adjusted accordingly.

Expiration Date of Lease:
- -------------------------

Expiration shall be 10 years after Commencement Date as defined above.

Initial Rental:
- ---------------

<TABLE>

<S>	<C>
shell: 62,850 sq. ft. @ 0.29 =	$18,227.00 *
office: 3,000 sq. ft. @ 0.30 =	900.00
27' clearance:	251.00
Storage above office:	210.00
Fuel pump across street:	43.00

	$19,631.00/mth

</TABLE>

* The 29 cent per square foot shall be applied to the entire gross square footage of the building shell, including the office area, the shipping dock area and the receiving dock area. The actual lump sum monthly rent shall be calculated from the final approved plans and specifications.

The above rental figure is subject to increase if 35' candle lighting is required in rack or shelving areas.

Option Period: The Lessee shall have the option to extend this Lease an additional 5 years beyond the original 10 year period. The rental during the option period will be based on 50% of the increase of the CPI, all items, using September, 1981, as base year. Option must be exercised not later than 180 days prior to expiration.

CROWN ZELLERBACH CORPORATION

BY: Propco, Inc. BY: W. J. Zellerbach

W. J. Zellerbach

TITLE:[SIGNATURE NOT LEGIBLE] TITLE: Senior Vice President

"Lessor" "Lessee"

ADDENDUM NO. 1 1/29/82

PROPCO, INC.
5000 S.E. 25th ave.
Portland, Oregon 97202

A D D E N D U M NO. 1

TO LEASE

DATED JANUARY 9, 1981

BY AND BETWEEN

LESSOR: PROPCO, INC., an Oregon Corporation

AND

LESSEE: CROWN ZELLERBACH CORPORATION, a Nevada Corporation

qualified to do business in Oregon

THE LEASE dated January 9, 1981, by and between PROPCO, INC., "Lessor", and CROWN ZELLERBACH CORPORATION, "Lessee", shall be amended to include the

following under ITEM "E" Legal Description of the Lease:

1. ITEM "E" - LEGAL DESCRIPTION is amended to include: The South 35-1/2 feet of Lot 18 and the North 24-1/2 feet of Lot 19, Block 3, SPANTON'S ADDITION TO THE CITY OF PORTLAND, in the City of Portland, Multnomah County, Oregon.

All other terms and conditions of LEASE dated January 9, 1981, remains the same.

By:[SIGNATURE NOT LEGIBLE]	By: /S/ W. J. Zellerbach
PROPCO, INC. (LESSOR)	CROWN ZELLERBACH CORPORATION (LESSEE) W. J. Zellerbach, Sr. Vice-President
Dated 1-22-82	Dated 1/29/82

ASSIGNMENT & ASSUMPTION OR LEASE 10/15/85

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS AGREEMENT made as of the 15th day of October, 1985, between CROWN ZELLERBACH CORPORATION, a Nevada corporation whose principal office is located at One Bush Street, San Francisco, California 94104 ("Assignor"), and STATIONERS DISTRIBUTING COMPANY, INC., a Delaware corporation whose principal office is located at 3300 W. Bolt Street, Fort Worth, Texas 76110 ("Assignee").

WITNESSETH

WHEREAS, Assignor is the Lessee under that certain Lease dated January 9, 1981, as amended on January 28, 1982, between Propco, Inc., an Oregon corporation, as Landlord, and Crown Zellerbach Corporation, as Lessee, concerning Premises located at 4455 S.E. 24th Avenue, Portland, Oregon (the "Lease"); and

WHEREAS, Assignor desires to assign the Lease to Assignee so that Assignee may have the benefit of the use of the property subject to the Lease; and

WHEREAS, such assignment shall be effective as of the close of business October 31, 1985, the date of the closing of the sale of the Stationers Distributing Company Division of Crown Zellerbach Corporation to Assignee.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged:

1. Assignor hereby assigns and transfers all of its rights, title and interest as tenant, in, to and under the Lease including but not limited to any security of Assignor held by landlord under the Lease, to Assignee, its successors and assigns from and after the effective date of this assignment for the remainder of the term of the Lease, subject to the rental, terms, covenants and conditions of the Lease and including without limitation any and all renewal and purchase options.

2. From and after the effective date of this assignment, Assignee hereby assumes the performance of all of the terms, covenants and conditions arising out of the Lease herein assigned by Assignor to Assignee and agrees to pay the rent reserved by the Lease in accordance with the terms thereof until the termination of the Lease and will well and truly perform all the terms, covenants and conditions of the Lease herein assigned and hereinafter arising, all with full force and effect as if Assignee had signed the Lease originally as tenant named therein. Assignee does not assume any liability under the Lease arising as a result of any act, omission or occurrence happening prior to the effective date hereof.

3. Assignee hereby agrees that the obligations herein assumed by Assignee shall inure to the landlord named in the Lease and to its successors and assigns.

4. Assignee agrees to indemnify, defend and hold Assignor harmless from and against any and all claims, demands, liabilities, lawsuits, and all expenses associated therewith (including reasonable attorneys' fees and other costs of litigation) arising out of the failure by Assignee to comply with any provision of the lease assigned hereunder or arising out of any activity by Lessee, its agents, employees, or invitees, on or about the premises. In the event Assignee fails to comply with any of its obligations under the lease, Assignor may perform such obligation on behalf of Assignee and Assignee shall be liable to Assignor for all reasonable costs Assignor incurs in fulfilling such obligation.

5. Assignor and Assignee each agrees to execute and deliver to the other party, if the other party so requests, such further instruments as may be reasonably

required to complete or further evidence either the foregoing assignment or the foregoing assumption.

IN WITNESS WHEREOF, Assignor and Assignee have executed this instrument as of the date first set forth above.

ASSIGNOR: CROWN ZELLERBACH CORPORATION

By: [SIGNATURE NOT LEGIBLE]

Title:

ASSIGNEE: STATIONERS DISTRIBUTING COMPANY, INC.

By: /s/ Joseph Loredo

Title: Vice President

STATE OF CALIFORNIA)
: ss.
CITY & COUNTY OF SAN FRANCISCO)

This instrument was acknowledged before me on October 21, 1985 by F. J. Stabbert as Senior Vice President of Crown Zellerbach Corporation, a Nevada corporation.

[OFFICIAL SEAL APPEARS HERE]

/S/ Madeline Cravotta

Notary Public

My commission expires: 5/6/88

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

This instrument was acknowledged before me on October 18, 1985 by Joseph Loredo as Vice President of Stationers Distributing Company, Inc., a Delaware corporation.

/S/ Renalto C. Giallorenzi

Notary Public

[Seal]

My commission expires:
March 30,1986

ADDENDUM No. 2 1/20/86

ADDENDUM NO. 2

TO LEASE

DATED JANUARY 9, 1981

BY AND BETWEEN

LESSOR: PROPCO, INC. an Oregon Corporation

LESSEE (ASSIGNEE): STATIONERS DISTRIBUTING COMPANY, INC.
an Delaware Corporation qualified
to do business in Oregon

The LEASE dated January 9, 1981, by and between PROPCO, INC., "LESSOR", and STATIONERS DISTRIBUTING COMPANY, INC. "LESSEE" (ASSIGNEE), shall be amended to read the following:

LESSOR, agrees to make tenant improvements for a total sum of One Hundred Seven Thousand Two Hundred Sixty Six Dollars and Fifty Cents ($107,266.50) as approved by STATIONERS DISTRIBUTING COMPANY, INC., in letter to PROPCO, INC. dated January 7, 1986 (copy attached). It is understood and agreed that STATIONERS DISTRIBUTING COMPANY, INC., will reimburse PROPCO, INC., the total sum of $107,266.50 amortized over a term of ten and one-half (10.5) years based on a eleven per cent (11%) interest rate and including a ten per cent (10%) developers fee, monthly payments are to be made as set forth:

First three (3) year (Beginning 3-1-86 to 2-1-89) monthly payment will be $1,200.00 per month plus initial rent due and payable on the first day of each month.

Monthly payment after first (3) years (Beginning 3-1-89 for the duration of lease) will be $1,605.02 per month plus initial rent at that time, due and payable on the first day of each month.

Should LESSEE (ASSIGNEE), exercise their OPTION 180 days prior to expiration of LEASE (March 1, 1991) to extend the existing LEASE for an additional (5) year term the monthly payments of $1,605.02 will continue in addition to monthly rental. If LESSEE (ASSIGNEE) does not exercise their OPTION, then a BALLOON PAYMENT in the amount of $75,424.87 will be due and payable August 31, 1991.

All other terms and conditions of LEASE dated January 9, 1981, remains the same.

BY:SIGNATURE NOT LEGIBLE] BY:[SIGNATURE NOT LEGIBLE]

"LESSOR" "LESSEE" (ASSIGNEE)

DATED: 1-22-86 DATED: 1-20-86

Addendum No. 3 4/20/87

ADDENDUM NO. 3
TO LEASE
DATED JANUARY 9, 1981
BY AND BETWEEN

LESSOR: PROPCO, INC., AN OREGON CORPORATION

LESSEE (ASSIGNEE): STATIONERS DISTRIBUTING COMPANY, INC., A DELAWARE CORPORATION QUALIFIED TO DO BUSINESS IN OREGON

THE LEASE DATED JANUARY 9, 1981, BY AND BETWEEN PROPCO, INC., "LESSOR," AND STATIONERS DISTRIBUTING COMPANY, INC., "LESSEE," (ASSIGNEE), SHALL BE AMENDED TO READ AS FOLLOWS:

COMMENCING MARCH 1, 1987, AND CONTINUING UNTIL JANUARY 31, 1994, LESSEE SHALL PAY TO LESSOR ON THE FIRST DAY OF EACH MONTH RENT ACCORDING TO THE FOLLOWING SCHEDULE:

3/01/87 - 8/31/88 $18,725.00 PER MONTH

9/01/88 - 8/31/91 $19,500.00 PER MONTH

9/01/91 - 1/31/94 $20,100.00 PER MONTH

COMMENCING FEBRUARY 1, 1994, AND CONTINUING UNTIL FEBRUARY 28, 1997, LESSEE SHALL PAY TO LESSOR RENT EQUAL TO THAT WHICH IS THEN CUSTOMARILY BEING PAID BY SIMILAR TENANTS FOR SIMILAR SPACE IN PORTLAND, OREGON, BUT NOT TO BE LESSER THAN $18,725.00 PER MONTH. IF THE PARTIES CANNOT AGREE UPON THE RENT FOR THIS THREE YEAR PERIOD, THE PARTIES WILL SUBMIT THE ISSUE TO BINDING ARBITRATION IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION.

THE MONTHLY RENT PROVIDED IN THIS AMENDMENT NO. 3 SHALL BE IN LIEU OF THE RENT AND TENANT IMPROVEMENT PAYMENTS PREVIOUSLY AGREED TO BE PAID BY LESSEE TO LESSOR.

LESSEE SHALL BE RESPONSIBLE FOR ALL ROOF MAINTENANCE AND REPAIRS INCLUDING LEAKS, PROVIDED, HOWEVER, THAT FOR ANY SINGLE REPAIR JOB COSTING IN EXCESS OF $10,000.00 LESSOR SHALL BE RESPONSIBLE FOR THAT PORTION OF SUCH COST EXCEEDING $10,000.00. HOWEVER, THE AGGREGATE OF ALL LESSEE'S ROOF REPAIR EXPENSE SHALL NOT EXCEED $20,000.00 OVER THE LIFE OF THE LEASE.

ALL OTHER TERMS AND CONDITIONS OF THE LEASE DATED JANUARY 9, 1981, AS AMENDED REMAIN THE SAME.

PROPCO, INC.	STATIONERS DISTRIBUTING COMPANY, INC.
BY:[SIGNATURE NOT LEGIBLE]	BY:[SIGNATURE NOT LEGIBLE]
"LESSOR"	"LESSEE" (ASSIGNEE)
DATED: 4.23.87	DATED: 4.20.87

EXHIBIT 10.42

LEASE AGREEMENT
by and between

CORPORATE PROPERTY ASSOCIATES 8, L.P.,
A DELAWARE LIMITED PARTNERSHIP

as LANDLORD

and

STATIONERS DISTRIBUTING COMPANY, INC.

as TENANT

Premises: Plauche Street and Beven Street, New Orleans, LA
Harbor Avenue, Memphis, TN
Highpoint Drive, San Antonio, TX

Dated as of: December 20, 1988

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LEASE AGREEMENT, made as of this 20th day of December, 1988, between CORPORATE PROPERTY ASSOCIATES 8 L.P., A DELAWARE LIMITED PARTNERSHIP ("Landlord"), a Delaware limited partnership with an address c/o W. P. Carey & Co., Inc., 689 Fifth Avenue, New York, New York 10022, and STATIONERS DISTRIBUTING COMPANY, INC. ("Tenant"), a Delaware corporation with an address at 4055 International Plaza, Suite 450, Fort Worth, Texas 76109.

In consideration of the rents and provisions herein stipulated to be paid and performed, Landlord and Tenant hereby covenant and agree as follows:

1. Demise of Premises. Landlord hereby demises and lets to Tenant,
---

and Tenant hereby takes and leases from Landlord, for the term or terms and upon the provisions hereinafter specified, the following described property (hereinafter referred to individually as the "New Orleans Premises", the "Memphis Premises" and the "San Antonio Premises" [each of which Premises shall

include the portions of items (a), (b) and (c) of this Paragraph 1 located thereon or therein or appertaining thereto] and collectively as the "Leased Premises"): (a) the premises described in Exhibit "A" attached hereto and made a part hereof, together with the easements, rights and appurtenances thereunto belonging or appertaining (collectively, the "Land"); (b) the buildings, structures and other improvements now or hereafter constructed on the Land (collectively, the "Improvements"); and (c) the machinery and equipment described in Exhibit "B" attached hereto and made a part hereof and installed in and upon the Improvements, together with all additions and accessions thereto, substitutions therefor and replacements thereof permitted by this Lease (collectively, the "Equipment").

2. Certain Definitions.

"Acquisition Cost" shall mean $4,630,000.

"Additional Rent" shall mean Additional Rent as defined in Paragraph 6(b).

"Adjoining Property" shall mean all sidewalks, curbs and vault spaces adjoining any of the Leased Premises.

"Affected Premises" shall mean the Affected Premises as defined in Paragraph 13(b) or Paragraph 14(i), as the case may be, and as the context requires.

"Affiliate" shall mean any Person in controlling, control of or under common control with Tenant.

"Alterations" shall mean all changes, additions, improvements or repairs to, all alterations, reconstructions, renewals or removals of and all substitutions or replacements for any of the Improvements or Equipment, both interior and exterior structural and non-structural, and ordinary and extraordinary.

"Applicable Final Date" shall mean the Applicable Final Date as defined in Paragraph 27.

"Applicable Initial Date" shall mean the Applicable Initial Date as defined in Paragraph 27.

"Applicable Provision" shall mean the Applicable Provision as defined in Paragraph 27.

"Assignment" shall mean an assignment of rents and leases from Landlord to Lender securing Landlord's obligation to repay the Loan and/or any subsequent assignment of rents covering any of the Leased Premises from Landlord to Lender, as the same may from time to time be amended, supplemented or modified, securing repayment of the Loan.

"Basic Rent" shall mean Basic Rent as defined in Paragraph 6(a).

"Basic Rent Payment Dates" shall mean the Basic Rent Payment Dates as defined in Paragraph 6(a).

"Casualty Offer Amount" shall mean the Casualty Offer Amount as defined in Paragraph 14(i).

"Casualty Termination Date" shall mean the Casualty Termination Date as defined in Paragraph 14(i).

"Condemnation" shall mean a Taking and/or a Requisition.

"Condemnation Notice" shall mean notice or knowledge of the institution of or intention to institute any proceeding for Condemnation.

"Default Offer Amount" shall mean the Default Offer Amount as defined in Paragraph 19(b)(v).

"Default Rate" shall mean the Default Rate as defined in Paragraph 6(b).

"Delay Period" shall mean the Delay Period as defined in Paragraph 27.

"Environmental Laws" shall mean all federal, state or local laws, ordinances, rules, regulations or written policies, now or hereafter existing, which govern or otherwise relate to the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of any Hazardous Substance, including the laws, ordinances, regulations and written policies provided pursuant to or under (i) Toxic Substances Control Act, 15 U.S.C. (s)(s)2601 et seq., (ii) National Historic Preservation Act, 16 U.S.C. (s)(s)470 et .seq., (iii) Coastal Zone Management Act of 1972,

16 U.S.C. (s)(s)1451 et seq., (iv) Rivers and Harbors Act of 1899, 33 U.S.C. (s)(s)401 et seq., (v) Clean Water Act, 42 U.S.C. (s)(s)1251 et seq., (vi) Flood Disaster Protection Act, 42 U.S.C. (s)(s)4321 et seq., (vii) National Environmental Policy Act, 42 U.S.C. (s)(s)4321 et seq., (viii) Resource Conservation and Recovery Act of 1976, 42 U.S.C. (s)(s)6901 et seq., (ix) Clean Air Act, 42 U.S.C. (s)(s)7401 et seq. and (x) Comprehensive Environmental

Response Compensation and Liability Act, 42 U.S.C. (s)(s)9601 et seq. ("CERCLA").

"Equipment" shall mean the Equipment as defined in Paragraph 1.

"Event of Default" shall mean an Event of Default as defined in Paragraph 19(a).

"Exchange" shall mean Exchange as defined in Paragraph 32.

"Exchange Date" shall mean Exchange Date as defined in Paragraph 32.

"Existing Property" shall mean Existing Property as defined in Paragraph 32.

"Fair Market Value" shall mean the higher of (a) the fair market value of the Leased Premises or the Affected Premises or the Selected Premises, as applicable, as affected and encumbered by this Lease and assuming that the Term has been extended for all extension periods, if any, provided for herein. Fair Market Value, for all purposes of this Lease, shall be determined in accordance with the procedure specified in Paragraph 27.

"Guarantor" shall mean SDC Distributing Corp., a Delaware corporation.

"Guaranty" shall mean the Guaranty of even date herewith from Guarantor to Landlord.

"Hazardous Substances" shall mean (i) any flammable substances, radioactive materials, hazardous materials, hazardous wastes, toxic substances, pollutants, pollution or any related materials or substances specified in any of the Environmental Laws (including any "hazardous substance" as defined in CERCLA) and (ii) asbestos and polychlorinated biphenyls.

"Impositions" shall mean the Impositions as defined in Paragraph 8(a).

"Improvements" shall mean the Improvements as defined in Paragraph 1.

"Land" shall mean the Land as defined in Paragraph 1.

"Law" shall mean any constitution, statute, rule of law, code, ordinance, order, judgment, decree, injunction, rule, regulation or requirement,

even if unforeseen or extraordinary, of every duly constituted governmental authority, court or agency .

"Leased Premises" shall mean the Leased Premises as defined in Paragraph 1.

"Legal Requirements" shall mean all present and future Laws (including but not limited to Environmental Laws) and all covenants, restrictions and conditions now or hereafter of record which may be applicable to Tenant or to any of the Leased Premises, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of any of the Leased Premises, even if compliance therewith necessitates structural changes or improvements or results in interference with the use or enjoyment of any of the Leased Premises.

"Lender" shall mean any Person or entity which may, after the date hereof, make a Loan to Landlord.

"Loan" shall mean one or more loans of not more than $2,500,000 which may be made by Lender to Landlord after the date hereof, secured by a Mortgage and an Assignment and evidenced by a Note.

"Memphis Premises" shall mean the Memphis Premises as defined in Paragraph 1.

"Mortgage" shall mean any mortgage or deed of trust encumbering the Leased Premises from Landlord to Lender, as the same may from time to time be amended, supplemented or modified.

"Net Award" shall mean the entire award payable to Landlord by reason of a Condemnation, less any reasonable out-of-pocket expenses and reasonable attorney's fees, if applicable incurred by Landlord and Lender in collecting such award.

"Net Proceeds" shall mean the entire proceeds of any insurance required under clauses (i), (ii) (to the extent payable to Landlord or Lender), (iv) and (v) of Paragraph 14(a), less any reasonable out-of-pocket expenses and reasonable attorney's fees, if applicable incurred by Landlord and Lender in collecting such proceeds.

"New Orleans Premises" shall mean the New Orleans Premises as defined in Paragraph 1.

"Note" shall mean a promissory note evidencing Landlord's obligation to repay the Loan, which Note may be secured by the Mortgage and the Assignment, as the same may from time to time be amended, supplemented or modified.

"Offer Amount" shall mean the Termination Offer Amount, the Casualty Offer Amount, the Transfer Offer Amount, the Default Offer Amount or the Purchase Price, as the case may be, and as the context requires.

"Option Purchase Date" shall mean the Option Purchase Date as defined in Paragraph 28.

"Permitted Encumbrances" shall mean those covenants, restrictions, reservations, liens, conditions and easements, listed on Exhibit "C" attached hereto and made a part hereof.

"Person" shall mean an individual, partnership, association, corporation or other entity.

"Prime Rate" shall mean the average of the interest rates per annum quoted by Bank of America NT & SA, San Francisco, CA, The Chase Manhattan Bank, N.A., New York, NY, Chemical Bank, New York, NY, Citibank, N.A., New York, NY, and Morgan Guaranty Trust Company, New York, NY, as their respective prime rates, such average to change effective as of the effective date of any change in any of the aforesaid prime rates. The Prime Rate shall be the average of such publicly announced prime rates even though one or more of the aforesaid banks may actually charge interest on some of its loans at lower rates; and if any of the aforesaid banks has more than one prime rate of interest in effect simultaneously, the prime rate of such bank for the purposes of this definition shall be deemed to be the highest of such prime rates then simultaneously in effect for such bank. If three or more of the aforesaid banks cease to have a publicly announced prime rate, then, for so long as three or more of the aforesaid banks cease to have a publicly announced prime rate, the Prime Rate shall be the average per annum discount rate from time to time on ninety-one (91) day bills issued by the United States Treasury (the so-called "Treasury bills") at the most recent auction or, if no such ninety-one (91) day bills are then being issued, Treasury bills then being issued for the period of time closest to ninety-one (91) days.

"Purchase Price" shall mean the Purchase Price as defined in Paragraph 28.

"Remaining Sum" shall mean the Remaining Sum as defined in Paragraph 15(a).

"Rent" shall mean Basic Rent and Additional Rent.

"Replaced Equipment" shall mean the Replaced Equipment as defined in Paragraph 11(d) .

"Replacement Equipment" shall mean the Replacement Equipment as defined in Paragraph 11(d).

"Requisition" shall mean any temporary requisition or confiscation of the use or occupancy of any of the Affected Premises by any governmental authority, civil or military, whether pursuant to an agreement with such governmental authority in settlement of or under threat of any such requisition or confiscation, or otherwise.

"Retention Date" shall mean the later of the date on which the amount of a Remaining Sum is finally determined or the date on which Landlord's right to retain the Remaining Sum is finally determined.

"San Antonio Premises" shall mean the San Antonio Premises as defined in Paragraph 1.

"Selected Premises" shall mean the Selected Premises as defined in Paragraph 19(b)(v).

"Set-Off" shall mean a Set-Off as defined in Paragraph 7(a).

"Site Assessments" shall mean the Site Assessments as defined in Paragraph 8(d).

"Site Reviewers" shall mean the Site Reviewers as defined in Paragraph 8(d).

"State" shall mean the State of Louisiana, the State of Tennessee and/or the State of Texas, as applicable.

"Substitute Property" shall mean the Substitute Premises as defined in Paragraph 32.

"Taking" shall mean any taking of any of the Leased Premises in or by condemnation or other eminent domain proceedings pursuant to any Law, general or special, or by reason of any agreement with any condemnor in settlement of or under threat of any such condemnation or other eminent domain proceeding, or by any other means, or any de facto condemnation.

"Term" shall mean the Term as defined in Paragraph 5.

"Termination Date" shall mean the Termination Date as defined in Paragraph 13(b).

"Termination Offer Amount" shall mean the Termination Offer Amount as defined in Paragraph 13(b).

"Transfer Offer Amount" shall mean Transfer Offer Amount as defined in Paragraph 17.

"Transfer Purchase Date" shall mean Transfer Purchase Date as

defined in Paragraph 17.

3. Title and Condition.

(a) The Leased Premises are demised and let subject to (i) the Mortgage and the Assignment, (ii) the rights of any parties in possession of any of the Leased Premises, (iii) the existing state of title of the Leased Premises, including the Permitted Encumbrances, as of the commencement of the Term, (iv) any state of facts which an accurate survey or physical inspection of the Leased Premises might show, (v) all Legal Requirements, including any existing violation of any thereof, and (vi) the condition of the Leased Premises as of the commencement of the Term, without representation or warranty by Landlord; it being understood and agreed, however, that the recital of the Permitted Encumbrances herein shall not be construed as a revival of any thereof which for any reason may have expired or terminated.

(b) Tenant acknowledges that the Leased Premises are in satisfactory condition and repair at the inception of this Lease. LANDLORD HAS NOT MADE AND WILL NOT MAKE ANY INSPECTION OF ANY OF THE LEASED PREMISES. LANDLORD LEASES AND WILL LEASE AND TENANT TAKES AND WILL TAKE THE LEASED PREMISES AS IS. TENANT ACKNOWLEDGES THAT LANDLORD (WHETHER ACTING AS LANDLORD HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LANDLORD BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE LEASED PREMISES, INCLUDING ANY WARRANTY OR REPRESENTATION AS TO (i) ITS FITNESS, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, (ii) THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, (iii) THE EXISTENCE OF ANY DEFECT, LATENT OR PATENT, (iv) LANDLORD'S TITLE THERETO, (v) VALUE, (vi) COMPLIANCE WITH SPECIFICATIONS, (vii) LOCATION, (viii) USE, (ix) CONDITION, (x) MERCHANTABILITY, (xi) QUALITY, (xii) DESCRIPTION, (xiii) DURABILITY OR (xiv) OPERATION; AND ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY TENANT. TENANT ACKNOWLEDGES THAT THE LEASED PREMISES ARE OF ITS SELECTION AND TO ITS SPECIFICATIONS AND THAT THE LEASED PREMISES HAVE BEEN INSPECTED BY TENANT AND ARE SATISFACTORY TO IT. IN THE EVENT OF ANY DEFECT OR DEFICIENCY IN ANY OF THE LEASED PREMISES OF ANY NATURE, WHETHER LATENT OR PATENT, LANDLORD SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO OR FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT). THE PROVISIONS OF THIS PARAGRAPH 3(b) HAVE BEEN NEGOTIATED; AND THE FOREGOING PROVISIONS ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES BY LANDLORD, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE LEASED PREMISES, ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR ARISING OTHERWISE.

(c) Tenant represents to Landlord that Tenant has examined the

title to the Leased Premises prior to the execution and delivery of this Lease and has found the same to be satisfactory for the purposes contemplated hereby, and acknowledges that title is in Landlord and that Tenant has only the right of possession and use of the Leased Premises (and a right of first refusal) as provided in this Lease. Tenant further acknowledges that to its knowledge (i) the Improvements conform to all Legal Requirements and all requirements of the carriers of all insurance on any of the Leased Premises, (ii) all easements necessary or appropriate for the use or operation of the Leased Premises have been obtained, (iii) all contractors and subcontractors who have performed work on or supplied materials to the Leased Premises have been fully paid, and all materials and supplies have been fully paid for, (iv) the Improvements have been fully completed in a workmanlike manner, and (v) all Equipment necessary for the use or operation of the Leased Premises has been installed and all Equipment in the Leased Premises is presently operative.

(d) Landlord hereby assigns to Tenant, without recourse or warranty whatsoever, all warranties, guaranties and indemnities, express or implied, and similar rights which Landlord may have against any manufacturer, seller, engineer, contractor or builder in respect of any of the Leased Premises, including any rights and remedies existing under contract or pursuant to the Uniform Commercial Code. Such assignment shall remain in effect until the termination of this Lease, and upon the termination of this Lease, such assignment shall cease and all the said warranties, guaranties, indemnities and other rights shall automatically revert to Landlord unless Tenant shall have acquired the Premises in which event the assignment shall continue in effect.

4. Use of Leased Premises: Quiet Enjoyment.

(a) Tenant may occupy and use the Leased Premises for any lawful purpose, provided that no Alterations may be made and no additional Improvements may be constructed except in accordance with Paragraph 12, no Equipment may be removed from the Leased Premises except in accordance with Paragraphs 11(d), 13(d) and 14(h), and such use will not otherwise violate any provision of this Lease. Tenant shall not permit any unlawful occupation, business or trade to be conducted on any of the Leased Premises or any use to be made thereof contrary to any applicable Legal Requirement then in effect. Tenant shall not use or occupy or permit any of the Leased Premises to be used or occupied, nor do or permit anything to be done in or on any of the Leased Premises, in a manner which would (i) violate any certificate of occupancy affecting any of the Leased Premises, (ii) make void or voidable any insurance then in force with respect to any of the Leased Premises, (iii) make it difficult or impossible to obtain fire or

other insurance which Tenant is required to furnish hereunder, (iv) cause structural injury to any of the Improvements, or (v) constitute a public or private nuisance or waste.

(b) Subject to the other provisions of this Lease, so long as no Event of Default exists hereunder, Landlord covenants to do no act to disturb the peaceful and quiet occupation and enjoyment of the Leased Premises by Tenant, provided that Landlord may enter upon and examine any of the Leased Premises at reasonable times and upon five (5) days advance notice to Tenant (except in the event of an emergency or upon the occurrence of an Event of Default in either of which events no notice shall be required) and may take such action with respect to the Leased Premises as is permitted by any provision hereof.

5. Term. Subject to the provisions hereof, Tenant shall have and hold
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the Leased Premises for an initial term (such term, as extended or renewed in accordance with the provisions hereof, being called the "Term") commencing on the date hereof and ending on the last day of the one hundred and eightieth (180th) calendar month next following the date hereof. If all Rent and all other sums due hereunder shall not have been fully paid by the end of the Term, Landlord may, at its option, extend the Term until all said sums shall have been fully paid.

Provided this Lease shall not have been terminated pursuant to any provision hereof, the initial Term shall be deemed to be automatically extended for an additional period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the initial Term that Tenant is terminating this Lease as of the end of the initial Term provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to terminate this Lease and in the event Tenant so rescinds its notice to terminate, this Lease and the Term shall be automatically extended for an additional period of five (5) years. If the initial Term is automatically extended as aforesaid and this Lease has not been terminated pursuant to any provision hereof prior to the expiration of the first extension period, the Term shall be further automatically extended for an additional consecutive period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the first extension period that Tenant is terminating this Lease as of the end of the first extension period provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to

terminate this Lease and in the event Tenant so rescinds its notice to terminate this Lease and the Term shall be automatically extended for an additional period of five (5) years. If the Term is automatically extended as aforesaid and this

Lease has not been terminated pursuant to any provision hereof prior to the expiration of the second extension period, the Term shall be further automatically extended for an additional consecutive period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the second extension period that Tenant is terminating this Lease as of the end of the second extension period provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to terminate this Lease and in the event Tenant so rescinds its notice to terminate this Lease and the Term shall be automatically extended for an additional period of five (5) years. If the Term is automatically extended as aforesaid and this Lease has not been terminated pursuant to any provision hereof prior to the expiration of the third extension period, the Term shall be further automatically extended for an additional consecutive period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the third extension period that Tenant is terminating this Lease as of the end of the third extension period provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to terminate this Lease and in the event Tenant so rescinds its notice to terminate this Lease and the Term shall be automatically extended for an additional period of five (5) years.

In the absence of such notice of termination by Tenant to Landlord and in the absence of any termination of this Lease pursuant to any other provision hereof, the Term shall be automatically extended for the applicable extension period specified above and no instrument of extension or renewal need be executed. Any such extension of the Term shall be subject to and continue in full force and effect all of the provisions of this Lease except that the Basic Rent payable during each extension period shall be as provided in Exhibit "C" attached hereto and made a part hereof.

In the event that Tenant exercises its option not to extend or not to further extend the Term, as hereinabove provided or upon the occurrence of an Event of Default hereunder, then Landlord shall have the right during the remainder of the Term then in effect to (a) advertise the availability of the Leased

Premises for sale or for reletting and to erect upon the Leased Premises signs indicating such availability provided that such signs shall not unreasonably interfere with the use of the Leased Premises by Tenant, and (b) show the Leased Premises to prospective purchasers or tenants at such reasonable times during normal business hours as Landlord may select.

6. Rent.

(a) Tenant shall pay to Landlord, as annual rent for the Leased Premises during the Term the amounts determined in accordance with the schedule set forth in Exhibit "D" attached hereto and made a part hereof ("Basic Rent"), commencing on the first day of the first month next following the date hereof and continuing on the first day of each month thereafter during the Term (the said days being called the "Basic Rent Payment Dates"), and shall pay the same at Landlord's address set forth above, or at such other places or to such other Persons as Landlord from time to time may designate to Tenant in writing. Each rental payment shall be made to Landlord on or before the applicable Basic Rent Payment Date in immediately available funds which at the time of such payment shall be legal tender for the payment of public or private debts in the United States of America. Pro rata Basic Rent for the period from the date hereof through the last day of the month hereof shall be paid on the date hereof. Landlord may, at Landlord's option, by written notice to Tenant, require Tenant to pay installments of Basic Rent directly to one or more Persons in addition to Landlord, in such proportions as Landlord may select; and Tenant agrees to make such "split" payments of Basic Rent in the amounts, to the payees and in the manner specified by Landlord in any such notice, provided, however, that Tenant shall not be required to make more than two (2) "split" payments.

(b) Tenant shall pay and discharge when the same shall become due, as additional rent, all other amounts and obligations which Tenant assumes or agrees to pay or discharge pursuant to this Lease (except that amounts payable as liquidated damages pursuant to Paragraph 19(b) (iv) shall not constitute additional rent), together with every fine, penalty, interest and cost which may be added for non-payment or late payment thereof. If any installment of Basic Rent is not paid on or before the due date therefor, Tenant shall pay to Landlord, as additional rent, an amount equal to three percent (3%) of the amount of such installment, provided, however, that with respect to the first three (3) late payments in any twelve (12) month period (the first such period to commence on the first Basic Rent Payment Date following the date of this Lease) such late payment charge shall not be payable until two (2) business days following receipt of notice by Tenant that such payment has not been received. From the date of occurrence of any Event of Default until all Events of Default are fully cured, Tenant shall pay to Landlord on demand, as additional rent, a sum equal to any additional sums which might be payable by Landlord to any lender under any note occasioned by

the occurrence of an Event of Default under this Lease. The requirements of Paragraph 19(g) regarding notice and grace periods need not be satisfied prior to the imposition of Additional Rent (as hereinafter defined) under foregoing provisions of this Paragraph 6(b). In addition, upon the occurrence of an Event of Default, Tenant shall pay to Landlord on demand, as additional rent, interest at the rate (the "Default Rate") of three percent (3%) per annum over the Prime

Rate on the following sums until paid in full: (i) all overdue installments of Basic Rent in excess of the payments due under any note for the same period from the respective due dates thereof, (ii) all overdue amounts of additional rent relating to obligations which Landlord shall have paid on behalf of Tenant, from the date of payment thereof by Landlord, and (iii) on all other overdue amounts of additional rent from the date Landlord demands payment. All the foregoing additional rent is herein sometimes called "Additional Rent". In the event of any failure by Tenant to pay or discharge any Additional Rent, Landlord shall have all rights, powers and remedies provided herein, by law or otherwise, in the event of non-payment of Basic Rent.

7. Net Lease: Non-Terminability.

(a) This is a net lease and all Rent and all other sums payable hereunder by Tenant shall be paid without notice or demand, and without set-off, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense (collectively, a "Set-Off").

(b) This Lease shall not terminate, Tenant shall not have any right to terminate this Lease during the Term (except as otherwise expressly provided herein), Tenant shall not be entitled to any Set-Off of or to any Rent or any other sums payable under this Lease (except as otherwise expressly provided herein), and the obligations of Tenant under this Lease shall not be affected by any interference with Tenant's use of any of the Leased Premises for any reason, including the following: (i) any damage to or destruction of any of the Leased Premises by any cause whatsoever, (ii) any Condemnation, (iii) the prohibition, limitation or restriction of Tenant's use of any of the Leased Premises, (iv) any eviction by paramount title or otherwise as long as the same does not constitute a breach of Paragraph 4(b) hereof, (v) Tenant's acquisition of ownership of any of the Leased Premises other than pursuant to an express provision of this Lease, (vi) any default on the part of Landlord hereunder or under any other agreement as long as the same does not constitute a breach of Paragraph 4(b) hereof, (vii) any latent or other defect in, or any theft or loss of, any of the Leased Premises, (viii) the breach of any warranty of any seller or manufacturer of any of the Equipment, or (ix) any other cause, whether similar or dissimilar to the foregoing, any present or future Law to the contrary notwithstanding. It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that all Rent and all

other sums payable by Tenant hereunder shall continue to be payable in all events (or, in lieu thereof, Tenant shall pay amounts equal thereto), and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease. The obligation to pay rent or amounts equal thereto shall not be affected by any collection of rents by any governmental body pursuant to a tax lien or otherwise, even though such obligation results in

a double payment of Rent.

(c) Tenant agrees that it shall remain obligated under this Lease in accordance with its provisions and that, except as otherwise expressly provided herein, it shall not take any action to terminate, rescind or avoid this Lease, notwithstanding (i) the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting Landlord, (ii) the exercise of any remedy, including foreclosure, under the Mortgage or the Assignment, or (iii) any action with respect to this Lease (including the disaffirmance hereof) which may be taken by Landlord, any trustee, receiver or liquidator of Landlord or any court under the Federal Bankruptcy Code or otherwise.

(d) Tenant waives all rights which may now or hereafter be conferred by law (i) to quit, terminate or surrender this Lease or any of the Leased Premises, or (ii) to any Set-Off of or to any rent or any other sums payable under this Lease, except as otherwise expressly provided herein.

8. Payment of Impositions: Compliance with Law.

(a) Subject to the provisions of Paragraph 18 hereof (relating to contests) and the exclusions specified in the following paragraph of this Paragraph 8(a), Tenant shall, before interest or penalties are due thereon, pay and discharge all taxes of every kind and nature (including real and Personal property, franchise, withholding, profits and gross receipts taxes), all charges for any easement or agreement maintained for the benefit of any of the Leased Premises, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges, all charges for utility and communication services relating to any of the Leased Premises, all ground rents, and all other public charges whether of a like or different nature, even if unforeseen or extraordinary, imposed upon or assessed against (i) Tenant, (ii) any of the Leased Premises, (iii) Landlord as a result of or arising in respect of the acquisition, ownership, occupancy, leasing, use, possession or sale of any of the Leased Premises, any activity conducted on the Leased Premises, or Rent (including without limitation, any gross income tax or excise tax levied by any governmental body on or with respect to such Rent), or (iv) Lender by reason of the Note or Mortgage and which (as to this clause (iv)) Landlord has agreed to pay (collectively, the "Impositions").

Nothing in this Lease shall obligate Tenant to pay (A) Federal, State or local income, excess profits, or other taxes, if any, of Landlord or Lender, determined on the basis of their net income, (B) any estate, inheritance, succession, gift or similar tax, or (C) any capital gains tax imposed on Landlord by the State or municipality in which the Leased Premises are located in connection with the sale of any of the Leased Premises or any Federal capital gains tax, unless the taxes referred to in clause (A) above are in lieu of or a substitute for any other tax, assessment or other charge upon or with respect to

any of the Leased Premises which, if such other tax, assessment or other charge were in effect, would be payable by Tenant. In the event that any assessment against any of the Leased Premises may be paid in installments, Tenant shall have the option to pay such assessment in installments; and, in such event, Tenant shall be liable only for those installments which become due and payable during the Term. Tenant shall prepare and file all tax reports required by governmental authorities which relate to the Impositions. Tenant shall deliver to Landlord, within ten (10) days of receipt thereof, copies of all settlements and notices pertaining to the Impositions which may be issued by any governmental authority and, within ninety (90) days after the end of each calendar year of the Term, receipts for payments of all Impositions made during such year.

(b) Tenant shall promptly comply with and conform to all of the Legal Requirements, subject to the provisions of Paragraph 18 hereof.

(c) If Tenant fails to comply with any requirement of any Environmental Law in connection with any spill of any Hazardous Substance affecting the Leased Premises or in connection with the deposit, storage, placement or use of any Hazardous Substance at, upon, under or within the Leased Premises or any real estate contiguous thereto, Landlord may, at its sole option, upon prior written notice to Tenant, take any and all actions as Landlord shall deem reasonably necessary or advisable in order to cure such noncompliance. Any amounts so paid, together with interest thereon at the Default Rate from the date of payment by Landlord, shall be immediately due and payable by Tenant to Landlord. Nothing contained herein shall obligate Landlord to cure such noncompliance or release Tenant from any of its obligations hereunder.

(d) Tenant shall notify Landlord immediately after becoming aware thereof of any violation of or noncompliance with any of the covenants contained in this Paragraph hereof and shall forward to Landlord immediately upon receipt thereof copies of all orders, reports, notices, permits, applications or other communications relating to any such violation or noncompliance or any other matter relating in any fashion to any Environmental Law as it may affect or relate to the Leased Premises.

(e) All future leases, subleases or concession agreements relating to the Leased Premises entered into by Tenant shall contain covenants of the other party thereto which are identical to the covenants contained in Paragraphs 8(c) and 8(d).

9. Liens: Recording and Title.

(a) Tenant shall not, directly or indirectly, create or permit to be created or to remain, and shall promptly discharge or remove, any lien on any of the Leased Premises or on any Rent or any other sums payable by Tenant

under this Lease, other than the Mortgage, the Assignment, the Permitted Encumbrances and any mortgage, lien, encumbrance or other charge created by or resulting solely from any act or omission of Landlord. NOTICE IS HEREBY GIVEN THAT LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT OR TO ANYONE HOLDING ANY OF THE LEASED PREMISES THROUGH OR UNDER TENANT, AND THAT NO MECHANICS' OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN AND TO ANY OF THE LEASED PREMISES.

(b) Tenant shall execute, deliver and record, file or register from time to time all such instruments as may be required by any present or future Law in order to evidence the respective interests of Landlord and Tenant in any of the Leased Premises, and shall cause this Lease, or a memorandum of this Lease, and any supplement hereto or to such other instrument, if any, as may be appropriate, to be recorded, filed or registered and re-recorded, refiled or re-registered in such manner and in such places as may be required by any present or future Law in order to publish notice and protect the validity or priority of this Lease.

(c) Nothing in this Lease and no action or inaction by Landlord shall be deemed or construed to mean that Landlord has granted to Tenant any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest or lien in or upon the estate of Landlord in any of the Leased Premises.

10. Indemnification. Tenant agrees to pay, protect, indemnify, save and hold harmless Landlord and all other Persons described in Paragraph 29 from and against any and all liabilities, losses, damages, penalties, costs, expenses (including all reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature whatsoever, howsoever caused from any of the following (except for an affirmative act or omission of Landlord unless such act or omission is otherwise the obligation of Tenant under this Lease or unless arising from an internal conflict among the partners of Landlord or Persons described in Paragraph 29 that is not related to Tenant's performance under this Lease): (a) any matter pertaining to any of the Leased Premises or Adjoining Property or

the ownership, use, non-use, occupancy, operation, condition, design, construction, maintenance, repair or rebuilding of any of the Leased Premises or Adjoining Property, (b) any injury to or death of any Person or any loss of or damage to any property in any manner arising from the Leased Premises or Adjoining Property or from any matter described in clause (a) above, or connected therewith or occurring thereon, whether or not Landlord has or should have knowledge or notice of the defect or condition, if any, causing or contributing to said injury, death, loss, damage or other claim, (c) any violation by Tenant of any provision of this Lease, any contract or agreement to which Tenant is a party, any Legal Requirement or any Permitted Encumbrance, (d)

any other cause pertaining to this Lease or any of the Leased Premises or Adjoining Property or the transaction of which this Lease forms a part, or (e) the alleged deposit, storage, disposal, burial, dumping, injecting, spilling, leaking or other use, placement or release in, on, or affecting the Leased Premises of a Hazardous Substance or otherwise arising from any other alleged violation of any of the Environmental Laws including (i) liability for costs of removal or remedial action incurred by the United States Government or the State, or response costs incurred by any other Person or entity, or damages from injury to or destruction or loss of natural resources, including the reasonable costs of assessing such injury, destruction or loss, incurred pursuant to Section 107 of CERCLA, or any successor Section or Act; (ii) liability for costs and expenses of abatement, correction or clean-up, fines, damages, response costs or penalties which arise from the provisions of any of the other Environmental Laws; and (iii) liability for personal injury or property damage arising under any statutory or common-law tort theory, including damages assessed for the maintenance of a public or private nuisance or for carrying on of an abnormally dangerous activity. In case any action or proceeding is brought against Landlord or any other Person described in Paragraph 29 by reason of any such claim, Tenant covenants upon notice from Landlord to resist and defend such action or proceeding by counsel reasonable satisfactory to Landlord, and Landlord or such other Person will cooperate and assist in the defense of such action or proceeding if requested to do so by Tenant.

The obligations of Tenant under this Paragraph 10 shall survive any termination of this Lease.

11. Maintenance and Repair.

(a) Tenant shall at all times, including any Requisition period, maintain the Leased Premises and the Adjoining Property in good repair and condition and, in the case of the Equipment, in good mechanical condition, except for ordinary wear and tear, and shall promptly make all repairs (substantially equivalent in quality and workmanship to the original work) of every kind and nature, whether foreseen or unforeseen, which may be required to be made upon or in connection with any of the Leased Premises in order to keep and maintain the Land and

Improvements in as good repair and condition as they were on the date hereof, and the Equipment in as good mechanical condition as it was on the later of the date hereof or the date of its installation, except for ordinary wear and tear, in accordance with the better of the practices generally recognized as then acceptable within the Tenant's industry and in conformity with all legal requirements and insurance requirements. Tenant shall do or cause others to do all shoring of the Leased Premises or Adjoining Property or of foundations and walls of the Improvements and every other act necessary or appropriate for the preservation and safety thereof, by reason of or in connection with any excavation or other building operation upon any of the Leased Premises or

Adjoining Property, whether or not Landlord shall, by any Legal Requirement, be required to take such action or be liable for failure to do so. Landlord shall not be required to make any Alteration, whether foreseen or unforeseen, or to maintain any of the Leased Premises or Adjoining Property in any way, and Tenant hereby expressly waives any right which may be provided for in any Law now or hereafter in effect to make Alterations at the expense of Landlord. Any Alteration made by Tenant pursuant to this subparagraph (a) or pursuant to subparagraph (b) of this Paragraph 11 shall be made in conformity with the provisions of Paragraph 12.

(b) Except for the Permitted Encumbrances, in the event that any Improvement, now or hereafter constructed, shall encroach upon any property, street or right-of-way (including the Adjoining Property) adjoining any of the Leased Premises, shall violate the provisions of any restrictive covenant affecting any of the Leased Premises, shall hinder or obstruct any easement or right-of-way to which any of the Leased Premises is subject, or shall impair the rights of others in, to or under any of the foregoing, Tenant shall, promptly after receiving notice or otherwise acquiring knowledge thereof, either (i) obtain valid and effective waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, violation, hindrance, obstruction or impairment, whether the same shall affect Landlord, Tenant or both, or (ii) take such reasonable action as shall be necessary to remove all such encroachments, hindrances or obstructions and to end all such violations or impairments, including, if necessary, making Alterations.

(c) Landlord shall have the right (but no obligation), upon at least five (5) days prior notice to Tenant (or without notice in case of emergency), to enter upon any of the Leased Premises for the purpose of making any Alterations which may be necessary by reason of Tenant's failure to comply with the provisions of subparagraphs (a) and (b) of this Paragraph 11. Except in case of emergency, the right of entry shall be exercised at reasonable times and at reasonable hours and upon at least five (5) days prior notice. The cost of any such entry, together with the reasonable and actual cost of all such Alterations, shall be Additional Rent; and Tenant shall pay the same to Landlord, together with interest thereon at the Default Rate from the time

of payment by Landlord until paid by Tenant, immediately upon written demand therefor and upon submission of evidence of Landlord's payment of such costs.

(d) Tenant shall, from time to time, to the extent necessary or commercially reasonable, replace with other operational equipment or parts (the "Replacement Equipment") any of the Equipment (the "Replaced Equipment") which shall have (i) become worn out, obsolete or unusable for the purpose for which it is intended, (ii) been taken by a Condemnation as provided in Paragraph 13(d), or (iii) been lost, stolen, damaged or destroyed as provided in Paragraph 14(h); provided, however, that the Replacement Equipment shall (A) be in good operating condition, (B) have a value and useful life at least equal to the value and estimated useful life of the Replaced Equipment immediately prior to

the time that the Replaced Equipment had become so worn out, or unusable, so taken, or so lost, stolen, damaged or destroyed, and (C) be suitable for a use which is the same or similar to that of the Replaced Equipment. Tenant shall repair at its sole cost and expense all damage to the Leased Premises caused by the removal of Replaced Equipment or other Personal property of Tenant or the installation of Replacement Equipment. All Replacement Equipment shall become the property of Landlord, shall be free and clear of all liens and rights of others and shall become a part of the Equipment to the same extent as the Replaced Equipment had been. If so requested by Landlord in writing, Tenant shall promptly cause to be executed and delivered to Landlord an invoice, bill of sale or other appropriate instrument evidencing the transfer or assignment to Landlord of all estate, right, title and interest (other than the leasehold estate created hereby) of Tenant or any other Person in and to the Replacement Equipment, free from all liens and other exceptions to title; and Tenant shall pay all taxes, fees, costs and other expenses that may become payable as a result thereof. At the expiration of the Term or the sooner termination of this Lease, all Equipment shall be in good operating condition, ordinary wear and tear excepted.

12. Alterations and Improvements. Except with respect to the maintenance and repair required to be performed by Tenant pursuant to in Paragraph 11 and otherwise as provided in this Paragraph 12, Tenant shall not with respect to any of Memphis Premises, the New Orleans Premises or the Antonio Premises (a) make any Alterations the cost of which exceeds $250,000 for any single alteration or $500,000 in the aggregate over the Term, (b) construct upon the Land any additional Improvements or (c) install equipment in the Improvements or accessions to the Equipment, without the prior written approval of Landlord, which approval shall not be unreasonably withheld or delayed. In addition, Tenant shall not do any other act which, in the sole opinion of Landlord, would tend to impair the value of the Leased Premises. Tenant agrees that (i) the market value of the Leased Premises shall not be lessened by any such Alteration, construction or installation, or its usefulness impaired, (ii) all such Alterations, construction and installations shall be

performed in a good and workmanlike manner, (iii) all such Alterations, construction and installations shall be expeditiously completed in compliance with all Legal Requirements, (iv) all work done in connection with any such Alteration, construction or installation shall comply with the requirements of all insurance policies required to be maintained by Tenant hereunder, (v) Tenant shall promptly pay all costs and expenses of any such Alteration, construction or installation and shall discharge or remove all liens filed against any of the Leased Premises arising out of the same, (vi) Tenant shall procure and pay for all permits and licenses required in connection with any such Alteration, construction or installation, (vii) all such Alterations, construction and installations shall be the property of Landlord and shall be subject to this Lease, and (viii) Tenant shall comply, to the extent requested by Landlord, with

the provisions of clauses (i) through (iv) of Paragraph 15(a).

Notwithstanding the foregoing, Tenant shall be permitted to construct additional Improvements upon the Land in order to expand the existing facilities so long as (a) Landlord receives prior written notice of Tenant's intention to construct such Improvements and (b) Tenant complies fully with all of the provisions of this Paragraph 12, including, but not limited to, subparagraphs (i) through (viii) herein.

13. Condemnation.

(a) Tenant, immediately upon receiving a Condemnation Notice, shall notify Landlord thereof and, so long as an Event of Default has not occurred and is continuing, Tenant shall have the right on behalf of Tenant, Landlord and Lender to negotiate the settlement in any Condemnation proceeding and/or threat thereof and to contest the Condemnation and/or the amount of the Net Award therefor, all at Tenant's expense; provided, however, that if an Event of Default has occurred and is continuing Tenant shall have no right to participate in any such proceedings, negotiation or contest. Lender shall be entitled to participate with Tenant in any such proceeding, negotiation and/or contest, all at Tenant's expense, provided, however, that so long as an Event of Default has not occurred and is continuing counsel selected by Tenant shall represent Tenant, Landlord and Lender in any such proceeding, negotiation and/or contest. Subject to the provisions of this Paragraph 13, Tenant hereby irrevocably assigns to Landlord any award or payment to which Tenant is or may be entitled by reason of any Condemnation, whether the same shall be paid or payable for Tenant's leasehold interest hereunder or otherwise; but nothing in this Lease shall impair Tenant's right to any award or payment on account of Tenant's trade fixtures, equipment or other tangible property which is not part of the Equipment, moving expenses or loss of business, if available, to the extent that and so long as (i) Tenant shall have the right to make, and does make, a separate claim therefor against the condemnor and (ii) such claim does not in any way reduce either the amount of the award otherwise payable to Landlord for the

Condemnation of Landlord's fee interest in the Leased Premises or the amount of the award (if any) otherwise payable for the Condemnation of Tenant's leasehold interest hereunder.

(b) If (i) the entire "New Orleans Premises", the entire "Memphis Premises" or the entire "San Antonio Premises" or (ii) any substantial portion of the "New Orleans Premises", the Memphis Premises" or the "San Antonio Premises", which portion Tenant determines, in good faith, to be sufficient to render the remaining portion thereof uneconomic for the use of Tenant or any other tenant to which such premises might reasonably be leased, shall be taken by a Taking or under threat thereof, (any one or all of which is affected by a taking described in (i) or (ii) being hereinafter referred to as the "Affected

Premises") then Tenant shall, not later than thirty (30) days after Landlord gives Tenant notice that Landlord has received a Condemnation Notice or Tenant otherwise receives a Condemnation Notice, give notice to Landlord of its intention to terminate this Lease as to the Affected Premises on the first Basic Rent Payment Date (the "Termination Date") occurring after the date on which the Landlord rejects Tenant's offer to purchase the Affected Premises.

Such notice of intention to terminate shall contain (A) an irrevocable offer of Tenant to purchase the remaining portion of the Affected Premises, if any, on the Termination Date for the purchase price (the "Termination Offer Amount") specified in the next sentence and (B) in the event that less than the entire Affected Premises shall have been taken or be under threat thereof, a certificate of Tenant, signed by the president or a vice president thereof, stating that, in Tenant's good faith judgment, the portion of the Affected Premises so taken or under threat thereof is sufficient to fulfill the conditions set forth in clause (ii) of the first subparagraph of this Paragraph 13(b) and certifying that Tenant will forever abandon operations on the remainder of the Affected Premises. The Termination Offer Amount shall be the greater of (1) the Fair Market Value of the Affected Premises as of the date immediately prior to the Condemnation Notice or (2) the sum of that portion of the Acquisition Cost applicable to the Affected Premises, as set forth in Exhibit "E" attached hereto and made a part hereof, and one-half of any prepayment penalty or premium up to a maximum payment by Tenant of Fifty Thousand Dollars ($50,000) which may be payable under a Note or Mortgage. Promptly upon the delivery to Landlord of such notice of intention to terminate, Landlord and Tenant shall commence to determine such Fair Market Value in accordance with the procedure specified in Paragraph 27.

Tenant agrees that no rejection of an offer hereunder shall be effective for any purpose unless consented to by Lender. If Landlord shall reject such offer by notice to Tenant, containing the written consent of Lender to such rejection, not later than the twentieth (20th) day following the determination of Fair Market Value, then upon (x) payment of all Rent and any other charges due and unpaid under this Lease as of the Termination Date

and (y) compliance by Tenant with all other obligations and liabilities under this Lease which have arisen on or prior to the Termination Date, this Lease shall terminate on the Termination Date as to the Affected Premises and Tenant shall promptly vacate and have no further right, title or interest in or to any of the Affected Premises.

Unless Landlord shall have rejected such offer by the foregoing notice to Tenant not later than the twentieth (20th) day following the determination of Fair Market Value, Landlord shall be conclusively presumed to have accepted such offer. If such offer is accepted by Landlord, Tenant shall pay to Landlord the Termination Offer Amount on the Termination Date and, provided all Rent and other sums due and unpaid hereunder are paid in full, Landlord shall convey to Tenant the remaining portion of the Affected Premises, if any, in accordance

with the provisions of Paragraph 16 and Landlord shall assign to Tenant its entire interest in and to the Net Award including any part thereof that has not been received by Landlord and/or deliver to Tenant or credit against the Termination Offer Amount such Net Award including any part thereof which shall have been received by Landlord.

(c) In the event of any Taking of any of the Land or Improvements which does not result in a termination of this Lease as to any or all of the "New Orleans Premises", the "Memphis Premises", or the "San Antonio Premises", the Term shall, notwithstanding the Taking, continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder, except as expressly provided in Paragraph 15(b). Promptly after such Taking, Tenant, as required in Paragraph 11(a), shall commence and diligently continue to restore the Improvements as nearly as possible to their value, condition and character immediately prior to such Taking, in accordance with the provisions of Paragraph 12. Landlord shall make the Net Award available to Tenant as and when received by Landlord for restoration in accordance with and subject to the provisions of Paragraph 15(a).

In the event of a Requisition of any of the Land or Improvements, if Landlord is required to pay the Net Award of such Requisition to Lender in accordance with the provisions of the Note and the Mortgage and the debt service payments due under the Note are thereafter reduced by virtue of such payment of the Net Award to Lender, then each installment of Basic Rent payable on or after the effective date of such reduction in debt service shall be reduced in the same amount and for the same period as payments are reduced under the Note. In the event that the Net Award of a Requisition of any of the Land or Improvements is retained by Landlord, Landlord shall apply such Net Award, to the extent received, to the installments of Basic Rent thereafter payable until such Net Award has been applied in full or until the Term

hereof has expired, whichever first occurs. Upon the expiration of the Term, any portion of such Net Award which shall not have been previously credited to Tenant shall be retained by Landlord.

(d) If any of the Equipment shall be taken by a Condemnation other than a Condemnation which falls within the provisions of Paragraph 13(b), the Term shall nevertheless continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder. Tenant shall, whether or not the Net Award is sufficient for the purpose, promptly replace the Equipment so taken, in accordance with the provisions of Paragraph 11(d), and the Net Award of such a Condemnation made for the loss of the replaced Equipment only shall thereupon be payable to Tenant. The remainder of the Net Award shall be applied as hereinabove provided.

(e) Except as specifically provided in subparagraph (a) of this Paragraph 13, no agreement with any condemnor in settlement of or under threat of any Condemnation shall be made by Tenant without the written consent of

Landlord and Lender.

14. Insurance.

(a) Tenant shall maintain at its sole cost and expense the following insurance on or in connection with the Leased Premises:

(i) Insurance against loss or damage to the Improvements and Equipment by fire and other risks from time to time included under standard extended and additional extended coverage policies, including vandalism and malicious mischief, sprinkler, plate glass and flood insurance, to the extent any of the Leased Premises are in a flood zone, in amounts not less than the actual replacement value of the Improvements and Equipment, excluding footings and foundations and other parts of the Improvements which are not insurable (or, in the case of plate glass insurance, the replacement cost of all plate glass in the Leased Premises). Such policies shall contain replacement cost endorsements.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about any of the Leased Premises or the Adjoining Property, in an amount not less than $1,000,000 primary combined single limit for bodily injury or death and/or property damage, each occurrence with a general aggregate limit of $2,000,000, combined single limit, not less than $20,000,000 umbrella combined single limit; provided, however, that Landlord shall have the right to determine such other limits as may be reasonable and customary for transactions and properties of this size and type. Policies for such insurance shall be for the mutual benefit of Landlord, Tenant and Lender.

(iii) Worker's compensation insurance covering all fulltime employees of Tenant employed in connection with any work done on or about any of the Leased Premises for which claims for death or bodily injury could be asserted against Landlord, Tenant or any of the Leased Premises, or, in lieu of such worker's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate agency of the State.

(iv) To the extent that the Improvements include at any time Equipment or any other equipment on or in the Leased Premises which by reason of its use or existence is capable of bursting, erupting, or exploding, boiler and pressure vessel insurance on any such Equipment, in an amount not less than $5,000,000 for damage to property, bodily injury or death resulting from such perils.

(v) Such other insurance, including business interruption insurance which would provide an amount necessary to pay Rent for at least one (1) year, on or in connection with any of the Leased Premises as Landlord or Lender may reasonably require, which at the time is prudent for Tenant's industry and is commonly obtained in connection with properties similar to the

Leased Premises.

(b) The insurance required by Paragraph 14(a) shall be written by companies of recognized financial standing which are approved by Landlord, which approval shall not be unreasonably withheld, and are authorized to do an insurance business in the State. The insurance policies (i) shall be for such terms as Landlord may reasonably approve, (ii) shall be in amounts sufficient at all times to satisfy any coinsurance requirements thereof, and (iii) shall (except for the worker's compensation insurance referred to in Paragraph 14(a)(iii) hereof) name Landlord, Tenant and Lender as insured parties, as their respective interests may appear. If said insurance or any part thereof shall expire, be withdrawn, become void, voidable, unreliable or unsafe for any reason, including a breach of any condition thereof by Tenant or the failure or impairment of the capital of any insurer, or if for any other reason whatsoever said insurance shall become unsatisfactory to Landlord, Tenant shall promptly obtain new or additional insurance reasonably satisfactory to Landlord.

(c) Each insurance policy referred to in clauses (i), (iv) and (v) of Paragraph 14(a) shall contain standard non-contributory mortgagee clauses in favor of and reasonably acceptable to Lender. Each policy required by any provision of Paragraph 14(a), except clause (iii) thereof, shall provide that it may not be cancelled except after thirty (30) days' prior notice to Landlord and Lender except for the non-payment of premiums which shall require at least ten (10) days notice of cancellation. Each such policy shall also provide that any loss otherwise payable thereunder shall be payable notwithstanding (i)

any act or omission of Landlord or Tenant which might, absent such provision, result in a forfeiture of all or a part of such insurance payment, (ii) the occupation or use of any of the Leased Premises for purposes more hazardous than those permitted by the provisions of such policy, (iii) any foreclosure or other action or proceeding taken by Lender pursuant to any provision of the Mortgage upon the happening of an event of default therein, or (iv) any change in title to or ownership of any of the Leased Premises.

(d) Tenant shall pay as they become due in installments or otherwise all premiums for the insurance required by this Paragraph 14, shall renew or replace each policy and deliver to Landlord evidence of the payment of the full premium or next succeeding installment, as the case may be, therefor at least twenty (20) days prior to the expiration date of such policy, and shall promptly deliver to Landlord all original policies; and in the event of Tenant's failure to comply with any of the foregoing requirements, Landlord shall be entitled, but not obligated, to procure such insurance. Any sums expended by Landlord in procuring such insurance shall be Additional Rent and shall be repaid by Tenant, together with interest thereon at the Default Rate from the time of payment by Landlord until fully paid by Tenant, immediately upon written demand therefor by Landlord.

(e) Tenant shall have the replacement cost and insurable value of

the Improvements determined from time to time as required by the replacement cost endorsements and shall deliver to Landlord the new replacement cost endorsement or certificate evidencing such endorsement promptly upon Tenant's receipt thereof. If, at any time, a replacement cost endorsement is not available, Tenant shall have the replacement cost and insurable value of the Improvements determined at least once a year by the underwriter of fire insurance on the Leased Premises or, if such underwriter will not act, by a qualified appraiser satisfactory to Landlord, and shall deliver to Landlord such determination promptly upon receipt.

(f) Tenant shall promptly comply with and conform to (i) all provisions of each insurance policy required by this Paragraph 14 and (ii) all requirements of the insurers thereunder, applicable to Landlord, Tenant or any of the Leased Premises or to the use, manner of use, occupancy, possession, operation, maintenance, alteration or repair of any of the Leased Premises, even if such compliance necessitates structural changes or improvements or results in interference with the use or enjoyment of any of the Leased Premises. Tenant shall not use any of the Leased Premises in any manner which would permit the insurer to cancel or increase the premium for any insurance policy.

(g) In the event of any loss, Tenant shall give Landlord and Lender immediate notice thereof. So long as an Event of Default has not occurred and is continuing, Tenant is hereby

authorized to adjust and compromise, in its discretion, all claims under any of the insurance policies required by this Paragraph 14 (except public liability insurance claims payable to a person other than Tenant, Landlord or Lender) and to execute and deliver of behalf of Landlord and Lender all necessary proofs of loss, receipts, vouchers and release required by the insurers; and Landlord agrees to sign, upon the request of Tenant, all such proofs of loss, receipt, vouchers and releases. However, if Lender so elects, Lender shall adjust and compromise any and all such claims. Any adjustment, settlement or compromise of any such claim shall be subject to the prior written approval of Lender unless Tenant receives a prior written waiver from Lender, and Lender shall have the right to prosecute or contest, or to require Tenant to prosecute or contest, any such claim, adjustment, settlement or compromise, all at Tenant's expense. All proceeds of any insurance required under clauses (i) (in excess of One Hundred Thousand Dollars ($100,000), (ii), (except proceeds payable to a person other than Tenant, Landlord or Lender), (iv) and (v) of Paragraph 14(a) shall be payable to Landlord and Lender. Each insurer is hereby authorized and directed to make payment under said policies, including return of unearned premiums, directly to Landlord and Lender instead of to Landlord and Tenant jointly (except for a casualty loss payment of less than One Hundred Thousand Dollars ($100,000) which shall be paid directly to Tenant); and Tenant hereby appoints each of Landlord and Lender as Tenant's attorneys-in-fact to endorse any draft therefor.

In the event of any casualty (whether or not insured against) resulting in damage to any of the Improvements which does not result in a

termination of this Lease, the Term shall, notwithstanding such casualty, continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder, except as expressly provided in Paragraph 15(b). Promptly after such casualty, Tenant, as required in Paragraph 11(a), shall commence and diligently continue to restore the Improvements as nearly as possible to their value, condition and character immediately prior to such damage, subject to and in accordance with the provisions of Paragraph 12. Landlord shall make such Net Proceeds available to Tenant as and when received by Landlord for restoration by Tenant in accordance with and subject to the provisions of Paragraph 15(a).

In the event of any loss of any of the Equipment in a casualty which does not result in a termination of this Lease, the Term shall nevertheless continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder. Tenant shall, whether or not the Net Proceeds are sufficient for the purpose, promptly repair or replace such Equipment, subject to and in accordance with the provisions of Paragraph 11(d), and the Net Proceeds paid for the loss of such Equipment only shall thereupon be payable to Tenant. The remainder of the Net Proceeds shall be applied as hereinabove provided.

(h) If (a) the entire "New Orleans Premises", the entire "Memphis Premises" or the entire "San Antonio Premises" or (b) a substantial portion of the "New Orleans Premises", the "Memphis Premises" and the "San Antonio Premises", shall be damaged or destroyed by fire or other casualty and, in Tenant's good faith judgment, it is uneconomical to replace, repair or restore the Affected Premises within one hundred and fifty (150) days of the date of such casualty for continued use and occupancy by Tenant or any other tenant to which the Affected Premises might reasonably be leased (any one or all of which is affected by a fire or casualty described in (a) or (b) being hereinafter referred to as the "Affected Premises"), then Tenant shall, not later than twenty (20) days after such occurrence, give notice to Landlord of its intention to terminate this Lease as to the Affected Premises on the first Basic Rent Payment Date (the "Casualty Termination Date") which occurs after the date on which Landlord rejects Tenant's offer to purchase the Affected Premises.

Such notice shall contain (A) an irrevocable offer of Tenant to purchase the Affected Premises on the Casualty Termination Date for the purchase price (the "Casualty Offer Amount") specified in the next sentence and (B) a certificate of Tenant, signed by the president or a vice president of Tenant, stating that, in Tenant's good faith judgment, the portion of the Affected Premises so damaged or destroyed is sufficient to render the Affected Premises uneconomical for restoration for continued use and occupancy by Tenant or any other Tenant to which the Affected Premises might be leased and certifying that Tenant will not restore the Affected Premises for the use to which such Premises was devoted prior to such damage or destruction. The Casualty Offer Amount shall be the greater of (1) the Fair Market Value of the Affected Premises as of the date immediately prior to such casualty or (2) the sum of that portion of the

Acquisition Cost applicable to the Affected Premises, as set forth in Exhibit "E", and one-half (1/2) of any prepayment penalty or premium up to a maximum payment by Tenant of Fifty Thousand Dollars ($50,000.00) which may be payable under a Note or Mortgage. Promptly upon the delivery of such notice from Tenant to Landlord, Landlord and Tenant shall commence to determine such Fair Market Value in accordance with the procedure specified in Paragraph 27.

No rejection of an offer hereunder shall be effective for any purpose unless consented to by Lender. If Landlord shall reject such offer by notice to Tenant, containing the written consent of Lender to such rejection, not later than the twentieth (20th) day following the determination of Fair Market Value, then upon (x) payment of all Rent and any other charges due and unpaid under this Lease as of the Casualty Termination Date and (y) compliance by Tenant with all other obligations and liabilities under this Lease which have arisen on or prior to the Casualty Termination Date, this Lease shall terminate on the Casualty Termination Date as to the Affected Premises and Tenant shall promptly vacate and have no further right, title or interest in or to any of the Affected Premises.

Unless Landlord shall have rejected such offer by the foregoing notice to Tenant not later than the twentieth (20th) day prior to the Casualty Termination Date, Landlord shall be conclusively presumed to have accepted such offer. If such offer is accepted by Landlord, Tenant shall pay to Landlord the Casualty Offer Amount on the Casualty Termination Date and, provided an Event of Default does not then exist, Landlord shall convey to Tenant the Affected Premises in accordance with the provisions of Paragraph 16 and, provided all Rent and other sums due and unpaid under this Lease are paid in full, Landlord shall assign to Tenant its entire interest in and to the Net Proceeds including any part thereof that has not been received by Landlord and/or deliver to Tenant or credit against the Casualty Offer Amount such Net Proceeds including any part thereof which shall have been received by Landlord.

(i) Tenant shall not carry separate insurance concurrent in form or contributing in the event of loss with that required in this Paragraph 14 unless (i) Landlord and Lender are included therein as named insureds, with loss payable as provided herein, and (ii) such separate insurance complies with the other provisions of this Paragraph 14. Tenant shall immediately notify Landlord of such separate insurance and shall deliver to Landlord the original policies therefor.

15. Restoration: Reduction of Rent.

(a) If (on the basis of a cost breakdown provided by Tenant) the cost of restoration is reasonably estimated by Landlord to be One Hundred Thousand Dollars ($100,000) or less, then, so long as an Event of Default has not occurred and is continuing, such amount shall be disbursed to Tenant from the Net Proceeds or a Net Award, and Tenant shall promptly restore the Affected

Premises in accordance with and subject to Paragraph 12 of this Lease. Net Proceeds or a Net Award which are for restoration of the Land or Improvements the cost of which is reasonably estimated of Landlord to be in excess of One Hundred Thousand Dollars ($100,000) shall be disbursed to Tenant only in accordance with the following conditions:

(i) prior to commencement of restoration, the architects, contracts, contractors, plans and specifications for the restoration shall have been approved by Landlord, which approval shall not be unreasonably withheld or delayed; Landlord shall be provided with mechanics' lien insurance (if available) and acceptable performance and payment bonds which insure satisfactory completion of the restoration, are in an amount and form and have a surety acceptable to Landlord, and name Landlord and Lender as additional dual obligees; and appropriate waivers of mechanics' and materialmen's liens shall have been filed;

(ii) at the time of any disbursement, no Event of Default shall exist and no mechanics' or materialmen's liens shall have been filed against any of the Leased Premises and remain undischarged;

(iii) disbursements shall be made from time to time in an amount not exceeding the cost of the work completed since the last disbursement, upon receipt of (A) satisfactory evidence, including architects' certificates, of the stage of completion, of the estimated cost of completion and of performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (B) waivers of liens for work covered by the prior disbursement, (C) contractors' and subcontractors' sworn statements as to completed work for which payment is requested, (D) a satisfactory bringdown of title insurance, and (E) other evidence of cost and payment so that Landlord can verify that the amounts disbursed from time to time are represented by work that is completed, in place and free and clear of mechanics' and materialmen's lien claims;

(iv) each request for disbursement shall be accompanied by a certificate of Tenant, signed by the president or a vice president of Tenant, describing the work for which payment is requested, stating the cost incurred in connection therewith, stating that Tenant has not previously received payment for such work and, upon completion of the work, also stating that the work has been fully completed and complies with the applicable requirements of this Lease;

(v) Landlord may retain ten percent (10%) of the restoration fund until the restoration is fifty percent (50%) completed;

(vi) the restoration fund may not be commingled with Landlord's other funds and shall bear interest which shall be added to the restoration fund;

(vii) at all times the undisbursed balance of the restoration fund held by Landlord shall be not less than the cost of completing the restoration work free and clear of all liens; and

(viii) such other reasonable conditions as Landlord may impose.

In addition, prior to commencement of restoration and at any time during restoration, if the estimated cost of completing the restoration work free and clear of all liens, as determined by Landlord, exceeds the amount of the Net Proceeds or the Net Award available for such restoration, the amount of such excess shall, upon demand by Landlord, be paid by Tenant to Landlord to be added to the restoration fund. Any sum which remains in the restoration fund upon completion of restoration (the "Remaining Sum") shall be refunded to Tenant, unless such sum is required to be applied by

Landlord to reduce principal outstanding under the Note, in which event it shall be paid by Landlord to Lender to reduce principal outstanding under the Note. For purposes of determining the source of funds with respect to the disposition of funds remaining after the completion of restoration, the Net Proceeds or the Net Award shall be deemed to be disbursed prior to any amount added by Tenant.

(b) In the event that there is a Remaining Sum upon completion of restoration which is paid by Landlord to Lender, as aforesaid, then each installment of Basic Rent payable on or after the effective date of such reduction in debt service shall be reduced in the same amount and for the same period as payments are reduced under the Note.

16. Procedures Upon Purchase.

(a) In the event of the purchase of any of the Leased Premises by Tenant pursuant to any provision of this Lease, Landlord need not transfer and convey to Tenant or its designee any better title thereto than that which was transferred and conveyed to Landlord, and Tenant shall accept such title, subject, however, to all Permitted Exceptions and to all liens, exceptions and restrictions on, against or relating to any of the Leased Premises which were created with the concurrence of Tenant or as a result of a default by Tenant under this Lease and to all applicable Laws, but free of the lien of and security interest created by the Mortgage and the Assignment and liens, exceptions and restrictions on, against or relating to the Leased Premises which have been created by or resulted solely from acts of Landlord without the concurrence of Tenant.

(b) Upon the date fixed for any such purchase of any of the Leased Premises pursuant to any provision of this Lease, Tenant shall pay to Landlord or to any Person to whom Landlord directs payment, at its address set forth above, or at any other place designated by Landlord, the Offer Amount therefor specified herein, in federal or other immediately available funds which

at the time of such payment shall be legal tender for the payment of public or private debts in the United States of America, less any credits of the Net Award or Net Proceeds allowed against the Offer Amount pursuant to the provisions of Paragraphs 13(b) or 14(i), and Landlord shall thereupon deliver to Tenant (i) a special warranty deed in form satisfactory to Landlord's counsel which describes any of the Leased Premises then being sold to Tenant and conveys and transfers the title thereto which is described in Paragraph 16(a), (ii) such other instruments as shall be necessary to transfer to Tenant or its designee any other property (or rights to any Net Proceeds or Net Award not yet received by Landlord) then required to be sold by Landlord pursuant to this Lease and (iii) any Net Award or Net Proceeds received by Landlord, nor credited to Tenant against the Offer Amount and required to be delivered by Landlord to Tenant pursuant to this Lease. Tenant shall pay all reasonable charges incident

to such conveyance and transfer, including Landlord's reasonable counsel fees, escrow fees, recording fees, title insurance or guarantee premiums and all applicable federal, state and local taxes which may be incurred or imposed by said deed and other instruments (excluding, however, any capital gains or net income tax payable by Landlord as a result of said transfer). Tenant agrees, upon the request and direction of Landlord, to pay a portion of the Offer Amount as a brokerage commission to Landlord or one of its Affiliates who Tenant acknowledges shall be deemed the broker of record in connection with the transfer of the Leased Premises. Upon the completion of such purchase, but not prior thereto (whether or not any delay in the completion of or any failure to complete such purchase shall be the fault of Landlord), Tenant may elect to terminate this Lease and all obligations hereunder (including the obligations to pay Rent) with respect to any of the Leased Premises conveyed to Tenant, except any obligations and liabilities of Tenant, actual or contingent, under this Lease, which arose on or prior to such date of purchase. In the event that the completion of such purchase shall be delayed for more than ninety (90) days solely as a result of acts or omissions of Tenant, then the Offer Amount payable by Tenant upon the purchase of any of the Leased Premises pursuant to any provisions of this Lease shall, at Landlord's sole option, be determined as of the actual date of such purchase by Tenant, provided that Tenant shall have paid to Landlord all Rent due and payable hereunder to and including such date. Any prepaid Basic Rent or other prepaid sums paid to Landlord shall be prorated as of the date the purchase is completed, and the prorated unapplied balance shall be deducted from the Offer Amount due to Landlord.

No apportionment of any Impositions shall be made upon such purchase, Tenant being liable for payment thereof during the Term as Tenant and being liable thereafter as owner.

17. Assignment and Subletting. Tenant may not assign this Lease at any time to any other party without the prior written consent of Landlord; provided, however, that upon prior notice to Landlord, Tenant shall have the right to assign this Lease to any party which, immediately following such assignment,

complies both with the provisions of Paragraph 31 of this Lease and with the provisions of this Paragraph 17. Tenant may sublet any of the Leased Premises at any other time to any other party without the prior written consent of Landlord. Each sublease of any of the Leased Premises shall be subject and subordinate to the provisions of this Lease. If Tenant assigns all its rights and interest under this Lease, the assignee under such assignment shall expressly assume all the obligations of Tenant hereunder, including obligations, actual or contingent, of Tenant which may have arisen on or prior to the date of such assignment, by a written instrument delivered to Landord at the time of such assignment. No assignment other than as specifically permitted by this Paragraph and Paragraph 31 and no sublease made as permitted

by this Paragraph shall affect or reduce any of the obligations of Tenant hereunder; and all such obligations shall continue in full force and effect as obligations of a principal and not as obligations of a guarantor, as if no assignment or sublease had been made. No assignment or sublease shall impose any obligations on Landlord under this Lease. Tenant shall, within ten (10) days after the execution and delivery of any such assignment, deliver a duplicate original copy thereof in recordable form to Landlord, and within ten (10) days after the execution and delivery of any such sublease, Tenant shall deliver a duplicate original copy thereof to Landlord.

In the event Tenant desires to assign its interest in this Lease or effect a Change in Control (as defined in Paragraph 31) and such assignment or Change of Control would cause a breach of Paragraph 31 and such anticipatory breach is not waived in writing by Landlord within ten (10) days after receipt of notice from Tenant, then Tenant shall, not later than sixty (60) days prior to such occurrence, make an irrevocable offer to purchase the Leased Premises on the first Basic Rent Payment Date (the "Transfer Purchase Date") which occurs after the date on which Landlord accepts Tenant's offer to purchase the Leased Premises for the purchase price (the "Transfer Offer Amount") specified in the next sentence. The Transfer Offer Amount shall be the greater of (1) the Fair Market Value of the Leased Premises as of the date immediately prior to such assignment or Change in Control or (2) the Acquisition Cost and any prepayment penalty or premium which may be payable under a Note or Mortgage. Promptly upon the deliver of such notice from Tenant to Landlord, Landlord and Tenant shall commence to determine such Fair market Value in accordance with the procedure specified in Paragraph 27.

No rejection of an offer hereunder shall be effective for any purpose unless consented to by Lender. If Landlord shall reject such offer by notice to Tenant, containing the written consent of Lender to such rejection, not later than the twentieth (20th) day following the determination of Fair Market Value, then the breach of Paragraph 31 shall be deemed waived by Landlord, subject, however, to the terms of this Paragraph 17 and this Lease shall continue in full force and effect.

Unless Landlord shall have rejected such offer by the foregoing notice

to Tenant not later than the twentieth (20th) day following the determination of Fair Market Value, Landlord shall be conclusively presumed to have accepted such offer. If such offer is accepted by Landlord, Tenant shall pay to Landlord the Transfer Offer Amount on the Transfer Purchase Date and, provided all Rent and other sums due hereunder are paid in full, Landlord shall convey to Tenant the Leased Premises in accordance with the provisions of Paragraph 16.

Upon the occurrence of an Event of Default under this Lease, Landlord shall have the right immediately or at any time thereafter to collect and enjoy all rents and other sums of money

payable under any sublease of any of the Leased Premises, and Tenant hereby irrevocably and unconditionally assigns such rents and money to Landlord, which assignment may be exercised upon and after (but not before) the occurrence of an Event of Default. Tenant shall not mortgage or pledge this Lease, and any such mortgage or pledge made in violation of this Paragraph shall be void.

18. Permitted Contests. Tenant shall not be required to (a) pay any Imposition, (b) comply with any Legal Requirement, (c) discharge or remove any lien referred to in Paragraph 9 or 12, or (d) take any action with respect to any encroachment, violation, hindrance, obstruction or impairment referred to in Paragraph 11(b), so long as Tenant shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its or Landlord's liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent (i) the collection of, or other realization upon, the Imposition, lien or claim so contested, (ii) the sale, forfeiture or loss of any of the Leased Premises or any rent to satisfy the same or to pay any damages caused by the violation of any such Legal Requirement or by any such encroachment, violation, hindrance, obstruction or impairment, (iii) any interference with the use or occupancy of any of the Leased Premises, (iv) any interference with the payment of any Rent, and (v) the cancellation of any fire or other insurance policy. If the contested amount is in excess of Twenty Thousand Dollars ($20,000.00), Tenant shall provide Landlord security which is reasonably satisfactory to Landlord, to assure the payment, compliance, discharge, removal and/or other action, including all costs, attorneys' fees, interest and penalties that may be or become due in connection therewith. While any proceedings which comply with the requirements of this Paragraph 18 are pending and the required security is held by Landlord, Landlord shall not have the right to pay, remove or cause to be discharged the Imposition, lien or claim thereby being contested. Tenant further agrees that each such contest shall be promptly and diligently prosecuted to a final conclusion, except that Tenant shall, so long as the conditions of the first sentence of this Paragraph are at all times complied with, have the right to attempt to settle or compromise such contest through negotiations. Tenant shall pay, and save Landlord harmless against, any and all losses, judgments, decrees and costs (including all reasonable attorneys' fees and expenses) in connection with any such contest and shall, promptly after the

final determination of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest, costs and expenses thereof or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof. No such contest shall subject Landlord to the risk of any civil or criminal liability.

19. Conditional Limitations; Default Provision.

(a) The occurrence of any one or more of the following events which continue for a period equal to the greater of (i) any grace period specified in this subparagraph 19(a) or in subparagraph 19(g) hereof or (ii) two (2) days less than (any applicable grace period, if any, given to Landlord for such) default under any Note and Mortgage shall constitute an Event of Default under this Lease: (i) a failure by Tenant to make (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity, or before any administrative tribunal, which have or might have the effect of preventing Tenant from complying with the provisions of this Lease) any payment of Rent or other sum herein required to be paid by Tenant; (ii) a failure by Tenant duly to perform and observe, or a violation or breach of, any other provision or covenant hereof not otherwise specifically mentioned in this Paragraph 19(a); (iii) any representation or warranty made by Tenant herein or in the Assignment or in any certificate, demand or request made pursuant hereto or thereto proves to be incorrect, now or hereafter, in any material respect; (iv) Tenant shall (A) voluntarily be adjudicated a bankrupt or insolvent, (B) seek or consent to the appointment of a receiver or trustee for itself or for any of the Leased Premises, (C) file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, or (D) make a general assignment for the benefit of creditors; (v) a court shall enter an order, judgment or decree appointing, without the consent of Tenant, a receiver or trustee for it or for any of the Leased Premises or approving a petition filed against Tenant which seeks relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain in force, undischarged or unstayed, sixty (60) days after it is entered; (vi) any Improvement is substantially damaged or destroyed by an uninsured casualty and Tenant fails to commence promptly thereafter to restore the Leased Premises to its condition immediately prior to such casualty or fails to proceed actively, diligently and in good faith with such restoration and to continue such restoration until the Leased Premises have been fully restored; (vii) any of the Leased Premises shall have been vacated or abandoned; (viii) Tenant shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution; (ix) the estate or interest of Tenant in any of the Leased Premises shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such proceeding shall not be vacated or discharged within sixty (60) days after it is commenced; or (x) a failure by

Guarantor duly to perform and observe any provision under the Guaranty, or a violation or breach of any covenant made by Guarantor under the Guaranty.

(b) If an Event of Default shall have occurred, Landlord shall have the right at its option, then or at any time thereafter to do any one or more of the following without demand upon or notice to Tenant (except as otherwise provided in subparagraph (g) of this Paragraph 19):

(i) Landlord shall give Tenant ten (10) days written notice of Landlord's intention to terminate this Lease on a date specified in such notice. Upon the date therein specified, the Term, the estate hereby granted and all rights of Tenant hereunder, shall expire and terminate as if such date were the date herein before fixed for the expiration of the Term, but Tenant shall remain liable for all its obligations hereunder, including its liability for Rent, as hereinafter provided.

(ii) Landlord may, whether or not the Term of this Lease shall have been terminated pursuant to clause (i) above, (A) give Tenant notice to surrender any of the Leased Premises to Landlord immediately or on a date specified in such notice, at which time Tenant shall surrender and deliver possession of the Leased Premises or the specified portion thereof to Landlord or (B) re-enter and repossess any of the Leased Premises, with or without legal process, by peaceably entering the Leased Premises and changing locks or by summary proceedings, ejectment or any other lawful means or procedure. Upon or at any time after taking possession of any of the Leased Premises, Landlord may, by peaceable means or legal process, remove any Persons or property therefrom. Landlord shall be under no liability for or by reason of any such entry, repossession or removal. No such entry or repossession shall be construed as an election by Landlord to terminate this Lease unless Landlord gives a written notice of such intention to Tenant pursuant to clause (i) above.

(iii) After repossession of any of the Leased Premises pursuant to clause (ii) above, whether or not this Lease shall have been terminated pursuant to clause (i) above, Landlord shall have the right (but shall be under no obligation) to relet any of the Leased Premises to such tenant or tenants, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term), for such rent, on such conditions (which may include concessions or free rent) and for such uses as Landlord, in its absolute discretion, may determine; and Landlord may collect and receive any rents payable by reason of such releting. Landlord shall have no duty to mitigate damages and shall not be responsible or liable for any failure to relet any of the Leased Premises or for any failure to collect any rent due upon any such releting. Landlord may make such Alterations as Landlord, in its sole discretion, may deem advisable. Tenant agrees to pay Landlord, as Additional Rent, immediately upon demand, all expenses incurred by Landlord in obtaining possession, in performing Alterations and in releting any of the Leased Premises, including fees and commissions of attorneys, architects, agents and brokers.

(iv) Unless Landlord shall have exercised its remedy under Paragraph 19(b) (v) (as to the entire Leased Premises) or 19(b)(vi) hereof and shall have received all sums due thereunder, Landlord may, upon written demand to Tenant, recover from Tenant, and Tenant shall pay to Landlord, as and for liquidated and agreed final damages for Tenant's default and in lieu of all current damages beyond the date of such demand (it being agreed that it would be impracticable or extremely difficult to fix the actual damages), an amount equal to the present value of the excess, if any, of (A) all Rent from the date of such demand to the date on which the then Term is scheduled to expire hereunder in the absence of any earlier termination, re-entry or repossession over (B) the then fair market rental value of the Leased Premises for the same period; provided, however, that in the event Landlord shall have exercised its remedy under Paragraph 19(6) (v) to require the purchase of less than the entire Leased Premises and shall have received all sums due in connection therewith, the Rent referred to in clause (A) above shall be that portion of the Rent which is attributable to that portion of the Leased Premises which is not sold to Tenant pursuant to said Paragraph 19(b) (v) and the fair rental value referred to in clause (B) above shall be the fair rental value of such unsold remainder of the Leased Premises. The present value of such excess shall be determined by discounting the Rent and such fair market rental value at the rate per annum which is the lower of the then Prime Rate or nine percent (9%) per annum. If any Law shall validly limit the amount of such liquidated final damages to less than the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such Law.

(v) Unless Landlord shall have exercised its remedy under Paragraph 19(b) (iv) or 19(b)(vi) hereof and shall have received all sums due thereunder, Landlord may, upon notice to Tenant, require Tenant to make an irrevocable offer to purchase, for the purchase price (the "Default Offer Amount") specified in the next two sentences, either (A) the entire Leased Premises or (B) any one or more of the New Orleans Premises, the San Antonio Premises and the Memphis Premises (such entire Leased Premises or any one or more of the New Orleans Premises, the San Antonio Premises and the Memphis Premises, as applicable, being hereinafter referred to as the "Selected Premises"), as Landlord in its sole discretion may select. The Default Offer Amount shall be the greater of (1) the then Fair Market Value of the Selected Premises, (2) the sum of that portion (determined in accordance with the percentages set forth in Exhibit "F") of the unpaid balance of the Note and Mortgage covering any of the Selected Premises, all interest accrued thereon, and prepayment penalties payable in connection therewith and all other sums due thereunder as of the date of such purchase, or (3) an amount equal to the sum of the Acquisition Cost with respect to the Selected Premises and any prepayment penalty payable under the Loan with respect to the Selected Premises. Upon such notice by Landlord to Tenant, Tenant shall be deemed to have made such offer, and the Fair Market Value

of the Selected Premises shall be determined in accordance with the procedure set forth in Paragraph 27 hereof. Within thirty (30) days after such determination of the Fair Market Value, Landlord shall accept or reject such offer. If Landlord accepts such offer, then, on the tenth (10th) business day after such acceptance, Tenant shall pay to Landlord the Default Offer Amount and purchase the Selected Premises in accordance with Paragraph 16 hereof. Any rejection by Landlord of such offer shall have no effect on any other provision of this Lease.

(vi) Unless Landlord shall have exercised its remedy under Paragraph 19(b)(iv) or 19(b)(v) (as to the entire Leased Premises) hereof and shall have received all sums due thereunder or shall have repossessed and relet the Leased Premises, Landlord may declare by notice to Tenant the entire Basic Rent (in the amount of Basic Rent then in effect) discounted at the rate per annum which is the lower of the then Prime Rate or nine percent (9%) per annum for the remainder of the then current Term, to be immediately due and payable. In that event, Tenant shall immediately pay to Landlord all such Basic Rent, all accrued Rent then due and unpaid, all other sums which are then due or which would have been due hereunder but for the aforesaid Event of Default and all sums which arise or become due by reason of such Event of Default (including any attorneys' fees and costs). Upon receipt of all such accelerated Basic Rent and other sums, this Lease shall remain in full force and effect and Tenant shall have the right to possession of the Leased Premises from the date Landlord receives the accelerated Basic Rent and all the other said sums to the end of the Term then in effect (or that would be in effect but for the Event of Default) pursuant and subject to all the provisions of this Lease, including the obligation to pay all increases in Basic Rent and all Additional Rent and other sums that subsequently become due, except that (A) no Basic Rent which has been prepaid hereunder shall be due thereafter during the said Term, (B) Tenant shall have no option to extend or renew the then current Term and (C) Tenant shall have no further rights, if any, under Paragraph 28. Notwithstanding the foregoing, in the event Landlord shall have exercised its remedy under Paragraph 19(b)(v) to require the purchase of less than the entire Leased Premises and shall have received all sums due in connection therewith, the Basic Rent to be accelerated pursuant to this Paragraph 19(b) (vi) shall be that portion of the Basic Rent which is attributable to that portion of the Leased Premises which is not sold to Tenant pursuant to said Paragraph 19(b)(v) and Tenant's right to possession pursuant to this Lease shall extend only to such unsold remainder of the Leased Premises.

(vii) Landlord may exercise any other right or remedy now or hereafter existing by Law or in equity.

(c) No expiration or termination of this Lease pursuant to Paragraph 19(b)(i) or any other provision of this Lease, by operation of law or otherwise, before the expiration date provided in Paragraph 5 or if applicable the termination date

provided in Paragraph 13(b), 14(i) or 28, no repossession of any of the Leased Premises pursuant to Paragraph 19(b)(ii) or otherwise, nor any reletting of any of the Leased Premises pursuant to Paragraph (19)(b)(iii) shall relieve Tenant of any of its liabilities and obligations hereunder, including the liability for Rent, all of which shall survive such expiration, termination, repossession or reletting.

(d) In the event of any expiration or termination of this Lease or repossession of any of the Leased Premises by reason of the occurrence of an Event of Default, and provided that Landlord has not exercised its remedy under Paragraph 19(b)(iv), 19(b)(v) (as to the entire Leased Premises) or 19(b)(vi) or has not received all sums due thereunder, Tenant shall pay to Landlord all Rent and all other sums required to be paid by Tenant to and including the date of such expiration, termination or repossession and, thereafter, Tenant shall, until the end of what would have been the Term in the absence of such expiration, termination or repossession, and whether or not any of the Leased Premises shall have been relet, be liable to Landlord for, and shall pay to Landlord, as liquidated and agreed current damages (i) Basic Rent, Additional Rent and all other sums which would be payable under this Lease by Tenant in the absence of such expiration, termination or repossession, less (ii) the net proceeds, if any, of any reletting pursuant to Paragraph 19(b)(iii), after deducting from such proceeds all of Landlord's expenses in connection with such reletting (including all repossession costs, brokerage commissions, legal expenses, attorneys' fees, employees' expenses, costs of Alterations and expenses of preparation for reletting) provided, however, that in the event
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Landlord has exercised its remedy under Paragraph 19(b)(v) to require the purchase of less than the entire Leased Premises and has received all sums due in connection therewith, the Rent hereinabove in this Paragraph 19(d) referred to shall mean that portion of the Rent which is applicable to that portion of the Leased Premises which is not sold to Tenant pursuant to said Paragraph 19(b)(v). Tenant hereby agrees to be and remain liable for all sums aforesaid; and Landlord may recover such damages from Tenant and institute and maintain successive actions or legal proceedings against Tenant for the recovery of such damages. Nothing herein contained shall be deemed to require Landlord to wait to begin such action or other legal proceedings until the date when the Term would have expired by limitation had there been no such Event of Default.

(e) The words "enter," "re-enter," or "re-entry," as used in this Paragraph 19 are not restricted to their technical meaning.

(f) WITH RESPECT TO ANY REMEDY OR PROCEEDING OF LANDLORD HEREUNDER, TENANT WAIVES ANY RIGHT TO A TRIAL BY JURY.

(g) Except as otherwise hereinafter in this Paragraph 19(g) provided, before an Event of Default shall exist under this Paragraph 19, Landlord shall have given Tenant notice

thereof and Tenant shall have failed to cure the default within the applicable grace period stated below. If the default consists of a failure to pay Rent, the applicable grace period shall be two (2) business days from the date such notice is given. If the default consists of the failure to provide any insurance required pursuant to Paragraph 14, the applicable grace period shall be seven (7) days from the date on which the notice is given, but Landlord shall not be obligated to give notice of, or allow any grace period for, any such default more than twice within any twelve (12) month period. If the default consists of something other than the failure to provide any such insurance, the applicable grace period shall be twenty (20) days from the date on which the notice is given or, if the default cannot be cured within the said twenty-day period and delay in the exercise of a remedy would not (in Landlord's reasonable judgment) cause any material adverse harm to Landlord or any of the Leased Premises, the grace period shall be extended for the period required to cure the default (but such grace period, including any extension, shall not in the aggregate exceed sixty (60) days), provided that Tenant shall commence to cure the default within the said twenty-day period and shall actively, diligently and in good faith proceed with and continue the curing of the default until it shall be fully cured. However, no notice or grace period shall be required in any one or more of the following events: (i) substantial damage to any of the Leased Premises will, in Landlord's reasonable judgment, probably occur unless a remedy is exercised promptly; (ii) the occurrence of a default under clause (iii), (iv), (v), (viii), or (ix) of subparagraph (a) of this Paragraph 19; or (iii) the default is such that any delay in the exercise of a remedy by Landlord could reasonably be expected to cause irreparable harm to Landlord.

20. Additional Rights of Landlord.

(a) No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafer existing by Law or in equity. Upon the occurrence of any Event of Default, Landlord shall have the right (but no obligation) to perform any act required of Tenant hereunder, whether as agent for Tenant or otherwise; and the cost thereof shall be Additional Rent hereunder and shall be paid by Tenant to Landlord, together with interest thereon at the Default Rate from the date such cost is incurred until it shall be fully paid by Tenant, immediately upon demand. Tenant agrees that Tenant shall be liable to Landlord for any and all damages suffered or incurred by Landlord in connection with any Event of Default and Tenant further agrees that Landlord shall be entitled to exercise any and all remedies existing at law or in equity for the recovery thereof. Tenant acknowledges that time is of the essence in the performance of its obligations under this Lease. No failure of Landlord (i) to insist at any time upon the strict performance of any provision of this Lease or (ii) to exercise any

option, right, power or remedy contained in this Lease shall be construed as a waiver, modification or relinquishment thereof. A receipt by Landlord of any Rent or other sum due hereunder with knowledge of the breach of any provision contained in this Lease shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in a writing signed by Landlord. In addition to the other remedies provided in this Lease, Landlord shall be entitled, to the extent permitted by applicable Law, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the provisions of this Lease, or to specific performance of any of the provisions of this Lease.

(b) Tenant hereby waives and surrenders, for itself and all those claiming under it, including creditors of all kinds, (i) any right and privilege which it or any of them may have under any present or future Law to redeem any of the Leased Premises or to have a continuance of this Lease after termination of this Lease or of Tenant's right of occupancy or possession pursuant to any court order or any provision hereof, and (ii) the benefits of any present or future Law which exempts property from liability for debt or for distress for rent.

(c) Tenant shall pay to Landlord, as Additional Rent, all the expenses incurred by Landlord in connection with any Event of Default or the exercise of any remedy by reason of an Event of Default or otherwise in connection with the enforcement of this Lease, including reasonable attorneys' fees and expenses. If Landlord shall be made a party to any litigation commenced against Tenant or any litigation pertaining to this Lease or any of the Leased Premises (except litigation among the partners of Landlord or other Persons described in Paragraph 29 which does not arise out of any act or omission of Tenant under this Lease), then, at the option of Landlord, Tenant, at its expense, shall provide Landlord with counsel approved by Landlord and, in any event, Tenant shall pay all costs and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation; provided, however, that if in a non-appealable decision, a court of competent jurisdiction determines that Landlord was the sole cause of litigation pertaining to this Lease or any of the Leased Premises then all costs and fees incurred by Tenant in connection with such litigation shall be refunded to Tenant.

21. Notices. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease shall be in writing and shall be deemed to have been given for all purposes when delivered in Person or by Federal Express or other 24-hour delivery service or five (5) business days after being deposited in the United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address stated above. A copy of any notice given by Tenant to Landlord shall simultaneously be given by Tenant to Reed Smith Shaw & McClay,

1600 Avenue of the Arts Building, Philadelphia, PA 19107, Attention: Chairman, Real Estate Department. For the purposes of this Paragraph, any party may substitute its address by giving fifteen (15) days' notice to the other party, in the manner provided above.

22. Estoppel Certificate. Tenant shall, at any time and from time to time, but not more than three (3) times in any calendar year, upon not less than ten (10) days' prior written request by Landlord, execute, acknowledge and deliver to Landlord a statement in writing, executed by the president or a vice president of Tenant, certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and setting forth such modifications), (b) the dates to which Basic Rent, Additional Rent and all other sums payable hereunder have been paid, (c) that, to the knowledge of the signer of such certificate, no default by either Landlord or Tenant exists hereunder or specifying each such default of which the signer may have knowledge, and (d) that, to the knowledge of the signer of such certificate, there are no proceedings pending or threatened against Tenant before or by any court or administrative agency which, if adversely decided, would materially and adversely affect the financial condition and operations of Tenant or, if any such proceedings are pending or threatened to said signer's knowledge, specifying and describing the same. It is intended that any such statements by Tenant may be relied upon by Lender, Landlord or their assignees or by any prospective purchaser or mortgagee of the Leased Premises.

Landlord shall, at any time and from time to time but not more often than twice in any twelve (12) month period upon not less than ten (10) days' prior written request by Tenant, execute, acknowledge and deliver to Tenant a statement in writing, executed by a general partner of landlord certifying (a) that this Lease in unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and setting forth such modifications), (b) the dates to which Basic Rent, Additional Rent and all other sums payable hereunder have been paid, (c) that, to the knowledge of the signer of such certificate, no default by Tenant exists hereunder of specifying each such default of which the signer may have knowledge. It is intended that nay such statements by Landlord may be relied upon by Tenant, its lenders or its permitted assignees.

23. Surrender. Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Leased Premises (except for any portion thereof with respect to which this Lease has previously terminated or with respect to which Tenant has purchased) to Landlord in the same condition in which the Leased Premises were originally received from Landlord at the commencement of this Lease, except as repaired, rebuilt, restored, altered, replaced or added to as

permitted or required by any provision of this Lease, and except for ordinary wear and tear. Tenant shall remove from the Leased Premises on or prior to such expiration or earlier termination all property which is owned by Tenant or third parties other than Landlord and Tenant; and Tenant, at its expense, shall, on or prior to such expiration or earlier termination, repair any damage caused by such removal. Property not so removed shall become the property of Landlord; Landlord may thereafter cause such property to be removed from the Leased Premises; and the cost of removing and disposing of such property and repairing any damage to any of the Leased Premises caused by such removal shall be borne by Tenant. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any such property which becomes the property of Landlord upon the expiration or earlier termination of this Lease.

24. Risk of Loss. The risk of loss or of decrease in the enjoyment
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and beneficial use of any of the Leased Premises in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosure, attachments, levies or executions, is assumed by Tenant, and Landlord shall in no event be answerable or accountable therefor. Except as otherwise specifically provided in this Lease, none of the events mentioned in this Paragraph shall entitle Tenant to any abatement of Rent.

25. No Merger of Title. There shall be no merger of this Lease nor of
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the leasehold estate created by this Lease with the fee estate in or ownership of any of the Leased Premises by reason of the fact that the same Person may acquire or hold or own, directly or indirectly, (a) the leasehold estate created by this Lease or any part thereof or interest therein or any interest of Tenant in this Lease, and (b) the fee estate or ownership of any of the Leased Premises or any interest in such fee estate or ownership; and no such merger shall occur unless and until all Persons having any interest in (i) this Lease as Tenant or the leasehold estate created by this Lease and (ii) this Lease as Landlord or the fee estate in or ownership of the Leased Premises or any part thereof sought to be merged shall join in a written instrument effecting such merger and shall duly record the same.

26. Books and Records. Tenant shall permit Landlord and Lender by
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their respective agents, accountants and attorneys, to visit and inspect the Leased Premises and to discuss the finances and business with the officers of Tenant, at such reasonable times as may be requested by Landlord, and, upon the occurrence of an Event of Default, to examine the records and books of account Tenant, at such reasonable times as may be requested by Landlord.

Tenant shall deliver to Landlord and to Lender (i) within thirty (30) days of the end of each calendar month the monthly management reports of Tenant for the prior calendar month and (ii) within ninety (90) days of the close of each fiscal year annual audited financial statements of Tenant prepared by independent

certified public accountants satisfactory to Landlord, and such other relevant financial data as Landlord may reasonably require pertaining to Tenant or to the Leased Premises. Tenant shall also furnish to Landlord all filings, if any, of Form 10-K, Form 10-Q and other required filings with the Securities and Exchange Commission pursuant to the provisions of the Securities Exchange Act of 1934, as amended, or any other Law. All financial statements of Tenant shall be prepared in accordance with generally accepted accounting principles consistently applied and the annual statements hereinabove referred to shall be accompanied by an unqualified opinion of said accountants and by the affidavit of the president or a vice president of Tenant dated within five (5) days of the delivery of such statement, (a) stating that the affiant knows of no Event of Default or event which, upon notice or the passage of time or both, would become an Event of Default which has occurred and is continuing hereunder, or, if any such event has occurred and is continuing, specifying the nature and period of existence thereof and what action Tenant has taken or proposes to take with respect thereto and (b) except as otherwise specified, with respect to Tenant stating that Tenant has fulfilled all of its obligations under this Lease which are required to be fulfilled on or prior to the date of such affidavit.

27. Determination of Value.

(a) Whenever a determination of Fair Market Value is required pursuant to any provision of this Lease, such Fair Market Value shall be determined in accordance with the following procedure:

(i) Landlord and Tenant shall endeavor to agree upon such Fair Market Value within fifteen (15) days after the date (the "Applicable Initial Date") on which (A) Tenant provides Landlord with notice of its intention not to extend or to terminate this Lease as to the Affected Premises pursuant to Paragraph 13(b) or Paragraph 14(h) hereof or (B) Landlord provides Tenant with notice of its intention to require Tenant to make an offer to purchase the Selected Premises pursuant to Paragraph 19(b)(v) hereof, as applicable. Upon reaching such agreement, the parties shall execute an agreement setting forth the amount of such Fair Market Value.

(ii) If the parties shall not have signed such agreement setting forth the amount of such agreed Fair Market Value within fifteen (15) days after the Applicable Initial Date, Tenant shall within ten (10) days after the Applicable Initial Date select an appraiser and notify Landlord in writing of the name, address and qualifications of such appraiser. Within ten (10) days thereafter, Landlord shall select an appraiser and notify Tenant of the name, address and qualifications of such appraiser. The appraiser selected by Tenant and the appraiser selected by Landlord shall endeavor to agree upon the Fair Market Value of the Leased Premises or the Affected Premises or the

Selected Premises, as applicable, as of the date specified in the particular provision of this Lease (the "Applicable Provision") pursuant to which the determination of Fair Market Value is being made. If the said two appraisers shall agree upon such Fair Market Value, the amount of such Fair Market Value as agreed to by the said two appraisers shall be binding and conclusive.

(iii) If the appraiser selected by Tenant and the appraiser selected by Landlord shall be unable to agree upon such Fair Market Value within twenty (20) days after the selection of an appraiser by Landlord, then the said two appraisers shall select a third appraiser to make the determination of such Fair Market Value and the determination of such third appraiser shall be binding and conclusive upon Landlord and Tenant.

(iv) In the event the appraiser selected by Tenant and the appraiser selected by Landlord shall be unable to agree upon the designation of a third appraiser within ten (10) days after the expiration of the twenty (20) day period referred to in clause (iii) above or in the event the third appraiser so selected does not make a determination of the Fair Market Value of the Leased Premises or the Affected Premises or the Selected Premises within twenty (20) days after his selection, then such third appraiser or a substituted third appraiser, as applicable, shall, at the request of either party hereto, be appointed by the President or Chairman of the American Arbitration Association in Philadelphia, Pennsylvania. The determination of Fair Market Value made by the third appraiser appointed pursuant hereto shall be made within twenty (20) days after such appointment. Fair Market Value shall be the average of the determination of Fair Market Value made by the third appraiser and the determination of Fair Market Value made by the appraiser whose determination of Fair Market Value is nearest to that of the third appraiser. Such average shall be binding and conclusive upon Landlord and Tenant.

(v) All appraisers selected or appointed pursuant to this Paragraph 27(a) shall be independent qualified appraisers. Such appraisers shall have no right, power or authority to alter or modify the provisions of this Lease and in determining the Fair Market Value of the Leased Premises or the Leased Premises or the Selected Premises, as applicable, such appraisers shall utilize the definition of Fair Market Value hereinabove set forth above.

(b) The cost of the appraiser selected by Tenant shall be paid by Tenant and the cost of the appraiser selected by Landlord shall be paid by Landlord; the cost of a third appraisal, if required, will be split equally between Landlord and Tenant.

(c) If, by virtue of any delay in the appointment of a third appraiser pursuant to Paragraph 27(a)(iv) above or of any delay by such appointed third appraiser to determine such Fair Market Value, the Fair Market Value of the Leased Premises or the Affected Premises or the Selected Premises, as applicable, is not

determined by such appointed third appraiser within one hundred forty (140) days after the Applicable Initial Date, then the date (the "Applicable Final Date") on which the Leased Premises or the Affected Premises or the Selected Premises, as applicable, would otherwise be sold to Tenant or on which this Lease would otherwise terminate, as specified in the Applicable Provision, shall be extended the same number of days (the "Delay Period") by which the total period so required for the binding and conclusive determination of Fair Market Value exceeds one hundred forty (140) days and all relevant defined terms used in the Applicable Provision shall be deemed amended accordingly, anything to the contrary in the Applicable Provision notwithstanding. In addition, any time period which is afforded Landlord under the Applicable Provision within which to accept or reject an offer by Tenant shall likewise be extended by the number of days equal to the Delay Period.

28. Financing.

(a) Tenant shall pay, within three (3) business days of written demand therefor, all out of pocket costs (including but not limited to closing costs, title charges, commitment or application fees, and attorneys' fees), not to exceed $50,000 in the aggregate (other than the principal of the Note and interest thereon at the contract rate of interest specified therein), imposed upon Landlord by Lender pursuant to the initial Loan to Landlord evidenced by a Note and secured by a Mortgage constituting a first lien on the Leased Premises provided that Landlord obtains such Loan no later than the fourth (4th) anniversary of the initial Basic Rent Payment Date.

(b) In the event that Landlord desires to obtain a Loan to be secured any of the Leased Premises, Tenant shall negotiate in good faith with Landlord concerning any request made by the proposed mortgagee for changes or modifications in this Lease. Tenant shall not unreasonably withhold or delay its consent to such financing, and Tenant hereby agrees that Tenant shall provide any other consent or statement and shall execute any and all other documents that any proposed mortgagee requires in connection with such financing, so long as the same do not materially adversely affect any right, benefit or privilege of Tenant under this Lease or increase the Rent or other obligations of Tenant hereunder.

29. Non-Recourse as to Landlord. Anything contained herein to the
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contrary notwithstanding, any claim based on or in respect of any liability of Landlord under this Lease shall be enforced only against the Leased Premises and not against any other assets, properties or funds of (a) Landlord, (b) any director, officer, general partner, limited partner, employee or agent of Landlord or any general partner of Landlord (or any legal representative, heir, estate, successor or assign of any thereof), (c) any predecessor or successor partnership or corporation (or

other entity) of Landlord or any general partner of Landlord, either directly or through Landlord or its general partners or any predecessor or successor partnership or corporation (or other entity) of Landlord or any general partner of Landlord, or (d) any other Person or entity (including Eighth Carey Corporate Property, Inc., W. P. Carey & Co. Inc., Carey Corporate Property Management, Inc., Clark & Pendleton Realty Corp. or any Person affiliated with any of the foregoing, or any director, officer, employee or agent of any thereof).

30. Substitution and Exchange of Property. If the Board of Directors of Tenant determines, in good faith, that any one or more of the New Orleans Premises, the San Antonio Premises or the Memphis Premises (any one or more of which that is determined to be uneconomically viable as provided hereunder being hereinafter referred to as the "Existing Property") is no longer economically viable for Tenant's continued use and operation for any reason, including, but not limited to, unprofitability, obsolescence or change in zoning regulations; then Tenant shall have the right, during the Term of this Lease or any renewal hereof, to convey to Landlord a substitute property (the "Substitute Property") and lease the Substitute Property back from Landlord on the terms and conditions provided herein in exchange for the conveyance to Tenant of the Existing Property and the termination of the Lease with respect to such Existing Property (the "Exchange"), upon the terms and conditions set forth herein. In the event that Tenant elects to exercise such right, Tenant shall give written notice to Landlord and Lender, which notice shall contain (i) a resolution of Board of Directors of Tenant stating that the Existing Property is no longer economically viable and setting forth in reasonable detail the reasons for such determination; (ii) a description and MAI Appraisal of the Substitute Property; (iii) such relevant data as Landlord may request demonstrating the economic viability of the Substitute Property; (iv) Tenant's offer to convey the Substitute Property to Landlord and lease back the Substitute property in exchange for Landlord conveying the Existing Property to Tenant and terminating the Lease with respect to the Existing Property; and (v) notice to Landlord of Tenant's intention to affect the Exchange on the first Basic Rent Payment Date occurring at least ninety (90) days after the date on which Landlord receives such notice (the "Exchange Date").

Landlord (if Landlord obtains the written consent of Lender) shall accept or reject Tenant's offer of the Substitute Property not later than the thirtieth (30th) day prior to the Exchange Date; and Landlord shall accept such offer if Landlord (in its reasonable discretion) receives and approves all items listed in the foregoing paragraph. If Landlord, with the written consent of Lender, has accepted Tenant's offer and if on the Exchange Date all conditions and requirements imposed by Landlord and Lender in connection with the acceptance of Tenant's offer of substitution have been satisfied, including, but not limited to, (i) the approval of Landlord, Lender and their respective counsel

of all documents relating to the Exchange; (ii) all installments of annual Basic Rent, Additional Rent and all other charges due and unpaid hereunder having been paid in full by Tenant; (iii) Tenant's compliance with all other obligations and liabilities, actual or contingent, under this Lease which have arisen on or prior to the Exchange Date and Tenant not then being in default hereunder; (iv) delivery to Landlord and Lender, respectively, of ALTA "owner" and "mortgagee" title insurance policies insuring Landlord's fee title to the Substitute Property and Lender's first lien thereon; and (v) Tenant's conveyance of the Substitute Property to Landlord, the lease back of the Substitute Property to Tenant, and the mortgaging of the Substitute Property to Lender; then the Existing Property shall be conveyed to Tenant in accordance with the provisions of Paragraph 16(a) and all obligations hereunder with respect to the Existing Property shall terminate, except for any obligations or liabilities of Tenant, actual or contingent, arising prior to such conveyance.

Tenant shall pay all charges incident to the Exchange, regardless of whether or not the Exchange occurs, including, but not limited to, Landlord's and lender's counsel fees, escrow fees, recording fees, brokerage fees, title insurance and all federal, state and local taxes which may be incurred or imposed by reason of such conveyance and transfer and/or by delivery of any deed or other instrument.

31. Financial Covenant. Tenant shall not sell, assign or transfer its interest in this Lease and shall not permit a Change in Control of Tenant to an entity which, immediately following such sale, transfer, assignment or Change in Control has a Tangible Net Worth of less than $18,996,000 or a secured debt to equity ratio of greater than 4:1.

"Tangible Net Worth" as used herein shall mean as of any date the excess of (A) the aggregate gross book value of all assets of Tenant or any other entity, as the case may be, as of such date (excluding all franchises, licenses, permits, drawings, patents, patent applications, copyrights, trademarks, trade names, goodwill, experimental or organizational expenses and all other assets which, in accordance with generally accepted accounting principles, are deemed intangible) over (B) the aggregate of all liabilities of Tenant or such other entity as of such date, all computed in accordance with generally accepted accounting principles.

"Change in Control" as used herein shall mean as of any date (i) a sale of all or substantially all of the Tenant's assets to any Person or related group of Persons as an entirety or substantially as an entirety in one transaction or series of transactions, (ii) the merger or consolidation of the Tenant with or into another corporation or the merger of another corporation into the Tenant or the sale of the stock of Tenant with the effect that Guarantor holds less than 51% of the total voting power

entitled to vote in the election of directors, managers or trustees of the surviving corporation of such merger or consolidation (any nonvoting common stock now outstanding or issued after the date hereof of the surviving corporation having terms substantially similar to the Tenant's nonvoting common stock shall be considered voting stock for purposes of this provision) or holds less than 51% of the total voting power entitled to vote in the election of directors, managers or trustees of Tenant following such sale or (iii) the liquidation or dissolution of the Tenant.

32. Subordination. Tenant agrees that this Lease and its interest hereunder shall be subordinate to any mortgage, deed of trust, and/or other security instrument hereafter placed upon the Leased Premises by the Landlord, and to any and all advances made or to be made thereunder, to the interest thereon, and all renewals, replacements and extensions thereof provided that any such instrument (or separate instrument in recordable form duly executed by the holder of any such mortgage, deed of trust or security instrument and delivered to Tenant) shall provide for the recognition of this Lease and the non-disturbance of all of Tenant's rights hereunder until such time as Landlord shall have the right to terminate this Lease pursuant to any applicable provisions of Paragraph 19 hereof.

33. First Refusal Right.

(a) Except as otherwise provided in subparagraph (c) below, if Landlord should desire to sell or shall receive an offer for its interest in any one or more of the Memphis Premises, the New Orleans Premises and/or the San Antonio Premises (any one or more of which Landlord desires to sell or for which Landlord receives an offer being hereinafter referred to as the "Sale Premises") prior to the tenth (10th) anniversary of the initial Basic Rent Payment Date as subject to this Lease, then subject to the limitation set forth in subparagraph (d) below Landlord first shall be required (i) either to obtain a bona fide written offer to purchase the Sale Premises acceptable to Landlord or to enter a contract for sale of the Sale Premises to Landlord or to enter a contract for sale of the Sale Premises conditioned upon Tenant's failure to exercise its right under this subparagraph (a), and (ii) to give written notice to Tenant of the offer (and Landlord's willingness to accept the same) or contract for sale accompanied by a copy of the executed offer or contract together with the name and business address of the prospective purchaser ("Third Party Purchaser"). For a period of fifteen (15) business days following receipt of such notice and provided that Basic Rent shall be current at the time of the exercise of such right of first refusal, Tenant shall have the right and option, exercisable by written notice to landlord given within said fifteen (15) business days period to purchase Landlord's interest in the Sale Premises at the purchase price and upon the terms and conditions set forth in such written offer or agreement, subject in addition, to the provisions of Paragraph 16(a) hereof. The closing date for the purchase shall

be the later to occur of (i) ninety (90) days from the date of Tenant's notice to Landlord or (ii) the closing date provided in the applicable contract of sale or offer to purchase. If at the expiration (15) day period, Tenant shall have failed to exercise the aforesaid option, Landlord's interest in the Sale Premises may be sold for the consideration, to the Third Party Purchaser, and upon the terms and conditions set forth in the original offer or agreement of sale provided the sale is consummated with a period of one hundred eighty (180) days after the giving of the original notice to Tenant pursuant to subparagraph (a)(ii) above.

(b) If Tenant does not exercise its option to purchase any Sale Premises, then Tenant agrees that (i) the Lease is bifurcated with respect to remaining Leased Premises and the Sale Premises; (ii) Tenant will attorn to any Third Party Purchaser as Landlord with respect to the Sale Premises purchased so long as the third Party Purchaser assumes the obligations of Landlord under the Lease; and (iii) the terms of the Lease will remain in full force and effect with respect to the Sale Premises except that the Basic Rent will be that percentage of the then Basic Rent which is allocated to the Sale Premises as set forth on Exhibit "F" attached hereto and made a part hereof. At the request of Landlord, Tenant will promptly execute such documents confirming (i) that, if the sale occurs after the fifth (5th) anniversary of the initial Basic Rent Payment Date its option to purchase the Sale Premises is null and void, (ii) the agreements referred to above and (iii) such other agreements as Landlord may reasonably request provided that such do not increase the liabilities and obligations of Tenant hereunder.

(c) The provisions of subparagraph (a) shall not apply to or prohibit -(i) any mortgaging, subjection to deed of trust or other hypothecation of Landlord's interest in the leased private power of sale under or judicial foreclosure of nay mortgage, deed of trust or other security instrument or devise to which Landlord's interest in the Leased Premises is now or hereafter subject, (iii) any transfer or Landlord's interest in the Leased Premises to a mortgagee, beneficiary under deed of trust or other holder of a security interest therein by deed in lieu of foreclosure, or (iv) any transfer of the Leased Premises to an Affiliate of Landlord or (v) to any governmental or quasi-governmental agency with power of condemnation.

(d) If Landlord elects to sell any one or more of the Memphis Premises, New Orleans Premises or Tulsa Premises prior to the fifth (5th) anniversary of the initial Basic Rent Payment Date and Tenant does not elect to purchase such Sale Premises, Tenant shall have one (1) additional first refusal right for the initial offer or contract of sale with respect to such Sale Premises which occurs during the period which commences with the fifth (5th) anniversary of the initial Basic Rent Payment Date and terminates on the one hundred twenty-seventh (127th) Basic Rent Payment Date. Notwithstanding anything to the contrary set forth

in this Paragraph 33, the first of first refusal granted by this Paragraph 33 shall terminate and be null and void with respect to the Leased Premises upon the earlier to occur of (i) the one-hundred twenty seventh (127th) Basic Rent Payment Date or (ii) the termination of this Lease.

34. Miscellaneous. The paragraph headings in this Lease are used only for convenience in finding the subject matters and are not part of this Lease or to be used in determining the intent of the parties or otherwise interpreting this Lease. As used in this Lease, the singular shall include the plural as the context requires and the following words and phrases shall have the following meanings: (a) "including" shall mean "including but not limited to"; (b) "provisions" shall mean "provisions, terms, agreements, covenants and/or conditions"; (c) "lien" shall mean "lien, charge, encumbrance, title retention agreement, pledge, security interest, mortgage and/or deed of trust"; (d) "obligation" shall mean "obligation, duty, agreement, liability, covenant and/or condition"; (e) "any of the Leased Premises" shall mean "the Leased Premises or any part thereof or interest therein"; (f) "any of the Land" shall mean "the Land or any part thereof or interest therein"; (g) "any of the Improvements" shall mean "the Improvements or any part thereof or interest therein"; (h) "any of the Equipment" shall mean "the Equipment or any part thereof or interest therein"; and (i) "any of the Adjoining Property" shall mean "the Adjoining Property or any part thereof or interest therein". Any act which Landlord is permitted to perform under this Lease may be performed at any time and from time to time by Landlord or any Person or entity designated by Landlord. Any act which Tenant is required to perform under this Lease shall be performed at Tenant's sole cost and expense. Each appointment of Landlord as attorney-in-fact for Tenant under this Lease is irrevocable and coupled with an interest. Landlord shall in no event be construed for any purpose to be a partner, joint venturer or associate of Tenant or of any subtenant, operator, concessionaire or licensee of Tenant with respect to any of the Leased Premises or otherwise in the conduct of their respective businesses. This Lease and any documents which may be executed by Tenant on or about the effective date hereof at Landlord's request constitute the entire agreement between the parties and supersede all prior understandings and agreements, whether written or oral, between the parties hereto relating to the Leased Premises and the transactions provided for herein. This Lease may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought. The covenants of this Lease shall run with the land and bind Tenant, the heirs, distributees, Personal representatives, successors and assigns of Tenant, and all present and subsequent encumbrancers and subtenants of any of the Leased Premises, and shall inure to the benefit of Landlord, its successors and assigns. In the event there is more than one Tenant, the obligations of each shall be joint and several. In the event any one or more of the provisions contained in this Lease shall for any reason be held to be

invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. This Lease shall be governed by and construed according to the Laws of the State of Louisiana with respect to the New Orleans Premises, the State of Texas with respect to the San Antonio Premises and the State of Tennessee with respect to the Memphis Premises.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed under seal as of the day and year first above written.

LANDLORD:

CORPORATE PROPERTY ASSOCIATES 8,L.P.,
A DELAWARE LIMITED PARTNERSHIP

By Eighth Carey Corporate Property, Inc., a General Partner

By /s/ H. Cabot Lodge III

H. Cabot Lodge III
Senior Vice President

Attest: [SIGNATURE NOT LEGIBLE]

Assistant Secretary

TENANT:

STATIONERS DISTRIBUTING COMPANY, INC.

By /s/ David R. Smith

David R. Smith,
Chairman

Attest: [SIGNATURE NOT LEGIBLE]

_____ Secretary

EXHIBIT "A"

TRACT I

A CERTAIN PORTION OF GROUND, together with all the buildings and improvements thereon and all the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging, or in anywise appertaining, designated as PARCEL 1F-B6, said parcel being situated in ELMWOOD INDUSTRIAL PARK, according to a plan of resubdivision of J.J. Krebs & Sons, Inc., C.E. & S., dated June 9, 1977, approved by Ordinance No. 13026 of the Jefferson Parish Council, dated September 12, 1977, filed for record September 13, 1977, and recorded in COB 905, folio 321, which Parcel 1F-B6 is composed of a portion of original Lot 1-F, Elmwood Industrial Park (which includes all or a portion of resubdivided Parcel 1-F-B, created by Ordinance No. 12675, recorded in COB 882, folio 820), and according to said resubdivison plan dated June 9, 1977, said property is more fully described as follows:

Parcel 1F-B6 commences at the most northerly corner of Plauche Industrial Park, being the point of intersection of the southerly right of way line of Edwards Avenue along Plauche Industrial Park, and the westerly right of way line of Plauche Street, thence North 47 degrees 54 minutes 41 seconds West, a distance of 48.50 feet to a point on Edwards Avenue; thence South 42 degrees 6 minutes 4 seconds West, a distance of 708.63 feet to a point; thence South 55 degrees 24 minutes 35 seconds West, a distance of 193.94 feet; thence South 73 degrees 24 minutes 17 seconds West, a distance of 56.18 feet to the northerly most corner of the property herein described, being the point of beginning;

Thence from said point of beginning, South 47 degrees 53 minutes 49 seconds East, a distance of 98.21 feet to a point on the westerly right of way line of Beven Street;

Thence along said westerly right of way line of Beven Street, South 42 degrees 06 minutes 04 seconds West, a distance of 99.32 feet to a point on the westerly right of way line of Beven Street:

Thence North 47 degrees 54 minutes 41 seconds West, a distance of 158.62 feet to a point:

Thence North 73 degrees 24 minutes 17 seconds East, a distance of 116.28 feet to the point of beginning.

Containing an area of 12,755.84 square feet.

TRACT II

A CERTAIN PORTION OF GROUND, together with all the buildings and improvements thereon and all the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging, or in anywise appertaining, designated as PARCEL 14-A, said parcel being situated principally in PLAUCHE INDUSTRIAL PARK, AND ALSO IN ELMWOOD INDUSTRIAL PARK, according to a plan of resubdivision of J.J. Krebs & Sons, Inc., C.E. & S., dated September 13, 1976, revised February 8, 1977, approved by Ordinance No. 12783 of the Jefferson Parish Council, dated March 17, 1977, filed for record March 28, 1977, and recorded in COB 888, folio 74, which Parcel 14-A is composed of all of former Lot 14, Square 2, Plauche Industrial Park, and a portion of original Lot 1-F Elmwood Industrial Park, and according to said resubdivision plan, and the subdivision plan of J.J. Krebs & Sons, Inc., dated May 15, 1975, showing Squares 1 and 2 of Plauche Industrial Park, said property is more fully described as follows:

Commencing at the most northerly corner of Plauche Industrial Park, being the point of intersection of the southerly right of way line of Edwards Avenue along Plauche Industrial Park, and the westerly right of way line of Plauche Street, thence South 42 degrees 6 minutes 4 seconds West, as distance of 627.20 feet along the westerly right of way line of Plauche Street to a point, being the northerly corner of former Lot 14, Square 2, Plauche Industrial Park, for the point of beginning.

Thence South 47 degrees 53 minutes 49 seconds East along Plauche Street right of way a distance of 284.18 feet to a point and corner:

Thence South 42 degrees 6 minutes 4 seconds West a distance of 330 feet to a point and corner:

Thence North 47 degrees 53 minutes 49 seconds West a distance of 365.68 feet to a point and corner on the center line of a 20 foot railroad servitude:

Thence following the center line of said 20 foot railroad servitude, along a curve to the left having a radius of 501.95 feet, an arc distance of 244.60 feet to a point:

Thence continue along the center line of said 20 foot railroad servitude North 42 degrees 1 minute 1 second East, a distance of 94.88 feet to a point and corner on the southerly right of way line of Plauche Street extended:

Thence South 47 degrees 53 minutes 49 seconds East, a distance of 23.56 feet to a Plauche Street corner, being the point of beginning:

Containing an area of 105,940.80 square feet.

TEXAS PROPERTY

Lot 1, Block 1, New City Block 16837, NACOGDOCHES ROAD BUSINESS PARK SUBIDIVISION, UNIT 1, in the City of San Antonio, Bexar County, Texas, according to plat thereof recorded in Volume 8600, Page 202, Deed and Plat Records of Bexar County, Texas, being more particularly described as follows:

BEGINNING: at a 1/2" iron pin set in the Northeast R.O.W. line of Highpoint Drive at the West corner of said Lot 11, said point being South 34 deg. 50 min., 00 sec., West, 69.19' from the curve return at the intersection with Crosspoint Drive;

THENCE: North 55 deg., 10 min., 00 sec., East, 355.45' to a point in the center of a Mo-pac Railroad Spur Tract for the North corner of said Lot 1:

THENCE: along the Southwesterly line of the Mo-pac Railroad Spur Tract R.O.W., South 34 deg., 28 min., 31 sec., East, 389.82' to a 1/2" iron pin set at an angle point and South 36 deg., 21 min., 13 sec., East, 95.22' to a 1/2" iron pin set at the East corner of said Lot 1;

THENCE: South 55 deg., 10 min., 00 sec., West, 355.54' to a 1/2" iron pin set in the Northeast R.O.W. line of Highland Drive at the South corner of said Lot 1;

THENCE: along the Northeast R.O.W. line Highpoint Drive, North 34 deg., 50 min., 00 sec., East, 485.0' to the Point of Beginning and containing 3.944 acres of land.

EXHIBIT "B"

FIXTURES AND EQUIPMENT

All fixtures, machinery, apparatus, equipment, fittings and appliances of every kind and nature whatsoever, including all electrical, anti-pollution, heating, lighting (including hanging fluorescent lighting and outside yard lights), incinerating, power, air cooling, air conditioning, humidification, sprinkling, power, plumbing, lifting, cleaning, fire prevention, fire extinguishing and ventilating systems, devices and machinery and all engines, pipes, pumps, tanks (including exchange tanks and fuel storage tanks), motors, conduits, ducts, steam circulation coils, blowers, steam lines, compressors, oil

burners, boilers, doors (including fiberglass roll-up doors and rail doors), windows, loading platforms (including sunken interior truck docks), lavatory facilities, stairwells, fencing (including cyclone fencing), rail siding and switches, flagpoles, passenger and freight elevators and garage units, but excluding all Personal property and all trade fixtures, machinery, appliances, office, manufacturing and warehouse equipment, movable partitions and other barriers which are not necessary to the operation, as buildings, of the buildings which constitute part of the Leased Premises, whether or not such items are affixed to the Leased Premises, and which can be removed without material damage to the Leased Premises.

EXHIBIT C

The matters set forth on those certain commitments issued by Lawyers Title Insurance Corporation, nos. 296595, 36999/C1061CCBF213032 and BF-042778.

EXHIBIT "D"

BASIC RENT PAYMENTS

1. Basic Rent. Subject to the adjustments provided for in Paragraphs 2, 3 and 4 below, Basic Rent payable in respect of the Term shall be $523,600 per annum, payable monthly in advance on each Basic Rent Payment Date, in equal monthly installments of $43,633.33 each.

2. CPI Adjustments to Basic Rent. Basic Rent shall be subject to adjustment, in the manner hereinafter set forth, for increases in the index known as United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, United States City Average, All Items, (1982-84=100) ("CPI") or the successor index that most closely approximates the CPI. If the CPI shall be discontinued with no successor or comparable successor index, Landlord and Tenant shall attempt to agree upon a substitute index or formula, but if they are unable to so agree, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing in New York City. Any decision or award resulting from such arbitration shall be final and binding upon Landlord and Tenant and judgment thereon may be entered in any court of competent jurisdiction. In no event will the Basic Rent as adjusted from the CPI adjustment be less than the Basic Rent in effect for the five (5) year period immediately preceding such adjustment.

3. Effective Dates of CPI Adjustments. Basic Rent shall not be adjusted to reflect changes in the CPI until the fifth (5th) anniversary of the Basic Rent Payment Date on which the first monthly installment of Basic Rent shall be due and payable (the "First Full Basic Rent Payment Date"). As of the fifth (5th) anniversary of the First Full Basic Rent Payment Date and thereafter on the

tenth (10th) and, if the term is extended, on the fifteenth (15), twentieth (20th), twenty-fifth (25), and thirtieth (30th), anniversaries of the First Full Basic Rent Payment Date, Basic Rent shall be adjusted to reflect increases in the CPI during the most recent five (5) year period immediately preceding each of the foregoing dates (each such date being hereinafter referred to as the "Basic Rent Adjustment Date").

4. Method of Adjustment for CPI Adjustment.

(a) As of each Basic Rent Adjustment Date when the average CPI determined in clause (i) below exceeds the Beginning CPI (as defined in this Paragraph 4(a)), the Basic Rent in effect immediately prior to the applicable Basic Rent Adjustment Date (subject to adjustment as provided in the following subparagraph 4(b)) shall be multiplied by a fraction, the numerator of which shall be the difference between (i) the average CPI for the three

(3) most recent calendar months (the "Prior Months") ending prior to such Basic Rent Adjustment Date for which the CPI has been published on or before the forty-fifth (45th) day preceding such Basic Rent Adjustment Date and (ii) the Beginning CPI, and the denominator of which shall be the Beginning CPI. The product of such multiplication shall be added to the Basic Rent in effect immediately prior to such Basic Rent Adjustment Date. The Beginning CPI shall mean the average CPI for the three (3) calendar months corresponding to the Prior Months, but occurring five (5) years earlier. If the average CPI determined in clause (i) is the same or less than the Beginning CPI, the Basic Rent will remain the same for the ensuing five (5) year period.

(b) Effective as of a given Basic Rent Adjustment Date, Basic Rent payable under this Lease until the next succeeding Basic Rent Adjustment Date shall be the Basic Rent in effect after the adjustment provided for as of such Basic Rent Adjustment Date.

(c) Notice of the new annual Basic Rent shall be delivered to Tenant on or before the thirtieth (30th) day preceding each Basic Rent Adjustment Date.

EXHIBIT "E"

ALLOCATION OF ACQUISITION COST

<TABLE>
<S> <C>

New Orleans Premises:	$1,640,000
Memphis Premises:	$1,420,000
San Antonio Premises:	$1,570,000

Entire Leased Premises	$4,630,000

EXHIBIT "F"

PERCENTAGE ALLOCATION

New Orleans Premises:	35.42%
Memphis Premises:	30.67%
San Antonio Premises:	33.91%

[DIAGRAM APPEAR HERE]

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement ("First Amendment") made this 29th day of March, 1995, by and between CORPORATE PROPERTY ASSOCIATES 8, L.P., a Delaware limited partnership ("Landlord") and UNITED STATIONERS SUPPLY CO. ("Tenant") successor-in-interest to Stationers Distributing Company, Inc. ("Original Tenant").

WHEREAS, Landlord and Original Tenant entered into a Lease Agreement dated as of December 20, 1988 (the "Lease") pursuant to which Landlord leased to Original Tenant certain premises located in New Orleans, Louisiana, Memphis, Tennessee and San Antonio, Texas; and

WHEREAS, Tenant is the successor-in-interest to Original Tenant pursuant to a Merger which occurred on or about July 1, 1992; and

WHEREAS, Landlord and Tenant desire to amend the Lease as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged Landlord and Tenant covenant and agree as follows:

1. Paragraph 2. Certain Definitions is hereby amended in the following respects:

(a) the definition of "Guarantor" is hereby deleted and the following is inserted in lieu thereof:

"Guarantor" shall mean United Stationers, Inc., a Delaware Corporation.

(b) the term "Guaranty" is hereby deleted and the following is inserted in lieu thereof:

"Guaranty" shall mean the Guaranty of even date with the First Amendment from Guarantor to Landlord."

2. The first sentence of Paragraph 5. Term is hereby deleted in its entirety and the following is inserted in lieu thereof:

"Subject to the provisions hereof, Tenant shall have and hold the Leased Premises for an initial Term (such Term as extended or renewed in accordance with the provisions hereof being called the "Term") commencing on December 20, 1988 and ending on March 31, 2010."

3. The last sentence of Paragraph 17. Assignment and Subletting is hereby deleted in its entirety and the following is inserted in lieu thereof:

"Tenant shall have the right to mortgage or pledge this Lease and in connection with

any such mortgage or pledge Landlord agrees that it will enter into an Estoppel and Consent substantially in the form of the Estoppel and Consent of even date herewith among Landlord, Tenant and Bank of America National Trust and Savings Association, as Trustee under that certain Pooling and Servicing Agreement dated as of July 1, 1992 for RTC Commercial Mortgage Pass-Through Certificates Series 1992-C5 with such modifications as are acceptable to Landlord in its reasonable discretion."

4. Clause (iv) of Subparagraph (c) of Paragraph 33. First Refusal Right

is hereby deleted in its entirety and the following is inserted in lieu thereof:

"(iv) any transfer of the Leased Premises to any Person, controlling, in control of, or under common control with Landlord, or any Person and its affiliates to whom Landlord sells all or substantially all of its assets, provided that the purchaser of all or substantially all of the assets of Landlord is an entity for which W.P. Carey & Co., Inc., W.P. Carey Incorporated or their affiliates or successors provide investment advice or management services."

5. The following is hereby added as Paragraph 35. Tax Treatment

Reporting; Useful Life.

"Landlord and Tenant each acknowledge that each shall treat this transaction as a true lease for state law purposes and shall report this transaction as a Lease for Federal income tax purposes. For Federal income tax purposes each shall report this Lease as a true lease with Landlord as the owner of the Leased Premises and Equipment and Tenant as the lessee of such Leased Premises and Equipment including: (1) treating Landlord as the owner of the property eligible to claim depreciation deductions under Section 167 or

168 of the Internal Revenue Code of 1986 (the "Code") with respect to the Leased Premises and Equipment, (2) Tenant reporting its Rent payments as rent expense under Section 162 of the Code, and (3) Landlord reporting the Rent payments as rental income.

6. Exhibit D Basic Rent Payments is hereby deleted in its entirety

from the Lease and Exhibit D Basic Rent Payments attached to this First

Amendment is hereby incorporated in the Lease as is fully set forth therein.

7. Except as specifically amended hereby the terms and conditions of the Lease shall remain in full force and effect and binding upon Landlord and Tenant and their respective successors and assigns.

8. From and after the date hereof, the term "Lease" shall mean the Lease as amended by this First Amendment.

WITNESS the due execution hereof the day and year first above written.

LANDLORD:

CORPORATE PROPERTY ASSOCIATES 8, L.P.

By: Eighth Carey Corporate, Inc.

By: [SIGNATURE NOT LEGIBLE]

Title:_____

TENANT:

UNITED STATIONERS SUPPLY CO.

By: /s/ David Bushell

Title: /s/ Daniel H Bushell

CONSENT

Bank of America National Trust and Savings Association, as Trustee under that certain Pooling and Servicing Agreement dated as of July 1, 1992 for RTC Commercial Mortgage Pass-Through Certificates Series 1992-C5 hereby consents

to the within First Amendment to Lesse.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, AS TRUSTEE UNDER THAT CERTAIN POOLING AND SERVICING AGREEMENT DATED AS OF JULY 1, 1992 FOR RTC COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES SERIES 1992-C5

By:/s/Michael Green [SEAL]

Name: Michael Green

Title: Vice President

/s/ Gloria S Castillo

Gloria S Castillo
Assistant Secretary

EXHIBIT "D"

BASIC RENT PAYMENTS

1. Basic Rent. Basic Rent payable for the period from December 20, 1988 to and including December 31, 1993 was $523,600 per annum, payable monthly in advance on each Basic Rent Payment Date, in equal monthly installments of $43,633.33 each. Following the first adjustment provided for in Paragraphs 2, 3 and 4 below, Basic Rent for the period from January 1, 1994 to and including March 28, 1995 was $635,283 per annum payable in monthly installments of $52,940.25. Subject to the adjustments provided for in Paragraphs 2, 3 and 4 below, Basic Rent from March 29, 1995 through the balance of the Term shall be $812,500 per annum, payable monthly in advance on each Basic Rent Payment Date, in equal monthly installments of $67,708.33.

2. CPI Adjustments to Basic Rent. Basic Rent shall be subject to adjustment, in the manner hereinafter set forth, for increases in the index known as United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, United States City Average, All Items, (1982-84=100) ("CPI") or the successor index that most closely approximates the CPI.

If the CPI shall be discontinued with no successor or comparable successor index, Landlord and Tenant shall attempt to agree upon a substitute index or formula, but if they are unable to so agree, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing in New York City. Any decision or award resulting from such arbitration shall be final and binding upon Landlord and Tenant and judgment thereon may be entered in any court of competent jurisdiction. In no event will the Basic Rent as adjusted from the CPI adjustment be less than the Basic Rent in effect for the five (5) year immediately preceding such adjustment.

3. Effective Dates of CPI Adjustments. As of January 1, 1999, January 1, 2004, January 1, 2009, and if the Term is extended, January 1, 2014, January 1, 2019 and January 1, 2024, Basic Rent shall be adjusted to reflect increases in the CPI during the most recent five (5) year period immediately preceding each of the foregoing dates (each such date being hereinafter referred to as the "Basic Rent Adjustment Date").

4. Method of Adjustment for CPI Adjustment.

(a) As of each Basic Rent Adjustment Date when the average CPI determined in clause (i) below exceeds the Beginning CPI (as defined in this Paragraph 4(a)), the Basic Rent in effect immediately prior to the applicable Basic Rent Adjustment Date (subject to adjustment as provided in the following subparagraph 4(b)) shall be multiplied by a fraction, the numerator of which shall be the difference between (i) the average CPI for the three (3) most recent calendar months (the "Prior Months") ending prior to such Basic Rent Adjustment Date for which the CPI has been published on or before the forty-fifth (45th) day preceding such Basic Rent Adjustment Date and (ii) the Beginning CPI, and the denominator of which shall be the Beginning CPI. The product of such multiplication shall be added to the Basic Rent in effect immediately prior to such Basic Rent Adjustment Date. The Beginning CPI shall mean the average CPI for the three (3) calendar months corresponding to the Prior Months, but occurring five (5) years earlier. If the average CPI determined in clause (i) is the same or less than the Beginning CPI, the Basic Rent will remain the same for the ensuing five (5) year period.

By way of example:

Second Basic Rent Adjustment Date: January 1, 1999
Basic Rent in Effect: $812,500
Assume Average CPI for Prior Months - 145.20
Assume Beginning CPI - 119.67

812.500 x 145.20-119.67

119.67

812.500 x .2133=$173,336.05

Basic Rent as of January 1, 1999=$985,836.05

(b) Effective as of a given Basic Rent Adjustment Date, Basic Rent payable under this Lease until the next succeeding Basic Rent Adjustment Date shall be the Basic Rent in effect after the adjustment provided for as of such Basic Rent Adjustment Date .

(c) Notice of the new annual Basic Rent shall be delivered to Tenant on or before the thirtieth (30th) day preceding each Basic Rent Adjustment Date.

EXHIBIT 10.43

LEASE AGREEMENT

LESSOR: GULF UNITED CORPORATION

LESSEE: CROWN ZELLERBACH CORPORATION

WHEREAS, GULF UNITED CORPORATION, a corporation organized and existing under the laws of the State of Florida and having its Principal Office at 1301 Gulf Life Drive, Jacksonville, Florida 32207, is the owner of certain property located in the City of Nashville, State of Tennessee, and more particularly described herein; and, identified as Exhibit A.

WHEREAS CROWN ZELLERBACH CORPORATION, a corporation organized and existing under the laws of the State of Nevada and doing business in the City of Nashville, State of Tennessee, desires to lease said property upon the terms and conditions hereinafter stated;

NOW, THEREFORE, this Lease Agreement is entered into by and between GULF UNITED CORPORATION, hereinafter referred to as Lessor, and CROWN ZELLERBACH CORPORATION, hereinafter referred to as Lessee.

W I T N E S S E T H

1. Premises. Lessor, for and in consideration of the rents, covenants, agreements and conditions herein contained, all of which are to be paid, kept and performed by the Lessee, does hereby lease unto the Lessee, and the Lessee does hereby agree to accept and to take the premises hereunder described upon the terms and conditions herein contained, being certain property located in the City of Nashville, State of Tennessee, together with all improvements thereon, said property being fully described in Exhibit "A" to this Lease Agreement, which is attached hereto and incorporated herein by reference.

TO HAVE AND TO HOLD said premises, with the appurtenances thereunto

belonging, unto the Lessee, upon the covenants, conditions, agreement and ???? hereinafter set out

3. Rent. The Lessee agrees to pay the Lessor, or its designated agents, a monthly rental during the initial term of $6,000.00 Dollars in advance, beginning on the 1st day of Sept., 1981, and payable on the 1st day of the month and on the 1st day of each successive month thereafter thru August, 1986.
- ----------

4. Taxes and Assessments. Lessee will pay all taxes, special assessments, payments in lieu of taxes, etc., which may be levied against the demised premises or which may accrue and constitute a lien against the same during the entire term of this lease. Lessee will make all such payments not less that fifteen (15) days before the same become delinquent, and furnish copies of paid receipts to Lessor upon request, or the Lessor may pay such bills, and submit paid receipts to Lessee and will be re-imbursed within fifteen (15) days of submitting the bill to Lessee. If Lessee disputes the amount or validity of any tax covered by this paragraph it may pay under protest or withhold payment, whichever is proper under local law, and challenge it in a manner consistent with local law. In such event Lessor shall cooperate with Lessee in such a challenge provided that Lessee shall bear the cost of any such challenge and shall hold Lessor harmless from and against any liabilities or expenses resulting from such challenge.

5. Use. Lessee covenants and agrees that it will make no unlawful use of the demised premises or any portion thereof, that it will comply with, at all times, at its own cost and expense, all laws, orders, regulations, rules, ordinances and requirements of any governmental authority or unit having jurisdiction thereof covering the use, operation, maintenance, repair or alteration of the demised premises or any portion thereof, including not only existing laws, ordinances or regulations, but all which may become effective during the term of this lease. Notwithstanding the above, Lessor will be responsible for and agrees to make any repair or alteration of the premises required by any governmental agency which resulted from a condition of the premises which was a violation of any law, order, regulation, rule, ordinance or requirement of any governmental authority at the time the lease commenced.

6. Care of Premises. The Lessee will, at its own expense, keep and maintain the interior and exterior and structural parts of the devised premises in good repair and in tenantable condition during the term of this lease and will make all necessary improvements to said interior and to the exterior maintaining in good repair and order the roof and the structural parts of the premises including that part of the premises designated as a parking area.

Lessee shall not be required to make any changes or alterations in the demised premises, except as herein agreed upon or as may be required as a result of the occupancy of the premises by the Lessee provided that no buildings or additions shall be added to the demised premises without the Lessee obtaining the prior written consent of Lessor.

7. ????

the event Lessee wishes to contest any such claim, it shall secure Lessor against any loss therefrom by the execution of a surety bond or deliver to Lessor other securities satisfactory to Lessor, which surety bond shall be null and void and which securities shall be returned to Lessee upon the satisfactory disposition of any such claim.

8. Acceptance of Premises. By accepting possession of the premises, Lessee agrees that they are in good repair and condition and constructed according to the agreement between the parties, and the Lessee assumes all risk of damages to its property on the premises occurring by reason of water, bursting of pipes, or from plumbing, electric system, gas, water system, sewerage, or defects occurring from any cause whatever, and to keep the exterior walls and foundation and roof in good repair. Notwithstanding the above, Lessee will not be deemed to have accepted and will not be required to repair any condition which on the date of the lease commencement, constituted a violation of any law, statute, ordinance, code, or any other requirement of law.

9. Liability. Lessee shall save Lessor free and harmless from all liability for injury to any person or persons, firm or corporation, or for the resultant effect of any injury to any person or persons, firm or corporation, occurring on the demised premises, or arising out of any accident or other occurrence on the demised premises, causing injuries to any person or persons whomsoever or damage to the person or property of any person or persons, firm or corporation whatsoever. This indemnity shall not cover liability or injury caused by the negligence of the Lessor, its employees or agents.

10. Insurance. Lessee agrees to purchase and pay the premiums for an insurance policy issued by an insurance company authorized to do business in the State of Tennessee and acceptable to Lessor with a minimum limit of fire and extended coverage of $600,000, unless the Lessor advises Lessee that the coverage be increased to cover current insurable value, and public liability of a flat $500,000 covering the use and occupancy of said demised premises and said policy shall include the Lessor as an additional insured with a certificate thereof to be furnished to the Lessor.

party be liable to the insurer thereof. It is the intention of the parties that the right of recovery against the other party to the extent of the insurance coverage and the right of subrogation by the insurer to the extent of the insurance coverage be expressly waived. In the event the premises are damaged by

any cause, whether or not covered by any insurance referred to herein, and such damage is repairable within a one hundred and eighty (180) day period, Lessor shall repair such damage and Lessee's rent shall be abated during such period to the extent that such damage lessens the habitability of the premises. In the event any such damage is not repairable within a one hundred and eighty (180) day period, Lessee may at its option cancel this lease or it may require Lessor to repair the premises, in which case the lease shall continue in full force and effect with Lessee's rent being abated during the repair period to the extent that the damage lesses the habitability of the premises.

13. Breach or Default. In the event of a breach by the Lessee of any of the following terms and conditions of this Lease Agreement, Lessor shall have the right, at its option, to either annul and terminate this Lease upon thirty (30) days written notice sent by registered mail to Lessee (except the payment of the monthly rent concerning which ten (10) days written notice shall be required) and, thereupon, to re-enter and take possession of the demised premises or parts or parcels thereof from time to time as agent of the Lessee, and such re-entry and/or re-letting shall not discharge Lessee from any liability or obligation hereunder, except that net rents collected as a result of such re-letting shall be a credit on the Lessee's liability for rents payable and other sums due under the terms of this Lease.

(a) If the Lessee should fail to pay any one or more of said monthly installments of rent at and when the same shall become due and such default shall continue for as much as ten (10) days after ten (10) days written notice,

(b) In the event an execution or other legal process is levied upon the interest of the Lessee in this Lease, unless such execution or other levy be discharged of record within thirty (30) days;

(c) In the event a voluntary petition in bankruptcy is filed by the Lessee or the Lessee is adjudged bankrupt;

(d) In the event the Lessee makes an assignment of the demised premises herein and/or the Lessee's property thereon for the benefit of creditors;

(e) In the event of the appointment of a receiver, whether bankruptcy or otherwise, of Lessee's property, provided such appointment be not vacated or set aside within thirty (30) days; and,

(f) In the event any plan for reorganization of Lessee is filed

Nothing in the preceding paragraph shall be construed to require the Lessor to re-enter and re-let in such events, nor shall anything therein be construed to waive or postpone the right of Lessor to sue for rents, whether matured by acceleration or otherwise; but, on the contrary, Lessor is hereby given the right to sue for all rents due and payable or thereafter to become due and payable for the full term of this lease at any time in the event of a breach

by Lessee as encumbered in the preceding paragraphs.

Upon the termination of the Lease or re-entry upon the demised premises for any one or more of the causes as set forth in paragraphs (a) through (f) inclusive above, the rents hereunder for the entire rental period herein fixed and any other indebtedness of Lessee to Lessor payable under any of the provisions hereof shall be and become immediately due and payable, without regard to whether or not possession of the premises shall have been surrendered to or taken by Lessor.

14. Ownership. Lessor covenants with Lessee that it has a good title to the demised premises and/or has a valid right to execute this Lease Agreement and warrants peaceable and quiet possession to the Lessee.

15. Surrender. At the expiration of the Lease or any renewal thereof, Lessee will vacate and surrender the premises in as good a state and condition as they were in when entered into, together with all permanent alterations and permanent additions made by Lessee during the term, reasonable wear and tear, damage by fire, casualty, act of war or act of God and acts of abutting owners excepted. Notwithstanding the above, Lessee may remove any additions or alterations it has made to the premises provided that Lessee repairs any damage to the premises caused by such removal.

16. Renting Upon Default. In the event Lessee shall be in default in the performance of any of the conditions of the Lease Agreement and shall have failed to make good said default within thirty (30) days after being called upon so to do by written notice from Lessor, or its agent, (except the payment of the monthly rents stipulated to be paid, concerning which ten (10) days written notice shall be required, it being due and payable without notice on the 1st day of each and every calendar month) Lessor may immediately, or at any time thereafter, perform the same for the account of the Lessee and any amount paid or any expenses or liability incurred by the

or option but the same shall continue and remain in full force and effect. The receipt by the Lessor or rent, in whole or in part or any other payment due hereunder, with knowledge of the breach of any such covenant or condition, shall not be deemed as a waiver of such breach and no waiver by the Lessor of any provision hereof shall be deemed to have been made unless expressed in writing and signed by Lessor.

18. Notices. All notices required under this Lease shall be deemed to be properly served if delivered in writing personally or sent by registered mail to Lessor, Gulf United Corporation c/o GULFCO Capital Management, Inc., 1301 Gulf Life Drive, Jacksonville, Florida, or to Lessee at the leased premises, or to any other address designated by a party for such purpose. The date of service of notice by mail will be the date of deposit in a United States

Post Office, properly addressed with prepaid postage.

19. Binding Clause. The provisions, covenants and conditions of this Lease shall bind and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns.

20. Surviving Lease. This lease shall be the only surviving lease on subject property. Any other leases, written or verbal, are immediately canceled by execution of this lease.

21. Renewal Option. Lessee shall have the right to extend the term of this lease for two successive five (5) year renewal options. Lessee must notify Lessor, in writing, certified mail, within one hundred and twenty (120) days of the expiration date of the primary term, of his desire to exercise the first renewal option. If Lessee desires to exercise the second successive renewal option, then he must again notify the lessor within one hundred and twenty (120) days of the expiration date of the first renewal option of his desire to exercise the second five (5) year renewal period. Failure by Lessee to appropriately notify Lessor as set forth herein shall terminate any rights Lessee shall have to such renewal options. Furthermore, should Lessee default under any terms and requirement of this lease, such default shall negate Lessee's rights to any options, both renewal and purchase options granted under this lease, at Lessor's sole option. Rental schedule for the

at $117,500.00 per year payable monthly at $9,791.66 per month. It is understood that the terms of this lease, both the primary term and the renewal options require that the Lessee maintain the building, pay taxes and insurance, with the intent being that this is to be an absolute net lease to the Lessor. Notwithstanding anything to the contrary contained herein, Lessor agrees that should the tenant find that it is incurring roof repairs which exceed $1,500.00, then Lessor agrees to share on a 50/50 basis with the tenant for such repairs, over $1,500.00. However, should major repairs be demanded by Lessee, Lessor shall have the right to have the roof inspected by the necessary roofing companies and engineers and determine, from their written reports and inspections, whether major work is necessary or not. It is Lessor's intent to assist the Lessee in all matters of a reasonable repair nature in connection with the roof, reasonable wear and tear being excluded as a result of replacement or reimbursement.

22. Purchase Option. Lessee is herewith granted the option to purchase the property leased herein at a price of $1,200,000.00. This option to purchase shall commence upon the landlord's final payment under its bond financing and remain in effect for a period of three (3) months thereafter. After Lessee has been notified by Lessor that it has made the final payment under its bond financing, Lessee shall have the right to exercise this option to purchase at any time during said three (3) month period. In the event the option

to purchase is exercised, Lessor will provide a general warranty deed and will warrant good and unencumbered title rather than pay for a title insurance policy. Furthermore, inasmuch as this lease and purchase option agreement has been negotiated by Charles W. Hawkins, III, of Charles Hawkins Company, Inc., Lessor agrees to pay a real estate brokerage commission of 21/2 percent of the purchase price to Charles W. Hawkins, III, upon the closing of the $1,200,000.00 sale. Such sale, however, must be all cash and any modifications in the terms of the all cash sale shall then re-open negotiations. There will be no other sales commissions, leasing commissions, or management fees due Charles W. Hawkins, III, or Charles Hawkins Company, Inc., as a result of this sale or lease.

standings or agreements not expressly included herein; and no variation or alteration of the terms hereof shall be binding upon either party unless the same be reduced to writing and executed by the respective authorized officer of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed on the 17 day of August, 1981

GULF UNITED CORPORATION

By: [SIGNATURE NOT LEGIBLE]

Senior Vice President

ATTEST

By: [SIGNATURE NOT LEGIBLE]

Assistant Secretary

CROWN ZELLERBACH CORPORATION

By: /S/ W. J. Zellerbach

W. J. Zellerbach
Senior Vice President

ATTEST

By: /S/ J. K. Cadagan

J. K. Cadagan
Assistant Secretary

STATE OF CALIFORNIA
CITY AND
COUNTY OF SAN FRANCISCO

I, GERALDINE D. COHEN, a Notary Public, certify that W. J. ZELLERBACH personally came before me this day and acknowledged that he is SENIOR VICE PRESIDENT of CROWN ZELLERBACH CORPORATION, a corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its SENIOR VICE PRESIDENT, sealed with its corporate seal, and attested by J. K. CADAGAN, as its ASSISTANT SECRETARY.

WITNESS my hand and notarial seal this 6th day of August, 1981.

[OFFICIAL SEAL APPEARS HERE]

/S/ Geraldine D. Cohen
Notary Public

My Commission Expires:

STATE OF FLORIDA

COUNTY OF DUVAL

I, MYRA E. MASTERS, a Notary Public, certify that A. J. Toole III personally came before me this day and acknowledged that he is SENIOR VICE PRES of GULF UNITED CORPORATION, a corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its SENIOR VICE PRES., sealed with its corporate seal, and attested by LAURA M. YORES, as its ASSISTANT SECRETARY.

WITNESS my hand and notorial seal this 7th

EXHIBIT A

[MAP APPEARS HERE]

AMENDMENT TO LEASE 4/ /85

AMENDMENT TO LEASE AGREEMENT

THIS AGREEMENT made and entered into by and between Charles W. Hawkins, III, Trustee, hereinafter referred to as "Lessor", and Crown Zellerbach Corporation, hereinafter referred to as "Lessee."

WITNESSETH:

WHEREAS, Gulf United Corporation as Lessor and Crown Zellerbach Corporation as Lessee entered into a lease agreement dated August 17, 1981;

WHEREAS, Lessor herein purchased the demised premises as described in Exhibit A attached to said lease agreement from Gulf United Corporation and became the successor Lessor to Gulf United Corporation subject to all the terms and provisions of said lease agreement;

WHEREAS, Lessee desires additional space and Lessor agrees to construct and provide same; and

WHEREAS, the parties desire to amend said lease agreement regarding the improvements to be made by Lessor and occupied by Lessee.

NOW, THEREFORE, for and in consideration of the premises and the mutual benefits to be derived by the parties, it is hereby agreed that the following sections of said lease agreement are hereby amended as indicated:

1. Upon execution of this agreement Lessor shall proceed expeditiously to construct, in a good and workmanlike manner, improvements consisting of approximately 18,000 square feet adjoining the existing improvements located on the demised premises, in accordance with plans and specifications attached hereto, known as Exhibit B. The improvements shall be completed within four (4) months, except that Lessor shall be allowed additional reasonable time for delays caused by acts of God or for other reasons beyond the control of Lessor. In addition, Lessor shall proceed to make repairs to the existing building as shown in Exhibit C.

2. Upon occupancy of the improvements by Lessee or upon completion of the improvements in a condition suitable for occupancy by

by Lessee, whichever shall occur first, the terms of section 2 of the lease agreement shall become inoperative, and a new lease term shall commence and shall continue for a period of ten (10) years, and in the event the new lease term commences on other than the first day of a month, plus the number of days remaining the month in which the new lease term commenced;

3. Upon commencement of the initial term, the terms of section 3 of the lease agreement shall become inoperative, and Lessee thereafter agrees to pay to Lessor, or its designated agent, a monthly rental in advance on the first day of each succeeding month in an amount of $9,929.17, with rent during the first month of the new term to be prorated based on the old and new rents in the event that the new term should commence on other than the first day of the month.

On September 1, 1986 the monthly rents shall increase to $11,125.00 and on September 1, 1991 the monthly rent shall increase to $13,883.33 until termination of the lease.

6. Upon the commencement of the new term the provisions of section 6 of the lease shall be deleted and replaced with the following:

> Lessor shall, at its own expense, maintain in good repair the roof, foundations and exterior walls (not including doors, windows and floors); however Lessor shall not be obligated to make any repairs of those portions of the premises that it is obligated to maintain unless it shall be notified in writing by Lessee, and Lessor shall then have a reasonable period of time to make such repairs; provided, however that Lessee and not Lessor shall be responsible for making any such repairs occasioned by the acts of Lessee, its employees, or invitees. Lessor shall not be liable for any damage or loss occasioned by Lessor's failure to repair portions of the premises which it had covenanted to maintain unless it shall have failed to repair the defect within a reasonable time following written demand of Lessee to make the repair.
>
> Lessee shall at its own expense keep and maintain in good repair the entire leased premises, other than those portions for which Lessor shall be responsible as set out above, including interior walls, floors, ceilings, ducts, utilities, air conditioning, heating, lighting, plate glass, plumbing, sprinkler system, and electric wiring, and also including the loading dock and any parking, landscaped or other area exclusively used by Lessee. Upon receiving notice of any defect that is the responsibility of Lessee to maintain, Lessee agrees to proceed diligently to make repairs.

10. Upon commencement of the new term of the lease the provisions of section 10 of the lease agreement shall be deleted and replaced with the following:

Insurance. Lessee agrees to purchase and pay the premiums for an insurance
---

policy issued by an insurance company authorized to do business in the State of Tennessee and acceptable to Lessor with a minimum limit of fire and extended coverage of $900,000, and on each renewal date, but no more than yearly, Lessee shall obtain coverage in an amount of the replacement cost of the improvements located on the demised premises; and in addition agrees to carry public liability insurance of a flat $1,000,000 covering the use and occupancy of said demised premises and said policy shall include the Lessor as an additional insured with a certificate thereof to be furnished to the Lessor.

21. Upon the commencement of the new term all of the provisions of section 21 shall be deleted.

22. As Lessee no longer has a purchase option, section 22 of the lease agreement is hereby deleted.

All other terms and provisions of the lease agreement shall continue to remain in full force and effect after commencement of and during the new lease term.

This lease agreement has been negotiated through Chas. Hawkins Co., Inc. and Lessee shall pay to it on a semi-annual basis in advance a real estate brokerage commission of six percent (6%) of the rents to be paid hereunder.

IN WITNESS WHEREOF the parties have set their hands this _____ day of April, 1985.

/S/ Charles W. Hawkins, III

CHARLES W. HAWKINS, III
TRUSTEE

CROWN ZELLERBACH CORPORATION

By: /S/ F. J. Stabbart

F. J. Stabbart, Sr.Vice President

ATTEST:

BY: [SIGNATURE NOT LEGIBLE]

STATE OF TENNESSEE
COUNTY OF DAVIDSON

Personally appeared before me Leslie Hawkins Davis a Notary Public in and
---
for the State and County aforesaid, the within named Charles W. Hawkins, III,

with whom I am personally acquainted, and who acknowledged that he executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal at office this 25th day of April, 1985.

/S/ Leslie Hawkins Davis
Notary Public

My commission expires: 1-19-88

STATE OF CALIFORNIA)
CITY & COUNTY OF SAN FRANCISCO)

Before me, Michael S. Conner, a Notary Public of the state and county aforesaid, personally appeared F. J. Stabbart, with whom I am personally acquainted, and who, upon oath, acknowledged him self to be the Sr. Vice President of the within named Crown Zellerbach Corporation, a corporation, and that he as such Sr. Vice President being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by him self as such Sr. Vice President.

Witness my hand and seal at office this 15th day of April, 1985.

/S/ Michael S. Conner
[OFFICIAL SEAL APPEARS HERE]
Notary Public

My commission expires: _____

EXHIBIT "C"

Replace roof.

Repair and paint exterior walls.

Replace all overhead warehouse gas heaters.

Re-seal warehouse floor.

Remodel restrooms.

Re-carpet office.

In conjunction with minor office repairs, to be specified, install window in facility manager's officer.

INITIALS

_____
_____

ASSIGNMENT AND ASSUMPTION 10/15/95

October 18, 1985

CROWN ZELLERBACH CORPORATION
One Bush Street, Room 910
San Francisco, California 94104

STATIONERS DISTRIBUTING COMPANY, INC.
3300 W. Bolt Street
Ft. Worth, Texas 76110

Attention: Real Estate Department

Re: August 17, 1981 Lease of
1920 Nolensville Road, Nashville, Tennessee

Gentlemen:

With respect to the above-captioned lease, as amended (the "Lease"), I, the undersigned lessor, do hereby consent to the Assignment and Assumption of Lease attached hereto and by this reference made a part hereof. Such assignment shall be effective as of the date set forth therein for the remainder of the term of the Lease, together with the renewal periods and options, if any, provided for therein. Nothing herein contained shall be construed, unless the Lease provides otherwise, as a release of the lessee under the Lease of any obligations, duties or covenants set forth in the Lease.

Provided that assignee performs all of lessee's obligations under the Lease from and after the aforementioned effective date (except obligations, if any, which relate to the assignor), the lessor agrees not to disturb assignee's right to possession of the premises demised under the Lease.

Except as herein expressly provided to the contrary, any further assignment or sublease shall be subject to the requirements, if any, of the Lease.

Very truly yours,

/S/ Charles W. Hawkins III

Charles W. Hawkins, III,
Trustee

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS AGREEMENT made as of the 15th day of October, 1985, between CROWN ZELLERBACH CORPORATION, a Nevada corporation whose principal office is located at One Bush Street, San Francisco, California 94104 ("Assignor"), and STATIONERS DISTRIBUTING COMPANY, INC., a Delaware corporation whose principal office is located at 3300 W. Bolt Street, Fort Worth, Texas 76110 ("Assignee").

WITNESSETH

WHEREAS, Assignor is the Lessee under that certain Lease dated August 17, 1981, as amended as of April 1985, between Charles W. Hawkins, III, as Landlord, and Crown Zellerbach Corporation, as Lessee, concerning Premises located at 1920 Nolensville Road, Nashville, Tennessee (the "Lease"); and

WHEREAS, Assignor desires to assign the Lease to Assignee so that Assignee may have the benefit of the use of the property subject to the Lease; and

WHEREAS, such assignment shall be effective as of the close of business October 31, 1985, the date of the closing of the sale of the Stationers Distributing Company Division of Crown Zellerbach Corporation to Assignee.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged:

1. Assignor hereby assigns and transfers all of its rights, title and interest as tenant, in, to and under the Lease including but not limited to any security of Assignor held by landlord under the Lease, to Assignee, its successors and assigns from and after the effective date of this assignment for the remainder of the term of the Lease, subject to the rental, terms, covenants and conditions of the Lease and including without limitation any and all renewal and purchase options.

2. From and after the effective date of this assignment, Assignee hereby assumes the performance of all of the terms, covenants and conditions arising out of the Lease herein assigned by Assignor to Assignee and agrees to pay the rent reserved by the Lease in accordance with the terms thereof until the termination of the Lease and will well and truly perform all the terms,

covenants and conditions of the Lease herein assigned and hereinafter arising, all with full force and effect as if Assignee had signed the Lease originally as tenant named therein. Assignee does not assume any liability under the Lease arising as a result of any act, omission or occurrence happening prior to the effective date hereof.

3. Assignee hereby agrees that the obligations herein assumed by Assignee shall inure to the landlord named in the Lease and to its successors and assigns.

4. Assignee agrees to indemnify, defend and hold Assignor harmless from and against any and all claims, demands, liabilities, lawsuits, and all expenses associated therewith (including reasonable attorneys' fees and other costs of litigation) arising out of the failure by Assignee to comply with any provision of the lease assigned hereunder or arising out of any activity by Lessee, its agents, employees, or invitees, on or about the premises. In the event Assignee fails to comply with any of its obligations under the lease, Assignor may perform such obligation on behalf of Assignee and Assignee shall be liable to Assignor for all reasonable costs Assignor incurs in fulfilling such obligation.

5. Assignor and Assignee each agrees to execute and deliver to the other party, if the other party so requests, such further instruments as may be reasonably

required to complete or further evidence either the foregoing assignment or the foregoing assumption.

IN WITNESS WHEREOF, Assignor and Assignee have executed this instrument as of the date first set forth above.

ASSIGNOR: CROWN ZELLERBACH CORPORATION

By: [SIGNATURE NOT LEGIBLE]

Title:

ASSIGNEE: STATIONERS DISTRIBUTING COMPANY, INC.

By: /S/ Joseph Loredo

Title: Vice President

STATE OF CALIFORNIA)
: ss.
CITY AND COUNTY OF San Francisco)

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared F. J. Stabbert, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged himself to be the Senior Vice President of Crown Zellerbach Corporation, the within named bargainor and a Nevada corporation, and that he as such Senior Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such Senior Vice President. Witness my hand and seal this 21st day of October, 1985.

/S/ Madeline Cravotta

Notary Public

[OFFICIAL SEAL APPEARS HERE]

My commission expires: 5/6/88

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared Joseph Loredo, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged himself to be the Vice President of Stationers Distributing Company, Inc., the within named bargainor and a Delaware corporation, and that he as such Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such Vice President. Witness my hand and seal this 18th day of October, 1985.

/S/ Renato C. Giallorenzi

Notary Public

[Seal]

My commission expires:

[LETTERHEAD OF CHAS. HAWKINS CO., INC. APPEARS HERE]

October 28, 1985

Mr. William G. Moore
Andlinger & Co., Inc.
303 South Broadway
Tarrytown, N. Y. 10591

Mr. Malcolm McCulloch
Crown Zellerbach Corp.
One Bush Street
San Francisco, Ca. 94101

Mr. Rob Hicks
Stationers Distributing Co., Inc.
3300 W. Bolt Street
Ft. Worth, Texas 76110

RE: August 17, 1981 Lease of
1920 Nolensville Road, Nashville,
Tennessee

Gentlemen:

Under separate cover by Federal Express I forwarded to you this past Friday, October 25, 1985, the acknowledgement of the Assignment of subject lease.

Let me express my best wishes for a successful transfer of the Stationers Distributing Company. If I can be of any further assistance please call.

Most Sincerely,

/S/ Charles W. Hawkins
Charles W. Hawkins III

CWH:11

EXHIBIT 10.44

OFFICE PRODUCTS DIVISION

800 West Bryn Mawr Avenue
Itasca, Illinois 60143
312/773-5001

BOISE CASCADE

E. Thomas Edquist
Vice President and
Division General Manager

September 14, 1987

CERTIFIED MAIL
- --------------
RETURN RECEIPT REQUESTED
- ------------------------

Messrs. Gilliam O. Traughber
and J. T. Crain
c/o Capital City Realty Company
P.O. Box 40156
Nashville, TN 37204

Subject: Lease Agreement Dated March 31, 1978 (Lease), Between Gilliam O. Traughber and J. T. Crain (Lessors) and Boise Cascade Office Products Corporation (Lessee) for Premises Located at 724 Massman Drive, Nashville, Tennessee

Gentlemen:

The first renewal term of the subject Lease is scheduled to terminate on April 30, 1988.

Paragraph 4, Term, of the Lease grants Boise Cascade an option to renew this Lease for an additional five-year term commencing May 1, 1988, and terminating April 30, 1993. Paragraph 5, Rental, of the Lease provides that the monthly rental payment during this second renewal term shall be $7,560.

Boise Cascade hereby exercises its option to renew this Lease for an additional five-year term commencing May 1, 1988, and with an adjusted monthly rental payment of $7,560.

Very truly yours,

BOISE CASCADE CORPORATION

/S/ E. Thomas Edquist
E. Thomas Edquist

ETE/L37257B

ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS AGREEMENT is made and entered into this 13th day of March, 1986, by and between BOISE CASCADE CORPORATION, a Delaware corporation ("Boise Cascade"), and BOISE CASCADE OFFICE PRODUCTS CORPORATION, a Delaware corporation ("BCOPC").

W I T N E S S E T H:

WHEREAS, Boise Cascade and BCOPC have entered into an Indenture of Transfer and Assumption of Liabilities agreement ("Indenture"); and

WHEREAS, Boise Cascade is a party to the lease described in Section 1 herein ("Lease"); and

WHEREAS, the terms of the Indenture require Boise Cascade to assign the Lease to BCOPC and BCOPC to assume the Lease and perform Boise Cascade's duties and obligations pursuant to the Lease.

NOW, THEREFORE, Boise Cascade and BCOPC do hereby agree as follows:

1. Lease. The term "Lease" shall mean the Lease between Boise Cascade and Gilliam O. Traughber and J. T. Crain, Joint Venturers, dated March 31, 1978, as amended by Amendment to Lease dated October 28, 1985.

2. Assignment. Boise Cascade hereby assigns, transfers and delivers to BCOPC all of Boise Cascade's right, title and interest as Lessee under the Lease.

3. Assumption. BCOPC hereby accepts the assignment of the Lease and all of Boise Cascade's right, title and interest thereunder and assumes and agrees to be bound by all of Boise Cascade's

duties, obligations, covenants and agreements thereunder. BCOPC agrees to perform, fulfill and discharge all such duties, obligations, covenants and agreements under the Lease.

4. Further Assurances. Each party agrees that it will, at the request of the other, make, execute and deliver all such further instruments,

assignments, transfers and assurances and do such further acts and things as may be necessary and appropriate to give effect to the provisions set forth herein.

5. Boise Cascade Liability. Nothing in this Agreement is intended to or shall have the effect of releasing Boise Cascade from its liabilities and obligations under the Lease.

IN WITNESS WHEREOF, the parties have caused this Assignment and Assumption of Lease Agreement to be executed the day and year first above written.

BOISE CASCADE CORPORATION

By [SIGNATURE NOT LEGIBLE]

Vice President

BOISE CASCADE OFFICE PRODUCTS CORPORATION

By [SIGNATURE NOT LEGIBLE]

Vice President

AMENDMENT TO LEASE

By this Amendment dated October 28, 1985, to the Lease dated March 31, 1978, between BOISE CASCADE CORPORATION ("Lessee") and GILLIAM O. TRAUGHBER AND J. T. CRAIN, Joint Venturers ("Lessors"), Lessor and Lessee hereby agree as follows:

1. That Paragraph 13 of the Lease be amended by the addition of the following three lines:

Notwithstanding the foregoing, Lessee may assign the lease or sublease the premises to any subsidiary organization or affiliate which is owned, in whole or in part, and controlled by Lessee without obtaining the prior consent provided for above. No such assignment or sublease shall excuse or release Lessee from any of its duties or obligations (including its obligation in respect of future rentals) under this Lease. Lessee shall notify Lessors of any

such assignment or sublease within 20 days of the making thereof.

2. All other provisions of the Lease not affected by this Amendment remain valid and effective.

IN WITNESS WHEREOF, the parties have caused this agreement to be signed as of the date first set forth above.

LESSEE
BOISE CASCADE CORPORATION

By [SIGNATURE NOT LEGIBLE]
Title VICE PRESIDENT

LESSORS
JANE TRAUGHBER AND
J. T. CRAIN, Joint Venturers

By J.T. Crain
Title Partner

By Jane Spain Traughber,[ILLEGIBLE]
Title Partner

OFFICE PRODUCTS DIVISION

800 West Bryn Mawr Avenue
Itasca, Illinois 60143
312/773-5001

BOISE CASCADE

E. Thomas Edquist
Vice President and
Division General Manager

November 9, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Messrs. Gilliam O. Traughber
and J. T. Crain
c/o Capital City Realty Company
P.O. Box 40156
Nashville, TN 37204

SUBJECT: Lease Agreement Dated March 31, 1978 (Lease), Between Gilliam O. Traughber and J. T. Crain (Lessors) and Boise Cascade Corporation (Lessee) for Premises Located at 724 Massman Drive, Nashville, Tennessee

Gentlemen:

The primary term of the subject Lease commenced May 1, 1978, and is scheduled to terminate on April 30, 1983. The monthly rental payment during the primary term is $5,400.

Paragraph 4, Term, of the Lease grants Boise Cascade an option to renew this Lease for an additional five-year term commencing May 1, 1983, and terminating April 30, 1988. Paragraph 5, Rental, of the Lease provides that the monthly rental payment during this first renewal term shall be $6,480.

Boise Cascade hereby exercises its option to renew this Lease for an additional five-year term commencing May 1, 1983, and terminating April 30, 1988, with an adjusted monthly rental payment of $6,480.

Please call John Turkaly at (312) 773-5053 if you have any questions or require additional information on this notice.

Very truly yours,

BOISE CASCADE CORPORATION

/S/ E. Thomas Edquist
E. Thomas Edquist

ETE/np

cc: John Turkaly

LEASE AGREEMENT

THIS LEASE AGREEMENT made as of this 31st day of March, 1978, between GILLIAM O. TRAUGHBER and J. T. CRAIN, Joint Venturers, (hereinafter referred to as "Lessors"), and BOISE CASCADE CORPORATION, a Delaware corporation, (hereinafter referred to as "Lessee");

The words "Lessors" and "Lessee" as used herein shall be considered in the masculine, feminine, neuter, singular or plural sense, as the context may require, and shall be deemed to apply not only to the original parties, but shall also include their heirs, assigns, representatives or successors in interest, as the case may be.

W I T N E S S E T H:

1. Premises. Lessors do hereby demise unto Lessee, and Lessee hereby

leases from Lessors, for term specified herein, the following described property located in Davidson County, Tennessee, to wit:

Forty-eight Thousand (48,000) square feet of space located in a warehouse building on Section 17 of the Revised Plan of Metropolitan Industrial Park as of record in Book 4470, page 112, Register's Office for said County, to which reference is made.

Said forty-eight thousand (48,000) square feet of space consists of an area of 240 feet by 200 feet and is located in the southerly portion of said building outlined in red on the plat attached hereto as Exhibit A (hereinafter called the "Premises").

Lessee shall have the right to reasonable use of the parking area on the southwest portion of the property adjacent to the front portion of the Premises which area is outlined in blue on Exhibit A.

Further, Lessee shall have the right to use the area to the south of the Lessors' warehouse building for parking or recreational purposes which area is outlined in blue on Exhibit A. Lessors, prior to May 1, 1978, shall level the said area. Lessee shall, at its own expense, gravel and/or pave the area, as it determines is advisable for its purposes. It is understood that Lessee's rights of use of said area is subject to the easement rights of the Tennessee Valley Authority and Colonial Pipeline Company.

2. Title. Lessors warrant that they have good title to the Premises, agree to defend the same, and agree that Lessee shall have the right to redeem the title thereto for Lessors by payment of any mortgage, taxes or other liens on the above described land and warehouse, in the event of default by Lessors and to be subrogated to the rights of the holder thereof.

3. Quiet Enjoyment. Lessors covenant that Lessee shall have and hold and enjoy the Premises for and during the term hereby granted, or as later may be extended, without any hindrance or interruption whatsoever by Lessors, or by any other person.

4. Term. It is understood and agreed that from the date of execution of this Lease until May 1, 1978, Lessee shall have the right to occupy the Premises for the purposes of preparing the Premises for use as an office products warehouse and that Lessee shall not be liable for any rents or proration of taxes and insurance therefor; provided

however, if Lessee occupies the Premises during said period for purposes other

than preparing the Premises for use as an office products warehouse then Lessee shall be liable to Lessors for rent and proration of taxes and insurance during the period so occupied for said purposes. The amount of said rents and prorations shall be the proportionate amount of rents and proration of taxes and insurance as those due during the Primary Term (hereafter defined) of this Lease.

The term of this Lease shall be for five years, commencing on the 1st day of May, 1978, and ending on the 30th day of April, 1983; said term to be known as the "Primary Term" hereunder.

In the event the Lessee is not in default of this Lease at the termination of the Primary Term, the Lessee shall have the option to renew this Lease for an additional five years beginning on the 1st day of May, 1983, and ending on the 30th day of April, 1988; said term shall be known as the "First Renewal Term." Lessee shall give Lessor written notice of Lessee's intention to renew no later than December 1, 1982.

In the event the Lessee has exercised its option to lease the Premises for the First Renewal Term, and provided Lessee is not in default at the termination date of said First Renewal Term, the Lessee shall have the option to renew this Lease for an additional five years beginning on the 1st day of May, 1988, and ending on the 30th day of

April, 1993; said term shall be known as the "Second Renewal Term." Lessee shall give Lessor written notice of Lessee's intention to renew no later than December 1, 1987.

In the event the Lessee has exercised its option to lease the Premises for the First and Second Renewal Terms, and provided Lessee in not in default at the termination date of said Second Renewal Term, the Lessee shall have the option to renew this Lease for an additional five years beginning on the 1st day of May, 1993, and ending on the 30th day of April, 1998; said term shall be known as the "Third Renewal Term." Lessee shall give Lessor written notice of Lessee's intention to renew no later than December 1, 1992.

In the event the Lessee elects to exercise the options to renew this Lease, such renewal shall be upon the same terms and conditions set forth herein except as to the amount of rental which shall be the amount set forth in Paragraph 5 hereof.

Commencing 90 days prior to the termination of this Lease, the Lessors shall be permitted to label and advertise the Premises for rent.

5. Rental. Lessee covenants and agrees to pay to Lessors as rental for the Premises during the Primary Term of the Lease the sum of Sixty-four Thousand, Eight Hundred and No/100 ($64,800.00) Dollars per annum, payable in

monthly installments of Five Thousand, Four Hundred and No/100

($5,400.00) Dollars in advance on the first day of each and every month of the Primary Term.

In the event Lessee exercises its option to extend the term of this Lease for the First Renewal Term, the Lessee covenants and agrees to pay the Lessors as its rental for the Premises during the First Renewal Term the sum of Seventy-seven Thousand, Seven Hundred Sixty and No/100 ($77,760.00) Dollars per annum, payable in monthly installments of Six Thousand, Four Hundred Eighty and No/100 ($6,480.00) Dollars in advance on the first day of each and every month of the First Renewal Term.

In the event Lessee exercises its option to extend the term of this Lease for the Second Renewal Term, the Lessee covenants and agrees to pay the Lessors as its rental for the Premises during the Second Renewal Term the sum of Ninety Thousand Seven Hundred Twenty and No/100 ($90,720.00) Dollars per annum, payable in monthly installments of Seven Thousand, Five Hundred Sixty and No/100 ($7,560.00) Dollars in advance on the first day-of each and every month of the Second Renewal Term.

In the event Lessee exercises its option to extend the term of this Lease for the Third Renewal Term, the Lessee covenants and agrees to pay the Lessors as its rental for the Premises during the Third Renewal Term the sum of One Hundred Three Thousand, Six Hundred Eighty and No/100 ($103,680.00) Dollars per annum, payable in monthly install-

ments of Eight Thousand, Six Hundred Forty and No/100 ($8,640.00) Dollars in advance on the first day of each and every month of the Third Renewal Term.

All said payments shall be made to Lessors c/o Capital City Realty Company, P.O. Box 40156, Nashville, Tennessee 37204, or such other place as Lessor or their assignees may designate in writing.

6. Additional Rental. In addition to the payment of rents as above provided, Lessee covenants and agrees to pay and discharge 47.06% of any increase in taxes assessed against the 102,000 square foot warehouse of which the Premises are a part and the 5.2 acre tract on which said warehouse is located in excess of those paid by Lessor for the year 1977, and 47.06% of any increase in the cost of fire and extended coverage insurance on said warehouse building which Lessor is required to carry by the terms of this Lease over the amount being paid by Lessor on the date of this Lease. Any of said increases shall be paid by Lessee to Lessors on the first day of December of each year during the term of this Lease, beginning December 1, 1978. In the event the term or renewal term of the Lease is less than a calendar year, Lessee shall pay 1/12

of said increase for each calendar month of said term.

In the event that any improvements are made to any part of the warehouse or the land upon which it is located other than the Premises or in the event there shall be any

change in the use of any part of the warehouse or the land upon which it is located other than the Premises, which shall cause an increase in taxes or insurance, Lessee shall not be liable for any part of such increase.

In addition thereto, it is understood and agreed that Lessee shall pay all increases in taxes and insurance which occur because of Lessee's use of or improvements to the Premises including any increases resulting from the construction of the improvements described in Exhibit B.

7. Utilities. Lessee shall assume and pay for all utilities used by it in the Premises.

8. Improvements by Lessor. Lessor between the date of this Lease and May 31, 1978, shall construct the improvements on the Premises described in the specifications attached hereto as Exhibit B. In addition, Lessor shall repair the roof and outside walls, all overhead doors, and the electrical and plumbing systems prior to May 15, 1978. Lessor warrants and represents that all improvements and repairs specified herein will be done in a workmanlike manner and shall be free from defects in material and workmanship.

Upon completion of the improvements described in Exhibit B, Lessor and Lessee shall inspect the Premises and shall prepare a punch list of items, if any, not completed to Lessee's reasonable satisfaction. All items listed shall be completed by Lessor as soon thereafter as possible.

Lessee shall pay Lessor for the improvements provided for in Exhibit B, the amount of $122,570.00. Such amount shall not be considered rent and such improvements shall be the property of Lessee until the expiration of this Lease. Payment of the above noted amount shall be made as follows: 1) one half of said amount thirty days after commencement of construction of the improvements and 2) the remainder upon completion of the improvements. Lessee may withhold from the final payment a reasonable amount for any items listed on the punch list which shall be paid to Lessors when such items are finally completed.

In the event Lessors do not complete the repairs and improvements by May 31, 1978, Lessee shall be entitled to a credit against rents due hereunder

in the amount of one-thirtieth of monthly rental, plus a prorata portion of the cost of insurance and taxes for each day after May 31, 1978, until such repairs and improvements are completed. Except for abatement of the rent, insurance and taxes as provided in the immediately preceeding sentence, Lessors shall not be liable for any damages resulting from delay in completion of the repairs and improvements caused by governmental regulations, labor disputes, strikes, war, riots, insurrection, civil commotion, mobilization, explosion, fire, flood, accident, storm or any act of God, or other cause beyond Lessors' control. If Lessors claim excuse for

nonperformance under this paragraph, they must give notice in writing to Lessee. If such delay resulting from the causes specified herein shall last more than two weeks, Lessee, at its election, may complete the improvements and deduct the cost thereof paid by Lessee shall be deducted from the amount specified in this Paragraph 8, to be paid by Lessee to Lessors for construction of the improvements.

Lessor shall indemnify and hold Lessee harmless from the injury to or death of any person or damage to the property of any person including the parties hereto arising out of or resulting from Lessors making the improvements or repairs required by this Paragraph 8. Any insurance required to be carried by Lessee by this Lease shall not apply to any such loss or damage.

9. Repair. Lessor shall keep and maintain the roof, exterior walls, downspouts and the warehouse (except the parts of the warehouse to be maintained by Lessee), in good condition and repair. Lessee agrees to maintain the interior of the Premises (including all loading docks and doors and other extension doors and windows) and the parking area used by Lessee in as good condition as they are in at the time of Lessor's completion of the improvements and repairs provided for in Paragraph 8 hereof reasonable wear and tear and damage by fire or other casualty excepted. Except for Lessor's warranty provided for in Paragraph 8 hereof, Lessor

makes no other representation or warranty concerning the condition of the interior of the Premises. Subject to Lessee's obligations hereunder to maintain the Premises and Lessee's obligations under Paragraph 10 hereof, Lessor shall keep and maintain the warehouse and the land upon which it is located in compliance with all federal, state and local laws, rules and regulations.

10. Nuisance and Compliance with Laws. Lessee shall not use or permit others to use the Premises in any manner which would create a nuisance and shall conduct its business on the Premises in compliance with all federal, state and local laws, rules and regulations.

11. Improvements By Lessee. It is contemplated between the parties that Lessee shall use the Premises in the conduct of its office products business and that, in connection therewith, certain additional modifications, improvements, fixtures and/or temporary installations may be hereafter made by Lessee. Lessee is expressly granted, with prior written notice to Lessors, the right to remodel, alter and change the improvements on the Premises, at its expense, to conform with its requirements. Lessee shall not injure any existing improvements and Lessee shall not, without Lessors' prior written consent, construct any improvements which require significant structural modification to the Premises. All repairs and remodeling shall be done in compliance with

the applicable building codes and zoning requirements. Except as may be herein set out, all permanent buildings and other similar permanent improvements, including, but not limited to light fixtures, air conditioning or heating units requiring duct work, electrical wiring and plumbing, erected or placed upon the Premises by Lessee during the term of this Lease, upon its termination for any cause, shall become the property of Lessors. Lessee's machinery, equipment, tools and trade fixtures placed upon the Premises by Lessee shall remain the property of Lessee. Such property may be removed from the Premises by Lessee at the expiration of this Lease, provided that, Lessee has fulfilled its covenant for the payment of rent. Lessee shall not by its acts create any material or workmen's liens against the Premises and shall hold Lessors harmless from any said liens and for Lessors' reasonable cost and expenses in defending any claims or suits arising out of said liens or in discharging same.

Any damage to the Premises resulting from removal of Lessee's property from the Premises shall be repaired by Lessee at its sole expense.

12. Signs. Lessee shall have the right, with Lessors' prior written consent, which shall not be unreasonably withheld, to erect signs on the Premises to advertise its business, provided that, all such signs comply with all statutes or ordinances.

13. Assignment. Lessee may not assign or sublet any part or the whole of the Premises without the prior written consent of the Lessors, which consent shall not be unreasonably withheld.

14. Destruction of Premises. It is agreed that should the Premises or improvements thereon be wholly or partially destroyed or damaged by fire, storm, explosion, other casualty or act of God during the term of this Lease, or any renewal terms, and the Premises or improvements thereon can reasonably be expected to be repaired and put in substantially the same condition as they were

prior to the loss within 90 days after such loss occurs, then Lessors shall rebuild or repair the Premises to the condition as existed immediately prior to such loss. Provided that Lessor's shall not be required to reconstruct any of the improvements described in Exhibit B unless Lessee shall agree to pay the cost thereof. If such improvements are constructed by Lessors they shall be the property of Lessee until termination of this Lease. Lessors agree to complete any such repairs within 120 days of the date of loss and in the event such repairs are so completed this Lease shall continue in full force and effect, except that the rental herein provided for shall be fairly and justly abated until the Premises have been restored, made tenable and put into proper condition for use and occupancy by Lessee. If the damage cannot be reasonably expected to

be repaired within 90 days or is not in fact repaired within 120 days of the date of loss, then Lessee may terminate this Lease.

15. Lessors Fire Insurance. During the term of this Lease, the Lessor, at its own cost and expense, shall keep the Premises and building of which the Premises are a part, excluding the improvements described in Exhibit B, insured against loss or damage by fire, lightning, and extended coverage including vandalism, malicious mischief, and sprinkler leakage. Upon the execution of this Lease, Lessor shall provide a certificate of insurance from its insurer to evidence the coverage to the Lessee. Such certificate shall contain a provision for a ten-day notice to Lessee prior to cancellation, reduction of coverage or other material change in the policy.

Lessor agrees to indemnify and hold Lessee harmless from, and to obtain a statement from Lessors' insurer that will protect Lessee from, all demands, claims, causes of action of judgments, and all reasonable expense incurred in investigation or resisting the same including attorney fees, for loss arising out of fire or other casualty or sprinkler leakage damage to the Premises and building of which the Premises are a part or any personal property of Lessor, located therein. Lessee also agrees to indemnify and hold Lessor harmless from all demands, claims, causes of

action or judgments, and all reasonable expenses incurred in investigation or resisting the same including attorney fees, for loss arising out of fire or other casualty or sprinkler leakage damage to the improvements described in Exhibit B, and any stock, furniture, fixtures, equipment, or merchandise of Lessee located in the Premises.

16. Lessee's General Liability Insurance. Lessee shall at all times during the term of the Lease, at its own cost and expense, maintain comprehensive general liability insurance with bodily injury limits of not less

than Five Hundred Thousand Dollars ($500,000) and property damage insurance in an amount of not less than Three Hundred Thousand Dollars ($300,000) per occurrence for damage to property of others from accidents occurring on or about the Premises or arising out of Lessee's use thereof. A certificate of such insurance shall be delivered to Lessor and Lessor shall be named on said policies as an additional insured as respects the Premises. The certificate shall also contain provisions for a ten-day notice to Lessors prior to cancellation, reduction of coverage, or other material change in the policy.

Lessee further covenants with Lessor to protect, indemnify, and hold Lessor harmless from and against any and all claims, demands, and causes of action, including attorney fees, of any nature whatsoever for injury or death of persons

or loss of or damage to property occurring on the Premises or in any manner growing out of or connected with Lessee's use and occupancy of the Premises except damage or injury occasioned by the sole negligence of Lessor, its agents, servants, or employees, any damage or injury resulting from Lessors' construction of improvements or making the repairs required by Paragraph 8 hereof, and except damages or injuries covered by the insurance required to be carried by Lessor under this Lease. Nothing in this paragraph shall be deemed to or construed as to require Lessee to indemnify Lessor for any cost, damage, liability, or expense, including any attorney fees, arising from or attributable to any claim for which liability is, or is sought to be, established for any injury or death to any employee of Lessee in excess of any applicable coverage under the workers' compensation laws of any state, proximately or concurrently caused by a negligent act, ommission, or failure to act, on the part of the Lessor.

17. Bankruptcy. In the event any petition in bankruptcy or for reorganization is filed in any federal or state bankruptcy court by or against the Lessee or any sublessee or assignee, or in the event any receiver is appointed for the Lessee or its property or for any sublessee or assignee for its or their properties, which petition in bankruptcy or receivership has not been dismissed, denied, discharged or set aside within 60 days from and after said date of said

filing of said petition or said appointment of receiver, then Lessors shall have the right to terminate this Lease, as provided for in Paragraph 21 hereof, and shall have each and all of the rights against the Lessee, as is provided for in said paragraph, as in the case of a failure by Lessee to pay the rent.

18. Abandonment. In the event Lessee abandons the Premises and leaves the same untended, except with the written consent of Lessors, this Lease shall

be terminated as provided in Paragraph 21, at the option of Lessors if, in their opinion, the said property is or will be adversely affected thereby. Lessors shall give Lessee 30 days prior written notice of their intention to so terminate.

19. Lessors' Right of Access. Lessors, their agents and representatives, shall have the right to enter upon the Premises at all reasonable times for the purpose of inspecting the same and making repairs required to be made by Lessors.

20. Eminent Domain. If the whole or any part of the Premises shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall cease on the part so taken from the day the possession of that part shall be acquired for any public purpose, and the rent shall be paid up to that day and the rent thereafter shall be reduced in proportion to the amount of the Premises taken. If more than 25% of the Premises are taken or in the

event Lessee reasonably determines that it is unable to effectively and fully conduct its business from the remaining part of the Premises, the Lessee shall have the right to cancel this Lease. All damages awarded for such taking shall belong to and be the property of Lessors, whether such damage shall be awarded as compensation for diminution in value to the leasehold or to the fee of the property herein leased; provided, however, that the Lessors shall not be entitled to any portion of the award made to the Lessee for loss of business, moving expenses, or for any trade fixtures or other property of Lessee located thereon.

21. Termination. It is agreed by all of the parties that if Lessee fails to pay any one of the aforesaid rent installments or reimbursements set out herein for taxes and insurance costs within 30 days from and after the due date, or in case the Lessee breaches or fails to perform and comply with any of its undertakings, agreements and covenants contained in this Lease, Lessors may continue the Lease and recover damages for such breach or failure, or at their option may elect to terminate this Lease at any time within 30 days after the discovery by them of any such breach or failure, upon giving 30 days notice to Lessee setting out said breach or failure. If Lessee fails to pay in full all past due rent installments and fails to commence proceedings to remedy any other breaches set out in said notice within

said 30 days, then, and only then, shall such termination be effective. Upon termination Lessors may enter and take possession of the Premises and may, with or without entry and repossession rerent the Premises or any portion or portions

thereof for such term or terms and to such tenants as in the discretion of Lessors would be suitable and proper and to hold Lessee responsible and liable for any loss and expense including legal expenses that may occur in rerenting or attempting to rerent. Lessee shall also be liable for any damages to the Premises done or suffered to be done by Lessee. Any curing of any such breach or failure within the said 30-day period shall reinstate the Lease in full force and effect.

In the event of a breach or default by Lessee or termination of the Lease by election of Lessors upon default of Lessee, as provided in this Agreement, Lessors shall have the right to demand and receive from Lessee their damages and their loss and expenses, including legal expenses, monthly without awaiting the expiration of the term of the Lease. The damages and each month's loss and expenses shall be and constitute a separate claim and demand and right or cause of action. In case of such termination by election of Lessors, as provided above, the Lessee agrees to pay to Lessors within ten days after the date of notice of termination an amount equal to the rent accrued hereunder to that

date and not theretofore paid, and also all damages to the improvements done or suffered to be done by Lessee, and further agrees to pay to Lessors, on or before the tenth day of each month thereafter, the deficit accruing monthly following the date of termination, to wit: The difference, between the amount to be paid as rent, as herein provided, plus any expense incurred by Lessors in rerenting and/or attempting to rerent and the amount of rent which shall be collected and received by Lessors from the Premises for each preceding calendar month during the residue of the term herein provided. The amount, if any, in excess of Lessors' costs plus the rent reserved herein collected by Lessors in rerenting the Premises shall be paid to Lessee at the expiration of the term of this Lease.

22. Holding Over. If upon termination of this Lease, by forfeiture or otherwise, Lessee continues in possession, the continued occupancy of the Premises shall be considered as a rental from month to month, and a continued occupancy after said termination shall not be considered as a renewal of this Lease.

23. Other Improvements. Lessors agree, at their expense, to construct and complete by May 1, 1978, a solid concrete block wall at the north side of the Premises, between the Premises and the remainder of the warehouse building. Said concrete wall shall extend from the front to

the rear of the building and shall extend from the wall to the ceiling of said building.

24. Additional Space. It is agreed that if at any time after May 1, 1981, this Lease is then in full force and effect and Lessors have additional space in the warehouse adjacent to the Premises available for lease, then Lessee shall have a right of first refusal to lease said additional space. Said right of first refusal shall be extended by the Lessors and exercised by Lessee as follows: The Lessors shall first give the Lessee written notice that they have said additional space for lease, that they have a prospective tenant to lease the portion or all of said space, setting out the terms and conditions of said prospective lease. Thereafter, within 15 days from said notice, Lessee may by written notice enter into a lease with Lessors for the leasing of said additional space on the same terms and conditions as set forth in Lessors' notice to Lessee. In the event Lessee fails to exercise its right of first refusal within said 15-day period, then Lessors may lease said additional space to the said prospective tenant without the consent of the Lessee.

25. Attorneys' Fees. In the event either party shall institute any action for the breach or default of the other party, the prevailing party shall be entitled to recover its attorneys' fees and costs.

26. Rail Shipments. Lessee agrees to report to Lessors annually, beginning May 1, 1979, all carload railroad freight deliveries made to the leased Premises during the year prior to said report date. Said reports shall contain the number of carloads delivered to Lessee and date of same. In the event that Lessee is unable to obtain rail services to the Premises, Lessee may terminate this Lease.

27. Notice. Notice, as called for under this Lease, is to be in writing and shall be conclusively presumed effective upon its being placed in the United States Mail registered or certified mail with sufficient postage to carry it to its destination, and addressed:

To Lessee: Boise Cascade Corporation
Office Products Division
800 West Bryn Mawr Avenue
Itasca, Illinois 60143

Attention: General Manager

Copy to: Boise Cascade Corporation
Legal Department
P.O. Box 50
Boise, Idaho 83728

To Lessors: Gilliam O. Traughber and
J. T. Crain
c/o Capital City Realty Company
P.O. Box 40156
Nashville, Tennessee 37204

Either party may change its address written above by written notice to the other party.

28. Waiver. The failure of either party to insist in any one or more instances upon a strict performance of any of the covenants of this Lease shall not be construed as a waiver or a relinquishment for the future with respect to any subsequent breach of any such covenant.

29. Agents Commissions. It is understood and agreed that any agents' commissions in connection with this Lease shall be paid by the Lessors.

30. Successors and Assigns. It is understood and agreed that this Lease and all of its provisions shall be binding upon each of the parties hereto, their heirs, representatives, assigns and successors.

31. Entire Agreement. This instrument, which shall not be recorded, and a short form lease for recording, which contains no additional terms and conditions not herein set out, shall contain the entire agreement between the parties, all oral understandings and agreements having been embodied

herein, and the parties agree that there are no collateral understandings or agreements not expressly included herein. No variation or alteration of the terms hereof shall be binding upon either party unless the same be reduced to writing and executed by an authorized officers of both parties. This instrument, and the short form lease referred to above, in their entirety, shall be binding upon the successors and assigns of the parties, and shall inure to the benefit of the successors and assigns of Lessors and Lessee.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LESSORS:

GILLIAM O. TRAUGHBER AND

LESSEE:

BOISE CASCADE CORPORATION

J. T. CRAIN, JOINT VENTURERS

By _____
Vice President

_____
Gilliam O. Traughber

_____
J. T. Crain

EXHIBIT A

[FLOOR PLAN FOR PROPOSED WAREHOUSE APPEARS HERE]

EXHIBIT B

SPECIFICATIONS

BOISE CASCADE

OFFICES AND ALTERATIONS

MASSMAN DRIVE

NASHVILLE, TENNESSEE

J. E. CRAIN & SON, INC., GENERAL CONTRACTORS

MARCH 23, 1978

==========

GENERAL

Work shall generally consist of constructing approximately 5000 square feet of office space, adding a personnel door and W/C area in warehouse and adding lighting, electrical outlets and 2 drinking fountains in the warehouse. Work under this contract does not include exterior grading, paving, asphalt ramps, dock levelers or masonry party wall.

Where "Lessee" is used in these specifications this shall refer to Boise Cascade Office Products Division.

PERMITS, INSURANCE & TAXES
- ---------------------------

Contractor shall apply and pay for all necessary permits and fees. He shall maintain insurance coverage as provided for under the General Conditions of the Contract.

CARPENTRY AND MILLWORK
- ----------------------

Unless otherwise shown, all partitions shall be constructed of #2 Southern Yellow Pine wood. Plates in contact with concrete floors shall be wolmanized.

Furnish and install counters with formica tops where shown.

Wood door to be hollow core flush wood.

CONCRETE WORK
- -------------

Pour concrete steps and landings where shown. Finish to be light brushed.

MASONRY
- -------

Construct 8" concrete block foundations on concrete footings for steps and landings. Apply textured finish to match existing masonry foundations.

HANDRAILS
- ---------

1 1/2" steel pipe, smooth welded joints.

TOILET PARTITIONS & URINAL SCREENS
- ----------------------------------

Sanymetal Academy baked enamel or equal with roll-type paper holder. Where shown, furnish standard doors and standard hardware. Colors to be selected by Lessee. Furnish handicapped rails for one partition in each restroom.

METAL DOOR & FRAME
- ------------------

Amweld Series 1100 unless otherwise shown, factory primed.

INSULATION
- ----------

Install full-thick fiberglas batts in all partitions separating office wing from warehouse and in toilet walls, 2" batts in furred exterior masonry walls and full-thick batts above all ceilings.

DRY WALL
- --------

1/2" smooth finished gypsum dry wall with taped and filled joints.

ALUMINUM & GLAZING
- ------------------

Office Entrance - Pittsburgh or equal narrow-stile aluminum door and tubular framed sidelight in standard aluminum finish, glazed with 1/4" clear safety plate glass. Furnish aluminum threshold, push-pull bars and concealed overhead closer.

Windows - Fixed aluminum sash, 1/4" clear plate glass.

Mirrors - 16"x24" aluminum framed over all lavatories.

Glaze half glass doors.

ACOUSTIC CEILINGS
- -----------------

2'x4' Armstrong Minaboard or equal in exposed white tee grid.

PANELLING
- ---------

Type 1 - Allow purchase price of .50c per square foot.

Type 2 - Allow purchase price of .30c per square foot.

All panelling shall be pre-finished.

CARPET
- ------

Allow purchase and installation price of $10.00 per square yard for carpet and base. Carpet is based on all carpet being one pattern and color.

COMPOSITION FLOORS
- ------------------

Sheet Vinyl - .090 Ga. Brigantine.

Vinyl Asbestos - Armstrong 3/32 Excelon or equal.

Rubber Base - 4" Black, top-set.

CERAMIC TILE
- ------------

Thin-set with ceramic tile base.

TRIM HARDWARE
- -------------

Exterior Doors - Heavy-duty bronze with key in knob lock set, closer and threshold strip, primed butts.

Interior Doors - Standard-duty bronze passage except as noted, primed butts.

Door #8 - Closer, key in knob lockset.

Door #9 - Push plate, pull-handle, closer.

Door #10 - Push plate, pull-handle, closer.

Door #11 - Push plate, pull-handle, closer.

TRIM HARDWARE (CONT'D.)
- -------------

Door #12 - Push plate, pull-handle, closer.

Door #15 - Push plate, pull-handle, closer.

Door #16 - Closer, key in knob lockset.

All closers to be heavy-duty.

SPRINKLER
- ---------

Install approved sprinkler system in all spaces in the office wing. Run piping concealed above ceilings with chrome pendant heads. Sprinkler heads and piping, if required for Lessee's bin storage area are not included.

PLUMBING
- -------

Rough-in for and furnish all fixtures shown.

Run hot and cold water lines to all lavatories and sinks.

Fixtures (White colored Amstan or equal)

Handicapped Water Closet - 2108.058, #10 Olsonite seat.
Other Water Closets - 2109.056, #10 Olsonite seat.

Urinal - 6540.017 with #180 Sloan flush valve.

Handicapped Lavatory - 9141.011 with 4470 valve.
Other Lavatories - 0321.026 with N530 valve.

Service Sink - 7692.049 with 7798044 trap and 8340242 valve.

Stainless Steel Sink - #3322 Dayton with N4340 valve.

Drinking Fountains - Furnished by Lessee.

Water Heater - State Stove RE-52-D

HEAT AND AIR CONDITIONING
- -------------------------

All spaces in the office wing to be supplied from a central system HAC unit.

HEAT AND AIR CONDITIONING (CONT'D.)
- -------------------------

Run insulated ducts above ceiling and provide ceiling diffusers in all spaces except Corridor and Space 11.

Run concealed overhead return air duct for General Office area.

Design Criteria
- ---------------

Cooling - 75 degrees F. at 95 degrees F. outside.
Heating - 70 degrees F. at 0 degrees F. outside.

HAC Unit - Trane BH-150 with air-cooled condenser RAUA 15 or approved equal.

Do all gas piping and control wiring. Power wiring shall be done by the Electrical Contractor.

Furnish and install exhaust fans in toilets and Lunch Room.

PAINTING
- --------

Exterior Metal (Primed) - 2 coats exterior house paint.

Exterior Wood - 1 coat primer, 2 coats exterior house paint.

Interior Metal (Primed) - 2 coats enamel.

Interior Wood - 1 coat undercoat, 2 coats enamel.

Drywall (Except Toilets) - 2 coats Latex.

Toilet Walls - 2 coats enamel.

ELECTRICAL
- ----------

Service - 600 Amp, 120-208V. overhead drop.

Furnish all fixtures, outlets, raceways and switches shown.

All wiring to be run in conduit.

Run conduit for telephones to top of partitions for wiring by utility company.

Do all power wiring for H.V.A.C. equipment and exhaust fans which will be furnished by others.

CODES
- -----

All work shall comply with applicable local, state and federal codes and regulations.

[PLAN APPEARS HERE]

[PLOT PLAN & FLOOR PLAN APPEARS HERE]

[FLOOR PLAN APPEARS HERE]

[PLAN APPEARS HERE]

[PLAN APPEARS HERE]

[PLAN APPEARS HERE]

[PLAN APPEARS HERE]

[PROPOSED WAREHOUSE PLAN APPEARS HERE]

ASSIGNMENT, ASSUMPTION, AND CONSENT AGREEMENT

THIS ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT is made and entered into this 31st day of January, 1992, by and between BOISE CASCADE OFFICE PRODUCTS CORPORATION ("BCOP"), ASSOCIATED STATIONERS, INC. ("Purchaser"), and GILDA TRAUGHBER BOWMAN, WILLIAM TRAUGHBER, GILLIAM O. TRAUGHBER, III, HUNTER SHORT, J.T. CRAIN, individuals holding as tenants-in-common (collectively, the "Lessor").

W I T N E S S E T H:

WHEREAS, BCOP and Purchaser have entered into an Amended and Restated Purchase and Sale Agreement dated of even date herewith (the "Purchase Agreement"), pursuant to which BCOP has agreed to sell to Purchaser substantially all of the assets of BCOP's wholesale office products business; and

WHEREAS, BCOP and Lessor are parties to the Lease Agreement dated March 31, 1978, and amended September 14, 1987 (collectively, the "Lease"); and

WHEREAS, pursuant to Sections 2 and 5 of the Purchase Agreement, BCOP has agreed to assign to Purchaser and Purchaser has agreed to assume the Lease and perform BCOP's duties and obligations pursuant to the Lease.

NOW, THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS. All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to them in the Purchase Agreement.

2. ASSIGNMENT. BCOP hereby assigns transfers, and delivers to Purchaser all of BCOP's right, title, and interest under the Lease.

3. ASSUMPTION. Purchaser hereby accepts the assignment of the Lease and all of BCOP's right, title, and interest thereunder and assumes and agrees to be bound by all of BCOP's duties, obligations, covenants, and agreements thereunder and to be subject to all of the conditions therein, with the same force and effect as if Purchaser had executed the original Lease. Purchaser agrees to perform, fulfill, and discharge all such duties, obligations, covenants, and agreements under the Lease.

4. BCOP OBLIGATION. Nothing in this Agreement is intended to or shall have the effect of releasing BCOP from its liabilities under the Lease, or any renewal term or terms set forth in the Lease on the date hereof.

5. FURTHER ASSURANCES. Each party hereby promises to deliver upon request of the other party all such additional assignments, assumptions, and other documents which may be reasonably necessary and convenient to accomplish the intent of this Agreement.

6. CONSENT. Subject to the terms hereof, Lessor hereby consents to the assignment of the Lease by BCOP to Purchaser. Nothing herein shall be construed to waive or release any right which Lessor has under the Lease to prohibit further assignments, sublettings or encumbrances of the applicable premises without Lessor's consent. Notwithstanding anything to the contrary in the Lease, Lessor hereby agrees that Purchaser shall have the

benefit of any options, exceptions, renewals, and other rights originally granted to BCOP.

7. EFFECT. This Assignment Agreement will not be effective until the Closing of the Purchase Agreement. Unless previously signed by BCOP and Purchaser, Lessors' consent to this assignment shall not be effective beyond February 14, 1992.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date set forth above.

ASSOCIATED STATIONERS, INC.

By _____
Title _____

BOISE CASCADE OFFICE PRODUCTS CORPORATION

By _____
Title _____

GILDA TRAUGHBER BOWMAN,
WILLIAM TRAUGHBER,
GILLIAM O. TRAUGHBER, III,
J.T. CRAIN, and HUNTER SHORT,
individuals holding as
tenants-in-common

By /s/ Gilda Traughber Bowman
GILDA TRAUGHBER BOWMAN

By /s/ William Traughber
WILLIAM TRAUGHBER

By /s/ Gilliam O. Traughber, III
GILLIAM O. TRAUGHBER, III

By /s/ Hunter Short
HUNTER SHORT

By /s/ J.T Crain
J.T. CRAIN

STATE OF TENNESSEE)
) ss.
COUNTY OF _____)

Personally appeared before me, GILDA TRAUGHBER BOWMAN, with whom I am personally acquainted and who acknowledged that she executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 29 day of Jan , 1992.

_____
NOTARY PUBLIC FOR TENNESSEE
My Commission Expires: 07/23/94

STATE OF TENNESSEE)
) ss.
COUNTY OF _____)

Personally appeared before me, WILLIAM TRAUGHBER, with whom I am personally acquainted and who acknowledged that he executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 29 day of Jan , 1992.

_____
NOTARY PUBLIC FOR TENNESSEE
My Commission Expires: 07/23/94

STATE OF TENNESSEE)
) ss.
COUNTY OF _____)

Personally appeared before me, GILLIAM O. TRAUGHBER, III, with whom I am personally acquainted and who acknowledged that he executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 29 day of Jan , 1992.

_____
NOTARY PUBLIC FOR TENNESSEE
My Commission Expires: 07/23/94

STATE OF TENNESSEE)
) ss.
COUNTY OF _____)

Personally appeared before me, HUNTER SHORT, with whom I am personally acquainted and who acknowledged that he executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 29 day of Jan , 1992.

_____
NOTARY PUBLIC FOR TENNESSEE
My Commission Expires: 07/23/94

STATE OF TENNESSEE)
) ss.
COUNTY OF _____)

Personally appeared before me, J. T. CRAIN, with whom I am personally acquainted and who acknowledged that he executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 29 day of Jan 1992.

_____
NOTARY PUBLIC FOR TENNESSEE
My Commission Expires: 07/23/94

STATE OF ILLINOIS)
)

COUNTY OF COOK)

I, Suzette Sabanov , a Notary Public in and for the county
---

and state aforesaid, do hereby certify that Michael D. Rowsey, the President of Associated Stationers, Inc., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 30th day of January, 1992.

"OFFICIAL SEAL"
Suzette Sabanov
Notary Public State of Illinois
Commission Expires 11/07/94

/s/ Suzette Sabanov

Notary Public

My commission expires:

_____

STATE OF ILLINOIS)
)
COUNTY OF COOK)

I, /s/ SUZETTE SABANOV , a Notary Public in and for the county
---

and state aforesaid, do hereby certify that _____, the _____ President of Boise Cascade Office Products Corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 30th day of January, 1992.

"OFFICIAL SEAL"
Suzette Sabanov
Notary Public State of Illinois
Commission Expires 11/07/94

/s/ Suzette Sabanov
Notary Public

My commission expires:

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Forty-eight thousand square feet of space located in a warehouse building on land in Davidson County, Tennessee, being Lot No. 22 on the Revised Metropolitan Industrial Park, Section 17 as of record in Book 4470, page 112, Register's Office for Davidson County, Tennessee, to which reference is made.

Being the same property conveyed to J. T. Crain, Jane S. Traughber and Hunter Short by Quitclaim Deed from Frederick E. Cowden, Jr., Trustee, of record in Book 7010, page 505, Register's Office of Davidson County, Tennessee. Said Jane S. Traughber having since died devising her interest to her children by Will of record in Book 171, page 249, Probate Office, Davidson County, Tennessee.

ASSOCIATED Stationers

November 17, 1992

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Messrs. J. T. Crain, Hunter Short
and Jane S. Traughber
2323 21ST Avenue South
Suite 200
Nashville, TN 37212-4968

Subject: Lease Agreement Dated March 31, 1978 (Lease), Between Gilliam O. Traughber and J. T. Crain (Lessors) and Boise Cascade Office Products Corporation (Lessee) for Premises Located at 724 Massman Drive, Nashville, Tennessee

Gentlemen:

The second renewal term of the subject Lease is scheduled to terminate on April 30, 1993.

Paragraph 4, Term, of the Lease grants Boise Cascade, now Associated Stationers, Inc. an option to renew this Lease for an additional five-year term commencing May 1, 1993, and terminating April 30, 1998. Paragraph 5, Rental, of the Lease provides that the monthly rental payment during the third renewal term shall be $8,640.

Associated Stationers hereby exercises its option to renew this Lease for an additional five-year term commencing May 1, 1993, and terminating April 30, 1998, with an adjusted monthly payment of $8,640.

Very truly yours,

ASSOCIATED STATIONERS, INC.

/s/ Randall L. Teesdale
Sr. Distribution Services Manager

cc: Beverly A. Ogle
Philip J. Simborg

NASHVILLE #1

HUNTER B. SHORT
ATTORNEY AT LAW
2323 21ST AVENUE, SOUTH
SUITE 200
NASHVILLE, TENNESSEE 37212-4968
(615) 298-3300
FAX (615) 383-9215

December 1, 1992

Mr. Randall L. Teesdale
1075 Hawthorne Drive
Itasca, Illinois 60143

RE: 724 Massman Drive
Nashville, Tennessee

Dear Mr. Teesdale:

Your letter of November 17, 1992, is hereby acknowledged.

The Lessors acknowledge the extension of the lease dated March 31, 1978, on the 48,000 square feet of space at the above address.

I am also enclosing a proposed lease concerning the extension of the lease of September 1, 1989, concerning the 18,000 square feet. If it meets with your approval, please sign two copies of same and return to me for execution by the "Landlords."

Yours very truly,

/s/ Hunter Short
Hunter Short

Enclosure
/chc

. BRANCH: DALLAS/MOCKINGBIRD

. PROPERTY ADDRESS:
613-621 Mockingbird Lane
Dallas, Texas 75247

200439-02

. LESSOR: DALWARE II ASSOCIATES

Address 1499 Regal Row, Suite 302
Dallas, Texas 75247
Phone 214/630-6500
Fax 214/951-7326

. BROKER: RICHARD CROW/TRAMMELL CROW

Address 1499 Regal Row, Suite 302
Dallas, Texas 75247
Phone 214/630-6500
Fax 214/951-7326

. Office Park? Yes x No ___

. Multi-tenant Bldg. Yes ___ No x

. Square Feet - Warehouse ___
- Office ___
- Total 99,289

. Lease Effective Date 1-1-89

. Option to Renew - Yes ___ No x

- Notice Requirement

. Build-out Amortization Yes ___ No x

. Expenses/Responsibility:
(Lessor=L - Stationers=S)

	Amount		
	Per month	Per Year	L/S
Electric	$ 91.00	$ 1,092.00	L
Water	$ 194.44	$ 2,333.28	L
Gas	$	$	
Janitor	$	$	
Maintenance	$ 120.80	$ 1,449.60	L
Waste Mgt.	$	$	
Security	$	$	
Spur track	$	$	
Landscaping	$ 143.97	$ 1,727.64	L
Tax escrow	$2,996.87	$35,962.44	L
Insurance	$ 117.49	$ 1,409.88	L

. Estimated Expenses
Collected each mo. Yes x No ___

. Landlord expense cap. Yes ___ No x

Amount: $ ___

. Repairs/Responsibility:
(Lessor=L - Stationers=S)

	L	S
Roof	x	
Foundation	x	
Structure	x	
Common Areas	x	
Paving/Parking		
Grounds		
Spur track		

. Original Lease - Yes x No _____

. Extended/Amended Yes ____ No x

. Lease expiration date 12-31-98

. Notice/vacate req'd? Yes ___ No x

Date: _____

Security Deposit? Yes ____ No x

- Amount $ _____

. Current Rent Amount
$26,808.03 /mo $321,696.36 /yr.

$ 3.24 /per sq. ft./per yr.

. Future Rent Escalations:

Begin Date	End Date	Amt Per Month	Rent Per Year
1-1-89	5-31-91	$26,808.03	$321,696.36
6-1-91	5-31-96	$28,049.14	$336,589.68
6-1-96	5-31-99	$29,373.00	$352,476.00
_____	_____	$_____	$_____
_____	_____	$_____	$_____
_____	_____	$_____	$_____
_____	_____	$_____	$_____

. Relocation Clause? Yes x No ____

Terms: If Lessee executes a lease agreement for at least 200,000 square feet.

_____

_____

. Right of 1st refusal Yes ___ No x

Terms: _____

_____

_____

_____

_____

Terms:_____ ___ ___

_____

_____

_____

_____

_____

_____

. Insurance Expenses
(Lessor=L - Stationers=S)

	L	S
Fire_____	x	___
Property_____	x	___
Contents_____	___	x
Workers Comp._____	___	x
General Liability_____	___	x

. Hold Harmless Agreement?
Yes x No _____

. Lease Assignability?
Lessor_____ Yes x No _____

Stationers_____ Yes x No _____

. Comments: With Lessor's prior written consent.

_____

_____

_____

_____

STANDARD INDUSTRIAL LEASE AGREEMENT	99,289 Square Feet
TRAMMELL CROW COMPANY	613-621 Mockingbird Lane
COMMERCIAL 86-MOD NE	Dallas, Texas 75247
	200439-02

LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into by and between DALWARE II ASSOCIATES hereinafter referred to as "Lessor", and STATIONERS DISTRIBUTING COMPANY, INC. hereinafter referred to as "Lessee";

WITNESSETH:

1. PREMISES AND TERM. In consideration of the mutual obligations of Lessor and Lessee set forth herein, Lessor leases to Lessee, and Lessee hereby takes from Lessor the Premises situated within the County of Dallas, State of Texas, more particularly described on EXHIBIT "A" attached hereto and incorporated herein by reference, (the "Premises"), together with all rights, privileges, easements, appurtenances, and amenities belonging to or in any way pertaining to the Premises, to have and to hold, subject to the terms, covenants and conditions in this Lease. The term of this Lease shall commence on the commencement date hereinafter set forth and shall end on the last day of the month that is one hundred twenty five (125) months after the commencement date.

A. EXISTING BUILDING. If no improvements are to be constructed to the Premises, the commencement date shall be January 1, 1989. Lessee acknowledges that (i) it has inspected and accepts the Premises, (ii) the buildings and improvements comprising the same are suitable for the purpose for which the Premises are leased, (iii) the Premises are in good and satisfactory condition, and (iv) no representations as to the repair of the Premises, nor promises to alter, remodel or improve the Premises have been made by Lessor (unless otherwise expressly set forth in this Lease).

2. BASE RENT, SECURITY DEPOSIT AND ESCROW PAYMENTS.

A. Lessee agrees to pay to Lessor rent for the Premises, in advance, without demand, deduction or set off, at the rate of (SEE RIDER ONE) Dollars ($_____) per month during the term hereof. One such monthly installment, plus the other monthly charges set forth in Paragraph 2C below shall be due and payable on the date hereof and a like monthly installment shall be due and payable on or before the first day of each calendar month succeeding the commencement date, except that all payments due hereunder for any fractional calendar month shall be prorated.

B. In addition, Lessee agrees to deposit with Lessor on the date hereof the sum of None ---------- Dollars ($_____), which shall be held by Lessor, without obligation for interest, as security for the performance of Lessee's obligations under this lease, it being expressly understood and agreed that this deposit is not an advance rental deposit or a measure of Lessor's damages in case of Lessee's default. Upon each occurrence of an event of default, Lessor may use all or part of the deposit to pay past due rent or other payments due Lessor under this Lease, and the cost of any other damage, injury, expense or liability caused by such event of default without prejudice to any other remedy provided herein or provided by law. On demand, Lessee shall pay Lessor the amount that will restore the security deposit to its original amount. The security deposit shall be deemed the property of Lessor, but any remaining balance of such deposit shall be returned by Lessor to Lessee when Lessee's obligations under this Lease have been fulfilled.

C. Lessee agrees to pay its proportionate share (as defined in Paragraph 22B below) of (i) Taxes (hereinafter defined) payable by Lessor pursuant to Paragraph 3A below, (ii) the cost of utilities payable pursuant to Paragraph 8 below, (iii) the cost of maintaining insurance pursuant to Paragraph 9 below and (iv) the cost of any maintenance performed by Lessor in accordance with Paragraph 4B below. During each month of the term of this Lease, on the same day that rent is due hereunder, Lessee shall escrow with Lessor an amount equal to 1/12 of the estimated annual cost of its proportionate share of such items. Lessee authorizes Lessor to use the funds deposited with Lessor under this Paragraph 2C to pay such costs. The initial monthly escrow payments are based upon the estimated amounts for year in question, and shall be increased or decreased annually to reflect the projected actual cost of all such items. If the Lessee's total escrow payments are less than Lessee's actual proportionate share of all such items, Lessee shall pay the difference to Lessor within thirty (30) days after demand. If the total escrow payments of Lessee are more than Lessee's actual proportionate share of all such items, Lessor shall refund such excess within thirty (30) days. The amount of the monthly rental and the initial monthly escrow payments are as follows:

<TABLE>

<S>	<C>
(1) Base Rent as set forth in Paragraph 2A.....	$SEE RIDER ONE
(2) Tax Escrow Payment.....	$ 2,996.87
(3) Insurance Escrow Payment.....	$ 117.49
(4) Utility charge (Water 194.44) (Elec. 91.00)....	$ 285.44
(5) Maintenance charge.....	$ 120.80
(6) Other (Landscaping).....	$ 143.97
Monthly Payment Total.....	$----------

3. TAXES.

A. Lessor agrees to pay all taxes, assessments and governmental charges of any kind and nature and all assessments due to deed restrictions and/or owner or community associations (collectively referred to herein as "Taxes") that accrue against the Premises, and/or the land and/or improvements of which the Premises are a part. If at any time during the term of this Lease, there shall be levied, assessed or imposed on Lessor a capital levy or other tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents from the Premises and/or the land and improvements of which the Premises are a part, then all such taxes, assessments, levies or charges, or the part, thereof so measured or based, shall be deemed to be included within the term "Taxes" for the purposes hereof. The Lessor shall have the right to employ a tax consulting firm to attempt to assure a fair tax burden on the building and grounds within the applicable taxing jurisdiction. Lessee agrees to pay its proportionate share of the cost of such consultant.

B. Lessee shall be liable for all taxes levied or assessed against any personal property or fixtures placed in the Premises. If any such taxes are levied or assessed against Lessor or Lessor's property and (i) Lessor pays the same or (ii) the assessed value of Lessor's property is increased by inclusion of such personal property and fixtures and Lessor pays the increased taxes, then, upon demand Lessee shall pay to Lessor such taxes.

4. LESSOR'S REPAIRS.

A. Lessor, at its own cost and expense, shall maintain the roof, foundation and the structural soundness of the exterior walls of the building of which the Premises are a part in good repair, reasonable wear and tear excluded. The term "walls" as used herein shall not include windows, glass or plate glass, doors, special store fronts or office entries. Lessee shall immediately give Lessor written notice of defect or need for repairs, after which Lessor shall have reasonable opportunity to repair same or cure such defect.

B. Lessor reserves the right to perform the paving, common area and landscape replacement and maintenance, exterior painting, common sewage line plumbing and any other items that are otherwise Lessee's obligations under Paragraph 5A, in which event, Lessee shall be liable for its proportionate share of the cost and expense of such repair, replacement, maintenance and other such items.

5. LESSEE'S REPAIRS.

A. Lessee, at its own cost and expense, shall (i) maintain all parts of

the Premises and grounds surrounding the Premises (except those for which Lessor is expressly responsible hereunder) in good condition, (ii) promptly make all necessary repairs and replacements, (iii) keep the parking areas, driveways and alleys surrounding the Premises in a clean and sanitary condition, and (iv) maintain any spur track servicing the Premises. Tenant agrees to sign a joint maintenance agreement with the railroad company servicing the Premises if requested by the railroad company. Lessor shall have the right to coordinate all repairs and maintenance of any rail tracks serving or intended to serve the Premises and, if Lessee uses such rail tracks, Lessee shall reimburse Lessor from time to time, upon demand, for its proportionate share of the costs of such repairs and maintenance and any other sums specified in any agreement respecting such tracks to which Lessor is a party.

B. Lessee and its employees, customers and licensees shall have the exclusive rights to use any parking areas that have been designated for such use by Lessor in writing, subject to rights of ingress and egress of other lessees. Lessor shall not be responsible for enforcing Lessee's parking rights against any third parties. Lessee agrees not to use more spaces than so provided.

6. ALTERATIONS. Lessee shall not make any alterations, additions or improvements to the Premises without the prior written consent of Lessor. Lessee, at its own cost and expense, may erect such shelves, bins, machinery and trade fixtures as it desires provided that (a) such items do not alter the basic character of the Premises or the building and/or improvements of which the Premises are a part; (b) such items do not overload or damage the same; (c) such items may be removed without material injury to the Premises; and (d) the construction, erection or installation thereof complies with all applicable governmental laws, ordinances, regulations and with Lessor's specifications and requirements. All alterations, additions, improvements and partitions erected by Lessee shall be and remain the property of Lessee during the term of this Lease. All shelves, bins, machinery and trade fixtures installed by Lessee shall be removed on or before the earlier to occur of the date of termination of this Lease or vacating the Premises, at which time Lessee shall restore the Premises to their original condition. All alterations, installations, removals and restoration shall be performed in a good and workmanlike manner so as not to damage or alter the primary structure or structural qualities of the buildings and other improvements situated on the Premises or of which the Premises are a part.

7. SIGNS. Any signage Lessee desires for the Premises shall be subject to Lessor's written approval. Lessee shall repair, paint, and/or replace the building facia surface to which its signs are attached upon vacation of the Premises, or the removal or alteration of its signage. Lessee shall not, (i) make any changes to the exterior of the Premises, (ii) install any exterior lights, decorations, balloons, flags, pennants, banners or painting or (iii) erect or install any signs, windows or door lettering, placards, decorations or advertising media of any type which can be viewed from the exterior of the Premises, without Lessor's prior written consent. All signs, decorations, advertising media, blinds, draperies and other window treatment or bars or other security installations visible from outside the Premises shall conform in all respects to the criteria established by Lessor. See Rider One, Para. 31

8. UTILITIES. Lessor agrees to provide water and electricity service to the Premises. Lessee shall pay for all water, gas, heat, light, power, telephone, sewer, sprinkler charges and other utilities and services used on or at the Premises, together with any taxes, penalties, surcharges or the like pertaining to the Lessee's use of the Premises, and any maintenance charges for utilities. Lessor shall have the right to cause any of said services to be separately metered to Lessee, at Lessee's expense. Lessee shall pay its pro rata share, as reasonably determined by Lessor, of all charges for jointly metered utilities. Lessor shall not be liable for any interruption or failure of utility service on the Premises unless due to Lessor's negligence.

9. INSURANCE.

A. Lessor shall maintain insurance covering the buildings situated on the Premises or of which the Premises are a part in an amount not less than eighty percent (80%) of the "replacement cost" thereof insuring against the perils of Fire, Lightning, Extended Coverage, Vandalism and Malicious Mischief. Lessee shall maintain insurance on Lessee's improvements to the Premises and all contents of the Premises.

B. Lessee, at its own expense, shall maintain during the term of this Lease a policy or policies of worker's compensation and comprehensive general liability insurance, including personal injury and property damage, with contractual liability endorsement, in the amount of Five Hundred Thousand Dollars ($500,000.00) for

property damage and One Million Dollars ($1,000,000.00) per occurrence for personal injuries or deaths of persons occurring in or about the Premises. Said policies shall (i) name Lessor as an additional insured and insure Lessor's contingent liability under this Lease (except for the worker's compensation policy, which instead shall include waiver of subrogation endorsement in favor of Lessor), (ii) be issued by an insurance company which is acceptable to Lessor, and (iii) provide that said insurance shall not be cancelled unless thirty (30) days prior written notice shall have been given to Lessor. Said policy or policies or certificates thereof shall be delivered to Lessor by Lessee upon commencement of the term of the Lease and upon each renewal of said insurance.

C. Lessee will not permit the Premises to be used for any purpose or in any manner that would (i) void the insurance thereon, (ii) increase the insurance risk, or (iii) cause the disallowance of any sprinkler credits, including without limitation, use of the Premises for the receipt, storage or handling of any product, material or merchandise that is explosive or highly inflammable. If any increase in the cost of any insurance on the Premises or the building of which the Premises are a part is caused by Lessee's use of the Premises, or because Lessee vacates the Premises, then Lessee shall pay the amount of such increase to Lessor.

10. FIRE AND CASUALTY DAMAGE.

A. If the Premises or the building of which the Premises are a part should be damaged or destroyed by fire or other peril, Lessee immediately shall give written notice to Lessor. If the buildings situated upon the Premises or of which the Premises are a part should be totally destroyed by any peril covered by the insurance to be provided by Lessor under Paragraph 9A above, or if they should be so damaged thereby that, in Lessor's estimation, rebuilding or repairs cannot be completed within one hundred eighty (180) days after the date of such damage, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective upon the date of the occurrence of such damage.

B. If the buildings situated upon the Premises or of which the Premises are a part, should be damaged by any peril covered by the insurance to be provided by Lessor under Paragraph 9A above, and in Lessor's estimation, rebuilding or repairs can be substantially completed within one hundred eighty (180) days after the date of such damage, this Lease shall not terminate, and Lessor shall restore the Premises to substantially its previous condition, except that Lessor shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements that may have been constructed, erected or installed in, or about the Premises or for the benefit of, or by or for Lessee.* If such repairs and rebuilding have not been substantially completed within one hundred eighty (180) days after the date of such damage, Lessee, as Lessee's exclusive remedy, may terminate this Lease by delivering written notice of termination to Lessor in which event the rights and obligations hereunder shall cease and terminate. *See Rider One, Para. 32.

C. Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then Lessor shall have the right to terminate this Lease by delivering written notice of termination to Lessee within fifteen (15) days after such requirement is made known by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

D. Anything in this Lease to the contrary notwithstanding, Lessor and Lessee hereby waive and release each other of and from any and all rights of recovery, claim, action or cause of action, against each other, their agents, officers and employees, for any loss or damage that may occur to the Premises, improvements to the building of which the Premises are a part, or personal property (building contents) within the building and/or Premises, for any reason regardless of cause or origin. Each party to this Lease agrees immediately after execution of this Lease to give each insurance company, which has issued to it policies of fire and extended coverage insurance, written notice of the terms of the mutual waivers contained in this subparagraph, and if necessary, to have the insurance policies properly endorsed.

11. LIABILITY AND INDEMNIFICATION. Except for any claims, rights of recovery and causes of action that Lessee has released, Lessor shall hold Lessee harmless and defend Lessee against any and all claims or liability for

any injury or damage to any person in, on or about the Premises or any part thereof and/or the building of which the Premises are a part, when such injury or damage shall be caused by the act, neglect, fault of, or omission of any duty with respect to the same by Lessor, its agents, servants and employees. Except for any claims, rights of recovery and causes of action that Lessor has released, Lessee shall hold Lessor harmless from and defend Lessor against any and all claims or liability for any injury or damage (i) to any person or property whatsoever occurring in, on or about the Premises or any part thereof and/or of the building of which the Premises are a part, including without limitation elevators, stairways, passageways or hallways, the use of which Lessee may have in accordance with this Lease, when such injury or damage shall be caused by the act, neglect, fault of, or omission of any duty with respect to the same by Lessee, its agents, servants, employees, or invitees (ii) arising from the conduct of management of any work done by the Lessee in or about the Premises, (iii) arising from transactions of the Lessee, and (iv) all costs, counsel fees, expenses and liabilities incurred in connection with any such claim or action or proceeding brought thereon. The provisions of this Paragraph 11 shall survive the expiration or termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

12. USE. The Premises shall be used only for the purpose of receiving, storing, shipping and selling (other than retail) products, materials and merchandise made and/or distributed by Lessee and for such other lawful purposes as may be incidental thereto. Outside storage, including without limitation, storage of trucks and other vehicles, is prohibited without Lessor's prior written consent. Lessee shall comply with all governmental laws, ordinances and regulations applicable to the use of the Premises, and promptly shall comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with, the Premises, all at Lessee's sole expense. Lessee shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action that would constitute a nuisance or would disturb, unreasonably interefere with, or endanger Lessor or any other lessees of the building in which the Premises are a part.

13. INSPECTION. Lessor and Lessor's agents and representatives shall have the right to enter the Premises at any reasonable time during business hours, to inspect the Premises and to make such repairs as may be required or permitted pursuant to this Lease. During the period that is six (6) months prior to the end of the Lease term, upon telephonic notice to Lessee, Lessor and Lessor's representatives may enter the Premises during business hours for the purpose of showing the Premises. In addition, Lessor shall have the right to erect a suitable sign on the Premises stating the Premises are available. Lessee shall notify Lessor in writing at least thirty (30) days prior to vacating the Premises and shall arrange to meet with Lessor for a joint inspection of the Premises prior to vacating. If Lessee fails to give such notice or to arrange for such inspection, then Lessor's inspection of the Premises shall be deemed correct for the purpose of determining Lessee's responsibility for repairs and restoration of the Premises.

14. ASSIGNMENT AND SUBLETTING.

A. Lessee shall not have the right to assign, sublet, transfer or encumber this Lease, or any interest therein, without the prior written consent of Lessor which shall not be unreasonably withheld. Any attempted assignment, subletting, transfer or encumbrance by Lessee in violation of the terms and covenants of this Paragraph shall be void. Notwithstanding the foregoing.

Lessee shall have the right to assign this Lease to any affiliate (as such term is defined in the Securities Act of 1933) provided that such assignment is in form satisfactory to Lessor. Any assignee, sublessee or transferee of Lessee's interest in this Lease (all such assignees, sublessees and transferees being hereinafter referred to as "Transferees"), by assuming Lessee's obligations hereunder, shall assume liability to Lessor for all amounts paid to persons other than Lessor by such Transferees in contravention of this Paragraph. No assignment, subletting or other transfer, whether consented to by Lessor or not or permitted hereunder shall relieve Lessee of its liability hereunder. If an event of default occurs while the Premises or any part thereof are assigned or sublet, then Lessor, in addition to any other remedies herein provided, or provided by law, may collect directly from such Transferee all rents payable to the Lessee and apply such rent against any sums due Lessor hereunder. No such collection shall be construed to constitute a novation or a release of Lessee from the further performance of Lessee's obligations hereunder.

B. If this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, 11 U.S.C. (S) 101 et. seq., (the "Bankruptcy Code"), any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Lessor, shall be and remain the exclusive property of Lessor and shall not constitute property of Lessee or of the estate of Lessee within the meaning of the Bankruptcy Code. Any and all monies or other considerations constituting Lessor's property under the preceding sentence not paid or delivered to Lessor shall be held in trust for the benefit of Lessor and be promptly paid or delivered to Lessor.

C. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code, shall be deemed, without further act or deed, to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such assignee shall upon demand execute and deliver to Lessor an instrument confirming such assumption.

15. CONDEMNATION. If more than twenty-five (25%) of the Premises are taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof and the taking prevents or materially interferes with the use of the Premises for the purpose for which they were leased to Lessee, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective on the date of such taking. If less than twenty-five (25%) of the Premises are taken for any public or quasi-public use under any governmental

law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Lease shall not terminate, but the rent payable hereunder during the unexpired portion of this Lease shall be reduced to such extent as may be fair and reasonable under all of the circumstances. All compensation awarded in connection with or as a result of any of the foregoing proceedings shall be the property of Lessor and Lessee hereby assigns any interest in any such award to Lessor; provided, however, Lessor shall have no interest in any award made to Lessee for loss of business or goodwill or for the taking of Lessee's fixtures and improvements, if a separate award for such items is made to Lessee.

16. HOLDING OVER. At the termination of this Lease by its expiration or otherwise, Lessee immediately shall deliver possession to Lessor with all repairs and maintenance required herein to be performed by Lessee completed. If, for any reason, Lessee retains possession of the Premises after the expiration or termination of this Lease, unless the parties hereto otherwise agree in writing, such possession shall be subject to termination by either Lessor or Lessee at any time upon not less than ten (10) days advance written notice, and all of the other terms and provisions of this Lease shall be applicable during such period, except that Lessee shall pay Lessor from time to time, upon demand, as rental for the period of such possession, an amount equal to double the rent in effect on the termination date, computed on a daily basis for each day of such period. No holding over by Lessee, whether with or without consent of Lessor shall operate to extend this Lease except as otherwise expressly provided. The preceding provisions of this Paragraph 16 shall not be construed as consent for Lessee to retain possession of the Premises in the absence of written consent thereto by Lessor.

17. QUIET ENJOYMENT. Lessor covenants that on or before the commencement date it will have good title to the Premises, free and clear of all liens and encumbrances, excepting only the lien for current taxes not yet due, such mortgage or mortgages as are permitted by the terms of this Lease, zoning ordinances and other building and fire ordinances and governmental regulations relating to the use of such property, and easements, restrictions and other conditions of record. If this Lease is a sublease, then Lessee agrees to take the Premises subject to the provisions of the prior Leases. Lessor represents that it has the authority to enter into this Lease and that so long as Lessee pays all amounts due hereunder and performs all other covenants and agreements herein set forth, Lessee shall peaceably and quietly have hold and enjoy the Premises for the term hereof without hindrance or molestation from Lessor, subject to the terms and provisions of this Lease.

18. EVENTS OF DEFAULT. The following events (herein individually referred to as "event of default") each shall be deemed to be events of nonperformance by Lessee under this Lease:

A. Lessee shall fail to pay any installment of the rent herein reserved when due, or any other payment or reimbursement to Lessor required herein when due, and such failure shall continue for a period of five (5) days from the date such payment was due.

B. The Lessee or any guarantor of the Lessee's obligations hereunder

shall (i) become insolvent; (ii) admit in writing its inability to pay its debts; (iii) make a general assignment for the benefit of creditors; (iv) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property; or (v) take any action to authorize or in contemplation of any of the actions set forth above in this Paragraph.

C. Any case, proceeding or other action against the Lessee or any guarantor of the Lessee's obligations hereunder shall be commenced seeking (i) to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent; (ii) reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors; (iii) appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (a) results in the entry of an order for relief against it which it is not fully stayed within seven (7) business days after the entry thereof or (b) shall remain undismissed for a period of forty-five (45) days.

D. Lessee shall (i) vacate all or a substantial portion of the Premises or (ii) fail to continuously operate its business at the Premises for the permitted use set forth herein, whether or not Lessee is in default of the rental payments due under this Lease.

E. Lessee shall fail to discharge any lien placed upon the Premises in violation of Paragraph 21 hereof within twenty (20) days after any such lien or encumbrance is filed against the Premises.

F. Lessee shall fail to comply with any term, provision or covenant of this Lease (other than those listed in this Paragraph 18), and shall not cure such failure within twenty (20) days after written notice thereof to Lessee.

19. REMEDIES.

A. Upon each occurrence of an event of default, Lessor shall have the option to pursue any one or more of the following remedies without any notice or demand:

(1) Terminate this Lease; and/or

(2) Enter upon and take possession of the Premises without terminating this Lease; and/or

(3) Alter all locks and other security devices at the Premises with or without terminating this Lease;

and in any such event Lessee immediately shall surrender the Premises to Lessor, and if Lessee fails so to do, Lessor, without waiving any other remedy it may have, may enter upon and take possession of the Premises and expel or remove Lessee and any other person who may be occupying such Premises or any part thereof, without being liable for prosecution or any claim of damages therefor.

B. If Lessor terminates this Lease, at Lessor's option, Lessee shall be liable for and shall pay to Lessor, the sum of all rental and other payments owed to Lessor hereunder accrued to the date of such termination, plus, as liquidated damages, an amount equal to (1) the present value of the total rental and other payments owed hereunder for the remaining portion of the Lease term, calculated as if such term expired on the date set forth in Paragraph 1, less (2) the then present fair market rental value of the Premises for such period, which because of the difficulty of ascertaining such value, Lessor and Lessee stipulate and agree, shall in no event be deemed to exceed seventy-five percent (75%) of the rental amount set forth in Paragraph 2 above.

C. If Lessor repossesses the Premises without terminating the Lease, Lessee, at Lessor's option, shall be liable for and shall pay Lessor on demand all rental and other payments owed to Lessor hereunder, accrued to the date of such repossession, plus all amounts required to be paid by Lessee to Lessor until the date of expiration of the term as stated in Paragraph 1, diminished by all amounts received by Lessor through reletting the Premises during such remaining term (but only to the extent of the rent herein reserved). Actions to collect amounts due by Lessee to Lessor under this subparagraph may be brought from time to time, on one or more occasions, without the necessity of Lessor's waiting until expiration of the Lease term.

D. Upon an event of default, in addition to any sum provided to be paid herein, Lessee also shall be liable for and shall pay to Lessor (i) brokers' fees incurred by Lessor in connection with reletting the whole or any part of the Premises; (ii) the costs of removing and storing Lessee's or other occupant's property; (iii) the costs of repairing, altering, remodeling or otherwise putting the Premises into condition acceptable to a new Lessee or Lessees; and (iv) all reasonable expenses incurred by Lessor in enforcing or defending Lessor's rights and/or remedies. If either party hereto institute any action or proceeding to enforce any provision hereof by reason of any alleged breach of any provision of this Lease, the prevailing party shall be entitled to receive from the losing party all reasonable attorneys' fees and all court costs in connection with such proceeding.

E. In the event Lessee fails to make any payment due hereunder when payment is due, to help defray the additional cost to Lessor for processing such late payments, Lessee shall pay to Lessor on demand a late charge in an amount equal to five percent (5%) of such installment; and the failure to pay such amount within ten (10) days after demand therefor shall be an additional

event of default hereunder. The provision for such late charge shall be in addition to all of Lessor's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Lessor's remedies in any manner.

F. Exercise by Lessor of any one or more remedies hereunder granted or otherwise available shall not be deemed to be an acceptance of surrender of the Premises by Lessor, whether by agreement or by operation of law, it being understood that such surrender can be effected only by the written agreement of Lessor and Lessee. Lessee and Lessor further agree that forbearance by Lessor to enforce its rights pursuant to the Lease at law or in equity, shall not be a waiver of Lessor's right to enforce one or more of its rights in connection with any subsequent default.

G. In the event of termination and/or repossession of the Premises for an event of default, Lessor shall use reasonable efforts to relet the Premises and to collect rental after reletting; provided, that, Lessee shall not be entitled to credit or reimbursement of any proceeds in excess of the rental owed hereunder. Lessor may relet the whole or any portion of the Premises for any period, to any Lessee and for any use and purpose.

H. If Lessor fails to perform any of its obligations hereunder within thirty (30) days after written notice from Lessee specifying such failure, Lessee's exclusive remedy shall be an action for damages and/or possession. Unless and until Lessor fails to so cure any default after such notice, Lessee shall not have any remedy or cause of action by reason thereof. All obligations of Lessor hereunder will be construed as covenants, not conditions; and all such obligations will be binding upon Lessor only during the period of its possession of the Premises and not thereafter. The term "Lessor" shall mean only the owner, for the time being of the Premises, and in the event of the transfer by such owner of its interest in the Premises, such owner shall thereupon be released and discharged from all covenants and obligations of the Lessor thereafter accruing, but such covenants and obligations shall be binding during the Lease term upon each new owner for the duration of such owner's ownership. Notwithstanding any other provision hereof, Lessor shall not have any personal liability hereunder. In the event of any breach or default by Lessor in any term or provision of this Lease, Lessee agrees to look solely to the equity or interest then owned by Lessor in the Premises or of the building of which the Premises are a part; however, in no event, shall any deficiency judgment or any money judgment of any kind be sought or obtained against any party Lessor.

I. If Lessor repossesses the Premises pursuant to the authority herein granted, then Lessor shall have the right to (i) keep in place and use or (ii) remove and store all of the furniture, fixtures and equipment at the Premises, including that which is owned by or leased to Lessee at all times prior to any foreclosure thereon by Lessor or repossession thereof by any Lessor thereof or third party having a lien thereon. Lessor also shall have the right to relinquish possession of all or any portion of such furniture, fixtures, equipment and other property to any person ("Claimant") who presents to Lessor a copy of any instrument represented by Claimant to have been executed by Lessee (or any predecessor of Lessee) granting Claimant the right under various

circumstances to take possession of such furniture, fixtures, equipment or other property, without the necessity on the part of Lessor to inquire into the authenticity or legality of said instrument. The rights of Lessor herein stated shall be in addition to any and all other rights that Lessor has or may hereafter have at law or in equity; and Lessee stipulates and agrees that the rights herein granted Lessor are commercially reasonable.

J. Notwithstanding anything in this Lease to the contrary, all amounts payable by Lessee to or on behalf of Lessor under this Lease, whether or not expressly denominated as rent, shall constitute rent for the purposes of Section 502(b) (7) of the Bankruptcy Code, 11 U.S.C. (S) 502(b) (7).

K. This is a contract under which applicable law excuses Lessor from accepting performance from (or rendering performance to) any person or entity other than Lessee within the meaning of Sections 365(c) and 365(e) (2) of the Bankruptcy Code, 11 U.S.C. (S)(S) 365(c) and 365(e) (2).

20. MORTGAGES. Lessee accepts this Lease subject and subordinate to any mortgages and/or deeds of trust now or at any time hereafter constituting a lien or charge upon the Premises or the improvements situated thereon or the building of which the Premises are a part, provided, however, that if the mortgages, trustee, or holder of any such mortgage or deed of trust elects to have Lessee's interest in this Lease superior to any such

instrument, then by notice to Lessee from such mortgagee, trustee or holder, this Lease shall be deemed superior to such lien, whether this Lease was executed before or after said mortgage or deed of trust. Lessee, at any time hereafter on demand, shall execute any instruments, release-or other documents that may be required by any mortgagee for the purpose of subjecting and subordinating this Lease to the lien of any such mortgage.

21. MECHANIC'S LIENS. Lessee has no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind the interest of Lessor or Lessee in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Lessee, including those who may furnish materials or perform labor for any construction or repairs. Lessee covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Premises and that it will save and hold Lessor harmless from any and all loss, cost or expense based on or arising out of asserted claims or liens against the leasehold estate or against the right, title and interest of the Lessor in the Premises or under the terms of this Lease. Lessee agrees to give Lessor immediate written notice of the placing of any lien or encumbrance against the Premises.

22. MISCELLANEOUS.

A. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

B. In the event the Premises constitute a portion of a multiple occupancy building, Lessee's "proportionate share", as used in this Lease, shall mean a fraction, the numerator of which is the space contained in the Premises and the denominator of which is the entire space contained in the building.

C. The terms, provisions and covenants and conditions contained in this Lease shall run with the land and shall apply to, inure to the benefit of, and be binding upon, the parties hereto and upon their respective heirs, executors, personal representatives, legal representatives, successors and assigns, except as otherwise herein expressly provided. Lessor shall have the right to transfer and assign, in whole or in part, its rights and obligations in the building and property that are the subject of this Lease. Each party agrees to furnish to the other, promptly upon demand, a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization of such party to enter into this Lease.

D. Lessor shall not be held responsible for delays in the performance of its obligations hereunder when caused by material shortages, acts of God or labor disputes.

E. Lessee agrees, from time to time, within ten (10) days after request of Lessor, to deliver to Lessor, or Lessor's designee, a Certificate of Occupancy and an estoppel certificate stating that this Lease is in full force and effect, the date to which rent has been paid, the unexpired term of this Lease and such other factual matters pertaining to this Lease as may be requested by Lessor. It is understood and agreed that Lessee's obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Lessor's execution of this Lease.

F. This Lease constitutes the entire understanding and agreement of the Lessor and Lessee with respect to the subject matter of this Lease, and contains all of the covenants and agreements of Lessor and Lessee with respect thereto. Lessor and Lessee each acknowledge that no representations, inducements, promises or agreements, oral or written, have been made by Lessor or Lessee, or anyone acting on behalf of Lessor or Lessee, which are not contained herein, and any prior agreements, promises, negotiations, or representations not expressly set forth in this Lease are of no force or effect. This Lease may not be altered, changed or amended except by an instrument in writing signed by both parties hereto.

G. All obligations of Lessee hereunder not fully performed as of the expiration or earlier termination of the term of this Lease shall survive the

expiration or earlier termination of the term hereof, including without limitation, all payment obligations with respect to taxes and insurance and all obligations concerning the condition and repair of the Premises. Upon the expiration or earlier termination of the term hereof, and prior to Lessee vacating the Premises, Lessee shall pay to Lessor any amount reasonably estimated by Lessor as necessary to put the Premises, including without limitation, all heating and air conditioning systems and equipment therein, in good condition and repair, reasonable wear and tear excluded. Lessee shall also, prior to vacating the Premises, pay to Lessor the amount, as estimated by Lessor, of Lessee's obligation hereunder for real estate taxes and insurance premiums for the year in which the Lease expires or terminates. All such amounts shall be used and held by Lessor for payment of such obligations of Lessee hereunder, with Lessee being liable for any additional costs therefor upon demand by Lessor, or with any excess to be returned to Lessee after all such obligations have been determined and satisfied as the case may be. Any security deposit held by Lessor shall be credited against the amount due from Lessee under this Paragraph 22G.

H. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

I. All references in this Lease to "the date hereof" or similar references shall be deemed to refer to the last date, in point of time, on which all parties hereto have executed this Lease.

J. Lessee represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction or that no broker, agent or other person brought about this transaction, other than as may be referenced in a separate written agreement executed by Lessee, and Lessee agrees to indemnify and hold Lessor harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Lessee with regard to this leasing transaction.

K. If and when included within the term "Lessor", as used in this instrument, there is more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of a notice specifying some individual at some specific address for the receipt of notices and payments to Lessor. If and when included within the term "Lessee", as used in this instrument, there is more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of a notice specifying some individual at some specific address within the continental United States for the receipt of notices and payments to Lessee. All parties included within the terms "Lessor" and "Lessee", respectively shall be bound by notices given in accordance with the provisions of Paragraph 24 hereof to the same effect as if each had received such notice.

23. ADDITIONAL PROVISIONS. See Exhibit attached hereto and incorporated by reference herein.

24. NOTICES. Each provision of this instrument or of any applicable governmental laws, ordinances, regulations and other requirements with reference to the sending mailing or delivering of notice or the making of any payment by Lessor to Lessee or with reference to the sending, mailing or delivering of any notice or the

making of any payment by Lessee, Lessor shall be deemed to be complied ???? and if the following steps are taken:

(a) All rent and other payments required to be made by Lessee to Lessor hereunder shall be payable to Lessor at the address for Lessor set forth below or at such other address as Lessor may specify from time to time by written notice delivered in accordance herewith. Lessee's obligation to pay rent and any other amounts to Lessor under the terms of this Lease shall not be deemed satisfied until such rent and other amounts have been actually received by Lessor. In addition to base rental due hereunder, all sums of money and all payments due Lessor hereunder shall be deemed to be additional rental owed to Lessor.

(b) All payments required to be made by Lessor to Lessee hereunder shall be payable to Lessee at the address set forth below, or at such other address within the continental United States as Lessee may specify from time to time by written notice delivered in accordance herewith.

(c) Any written notice or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not when deposited in the United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set out below, or at such other address as they have theretofore specified by written notice delivered in accordance herewith.

25. LESSOR'S LIEN. In addition to any statutory lien for rent in Lessor's favor, Lessor shall have and Lessee hereby grants to Lessor a continuing security interest for all rentals and other sums of money become due hereunder from Lessee, upon all goods, wares, equipment, fixtures, furniture, inventory, and other personal property of Lessee situated on the Premises subject to this Lease, and such property shall not be removed therefrom without the consent of Lessor until all arrearages in rent as well as any and all other sums of money then due to Lessor hereunder shall first have been paid and discharged. Upon a default hereunder by Lessee in addition to all other rights and remedies, Lessor shall have all rights and remedies under the Uniform Commercial Code, including without limitation, the right to sell the property described in this Paragraph at public or private sale upon five (5) days notice by Lessor. Lessee hereby

agrees to execute such other instruments, necessary or desirable under applicable law to perfect the security interest hereby created.

EXECUTED BY LESSOR, this 7 day of May, 1988

DALWARE II ASSOCIATES (By Trammell Crow Company No. 49, General Partner)

Attest/Witness

_____ By _____
J. MARC MYERS

Title:_____ Title: Managing General Partner

ADDRESS:
DALWARE II ASSOCIATES (By Trammell Crow
Company No. 49, General Partner)
1499 Regal Row, Suite 302
Dallas, Texas 75247

EXECUTED BY LESSEE, this 3 day of Nov., 1988.

Attest/Witness

STATIONERS DISTRIBUTING COMPANY, INC.

_____ By _____

Title: Admin. Asst. Title: UP & CFO

ADDRESS:
STATIONERS DISTRIBUTING COMPANY, INC.
613-21 Mockingbird Lane
Dallas, Texas 75247

FORM 86-MOD NE

RIDER ONE

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26. The monthly base rental referred to in Paragraph 2.A. shall be as follows for the primary term of this Lease Agreement:

<TABLE>

<S>	<C>
Months 1 - 29	$26,808.03
Months 30 - 89	$28,049.14
Months 90 - 125	$29,373.00

</TABLE>

27. The existing leases between Stationers Distributing Company, Inc. and Dalware II Associates for the 99,289 sq. ft. on Mockingbird Lane will be terminated upon commencement of this Lease.

28. Provided that Lessee is not in default of the terms of this Lease Agreement, it is hereby agreed and understood that in the event Lessee requires additional warehouse space in Dallas County and Lessor and Lessee executed a new Lease Agreement for a minimum of 200,000 square feet, this Lease shall be cancelled as of the commencement date of the new Lease covering the larger space. It is understood that upon the commencement date of the new Lease, Lessee shall deliver the herein demised premises to the Lessor in the condition required by this Lease Agreement. Upon such cancellation, Lessor and Lessee shall be released from any further obligations or liabilities accrued under this Lease prior to the comencement date of such new Lease.

29. Prior to December 10, 1988, Lessor agrees to perform the improvements listed below (See Exhibit "B"):

Improvements to Current Space

- Remodel 1st floor office
- Enclose and finish 2nd floor office
- Add 45 double bulb lights to warehouse
- Enclose take-out area with counter

RIDER 1, PARAGRAPH 30. HAZARDOUS WASTE. The term "Hazardous Substances," as used in this lease shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the use and/or the removal of which is required or the use of which is restricted, prohibited or penalized by any "Environmental Law," which term shall mean any federal, state or local law, ordinance or other statute of a governmental or quasi-governmental authority relating to pollution or protection of the environment. Lessee hereby agrees that (i) no activity will be conducted on the premises that will produce any Hazardous Substance, except for such activities that are part of the ordinary course of Lessee's business activities (the "Permitted Activities") provided said Permitted

Activities are conducted in accordance with all Environmental Laws and have been approved in advance in writing by Lessor; Lessee shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (ii) the premises will not be used in any manner for the storage of any Hazardous Substances except for the temporary storage of such materials that are used in the ordinary course of Lessee's business (the "Permitted Materials") provided such Permitted Materials are properly stored in a manner and location meeting all Environmental Laws and approved in advance in writing by Lessor; Lessee shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (iii) no portion of the premises will be used as a landfill or a dump; (iv) Lessee will not install any underground tanks of any type; (v) Lessee will not allow any surface or subsurface conditions to exist or come into existence that constitute, or with the passage of time may constitute a public or private nuisance; (vi) Lessee will not permit any Hazardous Substances to be brought onto the premises, except for the Permitted Materials described below, and if so brought or found located thereon, the same shall be immediately removed, with proper disposal, and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws. Lessor or Lessor's representative shall have the right but not the obligation to enter the premises for the purpose of inspecting the storage, use and disposal of Permitted Materials to ensure compliance with all Environmental Laws. Should it be determined, in Lessor's sole opinion, that said Permitted Materials are being improperly stored, used, or disposed of, then Lessee shall immediately take such corrective action as requested by Lessor. Should Lessee fail to take such corrective action within 24 hours, Lessor shall have the right to perform such work and Lessee shall promptly reimburse Lessor for any and all costs associated with said work. If at any time during or after the term of the lease, the premises is found to be so contaminated or subject to said conditions, Lessee shall diligently institute proper and thorough cleanup procedures at Lessee's sole cost, and Lessee agrees to indemnify and hold Lessor harmless from all claims, demands, actions, liabilities, costs, expenses, damages and obligations of any nature arising from or as a result of the use of the premises by Lessee. The foregoing indemnification and the responsibilities of Lessee shall survive the termination or expiration of this Lease.

Permitted Materials (if none, enter "None"):

31. All signs presently existing are deemed to be approved and additional signage of a like or similar nature is approved by Landlord for the side of the building facing Irving Blvd.

32. Lessor shall, however, be required to give Lessee notice of Lessor's intent to rebuild or repair within ten (10) days of the damaging event or Lessee shall have the right to terminate the lease.

If Lessor elects to repair or rebuild Lessor shall provide comparable temporary space to Lessee during such periods all at Lessor's expense.

EXHIBIT A-1

[STREET MAP OF PLAT OF LOTS 1 AND 2]

EXHIBIT "A"

RIDER ONE

26. The monthly base rental referred to in Paragraph 2.A. shall be as follows for the primary term of this Lease Agreement:

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Improvements to Current Space

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- Add 45 double bulb lights to warehouse
- Enclose take-out area with counter

COMMERCIAL 91 DALLAS, TEXAS 75247
#200899-03

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT, made and entered into by and between UNITED STATIONERS SUPPLY CO., hereinafter referred to as "Sublessor", and REHRIG PACIFIC COMPANY, hereinafter referred to as "Sublessee";

W I T N E S S E T H:

1. PREMISES AND TERM.

A. In consideration of the mutual obligations of Sublessor and Sublessee set forth herein, Sublessor leases to Sublessee, and Sublessee hereby takes from Sublessor the approximately 44,770 square feet more particularly outlined on the floor plan attached as EXHIBIT "A-1" (the "Premises"), which Premises are part of that approximately 127,789 square foot building (the "Building") located on the real property situated within the County of Dallas, State of Texas, which real property is more particularly described on EXHIBIT "A" attached hereto and incorporated herein by reference (the "Land"), together with all rights, privileges, easements, appurtenances, and amenities belonging to or in any way pertaining to the Premises, to have and to hold, subject to the terms, covenants and conditions in this Sublease.

B. The term of this Sublease shall commence on JUNE 1, 1993 (the "Commencement Date"). The term of this Sublease shall end on the last day of the calendar month that is 72 full months after the Commencement Date.

2. BASE RENT, SECURITY DEPOSIT AND ESCROW PAYMENTS.

A. Sublessee agrees to pay to Sublessor base rent for the Premises, in advance, without demand, deduction or set off, at the rate of FOUR THOUSAND FIVE HUNDRED SIXTY SIX & 54/100 Dollars ($4,566.54*) per month during the term hereof. One such monthly installment, plus the other monthly charges set forth in Paragraph 2.C. below shall be due and payable on the date hereof and a like monthly installment shall be due and payable on or before the first day of each calendar month succeeding the Commencement Date, except that all payments due hereunder for any fractional calendar month shall be prorated. * SEE RIDER ONE, PARAGRAPH 26

B. In addition, Sublessee agrees to deposit with Sublessor on the date hereof the sum of TEN THOUSAND & 00/100 Dollars ($10,000.00), which shall be held by Sublessor as security for the performance of Sublessee's obligations under this Sublease, it being expressly understood and agreed that this deposit is not an advance rental deposit or a measure of Sublessor's damages in case of Sublessee's default. Upon each occurrence of an event of default, Sublessor may use all or part of the deposit to pay past due rent or other payments due Sublessor under this Sublease, and the cost of any other damage, injury, expense or liability caused by such event of default without prejudice to any other remedy provided herein or provided by law. On demand, Sublessee shall pay Sublessor the amount that will restore the security deposit to its original

amount.

C. Sublessee agrees to pay as additional rent, its proportionate share (as defined in Paragraph 22.B. below) of (1) Taxes (hereinafter defined) payable by Sublessor pursuant to Paragraph 3.A. below, (2) the cost of any jointly metered utilities payable pursuant to Paragraph 8. below, (3) the cost of maintaining insurance, and (4) the cost of repairs, replacement, replacement reserve for capital items and other operating expenses to the extent required by the Master Lease. During each month of the term of this Sublease, on the same day that base rent is due hereunder, Sublessee shall escrow with Sublessor an amount equal to 1/12 of the estimated annual cost of its proportionate share of such items. Sublessee authorizes Sublessor to use the funds deposited with Sublessor under this Paragraph 2.C. to pay such costs. The initial monthly escrow payments are based upon the estimated amounts for the year in question, and shall be increased or decreased annually to reflect the projected actual cost of all such items. If the Sublessee's total escrow payments are less than Sublessee's actual proportionate share of all such items, Sublessee shall pay the difference to Sublessor within ten (10) days after demand. If the total escrow payments of Sublessee are more than Sublessee's actual proportionate share of all such items, Sublessor shall retain such excess and credit

it against Sublessee's next annual escrow payments. Sublessee shall on request be given an accounting for the foregoing payments and allocations within two (2) weeks of the request. The amount of the monthly rental and the initial monthly escrow payments are as follows:

<TABLE>

<S>		<C>
(a)	Base Rent as set forth in Paragraph 2.A.....	$4,566.54*
(b)	Taxes as set forth in Paragraph 2.C.(1).....	$1,977.34
(c)	Insurance, Commonly Metered Utilities, if any, and Operating Expenses as set forth in Paragraphs 2.C.(2), (3) & (4)	$ 671.54
	Monthly Payment Total.....	$7,215.42

</TABLE>

*SEE RIDER ONE, PARAGRAPH 26

3. TAXES.

A. Sublessor agrees to pay its proportionate share of all taxes, assessments and/or governmental charges of any kind and nature (collectively referred to herein as "Taxes") that accrue against the Premises, the Land and/or the Building which are assessed for and applicable to a period within the lease term. If at any time during the term of this Sublease, there shall be levied, assessed or imposed on Sublessor a capital levy or other tax other than an income tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part upon such

rents from the Premises, the Land and/or the Building, then all such taxes, assessments, levies or charges, or the part, thereof so measured or based, shall be deemed to be included within the term "Taxes" for the purposes hereof. The Sublessor shall have the right to employ a tax consulting firm to attempt to assure a fair tax burden on the building and grounds within the applicable taxing jurisdiction. Sublessee agrees to pay its proportionate share of the reasonable cost of such consultant.

B. Sublessee shall be liable for all taxes levied or assessed against any personal property or fixtures placed in the Premises by Sublessee. If any such taxes are levied or assessed against Sublessor or Sublessor's property and (1) Sublessor pays the same or (2) the assessed value of Sublessor's property is increased by inclusion of such personal property and fixtures and Sublessor pays the increased taxes, then, upon demand Sublessee shall pay to Sublessor such taxes. In addition, if the Building is a multi tenant Building and the cost of any improvements constructed to the Sublessee's Premises is disproportionately higher than the cost of improvements constructed to the premises of other tenants of the Building, then upon demand Sublessee shall pay the amount of Taxes attributable to such disproportionately more expensive improvements in addition to its proportionate share of Taxes payable in accordance with Paragraph 2.

4. SUBLESSOR'S REPAIRS.

A. Sublessee understands and agrees that this Sublease is intended to be a "net" lease, and as such, Sublessor's maintenance, repair and replacement obligations are limited to those set forth in this Paragraph 4 A. Sublessor, at its own cost and expense, shall be responsible only for roof membrane and replacement and for repair and replacement of only the foundation, and the structural members of the exterior walls of the Building. The terms "roof" and "walls" as used herein shall not include skylights, windows, glass or plate glass, doors, special store fronts or office entries. Sublessee shall immediately give Sublessor written notice of defect or need for repairs, after which Sublessor shall have reasonable opportunity to repair same or cure such defect. Sublessor's liability with respect to any defects, repairs, replacement or maintenance for which Sublessor is responsible hereunder shall be limited to the cost of such repairs or maintenance or the curing of such defect.

B. Sublessor reserves the right to perform the Sublessee's maintenance, repair and replacement obligations and any other items that are otherwise Sublessee's obligations under Paragraph 5.B, in which event, Sublessee shall be liable for the cost and expense of such repair, replacement, maintenance and other such items.

5. SUBLESSEE'S MAINTENANCE AND REPAIR OBLIGATIONS.

A. Sublessee, at its own cost and expense, shall maintain all parts of the Premises (except those for which Sublessor is expressly responsible hereunder) in good condition, reasonable wear and tear excepted, and promptly make all necessary repairs and replacements to the Premises.

B. In addition to Sublessee's obligations under the preceding

subparagraph A., if Sublessee is the only occupant of the Building, unless Sublessor and Sublessee otherwise agree, Sublessee is responsible for causing the parking areas, driveways, alleys and grounds surrounding the Premises (except those for which Sublessor is expressly responsible hereunder) to be maintained in a good, neat, clean and sanitary condition, consistent with the operation of a first class office/warehouse building, which includes without limitation, prompt maintenance, repairs and replacements 1) of any drill or spur track servicing the Premises, 2) of the parking area associated with the Building, 3) of all grass, shrubbery and other landscape treatments surrounding the Building, 4) of the exterior of the Building (including painting), 5) of sprinkler systems, sewage lines, and 6) of any other maintenance, repair or replacement items normally associated with the foregoing. In addition, Sublessee shall repair and pay for any damage caused by the negligence of Sublessee, or Sublessee's employees, agents or invitees, or caused by Sublessee's default hereunder.

C. In the event that the Sublessee is not the sole occupant of the Building, then subject to payment by Sublessee, Lessor shall perform the maintenance, repair, and replacement obligations set forth in the foregoing Subparagraph B. Sublessee shall be liable for its Proportionate Share of the cost and expense of such repair, replacement, replacement reserve, maintenance and other such items. The amount of Sublessee's rental obligation set forth in Paragraph 2.A. above does not include the cost of such items, and Lessor's performance of repair, replacement, maintenance and other items, is not a condition to payment of such rental obligations.

D. Sublessee agrees to pay its Proportionate Share of the cost of (1) operation, maintenance and/or landscaping of any property or facility that is operated, maintained or landscaped by any property owner or community owner association that is named in any restrictive covenants or deed restrictions to which the Premises are subject, and which are actually billed to the Building, and (2) operating and maintaining any property, facilities or services provided for the common use of Sublessee and other lessees of the Building, which costs shall include, without limitation, maintenance and repair costs, sewer, landscaping, trash and security (if furnished by Sublessor), amounts paid to contractors or subcontractors for work or services performed in connection with the operation and maintenance of the Building, all service, supplies, repairs, replacements or other expenses for maintaining and operating the Building, and any other facilities or services provided for the common use of Sublessee and other lessees of the Building.

E. Sublessee shall enter into a regularly scheduled preventive maintenance/service contract with a maintenance contractor for servicing all hot water, heating and air conditioning systems and equipment within the Premises, with a contractor approved by Sublessor. Sublessee shall be responsible for all costs and expenses required thereunder.

F. Sublessee agrees to sign a joint maintenance agreement with the railroad company servicing the Premises if requested by the railroad company.

Lessor shall have the right to coordinate all repairs and maintenance of any rail tracks serving or intended to serve the Premises and, if Lessee uses such rail tracks, Sublessee shall reimburse Sublessor from time to time, upon demand, for its Proportionate Share of the costs of such repairs and maintenance and any other sums specified in any agreement respecting such tracks to which Sublessor is a party.

Notwithstanding any provision of this Sublease, Sublessee shall not be responsible for any capital improvements or replacements as defined by GAAP (Generally accepted accounting principles), except to the extent capital improvements have been damaged by Sublessee or its agents or invitees.

6. ALTERATIONS. Sublessee shall not make any alterations, additions or improvements to the Premises without the prior written consent of Sublessor. Sublessee, at its own cost and expense, may erect such shelves, bins, machinery and trade fixtures as it desires provided that (a) such items do not alter the basic character of the Premises or the Building; (b) such items do not overload or damage the same; (c) such items may be removed without injury to the Premises; and (d) the construction, erection or installation thereof complies with all applicable governmental laws, ordinances, regulations and with Sublessor's specifications and requirements. All shelves, bins, machinery and trade fixtures installed by Sublessee shall be removed on or before the earlier to occur of the date of termination of this Sublease or vacating the Premises, at which time Sublessee shall restore the Premises to their original condition. All installations, removals and restoration shall be performed in a good and workmanlike manner so as not to damage or alter the primary structure or structural qualities of the Building or the Premises.

7. SIGNS. Any signage, decorations, advertising media, blinds, draperies, window treatments, bars, and security installations Sublessee desires for the Premises shall be subject to Sublessor's prior written approval and shall be submitted to Sublessor prior to the Commencement Date. Sublessee shall repair, paint, and/or replace the building facia surface to which its signs are attached upon vacation of the Premises, or the removal or alteration of its signage, all of which shall be accomplished at Sublessee's sole cost and expense. Sublessee shall not, (i) make any changes to the exterior of the Premises, (ii) install any exterior lights, decorations, balloons, flags, pennants, banners or painting, or (3) erect or install any signs, windows or door lettering, decals, window and storefront stickers, placards, decorations or advertising media of any type that can be viewed from the exterior of the Premises, without Sublessor's prior written consent.

8. UTILITIES. Sublessee shall obtain and pay for all water, gas, heat, light, power, telephone, sewer, sprinkler charges and other utilities and services used on or at the Premises, together with any taxes, penalties, surcharges or the like pertaining to the Sublessee's use of the Premises, and any maintenance charges for utilities. Sublessor shall have the right to cause any of said services to be separately metered to Sublessee, at Sublessee's expense. Sublessee shall pay its pro rata share, as reasonably determined by Sublessor, of all charges for jointly metered utilities. Sublessor shall not be liable for any interruption or failure of utility service on the Premises.

9. INSURANCE.

A. Lessor shall maintain insurance covering the Building and the Premises in an amount not less than eighty percent (80%) of the "replacement cost" thereof insuring against the perils and costs of Fire, Lightning, Extended Coverage, Vandalism and Malicious Mischief, Liability and Rental Interruption and such other insurance as Lessor shall deem necessary.

B. Sublessee, at its own expense, shall maintain during the term of this Sublease (1) a policy or policies of worker's compensation and comprehensive general liability insurance (with contractual liability endorsement), including personal injury and property damage in the amount of Five Hundred Thousand Dollars ($500,000.00) per occurrence for property damage and One Million Dollars ($1,000,000.00) per occurrence for personal injuries or deaths of persons occurring in or about the Premises and (2) fire and extended coverage insurance covering the replacement cost of (a) all alterations, additions, partitions and improvements installed or placed on the Premises, (b) all of Sublessee's personal property contained within the Premises and (c) business interruption insurance insuring loss of profits in the event of an insured peril damaging the Premises. Said policies shall (i) name Sublessor, A.C.S.S. Dallas Industrial, Inc., Trammell Crow Company, and Trammell Crow Dallas Industrial, Inc. as additional insureds, (ii) be issued by an insurance company which is acceptable to Sublessor, (iii) provide that said insurance shall not be cancelled unless thirty (30) days prior written notice shall have been given to Sublessor, (iv) shall be delivered to Sublessor by Sublessee upon commencement of the term of the Sublease and upon each renewal of said insurance, and (v) shall provide primary coverage to Sublessor when any policy issued to Sublessor is similar or duplicate in coverage, and Sublessor's policy shall be excess over Sublessee's policies.

C. Sublessee will not permit the Premises to be used for any purpose or in any manner that would (1) void the insurance thereon, (2) increase the insurance risk, or (3) cause the disallowance of any sprinkler credits. Sublessee shall pay any increase in the cost of any insurance on the Premises or the Building, which is caused by Sublessee's use of the Premises, or because Sublessee vacates the Premises.

10. FIRE AND CASUALTY DAMAGE.

A. Sublessee immediately shall give written notice to Sublessor if the Premises or the Building are damaged or destroyed. If the Premises or the Building should be totally destroyed or so damaged by an insured peril and in Sublessor's estimation, rebuilding or repairs cannot be completed within one hundred eighty (180) days after the date of Sublessor's actual knowledge of such damage, this Sublease shall terminate and the rent shall be abated during the unexpired portion of this Sublease, effective upon the date of the occurrence of such damage.

B. If the Building or the Premises should be damaged by any insured

peril, and in Lessor's estimation, rebuilding or repairs can be substantially completed within one hundred eighty (180) days after the date of Lessor's actual knowledge of such damage, this Sublease shall not terminate, and Lessor shall restore the Premises to substantially its previous condition, except that Lessor shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements required to be covered by Sublessee's insurance pursuant to Paragraph 9.B. above. Effective upon the date of the occurrence of such damage and ending upon substantial completion (as defined in Paragraph 1.B. above), if the Premises are untenantable in whole or part during such period, the rent shall be reduced to such extent as may be fair and reasonable under all of the circumstances. If such repairs and rebuilding have not been substantially completed within one hundred eighty (180) days after the date of such damage, Sublessee, as Sublessee's exclusive remedy, may terminate this Sublease by delivering written notice of termination to Lessor in which event the rights and obligations hereunder shall cease and terminate.

D. Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then Sublessor shall have the right to terminate this Sublease by delivering written notice of termination to Sublessee within fifteen (15) days after such requirement is made known by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

E. Anything in this Sublease to the contrary notwithstanding except as set forth in Paragraph 10.C. above, to the extent of a recovery of loss proceeds under the policies of insurance described in this Sublease, Sublessor and Sublessee hereby waive and release each other and any related parties and affiliates of and from any and all rights of recovery, claim, action or cause of action, against each other, their agents, officers and employees, for any loss or damage that may occur to the Premises, the Building, or personal property within the Building and/or Premises arising from or caused by fire or other casualty or hazard covered or required to be covered by hazard insurance under this Sublease. Upon execution of this Sublease, Sublessor and Sublessee shall notify their respective insurance companies of the mutual waivers contained herein and, if available, shall cause each policy described in this Sublease to be so endorsed.

11. LIABILITY AND INDEMNIFICATION.

A. Sublessor shall hold Sublessee harmless and defend Sublessee against any and all claims, actions, damages or liability (including without limitation, all costs, attorneys fees and expenses incurred in connection therewith) in connection with any loss, injury or damage to any person or property occurring in, on or about or arising out of all or part of the Premises and/or the Building or the use or occupancy thereof, or the conduct or operation of Sublessor's business, when such injury or damage shall be caused by the act, neglect, fault of, or omission of, any duty with respect to the same by Sublessor, its agents, servants and employees (unless the indemnified loss is caused wholly or in part by Sublessee's breach of this Sublease or its negligence, in which event this indemnity shall not apply to the allocable

share of such loss resulting from Sublessee's breach of this Sublease or its negligence).

B. Sublessee shall indemnify, protect, hold harmless and defend Sublessor, its agents, employees, contractors, customers, partners, directors, officers and any affiliates (as defined in the Securities Act of 1933) (collectively, the "Sublessor Affiliates") against any and all obligations, suits, losses, judgments, claims, actions, damages or liability (including without limitation, all costs, attorneys fees and expenses incurred in connection therewith) in connection with any loss, injury or damage to any person or property occurring in, on or about or arising out of all or part of the Premises and/or the Building or the use or occupancy thereof, or the conduct or operation of Sublessee's business, when such injury or damage 1. shall be caused by the act, neglect, fault of, or omission of, any duty with respect to the same by Sublessee, its agents, servants and employees, and/or 2. arises from a breach, violation or non-performance of any term, provision, covenant or agreement of Sublessee hereunder, or a breach or violation by Sublessee of any court order or any law, regulation, or ordinance of any federal, state or local authority (collectively, the "Losses"), except to the extent if the Losses are caused wholly or in part by Sublessor's breach of this Sub-Lease or the negligence of Sublessor and/or Sublessor Affiliates, or contractors. If any claim is made against Sublessor or Sublessor's Affiliates, Sublessee, at its sole cost and expense, shall defend any such claim, suit or proceeding by or through attorneys satisfactory to Sublessor.

C. The provisions of this Paragraph shall survive the expiration or termination of this Sublease with respect to any claims or liability occurring prior to such expiration or termination. The indemnification provided by this Paragraph is subject to Sublessee's and Sublessor's waiver of recovery in the preceding Paragraph 10. to the extent of either Sublessee's or Sublessor's recovery of loss proceeds under policies of insurance described in Paragraph 10.

12. USE.

A. The Premises shall be used only for the purpose of, manufacturing, recycling receiving, storing, shipping and selling (other than retail) products, materials and merchandise made and/or distributed by Sublessee and for such other lawful purposes as may be incidental thereto. Sublessee shall not use the Premises for the receipt, storage or handling of any product, material or merchandise that is explosive or highly inflammable or hazardous. Outside storage, including without limitation, storage of

trucks and other vehicles, is prohibited without Sublessor's prior written consent. Sublessee shall comply with all governmental laws, ordinances and regulations applicable to the use of the Premises, and promptly shall comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with, the Premises, all at Sublessee's sole expense. Sublessee shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the

Premises, nor take any other action that would constitute a nuisance or would disturb, unreasonably interfere with, or endanger Sublessor or any other lessees of the Building.

B. Sublessee and its employees, customers and licensees shall have the non-exclusive rights to use any parking areas associated with the Premises that have been designated for such use by Sublessor, subject to (1) all reasonable rules and regulations promulgated by Sublessor and (2) rights of ingress and egress of other lessees. Sublessor shall not be responsible for enforcing Sublessee's parking rights against any third parties.

13. INSPECTION. Sublessor and Sublessor's agents and representatives shall have the right to enter the Premises at any reasonable time during business hours, to inspect the Premises and to make such repairs as may be required or permitted pursuant to this Sublease. During the period that is twelve (12) months prior to the end of the Sublease term, Sublessor and Sublessor's representatives may enter the Premises during business hours for the purpose of showing the Premises. In addition, Sublessor shall have the right to erect a suitable sign on the Premises stating the Premises are available. Sublessee shall notify Sublessor in writing at least thirty (30) days prior to vacating the Premises and shall arrange to meet with Sublessor for a joint inspection of the Premises prior to vacating. If Sublessee fails to give such notice or to arrange for such inspection, then Sublessor's inspection of the Premises shall be deemed correct for the purpose of determining Sublessee's responsibility for repairs and restoration of the Premises.

14. ASSIGNMENT AND SUBLETTING.

A. Sublessee shall not have the right to sublet all or part of the Premises or to assign, transfer or encumber this Sublease, or any interest therein, without the prior written consent of Sublessor, which consent shall not be unreasonably withheld or delayed. Any attempted assignment, subletting, transfer or encumbrance by Sublessee in violation of the terms and covenants of this Paragraph shall be void. No assignment, subletting or other transfer, whether consented to by Sublessor or not, or permitted hereunder, shall relieve Sublessee of its liability hereunder. If an event of default occurs while the Premises or any part thereof are assigned or sublet, then Sublessor, in addition to any other remedies herein provided, or provided by law, may collect directly from such assignee, sublessee or transferee all rents payable to the Sublessee and apply such rent against any sums due Sublessor hereunder. No such collection shall be construed to constitute a novation or a release of Sublessee from the further performance of Sublessee's obligations hereunder.

B. Upon the occurrence of an assignment or subletting, whether consented to by Sublessor, or mandated by judicial intervention, Sublessee hereby assigns, transfers and conveys all rents or other sums received by Sublessee under any such assignment or sublease, which are in excess of the rents and other sums payable by Sublessee under this Sublease, and agrees to pay such amounts within ten (10) days after receipt.

C. If this Sublease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, 11 U.S.C. (S) 101 et. seq., (the

"Bankruptcy Code"), any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Sublessor, shall be and remain the exclusive property of Sublessor and shall not constitute property of Sublessee or of the estate of Sublessee within the meaning of the Bankruptcy Code. Any and all monies or other considerations constituting Sublessor's property under the preceding sentence not paid or delivered to Sublessor shall be held in trust for the benefit of Sublessor and be promptly paid or delivered to Sublessor.

D. Any person or entity to which this Sublease is assigned pursuant to the provisions of the Bankruptcy Code, shall be deemed, without further act or deed, to have assumed all of the obligations arising under this Sublease on and after the date of such assignment. Any such assignee shall upon demand execute and deliver to Sublessor an instrument confirming such assumption.

15. CONDEMNATION. If more than fifty percent (50%) of the Premises are taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof and the taking prevents or materially interferes with the use of the Premises for the purpose for which they were leased to Sublessee, this Sublease shall terminate and the rent shall be abated during the unexpired portion of this Sublease, effective on the date of such taking. If less than fifty percent (50%) of the Premises are taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Sublease shall not terminate, but the rent payable hereunder during the unexpired portion of this Sublease shall be reduced to such extent as may be fair and reasonable under all of the circumstances. All compensation awarded in connection with or as a result of any of the foregoing proceedings shall be the property of Sublessor and Sublessee hereby assigns any interest in any such award to Sublessor; provided, however, Sublessor shall have no interest in any award made to Sublessee for loss of business or goodwill or for the taking of Sublessee's fixtures and improvements, if a separate award for such items is made to Sublessee.

16. HOLDING OVER. At the termination of this Sublease by its expiration or otherwise, Sublessee immediately shall deliver possession to Sublessor with all repairs and maintenance required herein to be performed by Sublessee completed. If, for any reason, Sublessee retains possession of the Premises after the expiration or termination of this Sublease or fails to complete any repairs required hereby, unless the parties hereto otherwise agree in writing, such possession shall be subject to termination by either Sublessor or Sublessee at any time upon not less than ten (10) days advance written notice, and all of the other terms and provisions of this Sublease shall be applicable during such period, except that Sublessee shall pay Sublessor from time to time, upon demand, as rental for the period of such possession, an amount equal to one hundred twenty five percent (125%) of the rent in effect on the termination date, computed on a monthly basis for any day of each calendar month of such period. No holding over by Sublessee, whether with or without consent of Sublessor, shall operate to extend this Sublease except as

otherwise expressly provided. The preceding provisions of this Paragraph 16. shall not be construed as consent for Sublessee to retain possession of the Premises in the absence of written consent thereto by Sublessor.

17. QUIET ENJOYMENT. Sublessor covenants that on or before the Commencement Date it will have good title to the Premises, free and clear of all liens and encumbrances, excepting only the lien for current taxes not yet due, such mortgage or mortgages as are permitted by the terms of this Sublease, zoning ordinances and other building and fire ordinances and governmental regulations relating to the use of such property, and easements, restrictions and other conditions of record. If this Sublease is a sublease, then Sublessee agrees to take the Premises subject to the provisions of the prior lease. Sublessor represents that it has the authority to enter into this Sublease and that so long as Sublessee pays all amounts due hereunder and performs all other covenants and agreements herein set forth, Sublessee shall peaceably and quietly have, hold and enjoy the Premises for the term hereof without hindrance or molestation from Sublessor, subject to the terms and provisions of this Sublease. Sublessor shall maintain in effect the Master Lease and will timely perform the obligations of Lessee thereunder.

18. EVENTS OF DEFAULT. The following events (herein individually referred to as "event of default") each shall be deemed to be events of nonperformance by Sublessee under this Sublease:

A. Sublessee shall fail to pay any installment of the rent herein reserved when due, or any other payment or reimbursement to Sublessor required herein when due or any payment or reimbursement required under any other lease with Sublessor, and such failure shall continue for a period of five (5) days from the date such payment was due.

B. Sublessee shall fail to pay any amounts owed to contractors or subcontractors for work or services performed in connection with the operation, construction, management and maintenance of the Building as provided herein, and such failure shall continue for a period of five (5) days from the date such payment was due.

C. The Sublessee or any guarantor of the Sublessee's obligations hereunder shall (i) become insolvent; (ii) admit in writing its inability to pay its debts; (iii) make a general assignment for the benefit of creditors; (iv) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property; or (v) take any action to authorize or in contemplation of any of the actions set forth above in this Paragraph.

D. Any case, proceeding or other action against the Sublessee or any guarantor of the Sublessee's obligations hereunder shall be commenced seeking

(i) to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent; (ii) reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors; (iii) appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (a) results in the entry of an order for relief against it which it is not fully stayed within seven (7) business days after the entry thereof or (b) shall remain undismissed for a period of forty-five (45) days.

E. Sublessee shall (i) vacate all or a substantial portion of the Premises or (ii) fail to continuously operate its business at the Premises for the permitted use set forth herein, whether or not Sublessee is in default of the rental payments due under this Sublease.

F. Sublessee shall fail to discharge any lien placed upon the Premises in violation of Paragraph 21. hereof within twenty (20) days after any such lien or encumbrance is filed against the Premises.

G. Sublessee shall fail to comply with any term, provision or covenant of this Sublease (other than those listed in this Paragraph 18.), and shall not cure such failure within twenty (20) days after written notice thereof to Sublessee.

19. REMEDIES.

A. Upon each occurrence of an event of default, and after Sublessor has given Sublessee five (5) days notice, Sublessor shall have the option to pursue any one or more of the following remedies without any notice or demand:

(1) Terminate this Sublease; and/or

(2) Enter upon and take possession of the Premises without terminating this Sublease; and/or

(3) Alter all locks and other security devices at the Premises with or without terminating this Sublease, deny access to Sublessee, and pursue, at Sublessor's option, one or more remedies pursuant to this Sublease, Sublessee hereby specifically waiving any state or federal law to the contrary. This provision shall control over any conflicting provisions of the Texas Property Code or any successor statute governing the right of landlords to change the door locks of commercial tenants.

B. Upon the occurrence of any event of default Sublessee immediately shall surrender the Premises to Sublessor, and if Sublessee fails so to do, Sublessor, without waiving any other remedy it may have, may enter upon and take possession of the Premises and expel or remove Sublessee and any other person who may be occupying such Premises or any part thereof, without being liable for prosecution or any claim of damages therefor.

C. If Sublessor repossesses the Premises with or without terminating the Sublease, Sublessee, at Sublessor's option, shall be liable for and shall

pay Sublessor on demand all rental and other payments owed to Sublessor hereunder, accrued to the date of such repossession, plus all amounts required to be paid by Sublessee to Sublessor until the date of expiration of the term as stated in Paragraph 1. Actions to collect amounts due by Sublessee to Sublessor under this subparagraph may

be brought from time to time, on one or more occasions, without the necessity of Sublessor's waiting until expiration of the Sublease term.

D. Upon an event unamortized portion of default, in addition to any sum provided to be paid herein, Sublessee also shall be liable for and shall pay to Sublessor (1) unamortized portion of any brokerage fees incurred by Sublessor in connection with the execution of this Sublease; (2) brokers' fees incurred by Sublessor in connection with any reletting of the whole or any part of the Premises; for the unexpire term of the Sublease (3) the costs of removing and storing Sublessee's or other occupant's property; (4) the costs of repairing, altering, remodeling or otherwise putting the Premises into condition existing upon Sublessee's occupancy, normal wear & tear excepted (5) all reasonable expenses incurred by Sublessor in enforcing or defending Sublessor's rights and/or remedies. If either party hereto institute any action or proceeding to enforce any provision hereof by reason of any alleged breach of any provision of this Sublease, the prevailing party shall be entitled to receive from the losing party all reasonable attorneys' fees and all court costs in connection with such proceeding.

E. In the event Sublessee fails to make any payment due hereunder when payment is due, to help defray the additional cost to Sublessor for processing such late payments, Sublessee shall pay to Sublessor on demand a late charge in an amount equal to five percent (5%) of such installment; and the failure to pay such amount within ten (10) days after demand therefor shall be an additional event of default hereunder. The provision for such late charge shall be in addition to all of Sublessor's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Sublessor's remedies in any manner.

F. Exercise by Sublessor of any one or more remedies hereunder granted or otherwise available, including without limitation, the institution by Sublessor, its agents or attorneys of a forcible detainer or ejectment action to re-enter the Premises shall not be construed to be an election to terminate this Sublease or relieve Sublessee of its obligation to pay rent hereunder and shall not be deemed to be an acceptance of surrender of the Premises by Sublessor, whether by agreement or by operation of law, it being understood that such surrender can be effected only by the written agreement of Sublessor and Sublessee. Sublessee and Sublessor further agree that forbearance by Sublessor to enforce its rights pursuant to the Sublease at law or in equity, shall not be a waiver of Sublessor's right to enforce one or more of its rights in connection with any subsequent default.

G. In the event of or repossession of the Premises for an event of

default, Sublessor shall use reasonable efforts to relet the Premises; provided, that, Sublessee shall not be entitled to credit or reimbursement of any proceeds in excess of the rental owed hereunder. Sublessor may relet the whole or any portion of the Premises for any period, to any lessee and for any use and purpose.

H. If Sublessor fails to commence to perform any of its obligations hereunder within thirty (30) days after written notice from Sublessee specifying such failure, Sublessee's exclusive remedy shall be an action for damages. Unless and until Sublessor fails to so cure said default after such notice, Sublessee shall not have any remedy or cause of action by reason thereof. All obligations of Sublessor hereunder will be binding upon Sublessor only during the term of the Master Lease and not thereafter. The term "Sublessor" shall mean only Master Lessee for the time being of the Premises, and in the event of the transfer by such owner of its interest in the Premises, such owner shall thereupon be released and discharged from all covenants and obligations of the Sublessor thereafter accruing, but such covenants and obligations shall be binding during the Sublease term upon each new owner for the duration of such owner's ownership.

I. If Sublessor repossesses the Premises pursuant to the authority herein granted; then Sublessor shall have the right to (i) keep in place or (ii) remove and store all of the furniture, fixtures and equipment at the Premises, including that which is owned by or leased to Sublessee at all times prior to any foreclosure thereon by Sublessor or repossession thereof by any Sublessor thereof or third party having a lien thereon. Sublessor also shall have the right to relinquish possession of all or any portion of such furniture, fixtures, equipment and other property to any person ("Claimant") who presents to Sublessor a copy of any instrument represented by Claimant to have been executed by Sublessee (or any predecessor of Sublessee) granting Claimant the right under various circumstances to take possession of such furniture, fixtures, equipment or other property, with the necessity on the part of Sublessor to reasonably inquire into the authenticity or legality of said instrument. Sublessor may, at its sole option and without prejudice to, or waiver of any rights it may have i) escort Sublessee to the Premises to retrieve any personal belongings of Sublessee and/or its employees not covered by the Sublessor's lien and security interest described in Paragraph 25. hereof, or ii) obtain a list from Sublessee of the personal property of Sublessee and/or its employees that is not covered by the Sublessor's lien and security interest described in Paragraph 25. hereof, and make such property available to Sublessee and or Sublessee's employees; provided, however, Sublessee first shall pay in cash all costs and estimated expenses to be incurred in connection with the removal of such property and making it available. The rights of Sublessor herein stated shall be in addition to any and all other rights that Sublessor has or may hereafter have at law or in equity, and Sublessee stipulates and agrees that the rights herein granted Sublessor are commercially reasonable.

J. Notwithstanding anything in this Sublease to the contrary, all amounts payable by Sublessee to or on behalf of Sublessor under this Sublease, whether or not expressly denominated as rent, shall constitute rent.

K. This is a contract under which applicable law excuses Sublessor from accepting performance from (or rendering performance to) any person or entity other than Sublessee.

20. MORTGAGES. Sublessee accepts this Sublease subject and subordinate to any mortgages and/or deeds of trust now or at any time hereafter constituting a lien or charge upon the Premises or the improvements situated thereon or the building of which the Premises are a part, provided, however, that if the mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have Sublessee's interest in this Sublease superior to any such instrument, then by notice to Sublessee from such mortgagee, trustee or holder, this Sublease shall be deemed superior to such lien, whether this Sublease was executed before or after said mortgage or deed of trust. Sublessee agrees to attorn to any mortgagee, trustee under a deed of trust or purchaser at a foreclosure sale or trustee's sale as Sublessor under this Sublease. Sublessee, at any time hereafter, within ten (10) days after demand, shall execute any reasonable instruments, releases or other documents that may be required by any mortgagee for the purpose of subjecting and subordinating this Sublease to the lien of any such mortgage. If Sublessee fails to execute the same within such ten (10) day period, Sublessor is hereby authorized to execute the same as attorney-in-fact for Sublessee.

21. MECHANIC'S LIENS. Sublessee has no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind the interest of Sublessor or Sublessee in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Sublessee, including those who may furnish materials or perform labor for any construction or repairs. Sublessee covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Premises and that it will save and hold Sublessor harmless from any and all loss, cost or expense based on or arising out of asserted claims or liens against the leasehold estate or against the right, title and interest of the Sublessor in the Premises or under the terms of this Sublease. Sublessee agrees to give Sublessor immediate written notice of the placing of any lien or encumbrance against the Premises.

22. MISCELLANEOUS.

A. Words of any gender used in this Sublease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Sublease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Sublease, or any provision hereof, or in any way affect the interpretation of this Sublease.

B. In the event the Premises constitute a portion of a multiple occupancy building, Sublessee's "proportionate share", as used in this Sublease, shall mean a fraction, the numerator of which is the space contained

in the Premises and the denominator of which is the entire space contained in the Building.

C. The terms, provisions and covenants and conditions contained in this Sublease shall run with the land and shall apply to, inure to the benefit of, and be binding upon, the parties hereto and upon their respective heirs, executors, personal representatives, legal representatives, successors and assigns, except as otherwise herein expressly provided. Sublessor shall have the right to transfer and assign, in whole or in part, its rights and obligations in the Building and property that are the subject of this Sublease. Each party agrees to furnish to the other, promptly upon demand, a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization of such party to enter into this Sublease.

D. Sublessor and Sublessee shall not be held responsible for delays in the performance of its obligations hereunder when caused by material shortages, acts of God or labor disputes. With the exception of any rental payment or any payment or reimbursement required herein when due.

E. Sublessee agrees, from time to time, within ten (10) days after request of Sublessor, to deliver to Sublessor, or Sublessor's designee, a Certificate of Occupancy, financial statements and an estoppel certificate stating that this Sublease is in full force and effect, the date to which rent has been paid, the unexpired term of this Sublease and such other factual matters pertaining to this Sublease as may be requested by Sublessor. It is understood and agreed that Sublessee's obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Sublessor's execution of this Sublease. If Sublessee fails to execute the same within such ten (10) day period, Sublessor is hereby authorized to execute the same as attorney-in-fact for Sublessee.

F. This Sublease constitutes the entire understanding and agreement of the Sublessor and Sublessee with respect to the subject matter of this Sublease, and contains all of the covenants and agreements of Sublessor and Sublessee with respect thereto. Sublessor and Sublessee each acknowledge that no representations, inducements, promises or agreements, oral or written, have been made by Sublessor or Sublessee, or anyone acting on behalf of Sublessor or Sublessee, which are not contained herein, and any prior agreements, promises, negotiations, or representations not expressly set forth in this Sublease are of no force or effect. This Sublease may not be altered, changed or amended except by an instrument in writing signed by both parties hereto.

G. All obligations of Sublessee hereunder not fully performed as of the expiration or earlier termination of the term of this Sublease shall survive the expiration or earlier termination of the term hereof, including without limitation, all payment obligations with respect to taxes and insurance and all obligations concerning the condition and repair of the Premises. Upon the expiration or earlier termination of the term hereof, and prior to Sublessee vacating the Premises, Sublessee shall pay to Sublessor any amount reasonably estimated by Sublessor as necessary to put the Premises, including without limitation, all heating and air conditioning systems and equipment

therein, in good condition and repair, reasonable wear and tear excluded. Sublessee shall also, prior to vacating the Premises, pay to Sublessor the amount, as estimated by Sublessor, of Sublessee's obligation hereunder for real estate taxes and insurance premiums for the year in which the Sublease expires or terminates. All such amounts shall be used and held by Sublessor for payment of such obligations of Sublessee hereunder, with Sublessee being liable for any additional costs therefor upon demand by Sublessor, or with any excess to be returned to Sublessee after all such obligations have been determined and satisfied as the case may be. Any security deposit held by Sublessor shall be credited against the amount due for Sublessee under this Paragraph 22.G.

I. If any clause or provision of this Sublease is illegal, unenforceable under present or future laws effective during the term of this Sublease, then and in that event, it is the intention of the parties hereto that the remainder of this Sublease shall not be affected thereby, and it is also the intention of the parties to this Sublease that in lieu of each clause or provision of this Sublease that is illegal, invalid or unenforceable, there be added, as a part of this Sublease, a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

J. All references in this Sublease to "the date hereof" or similar references shall be deemed to refer to the last date, in point of time, on which all parties hereto have executed this Sublease.

K. Sublessee represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction other than Cassie Wright of Kelley, Lundeen & Crawford or that no broker, agent or other person brought about this transaction, other than as may be referenced in a separate written agreement executed by Sublessee, and delivered to Sublessor prior to execution of this Sublease, and Sublessee agrees to indemnify and hold Sublessor harmless from and against any claims by any other broker, agent or other persons claiming a commission or other form of compensation by virtue of having dealt with Sublessee with regard to this leasing transaction.

L. If and when included within the term "Sublessor", as used in this instrument, there is more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of a notice specifying some individual at some specific address for the receipt of notices and payments to Sublessor. If and when included within the term "Sublessee", as used in this instrument, there is more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of a notice specifying some individual at some specific address within the continental United States for the receipt of notices and payments to Sublessee. All parties included within the terms "Sublessor" and "Sublessee", respectively, shall be bound by notices given in accordance with the provisions of Paragraph 23. hereof to the same effect as if each had received such notice.

M. SUBLESSEE ACKNOWLEDGES THAT (1) IT HAS INSPECTED AND ACCEPTS THE

PREMISES IN AN "AS IS, WHERE IS" CONDITION, (2) THE BUILDINGS AND IMPROVEMENTS COMPRISING THE SAME ARE SUITABLE FOR THE PURPOSE FOR WHICH THE PREMISES ARE SubleaseD AND Sublessor HAS MADE NO WARRANTY, REPRESENTATION, COVENANT, OR AGREEMENT WITH RESPECT TO THE MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PREMISES, (3) THE PREMISES ARE IN GOOD AND SATISFACTORY CONDITION, (4) NO REPRESENTATIONS AS TO THE REPAIR OF THE PREMISES, NOR PROMISES TO ALTER, REMODEL OR IMPROVE THE PREMISES HAVE BEEN MADE BY Sublessor (UNLESS AND EXCEPT AS MAY BE SET FORTH IN EXHIBIT B ATTACHED TO THIS Sublease, IF ONE SHALL BE ATTACHED, OR AS IS OTHERWISE EXPRESSLY SET FORTH IN THIS Sublease), AND (5) THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESSED, IMPLIED OR STATUTORY, THAT EXTEND BEYOND THE DESCRIPTION OF THE PREMISES.

N. Sublessor and Sublessee agree that the terms and conditions of this Sublease are confidential and the parties hereto agree not to disclose the terms of this Sublease to any third party.

23. NOTICES. Each provision of this instrument or of any applicable governmental laws, ordinances, regulations and other requirements with reference to the sending, mailing or delivering of notice or the making of any payment by Sublessor to Sublessee or with reference to the sending, mailing or delivering of any notice or the making of any payment by Sublessee to Sublessor shall be deemed to be complied with when and if the following steps are taken:

A. All rent and other payments required to be made by Sublessee to Sublessor hereunder shall be payable to Sublessor at the address for Sublessor set forth below or at such other address as Sublessor may specify from time to time by written notice delivered in accordance herewith. Sublessee's obligation to pay rent and any other amounts to Sublessor under the terms of this Sublease shall not be deemed satisfied until such rent and other amounts have been actually received by Sublessor. In addition to base rental due hereunder, all sums of money and all payments due Sublessor hereunder shall be deemed to be additional rental owed to Sublessor.

B. All payments required to be made by Sublessor to Sublessee hereunder shall be payable to Sublessee at the address set forth below, or at such other address within the continental United States as Sublessee may specify from time to time by written notice delivered in accordance herewith.

C. Any written notice or document required or permitted to be delivered hereunder shall be deemed to be delivered upon the earlier to occur of (1) tender of delivery (in the case of a hand-delivered notice) or (2) deposit in the United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set out below, or at such other address as they have theretofore specified by written notice delivered in accordance herewith.

24. HAZARDOUS WASTE. The term "Hazardous Substances", as used in this Sublease shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the removal of which is required or the use of which is

restricted, prohibited or penalized by any "Environmental Law", which term shall mean any federal, state or local law or ordinance relating to pollution or protection of the environment. Sublessee hereby agrees that (i) no activity will be conducted on the Premises that will produce any Hazardous Substances, except for such activities that are part of the ordinary course of Sublessee's business activities (the "Permitted Activities") provided said Permitted Activities are conducted in accordance with all Environmental Laws and have been approved in advance in writing by Sublessor; (ii) the Premises will not be used in any manner for the storage of any Hazardous Substances except for any temporary storage of such materials that are used in the ordinary course of Sublessee's business (the "Permitted Materials") provided such Permitted Materials are properly stored in a manner and location meeting all Environmental Laws and approved in advance in writing by Sublessor; iii no portion of the Premises will be used as a landfill or a dump; (iv) Sublessee will not install any underground tanks of any type; (v) Sublessee will not allow any surface or surface conditions to exist or come into existence that constitute, or with the passage of time may constitute a public or private nuisance; (vi) Sublessee will not permit any Hazardous Substances to be brought onto the Premises, except for the Permitted Materials, and if so brought or found located thereon, the same shall be immediately removed, with proper disposal, and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws. If at any time during or after the term of the Sublease, the Premises is found to be so contaminated or subject to said conditions, Sublessee agrees to indemnify and hold Sublessor harmless from all claims, demands, actions, liabilities, costs, expenses, damages and obligations of any nature arising from or as a result of the use of the Premises by Sublessee. The foregoing indemnification shall survive the termination or expiration of this Sublease.

EXECUTED BY SUBLESSOR, this 12th day of July, 1993.

UNITED STATIONERS SUPPLY CO.

By: /s/ Otis H. Halleen
OTIS H. HALLEEN
Title: Vice President

ADDRESS:

2200 East Golf Road

Des Plaines, IL 60016-1267

_____

By: _____

Title: _____

By: _____

Title: _____

ADDRESS:

_____

_____

RIDER ONE

REHRIG PACIFIC COMPANY

26. Notwithstanding the language in Paragraph 2.A. of this Sublease Agreement, the monthly base rental shall be as follows:

Months	Base Rent
1 - 3	$ 0.00
4 - 12	$4,566.54
13 - 24	$6,088.72
25 - 36	$7,610.90
37 - 72	$9,513.63

27. If, during the original term of this Sublease, all or part of the space consisting of approximately 54,519 square feet which is outlined in red on Exhibit "C" to this Sublease which Exhibit is attached hereto and incorporated herein by reference (the "Additional Space") shall become available for sublease, after the initial sublease of such space to third parties, and provided that Sublessee is not then in default hereunder and has not assigned this Sublease or sublet the premises (or a part hereof), Sublessee shall have the first right and option to sublease the Additional Space. When the Additional Space becomes available, or at Sublessor's option, up to six (6) months prior to the date that the Additional Space is scheduled to become available, Sublessor shall first offer, in writing, to sublease such space to Sublessee upon the same terms and conditions and at the same rental rate, as would be offered by Sublessor to third parties. If within two (2) days after Sublessor delivers Sublessee such written offer, Sublessor does not receive notice in writing that Sublessee elects to sublease all (and not part) of the Additional Space so offered and within three (3) days thereafter Sublessee does not execute a Sublease with non financial terms in a form substantially identical to this Sublease on the Additional Space, the Sublessee's right to Sublease the Additional Space shall terminate and Sublessee shall have no further rights pursuant to this paragraph.

28. Sublessee and Sublessor agree that Sublessee will only occupy the 26,862 square foot area outlined in red on Exhibit "D" to this Sublease which Exhibit is attached hereto and incorporated herein by reference during the first twelve (12) months of the Sublease. In the event that Sublessee uses any part of the 8,954 square feet of the additional space (the "First Additional Space") outlined in yellow on Exhibit "D" of this Sublease, Sublessee agrees that Sublessee shall immediately be liable for rent for the First Additional Space through

the twenty-fourth (24th) month of the Sublease. Sublessee agrees that Sublessee's base monthly rental shall increase by $1,512.18 upon Sublessee's occupancy of the First Additional Space. In the event that Sublessee uses any part of the 8,954 square feet of the additional space (the "Second Additional Space") outlined in blue on Exhibit "D" of this Sublease, Sublessee agrees that Sublessee shall immediately be liable for rent for the Second Additional Space through the twenty-fourth (24th) month of the Sublease. Sublessee agrees base monthly rental shall increase by $1,522.18 upon Sublessee's occupancy of the Second Additional Space.

29. In the event Sublessee has not already expanded into the First Additional Space or Second Additional Space as shown on Exhibit "D", Sublessee and Sublessor agree that Sublessee will only occupy the 35,816 square foot area which includes the area outlined in red on Exhibit "D" (26,862 square feet) and the First Additional Space (8,954 square feet) outlined in yellow on Exhibit "D", during the second twelve (12) months of the Sublease. In the event that Sublessee uses any part of the 8,954 square feet of the Second Additional Space outlined in blue on Exhibit "D" of this Sublease, Sublessee agrees that Sublessee shall immediately be liable for rent for the Second Additional Space through the twenty-fourth (24th) month of the Sublease. Sublessee agrees base monthly rental shall increase by $1,522.18 upon Sublessee's occupancy of the Second Additional Space.

ADDRESS:

2200 East Golf Road
- ----------

Des Plaines, IL 60016-1267
- ----------

ADDRESS:

_____

_____

_____

EXECUTED BY SUBLESSEE, this ___ day of _____, 19 .

REHRIG PACIFIC COMPANY

By: [SIGNATURE NOT LEGIBLE]

Title: President

_____

By: _____

Title: _____

By: _____

Title: _____

ADDRESS:

621 W. Mockingbird Lane
- ------------------------

Dallas, Texas 75247
- ------------------------

ADDRESS:

_____

_____

_____

By its execution below, Lessor (i) acknowledges that the Master Lease is in all respects current, (ii) consents to this Sublease, (iii) agrees to give Sublessee twenty (20) days notice and opportunity to cure any default by Sublessor of the Master Lease provided Sublessee is not then in default of this Sublease, and (iv) if the Master Lease is ever terminated for any reason or if a default thereunder by Sublessor remains uncured, agrees to treat this Sublease as a lease directly between Lessor and Sublessee.

EXECUTED BY LANDLORD, this 2nd day of July, 1993
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A.C.S.S. DALLAS INDUSTRIAL, INC.

By: Kennedy Associates Real Estate Counsel, Inc.
Its Investment Manager

_____

By: /s/ David E. Wexler

David E. Wexler
Title: Vice President

By: _____

Title: _____

By: _____

Title: _____

ADDRESS:

2400 Financial Center Bldg.
- ------------------------

Seattle, WA 98161
- ------------------------

ADDRESS:

_____

_____

_____

EXHIBIT "A"

LEGAL DESCRIPTION

Being 44,770 square feet located in Building II of the Mockingbird Distribution Center and as shown in Exhibit "B" attached hereto and more particularly described as follows:

Description of an 8.939 acre tract of land in City of Dallas Block No. 7698 and in the James McLaughlin Survey, Abstract No. 845, Dallas County, Texas; said 8.939 acre tract of land being a part of that certain lot, tract, or parcel of land conveyed to Irving Boulevard Industrial Acres, Inc., by deed recorded in Volume 3561, Page 128, Deed Records, Dallas County, Texas; said 8.939 acre tract being more particularly described as follows:

BEGINNING, at the most easterly northeast corner of the herein described tract;

said beginning point being in the west line of Mockingbird Lane (formerly known as Westmoreland Road), a distance of 740.69 feet from the intersection of said Mockingbird Lane west line and the south line of Halifax Street (60-foot width);

THENCE, S 00 degrees 05'30" W, with said Mockingbird Lane west line, a distance of 302.50 feet to a point for corner in the north line of a 4.220 acre tract of land conveyed to Bradley Wayne by deed filed on December 31, 1968, Deed Records, Dallas County, Texas;

THENCE, N 89 degrees 31'00" W, with said Wayne tract north line, and said line extended, at 624.36 feet pass the northwest corner of said Wayne tract, in all a distance of 710.36 feet to a point for corner;

THENCE, N 00 degrees 05'30" E, a distance of 51.16 feet to a point for corner;

THENCE, N 89 degrees 31'00" W, a distance of 200.00 feet to a point for corner in the east line of property owned by United States Cold Storage Corporation;

THENCE, with said line of said United States Cold Storage Corporation property, the following courses and distance to-wit;

N 00 degrees 05'30" E, a distance of 129.45 feet to a point for corner;

Thence, N 89 degrees 54'30" W, a distance of 1.00 feet to a point for corner

Thence, N 00 degrees 05'30" E, a distance of 466.68 feet to a point for corner; said point being in the south line of property owned by the Chicago, Rock Island, and Pacific Railroad;

THENCE, S 89 degrees 31'00" E, with said Railroad tract south line and the south line of property owned by Pangean Corporation, a distance of 360.00 feet to a point for corner;

THENCE, S 00 degrees 05'30" W, a distance of 344.78 feet to a point for corner;

THENCE, S 89 degrees 31'00" E, a distance of 551,36 feet to the PLACE OF BEGINNING;

CONTAINING; 389,388.741 square feet, or 8.939 acres of land.

EXHIBIT "C"

[MAP OF TRAMMELL CROW COMPANY]

EXHIBIT "D"

[MAP OF TRAMMELL CROW COMPAY]

EXHIBIT 10.46

. BRANCH: DALLAS-IRVING BLVD.

. PROPERTY ADDRESS:
Irving Blvd., Dallas, TX

. LESSOR: Central East Dallas
Development Limited Partnership
Address 1499 Regal Row, Suite 302
Dallas, Texas 75247
Phone 214/630-6500 Fax 214/951-7326

. BROKER: RICHARD CROW/
TRAMMELL CROW
Address 1499 Regal Row, Suite 302
Dallas, Texas 75247
Phone 214/630-6500 Fax 214/951-7326

. Office Park? Yes x No _____

. Multi-tenant Bldg.Yes _____No x

. Square Feet - Warehouse _____
- Office _____
- Total 60,575 sq.ft.

. Lease Effective Date-Ten (10) years after lease effective date.

. Option to Renew - Yes ____ No x
- Notice Requirement

. Original Lease - Yes x No _____

. Extended/Amended Yes ____ No x

. Lease expiration date-Lse. Effective Upon Landlord's notice of sub-stantial completion

. Notice/vacate req'd? Yes ____ No x

. Build-out Amortization Yes___ No x

. Expenses/Responsibility:
(Lessor=L - Stationers=S)

	Amount Per month	Amount Per year	L/S
Electric	$ 54.06	$ 648.72	L
Water	$ 115.49	$1,385.88	L
Gas	$_____	_____	___
Janitor	$_____	$_____	___
Maintenance	$ 71.75	$ 861.00	L
Waste Mgt.	$_____	$_____	___
Security	$_____	$_____	___
Spur track	$_____	$_____	___
Landscaping	$ 85.51	$1,026.12	L
Tax escrow	$1,780.06	$21,370.72	L
Insurance	$ 69.79	$ 837.48	L

. Estimated Expenses
Collected each mo. Yes x No _____

. Landlord expense cap. Yes ___ No x
Amount: $_____

. Repairs/Responsibility:
(Lessor=L - Stationers=S)

	L	S
Roof	x	_____
Foundation	x	_____
Structure	x	_____
Common Areas	_____	_____
Paving/Parking	_____	_____
Grounds	_____	_____
Spur track	_____	_____

Terms:_____

Date: _____

. Security Deposit? Yes _____ No x

- Amount $_____

. Current Rent Amount

$ 14,110.36 /mo $ 169,324.32/yr.

$ 2.795 /per sq.ft./per yr.

. Future Rent Escalations:

Begin Date	End Date	Amt. of Month	Rent Year
_____		$14,110.36	$169,324.32
_____		$14,601.82	$175,221.84
_____		$15,093.27	$181,119.24
_____		$15,584.73	$187,016.76
_____		$16,125.33	$193,503.96
_____		$17,465.79	$209,589.48
_____		$_____	$_____

. Relocation Clause? Yes x No ____

Terms: If Lessee executed a Lease Agreement for at least 200,000 square feet.

. Right of 1st refusal Yes ___ No x

Terms:

. Insurance Expenses

(Lessor=L - Stationers=S)

	L	S
Fire_____	x	_____
Property_____	x	_____
Contents_____	_____	x
Workers Comp._____	_____	x
General Liability____	_____	x

. Hold Harmless Agreement?

Yes x No ____

. Lease Assignability?

Lessor_____ Yes x No ____

Stationers_____ Yes x No ____

. Comments: With Lessor's Prior written consent.

AMENDMENT to be attached to and form a part of lease (which together with any amendments, modifications and extensions thereof is hereinafter called the Lease), made the 7th day of November 1988

Between

CENTRAL EAST DALLAS DEVELOPMENT LIMITED PARTNERSHIP

as Lessor

and

STATIONERS DISTRIBUTING COMPANY, INC.

as Lessee

covering the premises known as

Irving Blvd.

Dallas, Texas

WITNESSETH that the Lease is hereby amended to include an additional 1,600 square feet of space. The total square footage shall increase from 58,975 square feet to 60,575 square feet. Landlord and Tenant shall comply with all the provisions of the covenants and agreements contained in the original Lease Agreement, except that the monthly rental as defined in Paragraph 2-A during the lease term shall be as follows:

<TABLE>

<S>	<C>
Months 1 - 12	$14,110.36
Months 13 - 24	$14,601.82
Months 25 - 36	$15,093.27
Months 37 - 48	$15,584.73
Months 49 - 60	$16,125.33
Months 61 - 120	$17,465.79

</TABLE>

IN WITNESS WHEREOF, the parties hereto have signed and sealed this amendment this 12 day of January , 1989.
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Witness:

CENTRAL EAST DALLAS DEVELOPMENT
LIMITED PARTNERSHIP
(BY: CROW CENTRAL DALLAS #1, INC.)
Lessor

[SIGNATURE NOT LEGIBLE]
- ----------

By: /s/ J. Marc Myers

J. Marc Myers,
President

Witness:

STATIONERS DISTRIBUTING COMPANY, INC.
Lessee

/s/ John Bryant
- ----------

By: [SIGNATURE NOT LEGIBLE]

STANDARD INDUSTRIAL LEASE AGREEMENT

TRAMMELL CROW COMPANY

COMMERCIAL 86-MOD NE

60,575 square feet

Irving Blvd.

Dallas, Texas

LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into by and between CENTRAL EAST DALLAS DEVELOPMENT LIMITED PARTNERSHIP hereinafter referred to as "Lessor", and STATIONERS DISTRIBUTING COMPANY, INC. hereinafter referred to as "Lessee";

WITNESSETH:

1. PREMISES AND TERM. In consideration of the mutual obligations of Lessor and Lessee set forth herein, Lessor leases to Lessee, and Lessee hereby takes

from Lessor the Premises situated within the County of Dallas, State of Texas, more particularly described on EXHIBIT "A" attached hereto and incorporated herein by reference, (the "Premises"), together with all rights, privileges, easements, appurtenances, and amenities belonging to or in any way pertaining to the Premises, to have and to hold, subject to the terms, covenants and conditions in this Lease. The term of this Lease shall commence on the commencement date hereinafter set forth and shall end on the last day of the month that is one hundred twenty (120) months after the commencement date.

B. BUILDING TO BE CONSTRUCTED OR SHELL SPACE. If the Premises or part thereof are to be constructed, the commencement date shall be deemed to be the date upon which the Premises and other improvements to be erected in accordance with the plans and specifications described on Exhibit "B" attached hereto and incorporated herein by reference (the "Plans") have been substantially completed plus fifteen (15) days after notice of substantial completion has been received by Lessee. As used herein, the term "substantially completed" shall mean, that in the opinion of the architect or space planner that prepared the Plans, such improvements have been completed in accordance with the Plans and the Premises are in good and satisfactory condition, subject only to completion of minor punch list items. As soon as such improvements have been substantially completed, Lessor shall notify Lessee in writing that the commencement date will occur. Within ten (10) days thereafter, Lessee shall submit to Lessor in writing a punch list of items needing completion or correction. Lessor shall use its best efforts to complete such items within thirty (30) days after the receipt of such notice. Delays in construction of such improvements caused by Lessee, its employees, agents or contractors shall not cause the commencement date to be extended beyond the date set forth above. Lessee may begin move-in at the time of substantial completion. See Rider One, Para. 30.

2. BASE RENT, SECURITY DEPOSIT AND ESCROW PAYMENTS.

A. Lessee agrees to pay to Lessor rent for the Premises, in advance, without demand, deduction or set off, at the rate of SEE RIDER ONE Dollars ($_____) per month during the term hereof. One such monthly installment, plus the other monthly charges set forth in Paragraph 2C below shall be due and payable on the date hereof and a like monthly installment shall be due and payable on or before the first day of each calendar month succeeding the commencement date, except that all payments due hereunder for any fractional calendar month shall be prorated.

B. In addition, Lessee agrees to deposit with Lessor on the date hereof the sum of None Dollars ($ _____), which shall be held
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by Lessor, without obligation for interest, as security for the performance of Lessee's obligations under this lease, it being expressly understood and agreed that this deposit is not an advance rental deposit or a measure of Lessor's damages in case of Lessee's default. Upon each occurrence of an event of default, Lessor may use all or part of the deposit to pay past due rent or other payments due Lessor under this Lease, and the cost of any other damage, injury, expense or liability caused by such event of default without prejudice to any other remedy provided herein or provided by law. On demand, Lessee shall pay Lessor the amount that will restore the security deposit to its original amount. The security deposit shall be deemed the property of Lessor, but any remaining balance of such deposit shall be returned by Lessor to Lessee when Lessee's obligations under this Lease have been fulfilled .

C. Lessee agrees to pay its proportionate share (as defined in Paragraph 22B below) of (i) Taxes (hereinafter defined) payable by Lessor pursuant to Paragraph 3A below, (ii) the cost of utilities payable pursuant to Paragraph 8 below, (iii) the cost of maintaining insurance pursuant to Paragraph 9 below and (iv) the cost of any maintenance performed by Lessor in accordance with Paragraph 4B below. During each month of the term of this Lease, on the same day

that rent is due hereunder, Lessee shall escrow with Lessor an amount equal to 1/12 of the estimated annual cost of its proportionate share of such items. Lessee authorizes Lessor to use the funds deposited with Lessor under this Paragraph 2C to pay such costs. The initial monthly escrow payments are based upon the estimated amounts for the year in question, and shall be increased or decreased annually to reflect the projected actual cost of all such items. If the Lessee's total escrow payments are less than Lessee's actual proportionate share of all such items, Lessee shall pay the difference to Lessor within thirty (30) days after demand. If the total escrow payments of Lessee are more than Lessee's actual proportionate share of all such items, Lessor shall refund such excess within thirty (30) days. The amount of the monthly rental and the initial monthly escrow payments are as follows:

<TABLE>

<S>		<C>
(1)	Base Rent as set forth in Paragraph 2A.....	$ SEE RIDER ONE
(2)	Tax Escrow Payment.....	$ 1780.06
(3)	Insurance Escrow Payment.....	$ 69.79
(4)	Utility charge (Water 115.49) (Elec. 54.06).....	$ 169.55
(5)	Maintenance charge.....	$ 71.75
(6)	Other (Landscaping).....	$ 85.51
	Monthly Payment Total.....	$ ----------

</TABLE>

3. TAXES.

A. Lessor agrees to pay all taxes, assessments and governmental charges of any kind and nature and all assessments due to deed restrictions and/or owner or community associations (collectively referred to herein as "Taxes") that accrue against the Premises, and/or the land and/or improvements of which the Premises are a part. If at any time during the term of this Lease, there shall be levied, assessed or imposed on Lessor a capital levy or other tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents from the Premises and/or the land and improvements of which the Premises are a part, then all such taxes, assessments, levies or charges, or the part, thereof so measured or based, shall be deemed to be included within the term "Taxes" for the purposes hereof. The Lessor shall have the right to employ a tax consulting firm to attempt to assure a fair tax burden on the building and grounds within the applicable taxing jurisdiction. Lessee agrees to pay its proportionate share of the cost of such consultant.

B. Lessee shall be liable for all taxes levied or assessed against any personal property or fixtures placed in the Premises. If any such taxes are levied or assessed against Lessor or Lessor's property and (i) Lessor pays the same or (ii) the assessed value of Lessor's property is increased by inclusion of such personal property and fixtures and Lessor pays the increased taxes, then, upon demand Lessee shall pay to Lessor such taxes.

4. LESSOR'S REPAIRS.

A. Lessor, at its own cost and expense, shall maintain the roof, foundation and the structural soundness of the exterior walls of the building of which the Premises are a part in good repair, reasonable wear and tear excluded. The term "walls" as used herein shall not include windows, glass or plate glass, doors, special store fronts or office entries. Lessee shall immediately give Lessor written notice of defect or need for repairs, after which Lessor shall have reasonable opportunity to repair same or cure such defect.

B. Lessor reserves the right to perform the paving, common area and landscape replacement and maintenance, exterior painting, common sewage line plumbing and any other items that are otherwise Lessee's obligations under Paragraph 5A, in which event, Lessee shall be liable for its proportionate share of the cost and expense of such repair, replacement, maintenance and other such items.

5. LESSEE'S REPAIRS.

A. Lessee, at its own cost and expense, shall (i) maintain all parts of the Premises and grounds surrounding the Premises (except those for which Lessor is expressly responsible hereunder) in good condition, (ii) promptly make all necessary repairs and replacements, (iii) keep the parking areas, driveways and alleys surrounding the Premises in a clean and sanitary condition, and (iv) maintain any spur track servicing the Premises. Tenant agrees to sign a joint maintenance agreement with the railroad company servicing the Premises if requested by the railroad company. Lessor shall have the right to coordinate all repairs and maintenance of any rail tracks serving or intended to serve the Premises and, if Lessee uses such rail tracks, Lessee shall reimburse Lessor from time to time, upon demand, for its proportionate share of the costs of such repairs and maintenance and any other sums specified in any agreement respecting such tracks to which Lessor is a party.

B. Lessee and its employees, customers and licensees shall have the exclusive rights to use any parking areas that have been designated for such use by Lessor in writing, subject to rights of ingress and egress of other lessees. Lessor shall not be responsible for enforcing Lessee's parking rights against any third parties. Lessee agrees not to use more spaces than so provided.

C. Lessee, at its own cost and expense, shall enter into a regularly scheduled preventive maintenance/service contract with a maintenance contractor approved by Lessor for servicing all hot water, heating and air conditioning systems and equipment within the Premises. The service contract must include all services suggested by the equipment manufacturer in its operations/maintenance manual and must become effective within thirty (30) days of the date Lessee takes possession of the Premises.

6. ALTERATIONS. Lessee shall not make any alterations, additions or improvements to the Premises without the prior written consent of Lessor. Lessee, at its own cost and expense, may erect such shelves, bins, machinery and trade fixtures as it desires provided that (a) such items do not alter the basic character of the Premises or the building and/or improvements of which the Premises are a part; (b) such items do not overload or damage the same; (c) such items may be removed without material injury to the Premises; and (d) the construction, erection or installation thereof complies with all applicable governmental laws, ordinances, regulations and with Lessor's specifications and requirements. All alterations, additions, improvements and partitions erected by Lessee shall be and remain the property of Lessee during the term of this Lease. All shelves, bins, machinery and trade fixtures installed by Lessee shall be removed on or before the earlier to occur of the date of termination of this Lease or vacating the Premises, at which time Lessee shall restore the Premises to their original condition. All alterations, installations, removals and restoration shall be performed in a good and workmanlike manner so as not to damage or alter the primary structure or structural qualities of the buildings

and other improvements situated on the Premises or of which the Premises are a part.

7. SIGNS. Any signage Lessee desires for the Premises shall be subject to Lessor's written approval. Lessee shall repair, paint, and/or replace the building facia surface to which its signs are attached upon vacation of the Premises, or the removal or alteration of its signage. Lessee shall not, (i) make any changes to the exterior of the Premises, (ii) install any exterior lights, decorations, balloons, flags, pennants, banners or painting, or (iii) erect or install any signs, windows or door lettering, placards, decorations or advertising media of any type which can be viewed from the exterior of the Premises, without Lessor's prior written consent. All signs, decorations, advertising media, blinds, draperies and other window treatment or bars or other security installations visible from outside the Premises shall conform in all respects to the criteria established by Lessor. See Rider One, Para 31.

8. UTILITIES. Lessor agrees to provide water and electricity service to the Premises. Lessee shall pay for all water, gas, heat, light, power, telephone, sewer, sprinkler charges and other utilities and services used on or at the Premises, together with any taxes, penalties, surcharges or the like pertaining to the Lessee's use of the Premises, and any maintenance charges for utilities. Lessor shall have the right to cause any of said services to be separately metered to Lessee, at Lessee's expense. Lessee shall pay its pro rata share, as reasonably determined by Lessor, of all charges for jointly metered utilities. Lessor shall not be liable for any interruption or failure of utility service on the Premises, unless due to Lessor's negligence.

9. INSURANCE.

A. Lessor shall maintain insurance covering the buildings situated on the Premises or of which the Premises are a part in an amount not less than eighty percent (80%) of the "replacement cost" thereof insuring against the perils of Fire, Lightning, Extended Coverage, Vandalism and Malicious Mischief. Lessee shall maintain insurance on Lessee's improvements to the Premises and all contents of the Premises.

B. Lessee, at its own expense, shall maintain during the term of this Lease a policy or policies of worker's compensation and comprehensive general liability insurance, including personal injury and property damage, with contractual liability endorsement, in the amount of Five Hundred Thousand Dollars ($500,000.00) for

property damage and One million Dollars ($1,000,000.00) per occurrence for personal injuries or deaths of persons occurring in or about the Premises. Said policies shall (i) name Lessor as an additional insured and insure Lessor contingent liability under this Lease (except for the worker's compensation policy, which instead shall include waiver of subrogation endorsement in favor of Lessor), (ii) be issued by an insurance company which is acceptable to Lessor, and (iii) provide that said insurance shall not be canceled unless thirty (30) days prior written notice shall have been given to Lessor. Said policy or policies or certificates thereof shall be delivered to Lessor by Lessee upon commencement of the term of the Lease and upon each renewal of said insurance.

C. Lessee will not permit the Premises to be used for any purpose or in any manner that would (i) void the insurance thereon, (ii) increase the insurance risk, or (iii) cause the disallowance of any sprinkler credits, including without limitation, use of the Premises for the receipt, storage or handling of any product, material or merchandise that is explosive or highly

inflammable. If any increase in the cost of any insurance on the Premises or the building of which the Premises are a part is caused by Lessee's use of the Premises, or because Lessee vacates the Premises, then Lessee shall pay the amount of such increase to Lessor.

10. FIRE AND CASUALTY DAMAGE.

A. If the Premises or the building of which the Premises are a part should be damaged or destroyed by fire or other peril, Lessee immediately shall give written notice to Lessor. If the buildings situated upon the Premises or of which the Premises are a part should be totally destroyed by any peril covered by the insurance to be provided by Lessor under Paragraph 9A above, or if they should be so damaged thereby that, in Lessor's estimation, rebuilding or repairs cannot be completed within one hundred eighty (180) days after the date of such damage, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective upon the date of the occurrence of such damage.

B. If the buildings situated upon the Premises or of which the Premises are a part, should be damaged by any peril covered by the insurance to be provided by Lessor under Paragraph 9A above, and in Lessor's estimation, rebuilding or repairs can be substantially completed within one hundred eighty (180) days after the date of such damage, this Lease shall not terminate, and Lessor shall restore the Premises to substantially its previous condition, except that Lessor shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements that may have been constructed, erected or installed in, or about the Premises or for the benefit of, or by or for Lessee.*If such repairs and rebuilding have not been substantially completed within one hundred eighty (180) days after the date of such damage, Lessee, as Lessee's exclusive remedy, may terminate this Lease by delivering written notice of termination to Lessor in which event the rights and obligations hereunder shall cease and terminate. *See Rider One, Para 32.

C. Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then Lessor shall have the right to terminate this Lease by delivering written notice of termination to Lessee within fifteen (15) days after such requirement is made known by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

D. Anything in this Lease to the contrary notwithstanding, Lessor and Lessee hereby waive and release each other of and from any and all rights of recovery, claim, action or cause of action, against each other, their agents officers and employees, for any loss or damage that may occur to the Premises, improvements to the building of which the Premises are a part, or personal property (building contents) within the building and/or Premises, for any reason regardless of cause or origin. Each party to this Lease agrees immediately after execution of this Lease to give each insurance company, which has issued to it policies of fire and extended coverage insurance, written notice of the terms of the mutual waivers contained in this subparagraph, and if necessary, to have the insurance policies properly endorsed.

11. LIABILITY AND INDEMNIFICATION. Except for any claims, rights of recovery and causes of action that Lessee has released, Lessor shall hold Lessee harmless and defend Lessee against any and all claims or liability for any injury or damage to any person in, on or about the Premises or any part thereof and/or the building of which the Premises are a part, when such injury or damage shall be caused by the act, neglect, fault of, or omission of any duty with respect to the same by Lessor, its agents, servants and employees. Except for any claims, rights of recovery and causes of action that Lessor has released, Lessee shall hold Lessor harmless from and defend Lessor against any and all

claims or liability for any injury or damage (i) to any person or property whatsoever occurring in, on or about the Premises or any part thereof and/or of the building of which the Premises are a part, including without limitation elevators, stairways, passageways or hallways, the use of which Lessee may have in accordance with this Lease, when such injury or damage shall be caused by the act, neglect, fault of, or omission of any duty with respect to the same by Lessee, its agents, servants, employees, or invitees (ii) arising from the conduct of management of any work done by the Lessee in or about the Premises, (iii) arising from transactions of the Lessee, and (iv) all costs, counsel fees, expenses and liabilities incurred in connection with any such claim or action or proceeding brought thereon. The provisions of this Paragraph 11 shall survive the expiration or termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

12. USE. The Premises shall be used only for the purpose of receiving, storing, shipping and selling (other than retail) products, materials and merchandise made and/or distributed by Lessee and for such other lawful purposes as may be incidental thereto. Outside storage, including without limitation, storage of trucks and other vehicles, is prohibited without Lessor's prior written consent. Lessee shall comply with all governmental laws, ordinances and regulations applicable to the use of the Premises, and promptly shall comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in or upon, or connected with, the Premises, all at Lessee's sole expense. Lessee shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action that would constitute a nuisance or would disturb, unreasonably interefere with, or endanger Lessor or any other lessees of the building in which the Premises are a part.

13. INSPECTION. Lessor and Lessor's agents and representatives shall have the right to enter the Premises at any reasonable time during business hours, to inspect the Premises and to make such repairs as may be required or permitted pursuant to this Lease. During the period that is six (6) months prior to the end of the Lease term, upon telephonic notice to Lessee, Lessor and Lessor's representatives may enter the Premises during business hours for the purpose of showing the Premises. In addition, Lessor shall have the right to erect a suitable sign on the Premises stating the Premises are available. Lessee shall notify Lessor in writing at least thirty (30) days prior to vacating the Premises and shall arrange to meet with Lessor for a joint inspection of the Premises prior to vacating. If Lessee fails to give such notice or to arrange for such inspection, then Lessor's inspection of the Premises shall be deemed correct for the purpose of determining Lessee's responsibility for repairs and restoration of the Premises.

14. ASSIGNMENT AND SUBLETTING.

A. Lessee shall not have the right to assign, sublet, transfer or encumber this Lease, or any interest therein, without the prior written consent of Lessor which shall not be unreasonably withheld. Any attempted assignment, subletting, transfer or encumbrance by Lessee in violation of the terms and covenants of this Paragraph shall be void. Notwithstanding the foregoing,

Lessee shall have the right to assign this Lease to any affiliate (as such term is defined in the Securities Act of 1933) provided that such assignment is in form satisfactory to Lessor. Any assignee, sublessee or transferee of Lessee's interest in this Lease (all such assignees, sublessees and transferees being hereinafter referred to as "Transferees"), by assuming Lessee's obligations hereunder, shall assume liability to Lessor for all amounts paid to persons other than Lessor by such Transferees in contravention of this Paragraph. No

assignment, subletting or other transfer, whether consented to by Lessor or not or permitted hereunder shall relieve Lessee of its liability hereunder. If an event of default occurs while the Premises or any part thereof are assigned or sublet, then Lessor, in addition to any other remedies herein provided, or provided by law, may collect directly from such Transferee all rents payable to the Lessee and apply such rent against any sums due Lessor hereunder. No such collection shall be construed to constitute a novation or a release of Lessee from the further performance of Lessee's obligations hereunder.

B. If this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, 11 U.S.C. 101 et. seq., (the "Bankruptcy Code"), any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Lessor, shall be and remain the exclusive property of Lessor and shall not constitute property of Lessee or of the estate of Lessee within the meaning of the Bankruptcy Code. Any and all monies or other considerations constituting Lessor's property under the preceding sentence not paid or delivered to Lessor shall be held in trust for the benefit of Lessor and be promptly paid or delivered to Lessor.

C. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code, shall be deemed, without further act or deed, to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such assignee shall upon demand execute and deliver to Lessor an instrument confirming such assumption.

15. CONDEMNATION. If more than twenty-five (25%) of the Premises are taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof and the taking prevents or materially interferes with the use of the Premises for the purpose for which they were leased to Lessee, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective on the date of such taking. If less than twenty five (25%) of the Premises are taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Lease shall not terminate, but the rent payable hereunder during the unexpired portion of this Lease shall be reduced to such extent as may be fair and reasonable under all of the circumstances. All compensation awarded in connection with or as a result of any of the foregoing proceedings shall be the property of Lessor and Lessee hereby assigns any interest in any such award to Lessor; provided, however, Lessor shall have no interest in any award made to Lessee for loss of business or goodwill or for the taking of Lessee's fixtures and improvements, if a separate award for such items is made to Lessee.

16. HOLDING OVER. At the termination of this Lesse by its expiration or otherwise, Lessee immediately shall deliver possession to Lessor with all repairs and maintenance required herein to be performed by Lessee completed. If, for any reason, Lessee retains possession of the Premises after the expiration or termination of this Lease, unless the parties hereto otherwise agree in writing, such possession shall be subject to termination by either Lessor or Lessee at any time upon not less than ten (10) days advance written notice, and all of the other terms and provisions of this Lease shall be applicable during such period, except that Lessee shall pay Lessor from time to time, upon demand, as rental for the period of such possession, an amount equal to double the rent in effect on the termination date, computed on a daily basis for each day of such period. No holding over by Lessee, whether with or without consent of Lessor shall operate to extend this Lease except as otherwise expressly provided. The preceding provisions of this Paragraph 16 shall not be construed as consent for Lessee to retain possession of the Premises in the absence of written consent thereto by Lessor.

17. QUIET ENJOYMENT. Lessor covenants that on or before the commencement date it will have good title to the Premises, free and clear of all liens and encumbrances, excepting only the lien for current taxes not yet due, such mortgage or mortgages as are permitted by the terms of this Lease, zoning ordinances and other building and fire ordinances and governmental regulations relating to the use of such property, and easements, restrictions and other conditions of record. If this Lease is a sublease, then Lessee agrees to take the Premises subject to the provisions of the prior Leases. Lessor represents that it has the authority to enter into this Lease and that so long as Lessee pays all amounts due hereunder and performs all other covenants and agreements herein set forth, Lessee shall peaceably and quietly have, hold and enjoy the Premises for the term hereof without hindrance or molestation from Lessor, subject to the terms and provisions of this Lease.

18. EVENTS OF DEFAULT. The following events (herein individually referred to as "event of default") each shall be deemed to be events of nonperformance by Lessee under this Lease:

A. Lessee shall fail to pay any installment of the rent herein reserved when due, or any other payment or reimbursement to Lessor required herein when due, and such failure shall continue for a period of five (5) days from the date such payment was due.

B. The Lessee or any guarantor of the Lessee's obligations hereunder shall (i) become insolvent; (ii) admit in writing its inability to pay its debts; (iii) make a general assignment for the benefit of creditors; (iv) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property; or (v) take any action to authorize or in contemplation of any of the actions set forth above in this Paragraph.

C. Any case, proceeding or other action against the Lessee or any guarantor of the Lessee's obligations hereunder shall be commenced seeking (i) to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent; (ii) reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors; (iii) appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (a) results in the entry of an order for relief against it which it is not fully stayed within seven (7) business days after the entry thereof or (b) shall remain undismissed for a period of forty-five (45) days.

D. Lessee shall (i) vacate all or a substantial portion of the Premises or (ii) fail to continuously operate its business at the Premises for the permitted use set forth herein, whether or not Lessee is in default of the rental payments due under this Lease.

E. Lessee shall fail to discharge any lien placed upon the Premises in violation of Paragraph 21 hereof within twenty (20) days after any such lien or encumbrance is filed against the Premises.

F. Lessee shall fail to comply with any term, provision or covenant of this Lease (other than those listed in this Paragraph 18), and shall not cure such failure within twenty (20) days after written notice thereof to Lessee.

19. REMEDIES.

A. Upon each occurrence of an event of default, Lessor shall have the option to pursue any one or more of the following remedies without any notice or demand:

(1) Terminate this Lease; and/or

(2) Enter upon and take possession of the Premises without terminating this Lease; and/or

(3) Alter all locks and other security devices at the Premises with or without terminating this Lease;

and in any such event Lessee immediately shall surrender the Premises to Lessor, and if Lessee fails so to do, Lessor, without waiving any other remedy it may have, may enter upon and take possession of the Premises and expel or remove Lessee and any other person who may be occupying such Premises or any part thereof, without being liable for prosecution or any claim of damages therefor.

B. If Lessor terminates this Lease, at Lessor's option, Lessee shall be liable for and shall pay to Lessor, the sum of all rental and other payments owed to Lessor hereunder accrued to the date of such termination, plus, as liquidated damages, an amount equal to (1) the present value of the total rental and other payments owed hereunder for the remaining portion of the Lease term, calculated as if such term expired on the date set forth in Paragraph 1, less (2) the then present fair market rental value of the Premises for such period, which because of the difficulty of ascertaining such value, Lessor and Lessee stipulate and agree, shall in no event be deemed to exceed seventy-five percent (75%) of the rental amount set forth in Paragraph 2 above.

C. If Lessor repossesses the Premises without terminating the Lease, Lessee, at Lessor's option, shall be liable for and shall pay Lessor on demand all rental and other payments owed to Lessor hereunder, accrued to the date of such repossession, plus all amounts required to be paid by Lessee to Lessor until the date of expiration of the term as stated in Paragraph 1, diminished by all amounts received by Lessor through reletting the Premises during such remaining term (but only to the extent of the rent herein reserved). Actions to collect amounts due by Lessee to Lessor under this subparagraph may be brought from time to time, on one or more occasions, without the necessity of Lessor's waiting until expiration of the Lease term.

D. Upon an event of default, in addition to any sum provided to be paid herein, Lessee also shall be liable for and shall pay to Lessor (i) brokers' fees incurred by Lessor in connection with reletting the whole or any part of the Premises; (ii) the costs of removing and storing Lessee's or other occupant's property; (iii) the costs of repairing, altering, remodeling or otherwise putting the Premises into condition acceptable to a new Lessee or Lessees; and (iv) all reasonable expenses incurred by Lessor in enforcing or defending Lessor's rights and/or remedies. If either party hereto institute any action or proceeding to enforce any provision hereof by reason of any alleged breach of any provision of this Lease, the prevailing party shall be entitled to receive from the losing party all reasonable attorneys' fees and all court costs in connection with such proceeding.

E. In the event Lessee fails to make any payment due hereunder when payment is due, to help defray the additional cost to Lessor for processing such late payments, Lessee shall pay to Lessor on demand a late charge in an amount

equal to five percent (5%) of such installment; and the failure to pay such amount within ten (10) days after demand therefor shall be an additional event of default hereunder. The provision for such late charge shall be in addition to all of Lessor's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Lessor's remedies in any manner.

F. Exercise by Lessor of any one or more remedies hereunder granted or otherwise available shall not be deemed to be an acceptance of surrender of the Premises by Lessor, whether by agreement or by operation of law, it being understood that such surrender can be effected only by the written agreement of Lessor and Lessee. Lessee and Lessor further agree that forbearance by Lessor to enforce its rights pursuant to the Lease at law or in equity, shall not be a waiver of Lessor's right to enforce one or more of its rights in connection with any subsequent default.

G. In the event of termination and/or repossession of the Premises for an event of default, Lessor shall use reasonable efforts to relet the Premises and to collect rental after reletting; provided, that, Lessee shall not be entitled to credit or reimbursement of any proceeds in excess of the rental owed hereunder. Lessor may relet the whole or any portion of the Premises for any period, to any Lessee and for any use and purpose.

H. If Lessor fails to perform any of its obligations hereunder within thirty (30) days after written notice from Lessee specifying such failure, Lessee's exclusive remedy shall be an action for damages and/or possess. Unless and until Lessor fails to so cure any default after such notice, Lessee shall not have any remedy or cause of action by reason thereof. All obligations of Lessor hereunder will be construed as covenants, not conditions; and all such obligations will be binding upon Lessor only during the period of its possession of the Premises and not thereafter. The term "Lessor" shall mean only the owner, for the time being of the Premises, and in the event of the transfer by such owner of its interest in the Premises, such owner shall thereupon be released and discharged from all covenants and obligations of the Lessor thereafter accruing, but such covenants and obligations shall be binding during the Lease term upon each new owner for the duration of such owner's ownership. Notwithstanding any other provision hereof, Lessor shall not have any personal liability hereunder. In the event of any breach or default by Lessor in any term or provision of this Lease, Lessee agrees to look solely to the equity or interest then owned by Lessor in the Premises or of the building of which the Premises are a part; however, in no event, shall any deficiency judgment or any money judgment of any kind be sought or obtained against any party Lessor.

I. If Lessor repossesses the Premises pursuant to the authority herein granted, then Lessor shall have the right to (i) keep in place and use or (ii) remove and store all of the furniture, fixtures and equipment at the Premises, including that which is owned by or leased to Lessee at all times prior to any foreclosure thereon by Lessor or repossession thereof by any Lessor thereof or third party having a lien thereon. Lessor also shall have the right to relinquish possession of all or any portion of such furniture, fixtures, equipment and other property to any person ("Claimant") who presents to Lessor a copy of any instrument represented by Claimant to have been executed by Lessee (or any predecessor of Lessee) granting Claimant the right under various circumstances to take possession of such furniture, fixtures, equipment or other property, without the necessity on the part of Lessor to inquire into the authenticity or legality of said instrument. The rights of Lessor herein stated shall be in addition to any and all other rights that Lessor has or may hereafter have at law or in equity; and Lessee stipulates and agrees that the rights herein granted Lessor are commercially reasonable.

J. Notwithstanding anything in this Lease to the contrary, all amounts payable by Lessee to or on behalf of Lessor under this Lease, whether or not expressly denominated as rent, shall constitute rent for the purposes of Section

502 (b) (7) of the Bankruptcy Code, 11 U.S.C. (s) 502 (b) (7).

K. This is a contract under which applicable law excuses Lessor from accepting performance from (or rendering performance to) any person or entity other than Lessee within the meaning of Sections 365 (c) and 365 (e) (2) of the Bankruptcy Code, 11 U.S.C. (s) 365 (c) and 365 (e) (2).

20. MORTGAGES. Lessee accepts this Lease subject and subordinate to any mortgages and/or deeds of trust now or at any time hereafter constituting a lien or charge upon the Premises or the improvements situated thereon or the building of which the Premises are a part, provided, however, that if the mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have Lessee's interest in this Lease superior to any such

instrument, then by notice to Lessee from such mortgagee, trustee or holder, this Lease shall be deemed superior to such lien, whether this Lease was executed before or after said mortgage or deed of trust. Lessee, at any time hereafter on demand, shall execute any instruments, releases or other documents that may be required by any mortgagee for the purpose of subjecting and subordinating this Lease to the lien of any such mortgage.

21. MECHANIC'S LIENS. Lessee has no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind the interest of Lessor or Lessee in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Lessee, including those who may furnish materials or perform labor for any construction or repairs. Lessee covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Premises and that it will save and hold Lessor harmless from any and all loss, cost or expense based on or arising out of asserted claims or liens against the leasehold estate or against the right, title and interest of the Lessor in the Premises or under the terms of this Lease. Lessee agrees to give Lessor immediate written notice of the placing of any lien or encumbrance against the Premises.

22. MISCELLANEOUS.

A. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

B. In the event the Premises constitute a portion of a multiple occupancy building, Lessee's "proportionate share", as used in this Lease, shall mean a fraction, the numerator of which is the space contained in the Premises and the denominator of which is the entire space contained in the building.

C. The terms, provisions and covenants and conditions contained in this Lease shall run with the land and shall apply to, inure to the benefit of and be binding upon, the parties hereto and upon their respective heirs, executors, personal representatives, legal representatives, successors and assigns, except as otherwise herein expressly provided. Lessor shall have the right to transfer and assign, in whole or in part, its rights and obligations in the building and property that are the subject of this Lease. Each party agrees to furnish to the other, promptly upon demand, a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization

of such party to enter into this Lease.

D. Lessor shall not be held responsible for delays in the performance of its obligations hereunder when caused by material shortages, acts of God or labor disputes.

E. Lessee agrees, from time to time, within ten (10) days after request of Lessor, to deliver to Lessor, or Lessor's designee, a Certificate of Occupancy and an estoppel certificate stating that this Lease is in full force and effect, the date to which rent has been paid, the unexpired term of this Lease and such other factual matters pertaining to this Lease as may be requested by Lessor. It is understood and agreed that Lessee's obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Lessor's execution of this Lease.

F. This Lease constitutes the entire understanding and agreement of the Lessor and Lessee with respect to the subject matter of this Lease, and contains all of the covenants and agreements of Lessor and Lessee with respect thereto. Lessor and Lessee each acknowledge that no representations, inducements, promises or agreements, oral or written, have been made by Lessor or Lessee, or anyone acting on behalf of Lessor or Lessee, which are not contained herein, and any prior agreements, promises, negotiations, or representations not expressly set forth in this Lease are of no force or effect. This Lease may not be altered, changed or amended except by an instrument in writing signed by both parties hereto.

G. All obligations of Lessee hereunder not fully performed as of the expiration or earlier termination of the term of this Lease shall survive the expiration or earlier termination of the term hereof, including without limitation, all payment obligations with respect to taxes and insurance and all obligations concerning the condition and repair of the Premises. Upon the expiration or earlier termination of the term hereof, and prior to Lessee vacating the Premises, Lessee shall pay to Lessor any amount reasonably estimated by Lessor as necessary to put the Premises, including without limitation, all heating and air conditioning systems and equipment therein, in good condition and repair, reasonable wear and tear excluded. Lessee shall also, prior to vacating the Premises, pay to Lessor the amount, as estimated by Lessor, of Lessee's obligation hereunder for real estate taxes and insurance premiums for the year in which the Lease expires or terminates. All such amounts shall be used and held by Lessor for payment of such obligations of Lessee hereunder, with Lessee being liable for any additional costs therefor upon demand by Lessor, or with any excess to be returned to Lessee after all such obligations have been determined and satisfied as the case may be. Any security deposit held by Lessor shall be credited against the amount due from Lessee under this Paragraph 22G.

H. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

I. All references in this Lease to "the date hereof" or similar references shall be deemed to refer to the last date, in point of time, on which all parties hereto have executed this Lease.

J. Lessee represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction or that no broker, agent or

other person brought about this transaction, other than as may be referenced in a separate written agreement executed by Lessee, and Lessee agrees to indemnify and hold Lessor harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Lessee with regard to this leasing transaction.

K. If and when included within the term "Lessor", as used in this instrument, there is more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of a notice specifying some individual at some specific address for the receipt of notices and payments to Lessor. If and when included within the term "Lessee", as used in this instrument, there is more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of a notice specifying some individual at some specific address within the continental United States for the receipt of notices and payments to Lessee. All parties included within the terms "Lessor" and "Lessee", respectively shall be bound by notices given in accordance with the provisions of Paragraph 24 hereof to the same effect as if each had received such notice.

23. ADDITIONAL PROVISIONS. See Exhibit attached hereto and incorporated by reference herein.

24. NOTICES. Each provision of this instrument or of any applicable governmental laws, ordinances, regulations and other requirements with reference to the sending, mailing or delivering of any notice or the making of any payment by Jessor to Lessee or with reference to the sending, mailing or delivering of any notice or the

making of any payment by Lessee to Lessor shall be deemed to be complied with when and if the following steps are taken:

(a) All rent and other payments required to be made by Lessee to Lessor hereunder shall be payable to Lessor at the address for Lessor set forth below or at such other address as Lessor may specify from time to time by written notice delivered in accordance herewith. Lessee's obligation to pay rent and any other amounts to Lessor under the terms of this Lease shall not be deemed satisfied until such rent and other amounts have been actually received by Lessor. In addition to base rental due hereunder, all sums of money and all payments due Lessor hereunder shall be deemed to be additional rental owed to Lessor.

(b) All payments required to be made by Lessor to Lessee hereunder shall be payable to Lessee at the address set forth below, or at such other address within the continental United States as Lessee may specify from time to time by written notice delivered in accordance herewith.

(c) Any written notice or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not when deposited in the United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set out below, or at such other address as they have theretofore specified by written notice delivered in accordance herewith.

25. LESSOR'S LIEN. In addition to any statutory lien for rent in Lessor's favor, Lessor shall have and Lessee hereby grants to Lessor a continuing security interest for all rentals and other sums of money become due hereunder from Lessee, upon all goods, wares, equipment, fixtures, furniture, inventory, and other personal property of Lessee situated on the Premises subject to this Lease, and such property shall not be removed therefrom without the consent of

Lessor until all arrearages in rent as well as any and all other sums of money then due to Lessor hereunder shall first have been paid and discharged. Upon a default hereunder by Lessee in addition to all other rights and remedies, Lessor shall have all rights and remedies under the Uniform Commercial Code, including without limitation, the right to sell the property described in this Paragraph at public or private sale upon five (5) days notice by Lessor. Lessee hereby agrees to execute such other instruments, necessary or desirable under applicable law to perfect the security interest hereby created.

EXECUTED BY LESSOR, this 7 day of Nov, 1988.

Witness

[SIGNATURE NOT LEGIBLE]

Title: _____

CENTRAL EAST DALLAS DEVELOPMENT LIMITED PARTNERSHIP (BY: CROW CENTRAL DALLAS #1, INC.)

By /s/ J. Marc Myers

J. Marc Myers

Title: President

ADDRESS:
CENTRAL EAST DALLAS DEVELOPMENT
LIMITED PARTNERSHIP
1499 Regal Row, Suite 302
Dallas, Texas 75247

EXECUTED BY LESSEE, this 3 day of Nov., 1988.

Attest/Witness

/s/ John Bryant

Title: Admin. Asst.

STATIONERS DISTRIBUTING COMPANY, INC.

By [SIGNATURE NOT LEGIBLE]

Title: _____

ADDRESS:

STATIONERS DISTRIBUTING COMPANY, INC.

RIDER ONE

26. The monthly base rental referred to in Paragraph 2.A. shall be as follows for the primary term of this Lease Agreement:

<TABLE>

<S>	<C>
Months 1 - 12	$13,711.69
Months 13 - 24	$14,203.15
Months 25 - 36	$14,694.60
Months 37 - 48	$15,186.06
Months 49 - 60	$15,726.66
Months 61 - 120	$17,004.46.

</TABLE>

27. This lease is subject to satisfactory purchase and financing of the land for the building and satisfactory financing of the building improvements by January 31, 1989. If Lessor is unable to satisfactorily purchase and finance the land and finance the improvements by January 31, 1989, this lease will be terminated and of no further force and effect and neither the Lessor or Lessee will have any liability to the other party.

28. Provided that Lessee is not in default of the terms of this Lease Agreement, it is hereby agreed and understood that in the event Lessee requires additional warehouse space in Dallas County and Lessor and Lessee executed a new Lease Agreement for a minimum of 200,000 square feet, this Lease shall be cancelled as of the commencement date of the new Lease covering the larger space. It is understood that upon the commencement date of the new Lease, Lessee shall deliver the herein demised premises to the Lessor in the condition required by this Lease Agreement. Upon such cancellation, Lessor and Lessee shall be released from any further obligations or liabilities accrued under this Lease prior to the commencement date of such new Lease.

RIDER 1, PARAGRAPH 29. HAZARDOUS WASTE. The term "Hazardous Substances, "as used in this lease shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the use and/or the removal of which is required or the use of which is restricted, prohibited or penalized by any "Environmental Law," which term shall mean any federal, state or local law, ordinance or other statute of a governmental or quasi-governmental authority relating to pollution or protection of the environment. Lessee hereby agrees that (i) no activity will be conducted on the premises that will produce any Hazardous Substance, except for such activities that are part of the ordinary course of Lessee's business activities (the "Permitted Activities") provided said Permitted Activities are conducted in accordance with all Environmental Laws and have been approved in advance in writing by Lessor; Lessee shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (ii) the premises will not be used in any manner for the storage of any Hazardous Substances except for the temporary storage of such materials that are used in the ordinary course of Lessee's business (the "Permitted Materials") provided such Permitted Materials are properly stored in a manner and location meeting all Environmental Laws and approved in advance in writing by Lessor; Lessee shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (iii) no portion of the premises will be used as a landfill or a dump; (iv) Lessee will not install any underground tanks of any type; (v) Lessee will not allow any surface or subsurface conditions to exist or come into existence that constitute, or with the passage of time may constitute a public or private nuisance; (vi) Lessee will not permit any Hazardous Substances to be brought onto the premises, except for the Permitted Materials described below, and if so brought or found located thereon, the same shall be immediately removed, with proper disposal, and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws. Lessor or Lessor's representative shall have the right but not the obligation to enter the premises for the purpose of inspecting the storage, use and disposal of Permitted Materials to ensure compliance with all Environmental Laws. Should it be

determined, in Lessor's sole opinion, that said Permitted Materials are being improperly stored, used, or disposed of, then Lessee shall immediately take such corrective action as requested by Lessor. Should Lessee fail to take such corrective action within 24 hours, Lessor shall have the right to perform such work and Lessee shall promptly reimburse Lessor for any and all costs associated with said work. If at any time during or after the term of the lease, the premises is found to be so contaminated or subject to said conditions, Lessee shall diligently institute proper and thorough cleanup procedures at Lessee's sole cost, and Lessee agrees to indemnify and hold Lessor harmless from all claims, demands, actions, liabilities, costs, expenses, damages and obligations of any nature arising from or as a result of the use of the premises by Lessee. The foregoing indemnification and the responsibilities of Lessee shall survive the termination or expiration of this Lease.

Permitted Materials (if none, enter "None"):

30. The existing leases between Stationers Distributing Company, Inc. and Crow-Jack No. II for the 37,519 square foot facility on LaReunion Parkway and Dalware II Associates for the 7,631 square foot facility shall terminate fifteen (15) days after Lessee's receipt of notice of substantial completion. If Lessee is unable to vacate these two (2) premises within such fifteen-day period, Lessee may retain possession for an additional thirty-day period with the rent abated.

31. All signs presently existing are deemed to be approved and additional signage of a like or similar nature is approved by Landlord for the side of the building facing Irving Blvd.

32. Lessor shall, however, be required to give Lessee notice of Lessor's intent to rebuild or repair within ten (10) days of the damaging event or Lessee shall have the right to terminate the lease. If Lessor elects to repair or rebuild Lessor shall provide comparable temporary space to Lessee during such periods all at Lessor's expense.

EXHIBIT "A"

LEGAL DESCRIPTION

Being 99,289 square feet located in Building II of the Mockingbird Distribution Center and as shown in Exhibit A-1 attached hereto and more particularly described as follows:

Description of an 8.939 acre tract of land in City of Dallas Block No. 7698 and in the James McLaughlin Survey, Abstract No. 845, Dallas County, Texas; said 8.939 acre tract of land being a part of that certain lot, tract, or parcel of land conveyed to Irving Boulevard Industrial Acres, Inc., by deed recorded in Volume 3561, Page 128, Deed Records, Dallas County, Texas; said 8.939 acre tract being more particularly described as follows:

BEGINNING, at the most easterly northeast corner of the herein described tract;
said beginning point being in the west line of Mockingbird Lane (formerly known as Westmoreland Road), a distance of 740.69 feet from the intersection of said Mockingbird Lane west line and the south line of Halifax Street (60-foot width);

THENCE, S 00 degrees 05'30" W, with said Mockingbird Lane west line, a distance
of 302.50 feet to a point for corner in the north line of a 4.220 acre tract of

land conveyed to Bradley Wayne by deed filed on December 31, 1968, Deed Records, Dallas County, Texas;

THENCE, N 89 degrees 31'00" W, with said Wayne tract north line, and said line extended, at 624.36 feet pass the northwest corner of said Wayne tract, in all a distance of 710.36 feet to a point for corner;

THENCE, N 00 degrees 05'30" E, a distance of 51.16 feet to a point for corner;

THENCE, N 89 degrees 31'00" W, a distance of 200.00 feet to a point for corner in the east line of property owned by United States Cold Storage Corporation;

THENCE, with said line of said United States Cold Storage Corporation property, the following courses and distance to-wit;

N 00 degrees 05'30" E, a distance of 129.45 feet to a point for corner;

Thence, N 89 degrees 54'30" W, a distance of 1.00 feet to a point for corner

Thence, N 00 degrees 05'30" E, a distance of 466.68 feet to a point for corner; said point being in the south line of property owned by the Chicago, Rock Island, and Pacific Railroad;

THENCE, S 89 degrees 31'00" E, with said Railroad tract south line and the south line of property owned by Pangean Corporation, a distance of 360.00 feet to a point for corner;

THENCE, S 00 degrees 05'30" W, a distance of 344.78 feet to a point for corner;

THENCE, S 89 degrees 31'00" E, a distance of 551,36 feet to the PLACE OF BEGINNING;

CONTAINING; 389,388.741 square feet, or 8.939 acres of land.

EXHIBIT A-1

[PLAN OF LOTS 1 AND 2 APPEARS HERE]

EXHIBIT 10.47

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is executed on this the 17 day of MARCH, 1989, by and between SPECIAL ASSET MANAGEMENT COMPANY OF TEXAS, INC., a corporation incorporated under the laws of the State of Texas (the "Landlord") and, STATIONERS DISTRIBUTING COMPANY, INC., a corporation organized under the laws of the state of Delaware (the "Tenant");

Section 1

PREMISES

Landlord hereby leases unto Tenant and Tenant hereby leases from Landlord, subject to the terms of this Lease, the real property located at 2155 Silber Road, Houston, Texas, more particularly described in Exhibit "A" attached hereto and made a part hereof together with all improvements, easements, rights and appurtenances in connection therewith and all improvements now or hereafter located thereon. The building thereon is outlined in red on Exhibit "B" attached hereto and made a part hereof (the "Building"). The real property, including access, loading and parking areas, and the Building are collectively referred to as the "Premises." The parking and loading areas are outlined in blue on Exhibit "B". It is the parties' intention that this Lease include all property described in Exhibit "A" but in no event, less area than the improvements, parking and loading areas shown on Exhibit "B".

Section 2

TERM

2.1 COMMENCEMENT. The term of this Lease shall commence (the "Commencement Date") upon the latter of (i) July 1, 1989, (ii) three (3) days after delivery to Tenant of a certificate of substantial completion of the leasehold repairs and improvements constructed in accordance with the requirements of Section 4 issued by Landlord, or (iii) Tenant's occupancy of the Building and Premises. Substantial completion shall be deemed to have occurred notwithstanding a requirement to complete "punchlist" or improvements.

The estimated Commencement Date is July 1, 1989, but Tenant may occupy and take possession of the Building any time after the execution hereof. If

Tenant shall not have received possession by July 1, 1989, Tenant may elect to terminate this Lease by giving Landlord written notice of such election not later than July 5, 1989, provided, however, said July 1, 1989, and July 5, 1989, dates shall be extended by a number of days

equal to (i) the number of days of delay caused by Force Majeure, as provided in Section 20 hereof, and (ii) the number of days of delay caused by the Tenant ("Tenant Delay") in approving or not approving plans, creating change orders, or otherwise.

2.2 TERM. The term of this Lease shall continue for the sixty (60) full calender months plus the first partial calendar month, if any, following the Commencement Date.

Section 3

RENT

3.1 MONTHLY RENT. The consideration for the sixty (60) full months of this Lease (exclusive of Additional Rental, as hereinafter set forth, and exclusive of Total Monthly Rental for the first partial calendar month, if any, following the Commencement Date) shall be based on an average rate of $.194 per square foot per month accruing as follows:

<TABLE>
<CAPTION>

YR.	PERIOD	RATE PER SQ. FOOT PER MO.	RATE PER SQ. FOOT PER YR.
<S>	<C>	<C>	<C>
1	7-1-89 thru 2-28-90 (8 Mo.)	$ .14	$ --
	3-1-90 thru 6-30-90 (4 Mo.)	.18	1. 84
2		.19	2. 28
3		.19	2. 28
4		.22	2. 64
5		.22	2. 64
- -------		-------	--------
Average		$ .194	$ 2. 328

</TABLE>

Tenant agrees to pay to Landlord on the first (1st) day of the commencement of the term of this Lease and the first (1st) day of every calendar month thereafter for the first full sixty (60) months of the term of this Lease, in lawful money of the United States of America, without deduction or offset, prior notice or demand, except as hereinafter provided, the amounts described above calculated upon a total square footage area of 95,600 square feet as the "Total Monthly Rental", which Total Monthly Rental represents part of the total consideration for this Lease.

3.2 ADDITIONAL RENTAL. Tenant shall also be obligated to pay directly as "Additional Rental" hereunder the amount set forth below of "Property Taxes" and "All-Risk Insurance", and, if applicable, "Common Area Maintenance" and "Rail Spur Maintenance" (as such terms are hereinafter defined) with respect to each

calendar year of the Lease Term:

(i) Property Taxes; All-Risk Insurance.

(a) The term "Property Taxes" for the purposes of this Lease mean all general and special taxes, including all assessments for local improvements, and all other general and special, ordinary and extraordinary, governmental charges assessed, levied, charged, or imposed upon the Premises or Building during the term of the Lease, or any holdover or renewal period, by any political or governmental body, or subdivision thereof, having jurisdiction over the Premises or Building; excluding, however, franchise, estate, inheritance, succession, capital levy, transfer, income or excess profits taxes imposed upon Landlord. In the event that any political body, or subdivision thereof, or any governmental authority having jurisdiction over the Premises or Building imposes a tax, assessment, or charge either upon or against or measured by the rentals payable by Tenant to Landlord or upon or against the occupation of renting land and/or buildings, either by way of substitution for the taxes and assessments levied against the Premises or Building, such tax, assessment, or charge shall not be deemed to constitute a Property Tax for purposes of this Lease.

(b) Tenant shall pay directly to the appropriate taxing authority, before the same become delinquent, all Property Taxes levied or assessed against the Premises or Building.

(c) Tenant shall maintain Texas standard "all-risk" insurance

covering the Building in the amount of at least eighty percent (80%) of the full insurable value thereof, excluding cost of land, foundation, and footings. (the "All-Risk Insurance").

(d) Landlord will also maintain Texas

standard "all-risk" insurance covering the Building and/or Premises to the extent Landlord is required to maintain same.

(ii) General Repairs, Maintenance and Alterations.

(a) Landlord will at Landlord's expense during the entire term of this Lease, maintain and repair the roof, roof trusses and structure, foundations, outside walls, interior stress bearing walls and columns, structural members, railspur, gutters, downspouts, concealed and underground plumbing and electrical and exterior fencing of the Premises in good condition and repair. Landlord, at its sole expense, shall also keep and maintain and replace, if necessary, the heating, ventilation and air conditioning systems which service the Building in good working condition to provide a safe comfortable environment for a period of one (1) year from the Commencement Date.

(b) Except for the foregoing, Tenant at Tenant's expense, shall maintain the interior of the Premises, in good condition and repair, reasonable use and wear excepted. Tenant shall maintain or repair and replace, if necessary the existing heating and air conditioning systems servicing the Building after the first year of the lease term to the extent required to maintain the same or similar level of operation as in existence on July 1, 1990. Except as provided in Paragraph 14.6 below, Tenant hereby waives any right to make repairs at Landlord's expense. Tenant shall pay for the replacement of doors or windows upon the Premises which are cracked or broken by Tenant, except in the event that such loss or damage is covered by Landlord's policy of fire insurance with extended coverage endorsement in which case the same shall be repaired or replaced out of the proceeds from said insurance.

Landlord and Tenant shall cause an inspection of the Premises to be made immediately prior to the commencement of the initial term at a mutually agreeable time by their respective representatives to determine and record the condition of the Premises. These representatives shall prepare and sign a statement indicating any damage or deterioration existing at the time of the inspection. Tenant shall not be responsible to

return any item on said statement to Landlord in a condition better than its condition on the date of the inspection indicated on said statement. Landlord specifically agrees to promptly undertake appropriate repairs, if any are needed, to the Building heating, ventilation, air conditioning system (HVAC), the electrical system and wiring (including computer requirements), roof, doors, floor, security system (including security lighting), interior lighting and sprinklers upon execution of this Lease Agreement.

(iii) Common Area Maintenance.

(a) While both parties intend this Lease to be a triple net lease, excluding roof and structure, should common area maintenance be required then, "Common Area Maintenance" means and includes the reasonable costs of operating and maintenance of the common areas within the Site related only to cleaning, sweeping, security, if any, upkeep and utilities for exterior lighting and upkeep and repair for parking lots, driveways, and sidewalks which may be incurred by Landlord for the mutual benefit of Tenant and adjacent Tenants who use and enjoy common areas and access. It does not include any maintenance or upkeep which Tenant elects to undertake or any specially required repair or maintenance peculiar to any one particular tenant.

(b) Tenant shall pay to Landlord the

percentage of the costs of Common Area Maintenance allocated to Tenant based upon the square footage contained in Tenant's building as relates to that of other tenants.

(c) For each month during the term of this Lease, Tenant shall pay one-twelfth of the estimated annual Common Area Maintenance at the same time and same place as the payment of Total Monthly Rental for such month. The amount of the annual Common Area Maintenance estimate shall be determined by Landlord, such estimate to be subject to adjustment from time-to-time on written notice to Tenant. One-twelfth of the annual Common Area Maintenance as estimated as of the date of this Lease is Three Hundred Fifty_____and No/100 Dollars ($350.00). In no event shall the Common Area Maintenance be in excess of $.01 per square foot per month. Upon determination by Landlord of the actual Common Area Maintenance for each year, an appropriate cash adjustment shall be made between Landlord and Tenant within thirty (30) days after request by either party if the actual Common Area Maintenance differs from the estimated basis, upon which Tenant has paid its proportionate share.

(iv) RAIL SPUR MAINTENANCE.

(a) "Rail Spur Maintenance" means and includes the costs of maintenance, repair and replacement of the railroad spur, if any, located adjacent to the Building as shown on Exhibit "B" which may be incurred by Landlord.

(b) The Tenant's amount of Rail Spur Maintenance shall be computed by the ratio that the number of railroad cars making deliveries to Tenant during any month bears to the total number of railroad cars using the spur track during the same time period; provided that if rail service is not charged on a per car basis, Landlord may charge

for rail service on the basis of the number of tenants served by the rail spur.

(c) The Tenant shall pay its amount of Rail Spur Maintenance within ten (10) days after receipt of statements from Landlord.

(d) In no event shall Tenant be charged or assessed Rail Spur Maintenance unless Tenant is actually using the adjacent railroad spur.

3.3 PARTIAL MONTH. If the term shall commence upon a day other than the first (1st) day of a calendar month, then Tenant shall pay upon such Commencement Date one-thirtieth (1/30th) of the Total Monthly Rental as set forth in Section 3.1 hereof, if any, for each day of such fractional calendar month.

3.4 INTEREST ON LATE PAYMENTS. In the event that Tenant fails to pay any installation of Total Monthly Rental when such installment is due, or Additional Rental within ten (10) days after accrual thereof or billing therefor, the total amount then due shall bear interest at the maximum rate then permitted by law until paid after Landlord has given Tenant five (5) days written notice of its obligation and/or delinquency, provided however Landlord must only give one (1) written notice per year for such obligation and/or delinquency.

SECTION 4

LEASEHOLD IMPROVEMENTS

In the event that Landlord shall, by agreement between the parties

hereto, undertake to construct leasehold improvements within the Premises, such leasehold improvements shall be built in accordance with preliminary specifications to be agreed to by each party, copies of which plans and specifications together with a floor plan showing their approximate location within the Premises shall then be initialled and considered to be a part of this Lease for all intents and purposes. Such plans and specifications must be agreed to, if at all, prior to commencement of construction of the Premises.

Landlord warrants that the heating and air conditioning equipment installed by Landlord in the Premises shall be free from defects in workmanship and material for a period of one (1) calendar year from the date on which the term of this Lease commences. After the expiration of said one (1) year, any unexpired manufacturers' warranties shall be assigned to Tenant.

Upon execution hereof, Landlord will commence the following repairs and improvements at Landlord's sole cost and

expense, all of which shall be completed as soon as practicable but in no event, not later than June 23, 1989.

(a) Painting of all offices located in yellow on Exhibit "B" with paint of a color, grade and quality to be approved by Tenant;

(b) Re-carpeting of front offices located in yellow on Exhibit "B" with carpet of a color, grade and quality similar to L. D. Brinkman 2048, Federal Gray with a base pad in private office and 4" inch vinyl base;

(c) Clean warehouse office floor;

(d) Install four (4) exterior doors off fire escape exits located on side of Building facing the railroad spuras indicated in green on Exhibit "B"; and

(e) Repair, if requested by Tenant, the Building heating, ventilation, air conditioning system (HVAC), electrical system and wiring (including any wiring requirements for Tenant's computers), roof, doors, security system (including security lighting), interior lighting and sprinklers.

Section 5

USE

5.1 PRESCRIBED USE. Tenant shall use the Premises for offices and

warehouse and reasonably related activities.

5.2 NUISANCE. Neither Landlord nor Tenant shall commit, or suffer to be committed, upon the Premises, any nuisance or thing which may disturb the quiet enjoyment of Tenant or any other lessee of any person or business within a reasonable distance from the Premises.

5.3 COMPLIANCE WITH LAWS. Tenant shall, at Tenant's sole cost and expense, comply with all laws, ordinances, orders, rules and regulations promulgated by all federal, state, county, municipal bodies and agencies having jurisdiction, which laws, ordinances, orders, rules and regulations relate to the business of Tenant.

5.4 DANGEROUS GOODS AND ACTIVITIES. Tenant hereby

agrees not to engage in any activity or store upon the Premises such goods or equipment which would render the insurance described in Section 3.2(i) hereof void or increase the premiums.

SECTION 6

UTILITIES

Tenant shall be responsible for and promptly pay all charges incurred for all utility services to the Premises, including, but not limited to water, natural gas, sanitary sewer, electricity and telephone. Tenant shall also provide all replacement light bulbs and tubes after the Commencement Date of this Lease. In no event shall Landlord be liable for any interruption or failure of utility service to the Premises.

SECTION 7

MAINTENANCE

7.1 LANDLORD'S OBLIGATIONS.

(i) Landlord shall, at its sole expense, maintain the structural soundness of the roof, roof trusses and structure of the exterior walls and of the foundation of the Premises, the

interior stress bearing walls and columns, reasonable wear and tear and events covered by the destruction provisions hereof excepted. The phrase "exterior walls" shall not include windows or glass or plate glass, doors, window mullions or gaskets, or signs; the phrase "reasonable wear and tear" shall include minor cracking in the walls or foundation caused by the elements, or otherwise, which affects neither the structural integrity nor safety of the Premises. Provided, however, that Landlord shall not be responsible for the following: (a) damage to the roof, exterior walls, and/or foundation resulting from the negligent act or acts, or omissions of Tenant, or Tenant's employees, contractors, agents, vendors, materialmen, suppliers, customers, invitees or concessionaires; and (b) the upkeep or repair of any air conditioning, heating, ventilation or refrigeration systems used or required for the Premises except as provided in Section 4 of this Lease.

(ii) Subject to the Rail Spur Maintenance provisions of Section 3.2 (iv) hereof, Landlord shall also maintain the railroad spur

adjacent to the Building as shown in Exhibit "B".

7.2 TENANT'S OBLIGATIONS.

(i) Tenant, at Tenant's sole cost and expense, shall maintain and repair all other parts of the Premises, including but not limited to, the following items: all glass, including windows of glass or plate glass, window mullions and gaskets; doors and attached hardware; special store fronts; interior walls, cabinets, millwork, paneling and other finish work; floor and floor coverings; heating, ventilation, refrigeration and air conditioning systems and related mechanical equipment; dock boards, dock levelers, and/or dock bumpers; overhead truck doors; downspouts of roof gutters attached to exterior of Premises for damage caused by Tenant's operation; plumbing fixtures and above ground, non-concealed plumbing; electrical facilities and electrical fixtures; and all other fixtures and trade fixtures. It is specifically agreed by Tenant that the cleaning or policing of the driveway area immediately adjoining the dock area of the Premises shall be the responsibility of Tenant. Tenant shall also be responsible for the cleaning and sweeping of Tenant's parking spaces as designated by Landlord pursuant to the terms of Section 21. Tenant shall be responsible for disposal of its trash and will maintain adequate receptacles for such disposal. Replacement and repair parts, materials, and equipment shall be of quality equivalent

to those initially installed within the Premises; repair and maintenance work shall be done in accordance with the then existing federal, state and local laws, regulations and ordinances pertaining thereto.

(ii) Tenant shall maintain all landscaping, exterior lighting, site concrete and paving including driveway and parking area surfaces (subject, however, to the limitations of Section 7.2(i) hereof), pedestrian walks and other common areas.

7.3 SURRENDER OF POSSESSION. Upon any termination of this Lease, Tenant shall surrender the Premises in a condition and repair similar to their original condition, reasonable wear

and tear, events of destruction, and modifications, alterations and improvements for office facilities, storage, lighting and sprinklers excepted.

SECTION 8

INSURANCE

8.1 INDEMNIFICATION OF LANDLORD. Tenant will indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with the loss of life, personal injury, and/or damage to property arising from or out of (i) any occurrence in, upon or at the Premises, including occurrences caused by the sole or contributory negligence of Tenant or its respective agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, or (ii) any occurrence elsewhere on the Premises occasioned wholly or in part by any act or omission caused by the Tenant or its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers. In case the Landlord shall be made a party to any litigation commenced by or against the Tenant for any of the above reasons, then Tenant shall protect and hold the Landlord harmless and pay all reasonably required costs, penalties, charges, damages, expenses and reasonable attorneys' fees paid by the Landlord. It is understood that the provisions of this section 8.1 shall not be applicable to any such claims, actions, liabilities, or expenses, arising out of any act or omission of Landlord, its agents, materialmen, vendors or suppliers.

8.2 INDEMNIFICATION OF TENANT. Landlord will indemnify Tenant and save it harmless from and against any and all claims, actions, damages, liability and expenses in connection with the loss of life, bodily and personal injury, and/or damage to property arising from or out of (i) any occurrence in, upon or at the

Premises, including occurrences caused by the sole or contributory negligence of Landlord, its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, or (ii) any occurrence elsewhere on the Premises occasioned wholly or in part by any act or omission caused by the Landlord or its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, or (iii) any occurrence occasioned by the violation of any law, regulation or ordinance by Landlord or its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers. In case the Tenant shall be made a party to any litigation commenced by or against the Landlord for any of the above reasons, then Landlord shall protect and hold the Tenant harmless and pay all costs, penalties, charges, damages, expenses and attorneys' fees paid by the Tenant. It is understood that the provisions of this Section

8.2 shall not be applicable to any such claims, actions, liabilities, or expenses, arising out of any act or omission of Tenant, its agents, materialmen, vendors or suppliers.

8.3 WAIVER OF SUBROGATION. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all right to recovery, claim, action or cause of action, against the other, its agents, directors, officers or employees, for any loss or damage that may occur to the Premises, or any improvements thereto, or the Building, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause which could be insured against under the terms of insurance policies referred to in Section 3.2(i) hereof, regardless of cause or origin, including negligence of the other party hereto, its agents, directors, officers of employees, and covenants that no insurer shall hold any right of subrogation against such other party.

8.4 PUBLIC LIABILITY AND PROPERTY DAMAGE. Bodily injury liability insurance and property damage liability insurance will be carried and maintained by Tenant, at Tenant's sole cost and expense, after the date of delivery of the Premises from Landlord to Tenant in the following amounts:

<TABLE>

<S>	<C>
Bodily Injury or Death, per occurrence:	$1,000,000
Property Damage:	$1,000,000

</TABLE>

All such bodily injury liability insurance and property damage liability insurance shall specifically make reference to the indemnity agreement in Section 8.1 hereof.

8.5 POLICY FORM. All policies of insurance provided for herein to be

carried by Tenant shall be issued by insurance companies certified to do business by the State of Texas and its insurance regulatory bodies and shall be issued in the names of both Landlord and Tenant. Executed copies of such policies of insurance or certificates thereof shall be delivered to the Landlord within ten (10) days after delivery of possession of the Premises and thereafter within thirty (30) days prior to the expiration of such policy. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by the Tenant in like manner and to like extent. All policies of insurance delivered to Landlord must contain a provision that the company writing said policy will give to the Landlord at least twenty (20) days notice in writing in advance of any cancellation or lapse or the effective date of any reduction in the amounts of insurance. All public liability and property damage policies shall be written as primary policies, not contributing with and not in excess of coverage which the Landlord may carry, if any. Notwithstanding the foregoing, any insurance coverage required to be carried by Tenant hereunder may be carried in whole or in part (i) under any

plan of self-insurance which Tenant may from time-to-time have in force and effect so long as Tenant or any assignee of this Lease who is liable hereunder shall have a net worth of $25,000,000.00 or more, or (ii) under a "blanket" policy or policies covering other properties of Tenant and its subsidiaries, controlling or affiliated corporations, or of any assignee of this Lease. The scope and extent of the insurance protection afforded Landlord pursuant to this article shall not be diminished as a result of any rights of self-insurance as hereinabove provided.

SECTION 9

ALTERATIONS AND FIXTURES

9.1 PRIOR CONSENT. Tenant shall not make any alterations, improvements, modifications, or additions to the Premises without first having obtained the written consent of Landlord; provided, however, planned modifications and improvements, including minor modification or improvements to the office facilities, the sprinkler and lighting systems and the installation of normal trade fixtures, shelves, machinery, racks and apparatus are hereby specifically approved. Tenant shall notify Landlord upon completion of any other alterations, improvements, modifications, or additions and Landlord may inspect same for workmanship and compliance with the approved plans and specifications. Any alteration, improvement, modification, or fixture which is installed by either Landlord or Tenant on the Premises and which is in any manner attached to the floors, walls, or ceilings shall remain upon the Premises when the Premises are surrendered by Tenant except as described hereinbelow.

9.2 TRADE FIXTURES. Notwithstanding anything in this Section 9 to the

contrary, all normal trade fixtures, equipment, shelves, machinery, signs and furniture installed in the Premises at the cost of Tenant, may be removed by Tenant on or before the termination date of this Lease provided (i) Tenant is not in default under this Lease, (ii) removal shall be done in a workmanlike manner so as not to damage the fundamental structural integrity of the Building, and (iii) Tenant shall repair all damage to the Premises resulting from the removal thereof.

9.3 MECHANICS' LIEN. Neither Landlord nor Tenant will create or permit to be created or to remain any lien (including but not limited to, the liens of mechanics, laborers, artisans, or materialmen for work or materials alleged to be done or furnished in connection with the Premises), encumbrance or other charge upon the Premises or any part thereof, upon Landlord's interest therein, or upon Tenant's leasehold interest; provided that Tenant shall not be required to discharge any such liens, encumbrances or charges as may be placed upon the Premises by the act of Landlord.

SECTION 10

GRAPHICS AND ARCHITECTURAL CONTROL

10.1 Tenant may place reasonable signage on the Building all at Tenant's own cost and expense and Tenant shall remain liable for the upkeep and maintenance thereof but Tenant shall obtain Landlord's approval thereof prior to installation. Such approval by Landlord will not be unreasonably withheld.

10.2 Landlord agrees it will not alter or change the name of the Building, Premises or street address thereof without first obtaining the prior written consent of Tenant or in the alternative, by paying directly all costs, expenses, fees and charges incurred by Tenant due to such change in name or address.

SECTION 11

ASSIGNMENT AND SUBLETTING

In the event Tenant should desire to assign this Lease or sublet the Premises or any part thereof, Tenant shall give Landlord written notice of such desire and Landlord shall then have a period of twenty (20) days following receipt of such notice within which to notify Tenant in writing that Landlord does not approve of such assignment or subletting. If Landlord should fail to notify Tenant in writing of such disapproval within the twenty (20) day period, Landlord shall be deemed to have elected to permit such assignment or

subletting. Landlord shall not unreasonably withhold its consent to any such assignment or subletting. No assignment or subletting by Tenant shall relieve Tenant of any obligations under this Lease.

SECTION 12

RIGHT OF ACCESS

Landlord shall have the right to enter the Premises under ordinary circumstances during normal business hours upon twenty-four (24) hours prior written notice to Tenant, to examine the same and to make such repairs, alterations, improvements, or additions as Landlord may deem necessary or desirable to comply with this Lease, Landlord shall be allowed to take all materials into and upon the Premises that may be required therefor without the same constituting an eviction of Tenant, actual or constructive, and the rent shall in no way abate while such repairs, alterations, improvements or additions are being made, by reason of loss or interruption of business of Tenant unless such repairs, alterations, improvements or additions restrict or interfere with Tenant's use of a portion of the Building. In that event, the rent should abate as to that portion of the Building wherein the use thereof is restricted. Landlord shall

make reasonable efforts not to interfere with the normal business operations of Tenant. In any event of an emergency, no prior written notice on the part of the Landlord will be required to enter the Building and Premises. During the three (3) months prior to the expiration of the term of this Lease, Landlord may exhibit with twenty-four (24) hour notice the Premises to prospective lessees or purchasers during normal business hours and place upon the Premises the usual notices "For Sale or For Rent", and Tenant shall permit the same to remain.

SECTION 13

HOLDING OVER

Should Tenant remain in possession of the Premises, or any part thereof, after termination of this Lease (whether by the expiration of the term of this Lease or otherwise) without the execution of a new lease by Landlord and Tenant, Tenant, at the option of Landlord, shall become a tenant from month-to-month of the Premises, or part thereof occupied, at one and one-half the Total Monthly Rent for the first month and at two times the Total Monthly Rental thereafter, and under all other terms, conditions, provisions and obligations of this Lease insofar as the same are applicable to a tenancy from month-to-month.

SECTION 14

14.1 Events of Default by Tenant. The occurrence of one or more of the following events shall constitute a default pursuant to the terms of this Lease: (i) the failure of Tenant to pay the Monthly Rental when due and such failure continues for a period of fifteen (15) days after written notice by Landlord; (ii) the failure of Tenant to comply with or to observe any terms, provisions, or conditions of this Lease performable by and obligatory upon Tenant, within thirty (30) days after written notice by Landlord; (iii) the assignment of this Lease or subleasing of the Premises by Tenant without the prior written approval of Landlord; (iv) the taking of Tenant's leasehold estate by execution or other process of law; (v) the judicial declaration of Tenant as a bankrupt or insolvent according to law or an assignment of a substantial part of Tenant's property for the benefit of creditors; (vi) the appointment of a receiver, guardian, conservator, trustee in involuntary bankruptcy or similar officer by a court of competent jurisdiction to take charge of a substantial part of Tenant's property; (vii) the filing of a petition for involuntary or voluntary reorganization or arrangement or bankruptcy of Tenant pursuant to any provision of the Bankruptcy Code without subsequent dismissal thereof within sixty (60) days.

14.2 LANDLORD'S REMEDIES. Upon the occurrence of any event of default enumerated in Section 14.1 hereof, Landlord shall have the option of (i) terminating this Lease by written notice thereof to Tenant, or (ii) continuing this Lease in full force and effect, or (iii) curing the default of Tenant, or (iv) pursuing any other remedy to which it may be entitled by law.

(i) In the event Landlord shall elect to terminate this Lease, upon written notice to Tenant, this Lease shall be ended as to Tenant and all persons holding under Tenant, and all of Tenant's rights shall be forfeited and lapsed, as fully as if this Lease had expired by lapse of time. In such event, Tenant shall be required immediately to vacate the Premises and there shall immediately become due and payable the amount by which (a) the present value (determined using a discount rate of ten per cent (10%) per annum) of the total rent and other benefits which would have accrued to Landlord under this Lease for the remainder of the Lease term if the terms and provisions of this Lease had been fully complied with by Tenant exceeds (b) the total fair market rental value (determined using a discount rate of ten (10%) percent per annum) of the Premises for the balance of the Lease term (it being the intention of both parties hereto that Landlord shall receive the benefit of its bargain); and the Landlord shall at once have all the rights of re-entry upon the Premises, without becoming liable for damages, or guilty of trespass. In addition to the sum

immediately due from Tenant under the foregoing provision, there shall be recoverable from Tenant: (a) the cost of restoring the Premises to good condition, normal wear and tear excepted, (b) all accrued, unpaid sums, plus interest at the maximum rate then permitted by law and late charges, if in arrears, under the terms of this Lease up to the date of termination, (c) Landlord's cost of recovering possession of the Premises, and (d) rent and sums accruing subsequent to the date of termination pursuant to the holdover provisions of Section 13.

(ii) In the event that Landlord shall elect to continue this Lease in full force and effect, Tenant shall continue to be liable for all rents. Landlord shall nevertheless have all the rights of re-entry upon the Premises without becoming liable for damages, or guilty of a trespass and Landlord may relet the Premises, or any part thereof, to a substitute tenant or tenant, for a period of time equal to or lesser or greater than the remainder of the Lease term on whatever terms and

conditions Landlord, at Landlord's sole discretion, deems advisable. Against the rents and sums due from Tenant to Landlord during the remainder of the term, credit shall be given Tenant in the net amount of rent received from the new tenant after deduction by Landlord for: (a) the costs incurred by Landlord in reletting the Premises (including, without limitation, remodeling costs, brokerage fees, legal fees, and the like), (b) the accrued sums, plus interest and late charges if in arrears, under the terms of this Lease, (c) Landlord's cost of recovering possession of the Premises, and (d) the cost of storing any of Tenant's property left on the Premises after re-entry. Notwithstanding any provision in this Section 14.2 (ii) to the contrary, upon the default of any substitute tenant or upon the expiration of the Lease term of such substitute tenant before the expiration of the Lease term hereof, Landlord may, at Landlord's election, either relet to still another substitute tenant, or terminate this Lease and exercise its rights under Section 14.2(i) hereof.

14.3 ATTORNEYS' FEES. In the event either party hereto defaults in the performance of any of the terms, covenants, agreements or conditions contained in this Lease and the other party hereto places the enforcement of this Lease, or any part thereof, or the collection of any rent or charge due, or to become due, or the recovery or the possession of the Premises, in the hands of attorneys, or files suit upon the same, the party in default agrees to pay the reasonable attorneys' fees of the nondefaulting party.

14.4 WAIVER. Failure on the part of Landlord or Tenant to complain of

any action or non-action on the part of Landlord or Tenant, no matter how long the same may continue, shall never be deemed to be a waiver by either party of any of his rights hereunder. Further, it is covenanted and agreed that no waiver at any time of any of the provisions hereof by either party shall be construed as a waiver of any of the other provisions hereof and that a waiver at any time of any of the provisions hereof shall not be construed as a waiver at any subsequent time of the same provisions.

14.5 LANDLORD'S DEFAULT. The failure of Landlord to comply with or observe any terms, provisions, or conditions of this Lease performable by and obligatory upon Landlord shall constitute a default.

14.6 TENANT'S REMEDIES. Upon the occurrence of an event of default, Tenant shall have the option of (i) curing the default of Landlord and offsetting any and all costs of curing

same and any losses or damages related thereto against the Total Monthly Rental or (ii) pursuing any other remedy to which it may be entitled by law. Notwithstanding any provision in this Lease to the contrary, in the event Landlord shall breach or fail to perform any obligation or duty to repair or maintain the building or any mechanical equipment therein, the Tenant shall give the Landlord written notice of any such failure or breach, and in the event Landlord shall fail to begin to cure such failure or breach within two (2) days of written notice thereof, then Tenant may undertake the performance of such obligation, in which event Tenant may thereafter recover such actual costs incurred in performing such obligations as a setoff against its rental obligations. In the event Tenant undertakes the performance of Landlord's duties or obligations as aforesaid, the right of setoff provided for in this paragraph must be asserted, if at all, within 45 days following Tenant's performance, and in no event shall Tenant have the right of offset more than Fifteen Thousand Dollars ($15,000.00) against its rental and payment obligations hereunder and any amounts asserted by Tenant in excess of Fifteen Thousand Dollars ($15,000.00) must be pursued against Landlord by Tenant's other legal remedies. Landlord shall have thirty (30) days to cure any other type of default.

Section 15

SUBORDINATION

15.1 SUBORDINATION. This Lease shall be subject and subordinate to any mortgages or deeds of trust that may have been placed or may be

hereafter placed upon the Premises by Landlord and to any advances to be made thereunder, and to any interest thereon, and all renewals, replacements and extensions thereof. Provided however, that any mortgagee or trustee may elect by written notification to give the rights and interests of Tenant under this Lease priority over the lien of its mortgage or deed of trust. Landlord will use reasonable efforts to obtain any Lender's approval of this Lease. Tenant shall, in the event any proceedings are brought for foreclosure of the Premises, or the power of sale under any mortgage made by Landlord covering the Premises is exercised, attorn to the purchaser by Landlord covering the Premises is exercised, attorn to the purchaser (at the option of said purchaser, and not otherwise) upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

15.2 NECESSARY INSTRUMENTS. Although Section 15.1 hereof is self-executing, Tenant shall execute and deliver instruments that may be reasonably required by Landlord's mortgagees for the purpose of evidencing the subordination of this Lease within ten (10) days of written notice by Landlord or such mortgagee or its trustee, the language thereof to be agreed

upon by the parties hereto.

Section 16

ESTOPPEL CERTIFICATES

Tenant agrees within ten (10) days following request by Landlord to execute and deliver to Landlord reasonably required documents (including an estoppel certificate) (a) certifying that this Lease is unmodified and in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect and the date to which the rent and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or so specifying such defaults, if any, (as are claimed), evidencing the status of the Lease. Tenant's failure to deliver an estoppel certificate within such time shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) that to the Tenant's knowledge there are no uncured defaults in Landlord's performance; and (iii) that no rent has been paid in advance except as set forth in this Lease.

Section 17

DESTRUCTION

17.1 LANDLORD'S OBLIGATIONS. (i) In the event the Premises shall be

damaged by fire or other casualty, but shall not be rendered untenantable in whole or in part, regardless of the time remaining in the term of this Lease. Landlord shall, at its own expense, cause such damage to be repaired, and the rent shall not be abated. (ii) If the Premises shall be rendered partially untenantable, unless the damage occurs within the last one (1) year of the term of this Lease, Landlord shall, at its own expense, cause the damage to be repaired, and the Total Monthly Rental shall be abated proportionately as to the portion of the Premises rendered untenantable. If, however, the damage occurs within the last one (1) year of the term of this Lease, and Landlord elects not to repair same, either party may terminate this Lease by giving the other party written notice of termination within thirty (30) days from the date of such occurrence, and in the event of such termination, rent shall be adjusted as of the date of such occurrence. (iii) If the Premises shall be rendered wholly untenantable by reason of such occurrence, regardless of the time remaining in the term of this Lease, Landlord may at its own cost and expense cause such damage to be repaired, and the Total Monthly Rental shall abate until the Premises have been restored and rendered tenantable, or Landlord may at its election terminate this Lease by giving Tenant written notice of termination within thirty (30) days from

the date of said occurrence, and in the event of such termination, rent shall be adjusted as of the date of such occurrence. (iv) If the Building shall be damaged to such an extent that Landlord shall determine that the repairs shall not be made or that demolition of the building is appropriate, then notwithstanding anything to the contrary contained above, and whether or not the Premises have been damaged, Landlord or Tenant may terminate this Lease by giving the other party written notice of termination, in which event rent shall be adjusted as of the date of termination. (v) If Landlord has not initiated repair or restoration within thirty (30) days of the event of the casualty, Tenant shall have the right to terminate this Lease by written notice to Landlord at any time within thirty (30) days after said thirty (30) days.

17.2 SCOPE OF LANDLORD'S OBLIGATIONS. In the event Landlord elects
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or shall be obligated to repair or to restore any damage or destruction aforesaid, the scope of the work shall be limited to the original basic Building and Standard Leasehold Improvements, and time of completion shall be subject to the provisions of Section 20, ("Force Majeure"). If Landlord notifies Tenant within thirty (30) days after the casualty that the insurance proceeds are inadequate to restore the Building and the standard leasehold improvements as aforesaid, Tenant shall have the right to terminate this Lease by giving written notice to Landlord within thirty (30) days after Landlord's notice to Tenant.

Section 18

EMINENT DOMAIN

18.1 TOTAL TAKING. In the event of a taking of the Premises or damage related to the exercise of the power of eminent domain by any agency, authority, public utility, person, or corporation or entity empowered to condemn property ("Taking") of the entire Premises or so much thereof as to prevent or substantially impair their use by Tenant during the Lease term (i) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the Premises shall cease and terminate as of the date upon which title to the Premises, or a portion thereof, passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor ("Date of Taking"), (ii) Landlord shall refund to Tenant any prepaid rent, (iii) Tenant shall pay to Landlord any rent or charges due Landlord under the Lease, each prorated as of the Date of Taking (iv) Tenant shall receive from the Award those portions of the Award attributable to relocation of Tenant, improvements to the Premises made and paid for by Tenant and trade fixtures, equipment, and furniture of Tenant, and (v) the remainder of the Award shall be paid to and be the property of Landlord.

18.2 PARTIAL TAKING. In the event of a Taking of only a part of the Premises which does not constitute a "Total Taking" during the Lease term (i) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the portion of the Premises taken shall cease and terminate as of the Date of Taking, (ii) from and after the Date of Taking the Total Monthly Rent shall be the product obtained by multiplying (a) the Total Monthly Rent by (b) the quotient obtained by dividing the total square feet of the Premises after the Taking by the total square feet of the Premises prior to the Taking, (iii) Tenant shall receive from the Award those portions of the Award attributable to improvements to the Premises made and paid for by Tenant and trade fixtures, equipment, and furniture of Tenant, and (iv) the remainder of the Award shall be paid to and be the property of Landlord. Landlord, from his portion of the Award, shall restore the remainder of the Premises, as nearly as possible, to one architectural unit, and (v) if Landlord has not initiated repair or restoration within ninety (90) days of the Partial Taking, Tenant shall have the right to terminate this Lease by written notice to Landlord within thirty (30) days after said ninety (90) days.

SECTION 19

FORCE MAJEURE

In the event Landlord shall be delayed, hindered or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor disputes, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other cause not within the reasonable control of Landlord,

then the performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

SECTION 20

PARKING

Tenant shall have the use of the parking spaces and loading dock areas located on the Premises and designated on Exhibit "B". Tenant agrees that it will employ its best efforts to prevent the use by Tenant's employees and visitors of parking spaces allocated to other tenants. Landlord represents that it now has access and will retain access to the Building and Premises for the use and benefit of Tenant, its employees, agents, licensees and invitees.

SECTION 21

INTERPRETATIVE PROVISIONS

21.1 NOTICE. Any notice, request, approval, consent or other communication required or contemplated by this Lease must be in writing, and may, unless otherwise in this Lease expressly provided, by given or be served by depositing the same in the United States Postal Service, post-paid and certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party (or, in the case of a corporate party, to an officer of such party), or by prepaid telegram, when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be effective from and after two (2) days (exclusive of Saturdays, Sundays and postal holidays) after such deposit. Notice given in any other manner shall be effective only if and when delivered to the party to be notified to such party or at such party's address for purposes of notice as set forth herein. For purposes of notice the addresses of the parties shall, until changed as herein provided, be as follows:

For Landlord:	Special Asset Management Company of Texas, Inc. Attn: Robert G. Radermacher c/o Pittsburgh National Bank 5th Avenue and Wood Street Pittsburgh, Pennsylvania 15265
For Tenant:	Stationers Distributing Company, Inc. Attn: B. Neal Perky or

Robert Hicks
P.O. Box 11220
Fort Worth, Texas 76110

However, the parties hereto shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days written notice to the other party.

21.2 CAPTIONS. The title captions appearing in this Lease are inserted and included solely for convenience and shall never be considered or given any effect in construing this Lease, or any provision or provisions hereof, or in connection with the duties, obligations or liabilities of the respective parties hereto or in ascertaining intent, if any question of intent exists.

21.3 ENTIRE CONTRACT; AMENDMENT. It is expressly agreed by Tenant, as a material consideration for the execution of this Lease, that this Lease, including written extrinsic

documents referred to herein is the entire agreement of the parties, and that there are, and have been, no verbal representations, understandings, stipulations, agreements or promises pertaining to this Lease or the expressly mentioned written extrinsic documents not incorporated in writing in this Lease. It is likewise agreed that this Lease may not be altered, amended or extended except by an instrument in writing signed by both Landlord and Tenant.

21.4 SEVERABILITY. If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term of provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

21.5 SUCCESSORS AND ASSIGNS. Subject to the provisions of Sections 11 and 16 of this Lease, all covenants and obligations as contained within this Lease shall bind and extend and inure to the benefit of Landlord, its successors and assigns, and shall be binding upon Tenant, its successors and assigns.

21.6 PERSONAL PRONOUNS. All personal pronouns used in this Lease shall include the other genders, whether used in the masculine, feminine or neuter gender, and the singular shall include the plural (and vice versa)

whenever and as often as may be appropriate.

21.7 SHORT FORM LEASE. Tenant agrees not to record this Lease, but each party hereto agrees, on request of the other, to execute a Short Form Lease in form recordable and complying with applicable Texas laws. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

21.8 LEGAL INTERPRETATION. This Lease and the rights and obligations of the parties hereto shall be interpreted, construed and enforced in accordance with the laws of the State of Texas.

21.9 ACCEPTANCE OF PAYMENTS UNDER PROTEST. The acceptance by Landlord of payments by Tenant under protest shall not be deemed an acknowledgement by landlord, or a validation of, any contention or reservation of rights by Tenant.

21.10 RENEWAL OPTION. Tenant shall have the right and option to renew this Lease for one (1) additional five (5) year

term by delivering written notice of the exercise thereof to Landlord at least 180 days prior to the expiration of the primary lease term, provided that at the time of the commencement of any such extended lease term Tenant is not in default hereunder. Upon the delivery of said notice and subject to the conditions set forth in the preceding sentence, and upon the execution by Landlord and Tenant of an extension agreement containing such terms and provisions which are consistent with the provisions of this paragraph, this Lease shall be extended upon the same terms, covenants and conditions as provided in this Lease except as follows:

(i) The Total Monthly Rent shall be established between Landlord and Tenant at the market rate in effect at that time. If both parties are unable to agree to a market rate and both parties consent to be bound, then the method described in the following subparagraph may be used to determine the market rate.

(ii) In the event this Lease provides for the payment of rental at "the prevailing rental rate" or at the "the market rate" (the "Market Rate") during any extension or renewal thereof, and Landlord and Tenant are unable

to agree upon the Market Rate, Landlord and Tenant shall each promptly appoint a real estate appraiser who is a member of the American Institute of Real Estate Appraisers (or its equivalent) to assist in the determination of the Market Rate, and the two appraisers shall appoint a third appraiser who is also a member of the American Institute of Real Estate Appraisers (or its equivalent). The determination of the Market Rate by the agreement of any two of such three appraisers shall be accepted by and binding upon Landlord and Tenant as the Market Rate, which rate shall thereafter be payable until further adjustment as provided hereunder. Landlord and Tenant will use all reasonable diligence to cause their appointed appraisers to perform in good faith and in a timely manner in order to make the determination of the Market Rate on or before the date on which the Market Rate is to become effective. In the event

such appraisers shall not make such determination prior to the date on which the Market Rate is to become effective, this Lease shall nevertheless continue in full force and effect until such determination is made, and the rental for such period shall be payable at the rate otherwise payable hereunder. Upon the determination by such appraisers of the Market Rate, the payment of the Market Rate shall commence on the first day of the month following the date of such determinations, and in addition to such monthly installment of rental, Tenant shall pay to Landlord the increase in the rental payable hereunder, if any, applicable to the period from the date on which the Market Rate was scheduled to become effective to the payment of the first installment at the Market Rate. Landlord and Tenant shall each bear the costs and fees of their respective appraisers and shall share equally the cost of the third appraiser.

22.11 This lease is contingent upon Landlord and McKesson Corporation executing a termination of lease agreement.

22.12 Landlord must relocate the tenant of the fenced area next to the building by March 22, 1989, and if unable to do so, Landlord must provide Tenant additional comparable parking or, Tenant may terminate this lease. If Tenant should terminate this lease, the Landlord requires written notice of Termination of Tenant by March 31, 1989.

EXECUTED IN MULTIPLE ORIGINAL COUNTERPARTS, which constitute but one and the same instrument, as of the day and year first above written.

"LANDLORD"

ATTEST: SPECIAL ASSET MANAGEMENT COMPANY OF TEXAS,

By: [SIGNITURE NOT LEGIBLE] By:/s/Robert G. Rudermacher
---------- ----------
Secretary , Title: AVP

ATTEST:

By: By: [SIGNITURE NOT LEGIBLE]
---------- ----------
Secretary , Title: VP

"TENANT"

ATTEST: STATIONERS DISTRIBUTING
COMPANY, INC.

By: [SIGNITURE NOT LEGIBLE] By: [SIGNITURE NOT LEGIBLE]
---------- ----------
Secretary , Title:

Vice President & Chief
Financial Officer

ATTEST:

By:_____ By: [SIGNITURE NOT LEGIBLE]
---------- ----------
Secretary , Title:
[SIGNITURE NOT LEGIBLE]

EXHIBIT A

All that certain 3.6736 acres of land out of a 31.015 acre tract of land described in a deed dated January 24, 1977 from Longhemp Corp. to I.D.S. Realty Trust filed in the official public records at County Clerk File No. F-037766 out of the John Flowers Survey. A-240, Harris County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a 1- " pinched-top pipe found marking the northwest corner of the above mentioned 31.015 acre tract, said pipe located in the southwesterly right-of-way line of the H. 4T. C. R. R. (100' wide);

THENCE S 490 40' 00" E - 366.23', along said southwesterly right-of-way line, to a point for corner;

THENCE S 00 12' 00" W - 453.48' to a point for corner;

THENCE N 89 48' 00" W - 280.00' to a point for corner, located in the most westerly line of the above mentioned 31.015 acre tract;

THENCE N 00 12' 00" E - 689.54', along said westerly line, to the POINT OF BEGINNING and containing 3.6736 acres of land, more or less.

SILBER - BUILDING A
2155 Silber Rd.

[DIAGRAM OF BUILDING APPEARS HERE]

Exhibit "B"

Houston, TX (2155 Silber Road) - Renewal Agreement

March 15, 1994

Mr. Otis H. Halleen
United Stationers Supply Co.
2200 East Golf Road
Des Plaines, Illinois 60016-1267

Re: Renewal Agreement for the Lease Agreement at 2155 Silber Road; Houston, Texas

Dear Mr. Halleen:

In regard to the Lease Agreement (hereinafter referred to as the "Lease Agreement") dated March 17, 1989 by and between Special Asset Management Company of Texas, Inc., a Texas Corporation (hereinafter referred to as "Prior Landlord") and United Stationers Supply Co., an Illinois corporation, as successor-in-interest, by reason of merger, to Stationers Distributing Company, Inc., a Delaware corporation (hereinafter referred to as "Tenant") for 95,600 square feet located at 2155 Silber Road, Houston, Texas, it is hereby agreed
----
that the Lease Agreement shall be amended to the following terms and conditions:

1. It is acknowledged and agreed by Tenant that all of Prior Landlord's rights and interest in the Lease Agreement and the premises have been assigned to teachers Insurance and Annuity Association of New York, a New York corporation (hereinafter referred to as "Landlord").

2. The lease term shall be extended and renewed for a further term of twenty-four (24) months commencing on July 1, 1994 and ending on June 30, 1996.

3. The monthly rent outlined in Paragraph 3.1 of the Lease Agreement shall be $21,032.00, or $.22/sf/month for the twenty-four (24) month lease term outlined herein.

4. The common area maintenance reimbursement paid by tenant as additional rental to Landlord outlined in Paragraph 3.2(iii) of the Lease Agreement shall be $964.00 per month.

5. Tenant agrees to accept the premises in its "as is", "where is" condition.

6. It is agreed and acknowledged that Mike Boyd of Boyd, Page and Associates is the broker of record (hereinafter referred to as "Broker") and has represented Tenant in this lease renewal transaction. In consideration for the execution of this Lease Renewal, it is agreed that Broker shall be paid a commission of 4% of the base rental consideration outlined in No. 3 of this Renewal Agreement. Such commission payment shall be made to Broker by Landlord within fifteen (15) days from the date of the execution of this Lease and shall be in the form of a lump sum payment. Tenant hereby agrees to indemnify and hold Landlord harmless from and against any claim by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this lease transaction.

Except as provided herein, all terms and conditions of the above Lease Agreement remain unamended and in full force and effect.

ACCEPTED AND AGREED: LANDLORD

TEACHERS INSURANCE AND ANNUITY ASSOCIATION,

ACCEPTED AND AGREED: TENANT

UNITED STATIONERS SUPPLY CO.
AN ILLINOIS CORPORATION

A NEW YORK CORPORATION

By: _____ By: /s/ Otis H. Halleen

Its: _____ Its: Vice President

Date: _____ Date: 4/15/94

March 15, 1994

Mr. Otis H. Halleen
United Stationers Supply Co.
2200 East Golf Road
Des Plaines, Illinois 60016-1267

Re: Renewal Agreement for the Lease Agreement at 2155 Silber Road; Houston, Texas

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----
Texas, it is hereby agreed that the Lease Agreement shall be amended to the following terms and conditions:

1. It is acknowledged and agreed by Tenant that all of Prior Landlord's rights and interest in the Lease Agreement and the premises have been assigned to teachers Insurance and Annuity Association of New York, a New York corporation (hereinafter referred to as "Landlord").

2. The lease term shall be extended and renewed for a further term of twenty-four (24) months commencing on July 1, 1994 and ending on June 30, 1996.

3. The monthly rent outlined in Paragraph 3.1 of the Lease Agreement shall be $21,032.00, or $.22/sf/month for the twenty-four (24) month lease term outlined herein.

4. The common area maintenance reimbursement paid by tenant as additional rental to Landlord outlined in Paragraph 3.2(iii) of the Lease Agreement shall be $964.00 per month.

5. Tenant agrees to accept the premises in its "as is", "where is" condition.

6. It is agreed and acknowledged that Mike Boyd of Boyd, Page and Associates is the broker of record (hereinafter referred to as "Broker") and has represented Tenant in this lease renewal transaction. In consideration for the execution of this Lease Renewal, it is agreed that Broker shall be paid a commission of 4% of the base rental consideration outlined in No. 3 of this Renewal Agreement. Such commission payment shall be made to Broker by Landlord within fifteen (15) days from the date of the execution of this Lease and shall be in the form of a lump sum payment. Tenant hereby agrees to indemnify and hold Landlord harmless from and against any claim by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this lease transaction.

Except as provided herein, all terms and conditions of the above Lease Agreement remain unamended and in full force and effect.

ACCEPTED AND AGREED: LANDLORD	ACCEPTED AND AGREED: TENANT
TEACHERS INSURANCE AND ANNUITY ASSOCIATION, A NEW YORK CORPORATION	UNITED STATIONERS SUPPLY CO. AN ILLINOIS CORPORATION
By: _____	By: /s/ Otis H Halleen
Its: _____	Its: Vice President
Date: _____	Date: 4/15/94

Houston, TX (2155 Silber Road) - First Amendment to Lease Agreement

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment To Lease Agreement (the "First Amendment") is executed as of the 7th day of December, 1989, by and between Special Asset Management Company of Texas, Inc., a Texas corporation ("the Landlord") and

Stationers Distributing Company, Inc., a Delaware corporation ("the Tenant").

W I T N E S S E T H

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement (the "Lease Agreement") executed as of March 17, 1989;

WHEREAS, Landlord and Tenant desire to amend the Lease Agreement upon the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the recitals above and other valuable considerations, the receipt and sufficiency of which are hereby acknowledge by Landlord and Tenant, Landlord and Tenant agree as follows:

1. From and after the date of this First Amendment, Section 14.6 Tenant Remedies; shall be amended to read as follows:

14.6 Tenant's Remedies. Upon the occurrence of an event of default, Tenant shall have the option of (i) curing the default of Landlord and offsetting any and all costs of curing same and any losses or damages related thereto against the Total Monthly Rental or (ii) pursuing any other remedy to which it may be entitled by law. Notwithstanding any provision in this Lease to the contrary, in the event Landlord shall breach or fail to perform any obligation or duty to repair or maintain the building or any mechanical equipment therein, and such failure creates an emergency situation that interferes with Tenant's ability to conduct business and/or creates a possibility of danger to Tenant's employees or a possibility of damage to Tenant's inventory, then the Tenant shall give the Landlord and Landlord's first mortgagee written notice of any such failure or breach, and in the event Landlord or Landlord's first mortgagee shall fail to begin to cure such failure or breach within two (2) days of written notice thereof, then Tenant may undertake the performance of such obligation in the same workmanship manner as if Landlord was doing such work, in which event Tenant may thereafter recover such actual cost incurred in performing such obligations as a setoff against its rental obligations. In the

event Tenant undertakes the performance of Landlord's duties or obligations as aforesaid, the right to setoff provided for in this paragraph must be asserted, if at all, within 45 days following Tenant's work, and in no event shall Tenant have the right to offset more than Fifteen Thousand Dollars ($15,000.00) against its rental and payment obligations hereunder and any amounts asserted by Tenant in excess of Fifteen Thousand Dollars ($15,000.00) must be pursued against Landlord, if at all, through presentation to Landlord or, if necessary through an independant cause of action. Landlord and Landlord's first mortgagee shall have thirty (30) days to cure any type of default, other than an emergency. It is understood that Landlord's first mortgagee shall not have the obligation to cure any default by Landlord, but such mortgagee may effect a cure of such default if it elects to do so.

2. Except as modified by letter dated April 24, 1989 regarding the notice provision change of address for Stationers, and as herein expressly modified, the Lease Agreement and all exhibits attached thereto shall remain in full force and effect.

3. This First Amendment and the Lease Agreement shall be governed by the laws of the State of Texas and is fully performable in Harris County, Texas.

This First Amendment has been fully executed as of the day and year first written above.

LANDLORD:

Special Asset Management Company of Texas, Inc.,
a Texas corporation

By: /s/ Robert G Radermacher

Name: Robert G. Radermacher

Title: Assistant Vice President

TENANT:

Stationers Distributing Company, Inc.,

a Delaware corporation

By: /s/ B. Neal Perkey

B. Neal Perkey

Name: Vice President - Finance

Chief Financial Officer

Title: Treasurer & Assistant Secretary

EXHIBIT 10.48

Owner: Shadrall
Prop. No. 725
Location: Lubbock, TX
Subtenant: Stationers

SUBLEASE

SUBLEASE executed this 9th day of January, 1992, between SHADRALL ASSOCIATES, a New York general partnership, of 430 Lexington Street, Auburndale, Massachusetts 02166 (the "Sublandlord"), and STATIONERS DISTRIBUTING COMPANY, INC., a Delaware corporation, of 4055 International Plaza, Suite 500, Ft. Worth, Texas 76109 (the "Subtenant").

For and in consideration of the mutual promises, covenants and conditions herein contained and the rent reserved by Sublandlord to be paid by Subtenant to Sublandlord, Sublandlord hereby leases to Subtenant and Subtenant hereby rents from Sublandlord the Demised Premises, as hereinafter defined, for the term, at the rentals and upon the terms and conditions set forth below.

Sublandlord, as the successor to T. G. & Y. Stores Co., is actually the tenant under a certain Lease with Dewey Jernigan and Billye Sue Jernigan, dated December 29, 1964 (the "Lease"). Notwithstanding the existence of the Lease, the parties hereto agree that to the fullest extent possible, their rights and obligations shall be governed by this Sublease.

ARTICLE 1 - DEFINITION OF CERTAIN TERMS.

SECTION 1.01 - DEFINITIONS: As used in this Sublease, the following terms shall have the meanings set forth below:

(a) "Additional Rent" shall mean and include any amounts other than Base Rent required to be paid by Subtenant to Sublandlord pursuant to any of the provisions of this Sublease.

(b) "Alterations" shall mean and include all improvements, changes, alterations and betterments to the Demised Premises.

(c) "Commencement Date" shall mean March 1, 1992.

(d) "Common Areas" shall mean those portions of the Property excluding

the Demised Premises, other parts of the building in which the Demised Premises are located, other buildings

now existing or hereinafter constructed, all as depicted upon the Site Plan or amendments thereto.

(e) "Common Area Costs" are as set forth in Section 4.01.

(f) "Demised Premises" are located on the Property, have the street address of 205 Slaton Road, Lubbock, Texas, and shall be further defined as (i) the portion of the buildings located at the Property marked "Stationers" on the Site Plan of the Property attached hereto as Exhibit B (the "Site Plan"), which has, for purposes of this Sublease, an approximate gross leasable area of 58,725 square feet, and (ii) any and all leasehold improvements permanently affixed or attached at any time by Sublandlord, Subtenant or a previous occupant in that part of the building comprising the Demised Premises, including, without limitation, any heating, ventilation and air conditioning units or electrical systems.

The Demised Premises, for purposes of this Sublease, shall extend to the exterior face of all walls, or to the building line where there is no wall, or to the center line of those walls separating the Demised Premises from other premises in the building on which the Demised Premises are located, to the interior face of the roof, and to the subflooring and foundation, reserving to Sublandlord the right to install, maintain, use, repair and replace pipes, ducts, conduits and wires leading through the Demised Premises in locations which will not interfere with Subtenant's use thereof and serving other parts of said building.

(g) "Environmental Laws" shall mean all laws referred to in subparagraph (i) of this Section; each Environmental Law is a Legal Requirement.

(h) "Force Majeure" shall mean causes beyond the reasonable control of Subtenant or Sublandlord, as the case may be, including but not limited to "acts of God", fire and other casualties, earthquakes and floods, strikes, lock-outs, protests, riots, insurrection, war, nuclear disaster, unavailability of materials, acts of governmental authority, including courts, or acts or conduct of the other party to this Sublease, its employees or agents, in violation of this Sublease. Such causes shall not include financial difficulties or inability to obtain financing.

(i) "Hazardous Materials" shall mean any hazardous, poisonous, toxic or infectious substance, material, gas, waste or asbestos which is or becomes regulated by any governmental authority of the United States Government, the State of Texas or any of their agencies, or which has been identified as a toxic, cancer causing or otherwise hazardous substance.

(j) "Legal Requirements" shall mean (i) all present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, departments, commissions, boards and courts, and

rules and regulations of any insurance rating organization or any other body exercising similar functions, foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to the Demised Premises and Property or to the use or manner of use of the Demised Premises by the owners, tenants, or occupants thereof; (ii) the reasonable requirements of all companies providing public liability, fire and other policies

of insurance at any time in force with respect to the Property or the Demised Premises; (iii) the provisions of any covenants, conditions, restrictions, easements or agreements or record governing the Property; and (iv) the reasonable and customary requirements of any Mortgage.

(k) "Mortgage" shall mean any mortgage, deed of trust or security agreement now or hereafter encumbering or creating a lien on any portion of the Property, as the same may be consolidated, renewed, replaced, extended or modified, excluding security interests encumbering Subtenant's leasehold interest only.

(l) "Mortgagee" shall mean the holder or holders of any Mortgage or the beneficiary or beneficiaries under any deed of trust constituting a Mortgage.

(m) "Personalty" shall mean and include any and all personal property, inventory, goods, stock of merchandise, chattels, trade fixtures, furniture, furnishings and equipment, storage racks, conveyor systems and other machinery or equipment which can be removed without non-repairable damage to the Demised Premises (excluding those items included within the definition of Demised Premises as set forth in Subsection 1.01(f)(ii), which items are and shall remain the property of Sublandlord from and after the time they are installed), owned by Subtenant or any subtenant, concessionaire or licensee and now or hereafter located on or used in connection with the Demised Premises.

(n) "Property" shall mean that certain parcel of land at 205 Slaton Road, Lubbock, Texas, described in Exhibit A, together with all buildings and improvements thereon now and in the future, and shall include the Common Areas.

(o) "Pro Rata Share" shall mean, as to any item to which it refers, that portion of the entire cost of the applicable item that is obtained by multiplying the entire cost of the applicable item by a fraction, the numerator of which is the gross leasable area of the Demised Premises and the denominator of which is the gross leasable area of all buildings at the Property actually constructed and completed. At the Commencement Date of this Sublease, Subtenant's Pro Rata Share is 37.93%. Pro Rata Share shall be equitably adjusted for Lease Years which do not conform to the billing periods for which a Pro Rata Share is being billed or collected.

(p) "Real Estate Taxes" shall mean any form of real property tax, excise or assessment, whether general or special (but not any federal or state net income, gift, franchise, inheritance or estate taxes), or documentary transfer

tax on the making of this Sublease, imposed now or in the future by any authority having the direct or indirect power to tax, including, but not limited to, any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, levied against or with respect to the land and buildings comprising the Property, or any legal or equitable interest of Sublandlord in the Demised Premises or in the Property. In the event a taxing authority shall impose taxes in lieu of real property taxes described above, such taxes shall be deemed included within the definition of Real Estate Taxes.

(q) "Rent" or "rents" shall mean the Base Rent, Additional Rent and all other monetary sums required to be paid by the Subtenant pursuant to the terms of this Sublease.

(r) "Rent Commencement Date" shall mean March 1, 1992.

(s) "Repair" or "repairs" shall include, but not be limited to, maintenance, repair, replacement and restorations, all of the foregoing being of an extent and quality equal to the original work and materials.

(t) "Sublandlord" shall mean Shadrall Associates and any purchasers, successors or assigns of the Property or any assignee of their interest under this Sublease.

(u) "Sublandlord's Work" shall be as defined in Section 2.01(c) and depicted in Exhibit C.

(v) "Sublease Term" or "Term" shall be as defined in Section 2.01(a).

(w) "Sublease Year" shall refer to a period of 365 days (366 in any leap year) commencing on the Commencement Date or an anniversary of the Commencement Date. In the event the Commencement Date is other than the first day of a month, each Sublease Year shall commence on the first day of the first full calendar month following the Commencement Date (provided that any additional days between the Commencement Date and the beginning of the first Sublease Year shall be included within the first Sublease Year).

(x) "Subtenant" shall mean the party named as Subtenant above and any party or parties succeeding to the interest in the Demised Premises of such named party in accordance with the provisions of this Sublease.

ARTICLE 2 - TERM OF SUBLEASE; QUIET ENJOYMENT; USE OF PREMISES.

SECTION 2.01 - TERM; QUIET ENJOYMENT:

(a) The term of this Sublease shall commence on the Commencement Date and shall end at 11:59 p.m., on April 27, 1998, unless such term shall be sooner terminated as herein provided. The term of this Sublease is referred to herein

as the "Sublease Term".

(b) Sublandlord covenants that so long as Subtenant shall fully and timely perform the agreements, terms, covenants and conditions hereof, Subtenant shall and may peaceably and quietly have, hold and enjoy the Demised Premises for the Sublease Term without disturbance by or from Sublandlord or anyone claiming under Sublandlord, subject to all Mortgages and other matters to which this Sublease is or may become subordinate and to the provisions contained herein. Other than as to the due performance of Sublandlord's Work and the ongoing agreements, covenants and maintenance obligations of the Sublandlord under this Lease, Subtenant takes the Demised Premises in strictly "AS IS" condition, as to title, permitted uses

and physical condition, there being no representations or warranties by Sublandlord concerning the title to or condition of the Demised Premises, except as expressly provided in this Sublease. Subtenant agrees that Subtenant is the present occupant of the Demised Premises and has been given ample opportunity to make such investigation of the Demised Premises and Legal Requirements applicable to the Demised Premises and business conducted thereat. If for any reason, the Lease of Sublandlord's right to possession of the Demised Premises thereunder is terminated, this Sublease shall likewise terminate. Sublandlord warrants, represents, covenants and agrees with Subtenant that the Sublandlord has the full right and power to enter this Sublease, that the Lease has not been amended (other than by an amendment dated April 24, 1969), that true and correct copies of the Lease and amendment have been provided to Subtenant, and that Sublandlord will not voluntarily terminate the Lease or cause the Lease or its rights thereunder to terminate. Sublandlord is not obligated hereby to elect to extend the Lease for any period past the expiration of the Sublease Term. Sublandlord further warrants, represents, covenants and agrees with Subtenant that the Lease is in full force and effect, that Sublandlord will perform all of its obligations under the Lease to the end that the Lease shall remain in full force and effect throughout the Sublease Term, and that the term of the Lease has been extended through the end of the Sublease Term.

(c) Sublandlord is performing at its cost the improvement of the Demised Premises and the Property, the specifications of which are set forth in Exhibit C hereto ("Sublandlord's Work"). In performing said Sublandlord's Work, Sublandlord agrees that same shall be done in an expeditious, good and workmanlike manner, using new, first quality materials. For purposes hereof, substantial completion of Sublandlord's Work shall occur by the Commencement Date, unless delayed by Force Majeure, in which case Sublandlord's Work shall be substantially completed as soon after the Commencement Date as reasonably possible. All punch-list items will be completed by Sublandlord as soon as reasonably possible after substantial completion.

SECTION 2.02 - USE OF DEMISED PREMISES; SIGNAGE:

(a) Subtenant covenants and agrees that Subtenant will use or permit the

use of the Demised Premises only for warehousing and distribution of stationery and office furniture, equipment and supplies, with offices incidental to such use. Subtenant may use the Demised Premises for other lawful, non-retail uses which are no more hazardous than Subtenant's present use nor inconsistent with the designed or intended use of the Property or its present use by other tenants, with the prior written consent of the Sublandlord, which shall not be unreasonably withheld. Notwithstanding the foregoing, Subtenant will in no event use or occupy the Demised Premises or allow the Demised Premises to be used or occupied (i) for any unlawful or immoral purpose, and will not suffer any unlawful or immoral act to be done or any unlawful or immoral condition to exist on the Demised Premises; (ii) for any business or purpose deemed extra hazardous on account of fire or otherwise; (iii) in violation of any Legal Requirement; (iv) so as to commit or permit to be committed any waste thereon; (v) for the conduct of distress, auction, fire, liquidation, going-out-of-business or bankruptcy sales, or for any retail sales of any nature.

(b) Sublandlord may erect and maintain such suitable signs as it may deem appropriate to advertise and/or identify the Property and other tenants in the Property. Subject to the approval of the appropriate municipal authority, Subtenant, with the Sublandlord's written approval as to location, design, specifications, wording, size and type, which approval Sublandlord agrees not to unreasonably withhold, may erect and maintain signs on the exterior of the Demised Premises so as to identify Subtenant's place of business. All signs shall comply with all Legal Requirements. All of Subtenant's existing signs are hereby approved. Subtenant shall keep insured and shall maintain the signs its installs or has installed in good condition and repair at all times. Subtenant shall remove all its signs at the end of the Sublease Term, repairing any damage caused thereby.

(c) Subtenant covenants and agrees that Subtenant and its successors, assigns, subtenants, licensees, concessionaires and occupants and their agents, employees, contractors, and invitees (other than Sublandlord and its agents, employees, contractors, licensees and invitees), shall not, at any time during the Term, cause or permit any Hazardous Materials to be brought, upon, stored, manufactured, blended, handled, or used in, on, or about the Demised Premises for any purpose.

(d) Subtenant shall have no liability to Sublandlord or Sublandlord's agents, employees, contractors, licensees or invitees, for any Hazardous Materials coming in, on or about the Demised Premises unless caused by an act or omission of Subtenant, its successors, assigns, subtenants, licensees, concessionaires and occupants, and their agents, employees, contractors, and invitees (other than Sublandlord and its agents, employees, contractors, licensees and invitees). Sublandlord covenants and agrees with Subtenant that Sublandlord will not cause or permit any Hazardous Materials to be brought upon, stored, blended, handled, or used in, about or on the Property, other than in conformity to all Legal Requirements.

In the event that:

(i) Sublandlord shall breach the terms of the preceding sentence; or

(ii) should there be any violation of Environmental Laws on, emanating from, or pertaining to the Property not caused or contributed to by Subtenant, its successors, assigns, subtenants, licensees, concessionaires and occupants, and their agents, employees, contractors and invitees (other than Sublandlord and its agents, employees, contractors, licensees and invitees);

and should Subtenant thereby be threatened with present or immediately impending action, suit, proceeding or assessment of liability, Subtenant may terminate this Lease on Sixty (60) days notice to Sublandlord, unless such threat is fully abated within the Sixty (60) day period, or if such threat cannot be abated within such Sixty (60) day period, Sublandlord shall have in good faith have commenced such performance within such Sixty (60) day period and diligently proceeds therewith to complete abatement.

ARTICLE 3 - RENT.

SECTION 3.0-1: Subtenant shall pay to Sublandlord or such other party as Sublandlord may from time to time designate by notice to Subtenant, in legal tender of the United States, without deduction, abatement or setoff, except as provided in this Sublease, at the address of Sublandlord specified herein or furnished pursuant to the terms hereof:

(a) Base Rent. For the first four (4) Sublease Years, the Subtenant shall pay net rental ("Base Rent") for the Demised Premises in the amount of $98,658.00 per year, payable in equal monthly installments of $8,221.50. For the fifth (5) Sublease Year through the end of the Term, the annual Base Rent shall be the amount of $105,705.00, payable in equal monthly installments of $8,808.75.

The Base Rent shall commence on the Rent Commencement Date. It shall be paid in equal monthly installments in advance on the first day of each calendar month during the Sublease Term.

(b) Additional Rent. In addition to Base Rent, Subtenant shall pay to Sublandlord as Additional Rent all other sums owing from Subtenant to Sublandlord as provided in this Sublease, commencing with the Commencement Date.

(c) Subtenant Tax Contribution. Subtenant covenants and agrees to pay promptly when due all taxes imposed upon its business operations and its Personalty. In addition, Subtenant shall pay to Sublandlord, as Additional Rent, Subtenant's Pro Rata Share of the amount by which the Real Estate Taxes assessed

against the Property in subsequent real estate tax years exceed the Real Estate Taxes in the 1992 real estate tax year. Payments due by Subtenant to Sublandlord hereunder shall be based on Sublandlord's written certification of the amount due for that Sublease Year or tax year. Any payments due by Subtenant to Sublandlord hereunder shall be made within 30 days after Subtenant's receipt of Sublandlord's written certification of the amount due, but in no event shall said Subtenant's payment be due more than 30 days, nor less than 20 days, prior to the last date when said taxes are due to the taxing authority without imposition of interest or penalty.

Sublandlord shall hereafter have the fist right to protest tax assessments of the Property or the Demised Premises, and shall have Ten (10) days after receipt of notice of the new or proposed tax assessment to make its election. If Sublandlord shall not elect to make the protest or review within Ten (10) days of receipt of notice, Sublandlord shall notify Subtenant and any other tenants in writing and provide copies of all tax bills or assessment notices. Thereafter, any tenant may elect in writing to Sublandlord within Ten (10) days to protest the tax assessment. The protest shall be at the tenants' sole cost and expense, and Subtenant agrees to cooperate with the other tenants desirous of prosecuting said protest or review.

(d) Partial Year or Month. In the event that the Rent Commencement Date is on a date other than the first day of a month, the payment owing for Base Rent for such partial month

shall be the monthly Base Rent multiplied by a fraction, the numerator of which is the number of days in such partial month that this Sublease is in effect and the denominator of which is the number of days in such partial month. This payment shall be due on the Rent Commencement Date. In the event the last day of the Sublease Term is on a date other than the last day of a month, a similar proration of Base Rent shall be made for such month.

(e) Lien for Rent. To the fullest and broadest extent permissible under Texas law, the Sublandlord shall have a lien and security interest upon the assets and properties of the Subtenant now or hereafter located at or upon the Demised Premises to secure the payment of any Base Rent, Additional Rent or other sums due hereunder. Subtenant will join with Sublandlord in filing any financing statement necessary or desirable to evidence said lien or security interest. Said lien, as well as any lien provided Sublandlord by law, shall be subordinate to any lien granted by Subtenant to secure financing obtained by it, provided however, that Sublandlord's lien described in this subparagraph shall never be more junior than a second lien position. Sublandlord agrees to execute subordinations or other instruments when necessary to reflect the terms or conditions of this Section 3.01(e) or as necessary to release the lien hereof at the termination of the Sublease.

SECTION 3.02 - LATE AND PARTIAL PAYMENTS: Should Subtenant fail to pay when due or within 5 days after the due date any installment of Rent, then

Subtenant shall pay to Sublandlord on demand, in addition to amounts owing and unpaid, interest at the lower of 18% per annum or the highest rate permitted by applicable law from the due date until the required payment(s) are made. Sublandlord may apply any partial payments as Sublandlord deems appropriate. No assessment or acceptance by Sublandlord of any late charge for overdue payments shall be construed or interpreted as a waiver or abandonment of any claim for breach or default by Sublandlord under this Sublease.

ARTICLE 4 - COMMON AREAS.

SECTION 4.01 - COMMON AREA MAINTENANCE: The Common Areas shall be subject to the exclusive, reasonable control and management of Sublandlord. However, Subtenant and its agents, employees, licensees and invitees shall have the non-exclusive right to use the parking areas, driveways and other Common Areas of the Property, subject to exclusive rights in other tenants depicted on the Site Plan. At such time as Sublandlord repairs and resurfaces the Common Areas so that they are in good repair and in clean and serviceable condition for their intended purposes in such manner as Sublandlord, in its reasonable discretion, shall determine, Subtenant shall pay to Sublandlord a Pro Rata Share of Sublandlord's costs of future maintenance, repair, landscaping, plowing and lighting of the Common Areas, all at levels determined by Sublandlord in its reasonable discretion, but in no event shall Subtenant's Pro Rata Share of Common Area Costs exceed $1,000 per Lease Year.

Sublandlord may close temporarily all or part of the Common Areas as reasonably required to make repairs or changes, to prevent the acquisition of public rights in such areas or to discourage non-customer parking, in which event Sublandlord shall not be subject to liability

therefor, nor shall any such action be deemed an actual or constructive eviction of Subtenant. For purposes of this subparagraph, "temporary" shall mean not more than forty-five (45) consecutive days. Sublandlord shall not alter the parking areas, loading areas, driveways or other Common Areas of the Property in a manner which would materially impair the use, enjoyment or operation of the Demised Premises by the Subtenant.

Subtenant shall not conduct business or advertise in the Common Areas or impair the enjoyment of any of the Common Areas by other tenants. Sublandlord may adopt and amend reasonable Rules and Regulations governing use of the Common Areas.

SECTION 4.02 - SITE PLAN: The site analysis figures and Common Area detail drawings in the Site Plan do not constitute a representation or warranty by Sublandlord that the figures or Common Area detail drawings are accurate or that the design of the Common Areas will not be modified in minor respects from that shown on the Site Plan. The site analysis figures and Common Area detail drawings are provided only to give a sense of the Property's layout. The parties agree that Subtenant has inspected the Property and satisfied itself of the

Property's suitability for Subtenant's intended use.

ARTICLE 5 - INSURANCE.

SECTION 5.01 - INSURANCE REQUIRED:

(a) During the Sublease Term, Subtenant, at its sole cost and expense, shall provide and keep in force:

(i) commercial general liability insurance with the broad form endorsement, including, but not limited to, personal injury and contractual liability coverage of at least $3,000,000.00 combined single limit for both bodily injury and property damage resulting from a single occurrence, occurring in and around the Demised Premises or the Common Areas and any exterior signs maintained by Subtenant, and automobile liability insurance with limits of not less than $3,000,000.00 combined single limit for both bodily injury and property damage resulting from one occurrence, with deductible amounts for each such coverage not to exceed $5,000.00.

(ii) workmen's compensation insurance at legally required levels and employer's liability insurance at limits of not less than $3,000,000.00 per accident for the benefit of all employees entering upon the Demised Premises or the Property or any portion thereof as a result of or in connection with their employment by Subtenant;

(iii) "All Risk" casualty insurance against loss or damage by fire and other perils, vandalism and malicious mischief in an amount equal to 100% of the replacement cost of the trade fixtures, equipment, furnishings, records and other merchandise of Subtenant in the Demised Premises; and

(iv) at all times during which construction is being performed upon the Demised Premises by Subtenant or its contractors, "All Risk" builders risk insurance with limits of coverage not less than 100% of full replacement cost of Subtenant's leasehold improvements, and owner's and contractor's protective insurance and independent contractor's insurance with coverage of at least $3,000,000.00 for a single occurrence, and for property damage.

(b) Sublandlord shall obtain casualty and other appropriate and customary insurance covering loss, injury and damage in, on and to the Demised Premises, the remainder of the building containing the Demised Premises, and the Common Areas but excluding the insurance described in Section 5.01(a) above, foundations and items Subtenant is required to insure. Said casualty insurance against loss or damage by fire and other perils, vandalism and malicious mischief shall be in an amount covering 100% of the replacement cost of the buildings and shall include, but not be limited to, "All Risk" casualty insurance and earthquake coverage, and may be in the form of a general coverage or blanket policy covering the building containing the Demised Premises and

other properties;

(c) Sublandlord may obtain insurance protecting the Sublandlord against the loss of rent income hereunder, including (to the extent obtainable) loss of both Base Rent and Additional Rent, for a period of not more than one (1) year.

(d) if the Demised Premises are now or hereafter designated a flood hazard area by the U. S. Department of Housing and Urban Development ("HUD") for which flood hazard insurance is obtainable, Sublandlord shall maintain flood hazard insurance in the maximum amount obtainable, but not more than the replacement cost of the building containing the Demised Premises (less foundations).

(e) Subtenant shall reimburse and pay to Sublandlord as Additional Rent its Pro Rata Share of the increase in the cost and expense of the insurance described above in Sections 5(b), (c) or (d) over the cost for the policy period of said insurance which ends June 30, 1992, such payment to be made within 30 days of the billing of the same by Sublandlord to Subtenant, but nevertheless, need not be paid by Subtenant more than 20 days prior to the date Sublandlord is obligated to pay same to the insurer.

SECTION 5.02 - POLICY TERMS AND BENEFICIARIES: All insurance provided by Subtenant shall name Sublandlord, the owner of the Property and each Mortgagee as additional named insureds, as their respective interests may appear. No policy may contain a deductible amount greater than that which has been approved by Sublandlord in writing, unless otherwise specified herein. No later than the Commencement Date and 20 days prior to the expiration date of any prior insurance policy, Subtenant shall deliver to Sublandlord copies of all policies required hereunder or certificates evidencing the existence and amount of such insurance, issued by an insurer or insurers satisfactory to Sublandlord in its sole discretion, licensed to do business in the State of Texas, and rated A or better as to policy holder rating and X or better as to financial rating in the most current issue of Best's Key Rating Guide. Subtenant shall procure policies for

all insurance at least 20 days before the expiration of prior policies. Each insurance policy required to be maintained by Subtenant under Section 5.01(a) shall, to the extent available, contain the following provisions: (i) the agreement of the insurer to give Sublandlord, owner and each Mortgagee at least 20 days notice by registered mail prior to cancellation, change in coverage or any other material change in such policy; (ii) waiver of subrogation rights against Sublandlord and Subtenant; (iii) agreement that such policy is primary and non-contributing with any insurance that may be carried by Sublandlord; (iv) a statement that the insurance shall not be invalidated should any insured waive in writing prior to a loss any or all right of recovery against any party for loss occurring to the property described in the insurance policy; and (v) a statement that no act or omission of Subtenant shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained.

Each policy maintained by Sublandlord under this Sections 5.01(b), (c) or (d) shall, to the extent available, contain the following provisions: (i) the agreement of the insurer to give Subtenant, owner and each Mortgagee at least 20 days notice by registered mail prior to cancellation, change in coverage or any other material change in such policy; (ii) waiver of subrogation rights against Sublandlord and Subtenant; (iii) a statement that the insurance shall not be invalidated should any insured waive in writing prior to a loss any or all right of recovery against any party for loss occurring to the property described in the insurance policy; and (iv) a statement that no act or omission of Sublandlord shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained. Subtenant's insurance may be in the form of a general coverage or blanket policy covering the Demised Premises and other premises, provided that Sublandlord and each owner and Mortgagee are specifically named therein as additional named insureds.

Subtenant shall pay all of any increase in premiums for the casualty or public liability insurance which is a result of the type of services rendered by Subtenant or its activities in the Demised Premises, whether or not Sublandlord has consented to the same. In the event either party's use or occupancy, or the use or occupancy of their tenants or subtenants, causes any increase of insurance premiums on the Property or any part thereof above previous rates for the Property, Subtenant or Sublandlord, as the case may be, shall pay such additional premium within 30 days of being invoiced therefor.

In the event either party fails at any time during the term of this Sublease to obtain and keep in force required insurance or to provide satisfactory evidence thereof, then, after ten (10) days prior written notice to the party failing to maintain the insurance, the other party shall have the right but not the duty to procure such insurance, and the party failing to obtain said insurance shall pay to the procuring party the costs and expenses thereof upon demand. The amounts of the foregoing insurance shall in no event be less than the amount reasonably required by any Mortgagee of Sublandlord, and the limits of insurance shall not limit either party's liability under this Sublease. Subtenant and Sublandlord hereby waive any right of subrogation against the other party hereto.

ARTICLE 6 - PERSONAL PROPERTY OF SUBTENANT.

SECTION 6.01 - SUBTENANT'S PROPERTY: All Personalty shall remain the property of Subtenant. Sublandlord shall under no circumstances whatsoever be responsible for any loss or damage occurring to any Personalty, unless said loss or damage was not insurable against by Subtenant and was caused by Sublandlord's failure to make repairs hereunder within a reasonable time after receipt of written notice of the need for repairs has been received by Sublandlord.

SECTION 6.02 - REMOVAL: Upon the expiration or earlier termination of this Sublease, Subtenant shall remove any and all Personalty and repair any damage to the Demised Premises caused thereby. Subtenant shall not remove any plumbing or

electrical fixtures or equipment, heating or air conditioning equipment, floor or wall coverings, paneling, tile or other materials on the walls, floors or ceilings, any fixtures or appurtenances included within the definition of Demised Premises or any fixtures or machinery that were furnished or paid for by Sublandlord, all of which shall be deemed to constitute a part of Sublandlord's estate. However, Subtenant shall be entitled to remove those storage racks installed by it in the 35,100 square foot portion of the Demised Premises depicted on the Site Plan upon the expiration or earlier termination of this Sublease. The Demised Premises and the immediate areas in front of, behind and adjacent to it shall be left in a broom-clean condition. If Subtenant shall fail to so remove its Personalty at the termination of this Sublease, such Personalty not removed by Subtenant shall be deemed abandoned by Subtenant, and, at the option of Sublandlord, (i) shall become the property of Sublandlord or (ii) may be disposed of without accountability in such manner as Sublandlord may see fit, and Subtenant shall pay to Sublandlord the cost and expense of removal and repair of all damage to the Demised Premises which is caused by such removal.

ARTICLE 7 - MAINTENANCE; REPAIR; UTILITIES.

SECTION 7.01 - REPAIRS AND MAINTENANCE: Sublandlord shall, at its sole expense and after notice from Subtenant of need for repair or replacement, promptly make all repairs and replacements to the roof, trusses, foundation, structural elements and components of any buildings containing the Demised Premises, to utility lines and auxiliary water mains up to the exterior walls of the Demised Premises and to the Common Areas of the Property. Except as hereinbefore provided, Subtenant shall, at its sole cost, promptly make all repairs and replacements to the Demised Premises necessary to keep the same clean and in good condition and repair, including, but not limited to, all of the building's exterior walls, all exterior and interior lighting facilities, exterior and interior doors and windows, loading docks, the air conditioning, heating, water heating, plumbing and electrical equipment systems and installations, all glass and show windows, moldings and bulkheads, all partitions, floor surfaces and subsurfaces, ceilings, fixtures, equipment and appurtenances thereto. Subtenant shall at its expense maintain and operate all of its interior and exterior signs previously or hereafter installed by or for Subtenant, and shall keep the surfaces of the building outside the Demised Premises, including signs, in good, sightly and clean condition. Any damage caused to the exterior walls to which any sign installed by Subtenant may be attached, including but not limited to rust stains and structural cracking of the facia caused by such signs, shall be repaired by Subtenant at its

own cost. Subtenant shall make such other non-structural repairs and replacements in and to the Demised Premises promptly as needed. In addition to the foregoing, Subtenant shall repair and maintain the fire sprinkling system, fire extinguishers and other fire preventive equipment in the Demised Premises in accordance with all present Legal Requirements. Tenant shall not, however, be required to replace or up-grade the fire sprinkling system to comply with future Legal Requirements, unless the replacement or up-grading is required as a result

of the type of use of the Demised Premises being made by Subtenant.

Except as expressly provided in this Sublease, Sublandlord shall have no obligation to repair any part of the Demised Premises.

SECTION 7.02 - UTILITIES: Subtenant shall promptly pay the appropriate utility company for all electrical, natural gas and telephone utility services rendered or furnished to the Demised Premises. Subtenant shall pay to Sublandlord, as Additional Rent, Subtenant's Pro Rata Share of other utilities used by the Demised Premises not invoiced to Subtenant by the appropriate utility company or other provider, including, without limitation, fire protection, water and sewer charges from and after the Commencement Date.

SECTION 7.03 - PESTS: Sublandlord agrees that during the continuance of this Sublease, the remainder of the building, if any, not hereby leased to Subtenant, shall not be used in any manner or for any purpose which is harmful or deleterious to the goods or business of the Subtenant, other than in a minor or immaterial way. Should any of Subtenant's merchandise become contaminated or infested by a pest condition originating or emanating from outside the Demised Premises, Subtenant shall give Sublandlord written notice thereof, and Sublandlord shall have Fourteen (14) days following receipt of notice to investigate and correct the contamination or infestation problem. Should Sublandlord fail to correct the contamination or infestation problem as aforesaid, Subtenant may do so, and Sublandlord shall compensate Subtenant all the reasonable costs and expenses directly related to the correction of the problem, but in no event (except as provided in Section 21.01 hereof) shall any sum due to Subtenant be off-set or deducted from Base Rent, Additional Rent or any other sum due Sublandlord under this Sublease.

ARTICLE 8 - CONSTRUCTION OF ALTERATIONS.

SECTION 8.01 - SUBTENANT LEASEHOLD ALTERATIONS:

(a) Except for the due performance of Sublandlord's Work and Sublandlord's ongoing agreements, covenants and maintenance obligations under this Sublease, Subtenant hereby takes possession of the Demised Premises in strictly "AS IS" condition, regardless of whether the Demised Premises are satisfactory for Subtenant's purposes. Subtenant expressly agrees that this Sublease is not conditioned on Subtenant being able to make any Alterations, but the terms of this sentence shall be inapplicable to any future Alterations to which Sublandlord shall have consented.

(b) Subtenant may make Alterations to the Demised Premises only with the prior written consent of Sublandlord, which consent may be withheld by the Sublandlord for any reason or for no reason. Notwithstanding the preceding sentence, however, Subtenant shall have the right, at its sole expense and liability, to place or install in or on the Demised Premises any trade fixtures, storage racks, conveyor systems, or other machinery or equipment, to paint or

decorate all or any part of the Demised Premises as it may elect, and, upon termination of this Sublease or prior thereto, to remove said fixtures, storage racks, conveyor systems, machinery and equipment without regard to how fastened to the Demised Premises, provided, however, that any damage caused to the Demised Premises by any such installation, use or removal shall be repaired by Subtenant at its own expense, and provided further that, if requested by Sublandlord, Subtenant shall, at its own expense, paint over and obliterate any signs painted on the Demised Premises and remove any trade fixtures of Subtenant attached thereto and repair any damage to the Demised Premises in connection therewith; all provided that no such installation, use or removal shall violate any Legal Requirement, and shall be done and performed in a good and workmanlike manner.

(c) All Alterations which are consented to by the Sublandlord or permitted hereunder are subject to the following requirements:

(i) All Alterations shall be performed so as not to materially interfere with the use by the other tenants of the Property of their premises in the Property and, once commenced, shall proceed in good faith and promptly to completion;

(ii) No Alterations shall be undertaken until Subtenant shall have procured all required permits and authorizations of all municipal departments;

(iii) Any Alterations, when completed, shall be of such a character as not to reduce the value of the Demised Premises below its value immediately before such Improvements or Alterations;

(iv) Any Alterations shall be made in a good and workmanlike manner and in compliance with all applicable permits, authorizations, Legal Requirements and provisions of this Sublease;

(v) At least Thirty (30) days before the commencement of any Alterations, Subtenant shall notify Sublandlord of its intention to commence the same so that Sublandlord may post or record notices of non-responsibility.

SECTION 8.02 - OWNERSHIP AND MAINTENANCE: All Alterations, including, without limitation, all lighting fixtures, intercom systems, installations, fixtures (other than trade fixtures or Personalty), are and shall be deemed to be and immediately become part of the realty and the sole and absolute property of Sublandlord. Notwithstanding the foregoing, Subtenant shall maintain insurance coverage with respect to same, unless same are insured by Sublandlord's insurance, and shall maintain, repair and replace same, all as more particularly provided for in

this Sublease. If Sublandlord's insurance covers Alterations made by Subtenant,

Subtenant shall reimburse Sublandlord for the additional cost thereby occasioned. Alternatively, at the time the Sublease Term ends or otherwise terminates for any reason, the Sublandlord may elect to have the Subtenant remove any Alterations and return the Demised Premises to their former condition, which shall be fully completed within Thirty (30) days of the end or other termination of the Sublease Term.

SECTION 8.03 - CONSTRUCTION BY SUBLANDLORD: Sublandlord hereby reserves the right at any time to construct buildings on the Common Areas of the Property, or to enlarge the building of which the Demised Premises are a part, subject to Section 4.01 hereof, and provided that such construction shall not materially interfere with Subtenant's use of, access to, or parking for, the Demised Premises.

SECTION 8.04 - NO LIABILITY: Sublandlord's approval rights as provided for herein are solely for Sublandlord's benefit and shall not give rise to any liability whatsoever on the part of Sublandlord not otherwise arising or created under the Sublease.

ARTICLE 9 - COMPLIANCE WITH LEGAL REQUIREMENTS.

SECTION 9.01: This Sublease is subject to all Legal Requirements now or hereafter applicable to the Property. Subtenant shall promptly and fully comply with all presently existing Legal Requirements. Subtenant shall comply with all future Legal Requirements regulating or governing the use of the Demised Premises or which require Alterations to the Demised Premises because of Subtenant's use of the Demised Premises. Compliance with any other future Legal Requirements which require any Alterations to the Demised Premises shall be the responsibility of Sublandlord, up to the aggregate maximum sum during the Sublease Term of $5,000.00. If at any time, compliance with future Legal Requirements would obligate Sublandlord to expend more than the aggregate total of $5,000.00 for the Sublease Term, then Sublandlord shall instead be entitled to terminate this Sublease upon Sixty (60) days written notice to Subtenant, unless within that period, Subtenant obligates itself to pay for all amounts in excess of the aggregate sum $5,000.00 hereinbefore described.

Notwithstanding any previous portion of this Section 9.01 to the contrary, however, Subtenant shall have no responsibility for any non-compliance of the Demised Premises with any Environmental Laws except as expressly set forth in Section 2.02(c) or Article 20 hereof.

ARTICLE 10 - DISCHARGE OF LIENS.

SECTION 10.01: Subtenant shall not permit any claim of lien resulting from Subtenant's action to be filed by any person under any (i) mechanics' lien statute, (ii) materialmen's lien statute, (iii) lien imposed under any Environmental Law or (iv) other liens against the Demised Premises or the Property. If any such claim of lien shall be filed against the Demised Premises or the Property, Subtenant shall cause the lien to be discharged; provided, however, that Subtenant may contest any such lien, so long as the enforcement thereof is stayed and the lien

is removed of record by means of a bond or any other lawful means. If Subtenant shall fail to cause said lien to be released of record within 10 days after notice to Subtenant from Sublandlord, then Sublandlord may, but shall not be obligated to, discharge the same by deposit or bonding. Any amount paid by Sublandlord and all costs and expenses incurred by Sublandlord in connection therewith shall constitute Additional Rent and shall be paid by Subtenant to Sublandlord on demand, along with interest at the lower of 18% per annum or the highest rate then permissible under applicable law.

Notwithstanding anything contained in this Section 10.1 to the contrary, however, Subtenant shall have no responsibility or liability for the non-compliance of the Demised Premises with any Environmental Law, except as expressly set forth under Section 2.02(c) or Article 20 hereof.

Nothing herein shall be deemed to subject Sublandlord's estate in the Demised Premises to any lien or liability under any law relating to liens. Subtenant shall indemnify Sublandlord from and against all liabilities, damages, losses, costs and expenses resulting from any lien filed against the Demised Premises claimed to have resulted from Subtenant's actions.

ARTICLE 11 - DAMAGE OR DESTRUCTION

SECTION 11.01 - ELECTION TO TERMINATE SUBLEASE: In the event the Demised Premises shall be damaged by fire or other casualty, then:

(a) if the damage exceeds 15% of the replacement cost of the Demised Premises, the Sublandlord shall have the right to terminate this Sublease as herein provided;

(b) if the damage exceeds 35% of the replacement cost of the Demised Premises, the Subtenant shall have the right to terminate this Sublease as herein provided; or

(c) if the damage exceeds 25% of the replacement cost of the Demised Premises and occurs during the final year of the Sublease Term, the Subtenant shall have the right to terminate this Sublease as herein provided.

Upon the occurrence of the damage described above, the Sublandlord or the Subtenant (as the case may be) shall have the option, which shall be exercised within 60 days following such damage, of terminating this Sublease, effective 30 days after the date of giving notice thereof. If Subtenant is in default under this Sublease at the time of making an election to terminate the Sublease under Sections 11.01(b) or (c), then as a condition of making a valid election to terminate, Subtenant must, prior to the effective date of the termination of the Sublease, cure all defaults, except those which are rendered both unnecessary and non-detrimental to Sublandlord because of the occurrence of the damage to the Demised Premises (e.g. minor defacing to the Demised Premises not affecting

any insurance recovery relating to the Demised Premises).

If this Sublease is terminated under the preceding paragraph, neither Sublandlord nor Subtenant shall be obligated to repair, restore or reconstruct the Demised Premises and Sublandlord shall be entitled to retain all insurance recovered under policies described in Sections 5.01(a)(iv), 5.01(b), 5.01(c) or 5.01(d) as a result of the damage to the Demised Premises.

SECTION 11.02 - REPAIR: If this Sublease shall not be terminated as provided in Section 11.01 above, this Sublease shall continue in full force and effect, and Sublandlord shall, within Thirty (30) days after satisfaction of the insurance award and solely to the extent thereof (after deducting Sublandlord's costs and attorneys' fees of collecting the award), proceed with the repair or restoration of the Demised Premises and, with all reasonable dispatch, return the Demised Premises to substantially the same condition they were immediately preceding the damage or destruction. If the net proceeds of insurance are inadequate to fully restore the Demised Premises substantially the same condition as preceding the damage or destruction, Sublandlord shall, within Thirty (30) days of receipt of the net insurance proceeds, notify Subtenant of Sublandlord's election to either (a) contribute any sums in excess of the net insurance award which are required to restore the Demised Premises to substantially the same condition as prior to the damage or destruction, or (b) to terminate this Lease after Thirty (30) days from the date of notice, unless within that Thirty (30) day period, Subtenant agrees in writing to contribute any sums in excess of the net insurance award which are required to restore the Demised Premises to substantially the same condition as prior to the damage or destruction.

If any of the Demised Premises shall be rendered unusable on account of such damage, Base Rent shall be abated for the portion of the Demised Premises as rendered unusable until the same is again usable by Subtenant, and Additional Rent shall likewise be abated [but only to the extent Sublandlord is compensated for loss of Additional Rent by the insurance referred to in Section 5.01(c)]. Upon Sublandlord's substantial completion thereof, Subtenant shall promptly repair or replace all of its Personalty damaged or destroyed, including, but not limited to, its trade fixtures and furniture, if (and to the extent) not covered by Landlord's insurance under Section 5.01(b), (c) or (d).

Notwithstanding any provision herein to the contrary, Subtenant, at Sublandlord's option, shall be responsible for all damages resulting from, and shall make all repairs and replacements necessitated by, any uninsured damage caused by the negligent or intentional tortious acts or omissions of Subtenant and its agents, employees, invitees and contractors, which damage is not customarily insured against under policies of the type described in Sections 5.01(a), (b), (c) or (d).

SECTION 11.03 - WAIVER OF SUBROGATION: In the event the Demised Premises, any part or parts of the Property or the fixtures or merchandise therein are

damaged or destroyed by fire or other casualty that is covered by insurance of Subtenant, Sublandlord or the tenants, subtenants, concessionaires or licensees of Subtenant or Sublandlord, regardless of cause or origin, including negligence, then the rights, if any, of any party against the other, or against the employees, agents, subtenants, concessionaires or licensees of any party, with respect to such damage or destruction and with respect to any loss resulting therefrom, including the interruption of the business of any of the parties, are hereby waived to the extent of any recovery under said insurance.

SECTION 11.04 - COMMON AREAS: Notwithstanding anything to the contrary contained herein, the party required to insure the Common Areas pursuant to Article 5 shall be responsible for the repair, restoration and reconstruction thereof pursuant to this Article.

ARTICLE 12 - CONDEMNATION.

SECTION 12.01 - ENTIRE PROPERTY: If the whole of the Demised Premises shall permanently be taken or damaged by any competent authority, this Sublease shall terminate as of the date physical possession of the Demised Premises is taken or damaged or immediate possession is ordered. Base Rent, Additional Rent, and all other charges payable hereunder shall be apportioned and paid up to said date.

SECTION 12.02 - PARTIAL TAKING:

(a) If there is a taking of or damage to less than the entire Demised Premises, this Sublease shall terminate as of the date physical possession of the Demised Premises is taken or damaged or immediate possession is ordered as to the portion of the Demised Premises so taken or damaged, and the Base Rent, Additional Rent and all other charges payable by Subtenant hereunder allocable to the portion taken or damaged shall be prorated to the date of such termination. With respect to that portion of the Demised Premises not taken or damaged, this Sublease shall continue in effect and the Base Rent shall be reduced proportionately.

(b) Sublandlord shall, as promptly as possible after the receipt of the award or compensation for the partial taking and to the extent possible from said award (after deducting Sublandlord's costs and attorneys' fees of collecting the award) restore, repair and replace that portion of the Demised Premises not so taken or damaged to a complete architectural unit or units for the use and occupancy of Subtenant and, as nearly as possible, to the condition existing prior to the taking or damaging.

(c) Notwithstanding the foregoing, Sublandlord or Subtenant may elect, within 30 days after the taking or damaging, to terminate the Sublease if so much of the ground floor area of the Demised Premises is taken or damaged that Subtenant cannot reasonably operate as contemplated by this Sublease, or if so much of the Common Areas is taken or damaged such that Subtenant cannot

reasonably continue to do business at the Demised Premises due to lack of access or available parking and/or loading areas, upon written notice to the other, which notice shall specify a termination date at least 30 days and not more than 90 days from the date thereof, after which Base Rent, Additional Rent and all other charges payable by Subtenant hereunder abate. In such even, Sublandlord shall not be obligated to repair, restore or reconstruct the Demised Premises.

SECTION 12.03 - ALLOCATION OF AWARD: The entire award or compensation, including interest, whether for a total or partial taking or damaging or for a diminution in the value of Subtenant's leasehold or Sublandlord's leasehold or other interest, shall belong to and be the property of Sublandlord, and Subtenant hereby assigns to Sublandlord all of Subtenant's interest

in any award. Subtenant shall have the right to prove in separate proceedings (or in the same proceeding, if separate proceedings cannot be brought under Federal or Texas law, as the case may be) and to receive any separate award which may be made for damage to or condemnation of Subtenant's equipment, trade fixtures, furniture and furnishings, and for relocation costs.

SECTION 12.04 - TEMPORARY TAKING: If there is a taking or damaging of the temporary use of the Demised Premises, Subtenant shall give prompt notice thereof to Sublandlord. Unless the temporary taking shall exceed Sixty (60) consecutive days and materially interfere with Subtenant's access to or use of the Demised Premises or Common Areas, the Sublease Term shall not be reduced or affected in any way by such temporary taking or damaging, but the Base Rent shall be abated for such time as such taking renders any of the Demised Premises unusable by Subtenant in proportion to that amount so rendered unusable, and Additional Rent shall likewise be abated (but only to the extent Sublandlord is compensated for loss of Additional Rent by the insurance referred to in Section 5.01(c). If the temporary taking shall exceed Sixty (60) consecutive days and materially interfere with Subtenant's access to or use of the Demised Premises or Common Areas, Subtenant shall be entitled to terminate this Sublease upon Thirty (30) days written notice to Subtenant.

Sublandlord shall be entitled to and shall receive the entire award for such taking or damaging during the Sublease Term (whether paid by way of damages, rent or otherwise). At the termination of any such use or occupation of the Demised Premises during the Sublease Term, Sublandlord shall, as promptly as possible after the receipt of the award or compensation for the partial taking and to the extent possible from said award (after deducting Sublandlord's costs and attorneys' fees of collecting the award), repair and restore the Demised Premises as nearly as reasonably possible to its condition immediately prior to such taking or damaging.

Sublandlord shall be entitled to claim, sue for and recover from the governmental authority all damages and awards arising out of the failure of the governmental authority to repair and restore the Demised Premises at the expiration of such temporary taking or damaging. Any recovery or sum received as

an award or compensation for physical damage to the Demised Premises caused by and during the temporary taking or damaging shall be paid to the Sublandlord.

SECTION 12.05 - DEFINITIONS: As used in this Article 12, (i) the term "taking or damaging" shall mean any taking of or damage to all or any part of the Demised Premises or the Property or any interest therein because of the exercise of the power of eminent domain, whether by condemnation proceedings or otherwise, including acts or omissions constituting inverse condemnation, or any transfer of any part of the Demised Premises or the Property or any interest therein made in avoidance of the power of eminent domain; and (ii) the "award" shall include, without limitation, all monies awarded for the taking or damaging of the Demised Premises or the Property and all estates or interests therein occurring before or after the commencement of litigation proceedings.

SECTION 12.06 - WAIVER: Each party waives the provisions of any law or statute which otherwise allows either party to petition a court to terminate this Sublease in the event of a partial taking of the Demised Premises, and elects to be governed by the terms of this Sublease.

ARTICLE 13 - SUBTENANT'S DEFAULT; SUBLANDLORD'S REMEDIES.

SECTION 13.01 - EVENTS OF DEFAULT: Each of the following events shall be a default by Subtenant and breach of this Sublease:

(a) If Subtenant fails to pay Sublandlord any Base Rent, Additional Rent or other charges required to be paid by Subtenant under this Sublease within 5 days after receipt of written notice to Subtenant of such default, which notice shall be in lieu of and not in addition to any notice required by law; provided, however, that notice shall not be required more than twice each Sublease Year for failure to pay any sum.

(b) If Subtenant fails to perform any of the agreements, terms, covenants or conditions of this Sublease to be performed by Subtenant other than the payment of Base Rent or Additional Rent or other charges, and such non-performance continues for a period of 30 days after receipt of written notice by Sublandlord to Subtenant, which notice shall be in lieu of and not in addition to any notice required by law, or if such performance cannot be completed within such 30 day period, Subtenant shall not in good faith have commenced such performance within such 30 day period and diligently proceeded therewith to completion.

(c) If a levy under execution or attachment shall be made against Subtenant of all or substantially all of Subtenant's property in or at the Demised Premises and such execution or attachment shall not be satisfied, stayed, vacated or removed by payment, court order, bonding or otherwise within a period of 30 days after entry of such execution or attachment.

(d) The filing of an involuntary petition against Subtenant under the

Bankruptcy Code or any other state or federal law relating to bankruptcy or insolvency that is not dismissed within 90 days after being filed or the making or entry of a decree or order by a court or determination by any regulatory or governmental agency, if any, having jurisdiction over Subtenant (i) that Subtenant is a bankrupt or is insolvent, or (ii) approving as properly filed a petition seeking reorganization of Subtenant under the Bankruptcy Code or any other state or federal law relating to bankruptcy or insolvency, or (iii) appointing a receiver or liquidator or trustee in bankruptcy or insolvency of Subtenant or of its property or any substantial portion of its property, or (iv) constituting the winding up or liquidation of the affairs of Subtenant.

(e) If Subtenant shall (i) institute proceedings to be adjudged a voluntary bankrupt, or (ii) consent to the filing of a bankruptcy proceeding against it, or (iii) file a petition or answer or consent seeking reorganization or readjustment under the Bankruptcy Code or any other state or federal law, or otherwise invoke any law for the aid of debtors, or consent to the filing of any such petition, or (iv) consent to the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of it or of its property, or (v) make an assignment for the benefit of

the creditors, or (vi) admit in writing its inability to pay its debts generally as they become due, or (vii) take any corporate action in furtherance of any of the aforesaid purposes or (viii) be unable to meet current obligations as they mature, even though its assets may greatly exceed its liabilities.

SECTION 13.02 - REMEDIES: Upon default by Subtenant under this Sublease, Sublandlord may, at its option, take any or all of the following actions:

(a) Elect not to terminate this Sublease or Subtenant's right to possession of the Demised Premises, and enforce all of Sublandlord's rights and remedies under this Sublease, including the right to recover the rent as it becomes due and payable by Subtenant. No acts by Sublandlord to maintain, preserve or re-let the Demised Premises, or to appoint a receiver to protect Sublandlord's interest under this Sublease, or to remove property or store it at a public warehouse or elsewhere at the cost of and for the account of Subtenant, or otherwise, shall constitute an election to terminate this Sublease or Subtenant's right of possession unless written notice of such intention is given by Sublandlord to Subtenant. Sublandlord may elect to terminate this Sublease upon a re-letting of the Demised Premises or at any other time after electing the remedy provided by this Subsection, in which event the rent shall cease to accrue and the damages provided by subsection (b) shall become available to Sublandlord.

During the period Subtenant is in default, Sublandlord may enter the Demised Premises and re-let them, or any part of them, to third parties for Subtenant's account. Re-letting may be for a period shorter or longer than the remaining term of this Sublease. Subtenant shall pay to Sublandlord the rent due under this Sublease on the dates the rent is due, plus the amounts necessary to

compensate Sublandlord as specified in subparagraphs (i) through (iii) below, less the rent Sublandlord receives from any re-letting. If Sublandlord re-lets the Demised Premises as provided in this subsection, rent that Sublandlord receives from re-letting shall be applied to the payment of: (i) first, all costs incurred by Sublandlord for re-letting as described in subparagraph (c); (ii) second, rent due and unpaid under this Sublease; and (iii) finally, any indebtedness from Subtenant to Sublandlord other than rent due from Subtenant. After deducting the payments referred to in this subsection, any sum remaining from the rent Sublandlord receives from re-letting shall be held by Sublandlord and applied in payment of future rent as rent becomes due under this Sublease. If, on the date rent is due under this Sublease, the rent received from the re-letting and applied to rent due is less than the rent due on that date, Subtenant shall pay to Sublandlord the remaining rent due.

(b) Terminate this Sublease and all rights of Subtenant and any subtenants, licensees or concessionaires hereunder by giving written notice of such intention to terminate. In the event that Sublandlord shall elect to terminate this Sublease as provided in this subsection, then Sublandlord recover from Subtenant:

(i) The worth at the time of award of any unpaid rent which has been earned at the time of such termination;

(ii) The worth at the time of award of the amount by which the unpaid rent that would have been earned hereunder after termination until the time of award exceeds the amount of such rental loss that the Subtenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Subtenant proves could have been reasonably avoided;

(iv) Any other amount necessary to compensate Sublandlord for all the detriment proximately caused by Subtenant's failure to perform its obligations under this Sublease and which, in the ordinary course of events, would be likely to foreseeably result from that failure to perform; and

(v) At Sublandlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of Texas.

As used in subparts (i) and (ii) of this subsection (b), the "worth at the time of award" is computed by allowing interest at the lower of 18% per annum or the highest rate then permitted by law. As used in subpart (iii) of this subsection (b), the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of Boston at the time of

award plus one percent.

(c) Upon the occurrence of a breach or default occasioning the remedies referred to in Section 13.02(a) or 13.02(b), the Sublandlord shall be entitled to its reasonable expenses incurred in preparing and offering the Demised Premises for re-rent, including (but not limited to) reasonable costs of cleaning, remodeling, painting, resurfacing of parking areas and walks, reasonable broker's commissions and fees, free rent, advertising and marketing costs and reasonable attorneys' fees.

(d) Take any and all other action and pursue all other rights and remedies provided at law, in equity (including moving to enjoin a breach or threatened breach) or under this Sublease. Efforts by Sublandlord to mitigate the damages caused by Subtenant's default shall not constitute a waiver of Sublandlord's right to recover damages hereunder.

SECTION 13.03 - BANKRUPTCY: Nothing in this Article 13 shall limit or prejudice the right of Sublandlord to prove or obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding an amount equal to the maximum allowed by a statute or rule of law governing such proceedings and in effect at the time when such damages are to be proved, whether or not such amount is greater, equal to or less than the amount of the damages referred to in any of the preceding sections.

SECTION 13.04: The rights of Sublandlord as contained in this Article 13 shall survive any termination of this Sublease.

ARTICLE 14 - SUBTENANT'S NOTICE TO SUBLANDLORD OF DEFAULTS.

SECTION 14.01: Sublandlord shall not be in default of this Sublease for failure to perform any of the agreements, terms, covenants or conditions of this Sublease to be performed by Sublandlord unless such non-performance continues for a period of 30 days after notice by Subtenant to Sublandlord or, if such performance cannot be completed within such 30 day period, Sublandlord shall not in good faith have commenced such performance within such 30 day period and diligently proceeded therewith to completion.

ARTICLE 15 - ASSIGNMENTS AND SUBLEASES.

SECTION 15.01 - RESTRICTIONS ON ASSIGNMENT AND SUBLETTING: Subtenant shall not assign this Sublease or sublet the Demised Premises by operation of law or otherwise, without the prior written consent of Sublandlord, which Sublandlord agrees not to unreasonably withhold, provided (i) the permitted use of the Demised Premises will not change, except as to the type of products or goods being warehoused, (ii) the proposed use shall be no more dangerous or hazardous in nature that Subtenant's use and shall be consistent and compatible with the use then being made of the Property by the remaining tenants; (iii) the proposed assignee or subtenant is creditworthy and has sufficient net worth to perform

all of the terms and conditions of the Sublease; (iv) the proposed assignee or subtenant has sufficient business skill and experience to perform the business being conducted at the Demised Premises to the same level of competence and responsibility as Subtenant, and (v) Subtenant shall supply to Sublandlord the information required by Section 15.02(a) regarding the subtenant or assignee, within the time therein provided. No reference in this Lease to assignees, subtenants or licensees of Subtenant shall imply that Tenant has a right to assign or sublease under this Sublease which is not limited by the requirement of Sublandlord's consent. Sublandlord shall not be obligated under any circumstances to consent to an assignment or subletting of less than all or substantially all of the Demised Premises .

SECTION 15.02 - NOTICE OF OFFER; RIGHT TO TERMINATE:

(a) Whenever Subtenant has obtained an offer to assign this Sublease or to sublease the Demised Premises, which Subtenant desires to accept, Subtenant shall provide to Sublandlord written notice thereof (a "Notice of Offer"), containing the name and address of said proposed assignee or sublessee, the rent offered, the proposed use by the proposed assignee or sublessee, the proposed effective date of the assignment or subletting, and any other business terms which are material to the offer and which differ from the provisions of this Sublease ("Notice of Offer"). Subtenant shall also provide to Sublandlord financial statement and business experience resume for the immediately preceding three (3) years of the proposed assignee or sublessee (or such lesser period as the business has been in existence) and such other information concerning such proposed assignee or sublessee as Sublandlord may reasonably request. The Notice of Offer shall be received by Sublandlord no less than Sixty (60) days prior to the effective date of the proposed assignment or sublease.

(b) Within Twenty (20) days after receiving a Notice of Offer for the proposed assignment of this Sublease or the subletting of the Demised Premises (other than to (i) a parent, wholly-owned subsidiary or affiliate of Subtenant, or (ii) a person or entity acquiring Subtenant through a purchase of a majority of its stock or substantially all of its assets and as a going concern) Sublandlord shall be entitled to terminate this Sublease by written notice to Subtenant ("Termination Notice"), and such termination shall be effective as of the proposed effective date of the proposed assignment or sublease, after which Subtenant shall have no further liability under this Sublease, other than for defaults of Subtenant then existing or for liabilities which survive the term of the Sublease according to the provisions of Sections 13.04, 16.02, 20.3, 21.03 and 25.02. If Sublandlord has the right hereunder to terminate this Sublease but does not elect to do so, Sublandlord shall notify Subtenant that Sublandlord either consents or declines to consent to the proposed assignment or subletting, and in such case, Sublandlord's consent shall not be unreasonably withheld. If Sublandlord does not provide a Termination Notice or notice of its refusal to consent to the proposed assignment or subletting within Twenty (20) days after receiving a Notice of Offer, Sublandlord shall be deemed to have consented to the proposed assignment or subletting, on the same terms as disclosed to

Sublandlord and for that specific occasion only.

(c) Any consent by Sublandlord to any assignment or sublease, or to the operation of a concessionaire or licensee, shall not constitute a waiver of the necessity for consent to any subsuquent assignment or sublease. Anything herein contained to the contrary notwithstanding, Subtenant shall not enter into any assignment or subletting if same would violate any of the terms of this Sublease or any Legal Requirement.

(d) Upon occasions of a proposed assignment or subletting for which Sublandlord's consent is required hereunder (meaning an assignment or subletting to a person or entity other than one described in Section 15.02(b)(i) or (ii) above, Subtenant (i) shall pay the Sublandlord its reasonable costs and expenses and reasonable attorneys' fees incurred in investigating and approving or disapproving the assignment or sublease and (ii) if applicable, shall pay Sublandlord monthly on the date specified in Section 3.01(a) an amount equal to 75% of the excess (after deducting reasonable broker's and legal fees, costs of Alterations and improvements made in conformity to this Sublease, and any transfer taxes or other direct assignment or subletting expenses) of all rentals and other monetary compensation from the assignee or subtenant to the Subtenant over the Base Rent due to the Sublandlord from the Subtenant hereunder.

SECTION 15.03 - LIABILITY CONTINUES: Subtenant shall be responsible for and be liable to Sublandlord for all acts, omissions and breaches or defaults of Sublease on the part of any assignee or subtenant of Subtenant in the Demised Premises. Any violation of any of the terms, provisions or conditions of this Sublease, whether by act or omission, by any assignee or subtenant shall constitute a breach of this Sublease by Subtenant. Permission is hereby granted to Subtenant to bring proceedings to enforce the terms, provisions and conditions of this Sublease against assignees and subtenants in Subtenant's own name or in the name of Sublandlord, provided, however, that Sublandlord incurs no cost or expense thereby or liability or obligation in connection therewith, and Subtenant shall indemnify, defend and hold Sublandlord harmless

from any such costs, liabilities and expenses. Notwithstanding anything to the contrary in this Sublease, no assignment or subletting, with or without consent, shall release Subtenant from any of its obligations and liabilities under this Sublease.

ARTICLE 16 - TERMINATION OF SUBLEASE; SURRENDER.

SECTION 16.01:

(a) On the last day of the Sublease Term or upon any earlier termination of this Sublease, or upon any lawful re-entry by Sublandlord upon the Demised Premises pursuant to Article 13, Subtenant shall (i) surrender and deliver the Demised Premises free and clear of all subtenancies, occupancies, liens and encumbrances created by Subtenant to the possession and use of Sublandlord

without delay and in good order, condition and repair, reasonable wear and tear and damage by casualty, condemnation or Acts of God excepted, and (ii) promptly surrender all keys for the Demised Premises to Sublandlord at the place then fixed for the payment of rent and inform Sublandlord of all combinations and access codes on locks, safes and vaults, if any and other than those to be removed by Subtenant, in the Demised Premises.

(b) In the event Subtenant remains in possession of the Demised Premises after the expiration of the Sublease Term, whether or not with the consent or acquiescence of Sublandlord, and without the execution of a new Sublease, Subtenant shall be deemed to be occupying the Demised Premises on a month to month tenancy only. Upon notice given by Sublandlord to Subtenant, Rent during this month to month tenancy shall be payable monthly in advance in an amount equal to 150% of the Base Rent and other charges due and payable immediately prior to the expiration of the Sublease Term without prejudice to Sublandlord's right to any damages which Sublandlord may suffer if Subtenant fails to vacate upon the expiration of the Sublease Term or the earlier termination of this Sublease. The terms of such month to month tenancy shall be otherwise the same as the terms, conditions, covenants, provisions and obligations contained in this Sublease.

SECTION 16.02: The provisions of this Article 16 shall survive any termination of this Sublease.

ARTICLE 17 - PARTY'S RIGHT TO PERFORM OTHER'S COVENANTS.

SECTION 17.01: If Subtenant, at any time after the lapse of 30 days from the receipt of written notice from Sublandlord, shall fail to make any payment or perform any other act on its part to be made or performed, then Sublandlord, without waiving Subtenant's default, may (but shall be under no obligation to) make any payment or perform any other act on Subtenant's part to be made or performed as provided in this Sublease. All sums paid by Sublandlord and all reasonable costs and expenses incurred by Sublandlord in connection with the performance of any such act, including, without limitation, reasonable attorneys' fees, shall constitute Additional Rent and shall be paid by Subtenant to Sublandlord within Thirty (30) days after receipt of an invoice. Sublandlord in its sole discretion may, without any liability whatsoever to the Subtenant

or any person or entity claiming through or under the Subtenant, cease the performance of any act commenced hereunder, at any time. There shall be no warranty, either express or implied, with respect to any such act performed by Sublandlord.

In case of a situation which the Sublandlord reasonably believes to be an emergency, the Sublandlord may avail itself of its rights under this Section 17.01 immediately, giving notice to Subtenant within 48 hours thereafter.

SECTION 17.02: If Sublandlord, at any time after the lapse of Thirty (30)

days from the receipt of written notice from Subtenant, shall fail to make any payment or perform any act on its part to be made or performed, then Subtenant, without waiving Sublandlord's default, may (but shall be under no obligation to) make any payment or perform any other act on Sublandlord's part to be made or performed as provided in this Sublease. All sums paid by Subtenant and all reasonable costs and expenses incurred by Subtenant in connection with the performance of any such act, including, without limitation, reasonable attorneys' fees, shall be paid by Sublandlord to Subtenant within 30 days after receipt of an invoice, but in no event (except as otherwise permitted in Section 21.01) shall any sums so incurred by Subtenant be offset or deducted from Base Rent, Additional Rent or any other monetary sum due to Subtenant. There shall be no warranty, either express or implied, with respect to any such act performed by Subtenant.

In case of a situation which the Subtenant reasonably believes to be an emergency, the Subtenant may avail itself of its rights under this Section 17.02 immediately, giving notice to Sublandlord within 48 hours thereafter.

ARTICLE 18 - INSPECTION BY SUBLANDLORD.

SECTION 18.01: Subtenant will permit Sublandlord and its authorized representatives to enter the Demised Premises upon reasonable notice at all reasonable times for the purpose of (i) inspecting the same, (ii) making any necessary repairs and performing any work contemplated in this Sublease, including, without limitation, Articles 7 and 17, which entry may be made at any time in the event of an emergency, (iii) showing the same to prospective purchasers or Mortgagees, (iv) showing the same to prospective tenants, and (v) conducting any environmental testing, sampling, borings, and analyses it deems necessary; such testing shall be at Subtenant's expense if Subtenant has breached its Hazardous Materials covenant contained in Section 2.02(c) of this Sublease or if Hazardous Materials are present in the Demised Premises or the soil or surface or ground water in, on, under, about or near the Demised Premises due to acts or omissions of Subtenant or its successors, assigns, subtenants, licensees, concessionaires or occupants of the Demised Premises or their agents, contractors, employees and invitees (other than Sublandlord or its successors, assigns, subtenants, licensees, concessionaires or occupants of the Demised Premises or their agents, contractors, employees and invitees). For purpose of the preceding sentence, an "omission" giving rise to liability thereunder to Subtenant for acts or omissions of Subtenant or its successors, assigns, subtenants, licensees, concessionaires or

occupants of the Demised Premises or their agents, contractors, employees and invitees shall mean an "omission" as would give liability under the Texas law of negligence.

ARTICLE 19 - SUBORDINATION; ATTORNMENT.

SECTION 19.01: Upon satisfaction of the provisions of Section 19.03, this

Sublease and the rights of Subtenant shall, at Sublandlord's option, be at all times subject and subordinate to any Mortgage (as same may be renewed, replaced, modified, extended or consolidated) hereinafter encumbering the Property or Sublandlord's interest therein. Subtenant agrees to attorn to any Mortgagee, purchaser in a foreclosure sale or grantee of a deed in lieu of foreclosure. Any Mortgagee may at any time elect to cause this Sublease to have priority over its Mortgage by executing unilaterally an instrument subordinating its Mortgage to this Sublease, or accepting a Mortgage containing a clause providing for such subordination. Subtenant shall within 15 days after request, execute, acknowledge and deliver any and all instruments customary and reasonably necessary to ratify or confirm the foregoing.

SECTION 19.02: Until it shall enter and take possession of the Demised Premises for the purpose of foreclosure, the holder of a mortgage shall have only such rights of Sublandlord as are necessary to preserve the integrity of this Sublease as security. Upon entry and taking possession of the Demised Premises for the purpose of foreclosure such holder shall have all the rights of Sublandlord, but only for so long as the holder of said mortgage shall be in possession of the Demised Premises. No such holder of a mortgage shall be liable either as mortgagee or as assignee, to perform, or be liable in damages for failure to perform, any of the obligations of Sublandlord unless and until such holder shall enter and take possession of the Premises for the purpose of foreclosure. Upon entry for the purpose of foreclosure, such holder shall be liable to perform all of the obligations of landlord, subject to and with the benefit of the provisions of this Article 19, provided that a discontinuance of any foreclosure proceeding shall be deemed a conveyance under said provisions to the owner of the equity of the Demised Premises. No Base Rent, Additional Rent or any other charge shall be paid more than 30 days prior to the due dates thereof and payments made in violation of this provision shall (except to the extent that such payments are actually received by a mortgagee in possession or in the process of foreclosing its mortgage) be a nullity as against such mortgagee and Subtenant shall be liable for the amount of such payments to such mortgagee. The covenants and agreements contained in this Sublease with respect to the rights, powers and benefits of a mortgagee (particularly, without limitation thereby, the covenants and agreements contained in this Article 19) constitute a continuing offer to any person, corporation or other entity, which by accepting a mortgage subject to this lease assumes the obligations herein set forth with respect to such mortgagee; such mortgagee is hereby constituted a party of this Sublease as an obligee hereunder to the same extent as though its name was written herein as such; and such mortgagee shall be entitled to enforce such provisions in its own name. Subtenant agrees on request of Sublandlord to execute and deliver from time to time any agreement which may be customary and reasonably necessary to implement the provisions of these Sections 19.01 and 19.02.

SECTION 19.03: Unless and until Sublandlord shall obtain from any future Mortgagee of the owner's or Sublandlord's rights in the Property or Demised Premises an agreement which in substance provides that, in return for

subordinating and attorning to said Mortgagee, Subtenant shall not be disturbed in its possession of the Demised Premises or in the exercise of any of its rights under this Sublease in the event of a foreclosure under said Mortgage, provided Subtenant complies with the terms and conditions of the Sublease, Subtenant shall not be obligated to subordinate and attorn as provided in Section 19.01.

ARTICLE 20 - INDEMNIFICATION.

SECTION 20.01: Subtenant shall indemnify, defend and hold Sublandlord harmless from and against any and all actions, claims, demands, penalties, liabilities or costs (including reasonable attorneys' fees) incurred in connection with any loss, damage or injury to persons or property occurring in or on the Demised Premises (and in the event of any claims under Environmental Laws resulting from a breach by Subtenant or anyone claiming under or through Subtenant of Subtenant's covenant in Section 2.02(c) of this Sublease, this shall also include any loss, damage or injury to persons or property under, about or near the Demised Premises), which arises under the operations or activities of Subtenant and its subtenants, concessionaires, licensees or occupants of the Demised Premises or any of their contractors, agents, employees or invitees, or arises out of Subtenant's and their use of the Demised Premises, or caused by the acts or negligence of Subtenant, its subtenants, concessionaires, licensees or occupants and their contractors, agents, employees or invitees.

SECTION 20.02: The obligation of Subtenant to indemnify, defend, and hold harmless Sublandlord for claims under Environmental Laws which arise from a breach by Subtenant of its covenants under Section 2.02(c), includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work reasonably required by Sublandlord or any Mortgagee, or required by any federal, state or local governmental agency or political subdivision because of any Hazardous Materials occurring or present in the Demised Premises, the soil or surface or ground water in, on, under, about or near the Demised Premises, diminution in value of the Demised Premises, the Common Areas or the Property, damages for the loss or restriction on use of rentable or useable space or of any amenity of the Demised Premises or the Common Areas, damages arising from any adverse impact on marketing of space in the Demised Premises or the Property, and sums paid in settlement of claims, penalties, attorneys' fees, court costs, consultant and laboratory fees and expert's fees. Without limiting the foregoing, if any Hazardous Materials are found in the soil or surface or ground water in, on, under, about or near the Demised Premises the introduction of which is caused or contributed to by Subtenant, its employees, successors, assigns, licensees or invitees, Subtenant shall promptly take all actions reasonably required by Sublandlord or Mortgagee or required by governmental agencies, at Subtenant's sole expense, necessary to return the Demised Premises to the condition existing prior to the introduction of Hazardous Materials in, on, under, about or near the Demised Premises, in accordance with Legal Requirements; any action undertaken by Subtenant shall be subject to Sublandlord's prior approval of such actions, which approval shall not be unreasonably withheld.

SECTION 20.03: The provisions of this Article 20 shall survive any termination of this Sublease as to matters or occurrences which preceded the termination.

ARTICLE 21 - SUBLANDLORD EXCULPATION.

SECTION 21.01 - LIMITATION OF LIABILITY: Notwithstanding anything to the contrary in this Sublease, any judgment obtained by Subtenant against Sublandlord shall be satisfied only out of Sublandlord's interest in the Property and the rents receivable by Sublandlord therefrom, including those receivable from Subtenant. Neither Sublandlord nor any of its general or limited partners, officers, directors, shareholders, trustees, beneficiaries or employees shall have any personal liability for any matter in connection with this Sublease or its obligations as Sublandlord of the Demised Premises, except as provided above. Subtenant shall not seek to enforce any personal or deficiency judgment against Sublandlord or any of its general or limited partners, officers, directors, shareholders, beneficiaries or employees, and none of their property, except the Property and the rents receivable therefrom, shall be available to satisfy any judgment hereunder.

SECTION 21.02 - SALE OF DEMISED PREMISES: In the event of any sale or transfer of Sublandlord's interest in the Demised Premises, the seller, transferor or assignor shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of Sublandlord thereafter accruing hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the purchaser, transferee or assignee in any such sale, transfer or assignment that such purchaser, transferee or assignee has assumed and agreed to carry out any and all agreements, covenants and obligations of Sublandlord hereunder.

SECTION 21.03: The provisions of this Article 21 shall survive any termination of this Sublease.

ARTICLE 22 - NOTICES.

SECTION 22.01: Whenever it is provided herein that notice, notification, demand, request or approval is required, the same shall be in writing and, any law or statute to the contrary notwithstanding, it shall be effective for any purpose if given or served by intracity messenger service or overnight courier service such as Federal Express or by mailing by registered or certified mail, postage prepaid, return receipt requested, addressed as follows: (a) If by Sublandlord, to Subtenant at the address set forth on the first page of this Sublease, or to such other address as Subtenant may from time to time designate by notice given to Sublandlord; and (b) If by Subtenant, to Sublandlord at the address set forth in the first page, or at such other address as Sublandlord may from time to time designate by notice given to Subtenant. Every notice, demand, request, approval or other communication hereunder by intracity messenger

service or overnight courier service shall be deemed to have been given or served at the earlier of actual receipt or one day after first attempted delivery. Every notice, demand, request, approval or other communication hereunder by registered or certified mail, return receipt

requested, shall be deemed to have been given or served at the earlier of actual receipt or Three (3) days after deposit with the U. S. Postal Service, postage and necessary fees prepaid.

SECTION 22.02: If any notice is given to Sublandlord by a governmental agency pursuant to the Environmental Laws, or if any action is required by a governmental agency pursuant to Environmental Laws in a period or time which is less than thirty (30) days, then the notice and time periods provided for in Sections 13.01(b), 17.01 and 17.02 shall be reduced to a time period equal to the statutory time less two (2) days; the provision of this Section shall prevail over the time periods provided for in Sections 13.01(b), 17.01 and 17.02.

ARTICLE 23 - CERTIFICATES - FINANCIAL STATEMENTS.

SECTION 23.01: Each party (the "Certifying Party") shall from time to time, within 15 days after receipt of written request therefor, execute, acknowledge and deliver to the requesting party (the "Requesting Party") or any existing or proposed Mortgagee or purchaser or assignee of the Demised Premises or of any Mortgage, without charge, a duly executed recordable certificate prepared by the Requesting Party certifying all of the following to the best of the knowledge of the Certifying Party: (i) that this Sublease is valid, subsisting, in full force and effect and unmodified (or, if modified, that the Sublease as modified is valid, subsisting and in full force and effect and stating with specificity all modifications); (ii) the dates to which the rent and other charges have been paid; (iii) the Sublease Term; (iv) that all conditions to Subtenant's possession of the Demised Premises and commencement of the Sublease Term have been satisfied, if accurate, and if not, stating those conditions which have not been satisfied: (v) that the Requesting Party is not in default under any provisions of this Sublease, if accurate, and if not, stating any defaults; (vi) that there are no offsets or defenses which the Certifying Party then has against Requesting Party (or if there are any offsets or defenses then claimed, stating the nature of same with specificity); and (vii) such other information as may be reasonably requested. It is intended that any such statement delivered pursuant to this Article may be relied upon by the parties for whom it is intended.

SECTION 23.02: Subtenant, in writing to Sublandlord, within (15) days after receipt or request therefor, shall execute, acknowledge and deliver to Sublandlord or any existing or proposed Martgagee or purchaser or assignee of the Demised Premises or any Mortgage, without charge, a certificate stating, to the best of Subtenant's knowledge, that: (i) Subtenant, its subtenants, concessionaires, licensees, occupants and their contractors, agents, employees

and invitees, have complied with the requirements of Environmental Laws imposed upon them under the Sublease, (ii) Subtenant, its subtenants, concessionaires, licensees, occupants and their contractors, agents, employees and invitees have not disposed of Hazardous Materials on, in, under, about or near the Demised Premises, (iii) Subtenant, its subtenants, concessionaires, licensees, occupants and their contractors, agents, employees and invitees have not released Hazardous Materials on, in, under, about or near the Demised Premises, and (iv) no soil or surface or ground water contamination has occurred during the Sublease Term on, in, under, about or near the Demised Premises. At any time during the Sublease Term, Subtenant shall, if requested by Sublandlord, promptly remove any and all equipment, materials and other items

(except for any of the foregoing not installed or placed upon the Property or Demised Premises by Subtenant, its subtenants, concessionaires, licensees, occupants and their contractors, agents, employees and invitees) which may cause, contribute to or result in Hazardous Material contamination of the Demised Premises (the soil or surface or ground water in, on, under, about or near the Demised Premises), and investigate, remedy and clean up any Hazardous Material contamination caused or contributed to by Subtenant, its subtenants, concessionaires, licensees, occupants and their contractors, agents, employees and invitees, if Sublandlord or any governmental agency reasonably suspects contamination is present or has occurred. Subtenant shall promptly (and in all events not later than two (2) business days after acquiring the knowledge) notify Sublandlord of any release of Hazardous Materials on, in, under, about or near the Demised Premises and known to Subtenant, specifying the nature and quantity of the release, the location of the release, and the measures taken to contain and clean up the release and ensure that future releases do not occur.

Likewise, Sublandlord shall promptly (and in all events not later than two (2) business days after acquiring the knowledge) notify Subtenant of any release of Hazardous Materials on, in, under, about the Property and known to Sublandlord, specifying the nature and quantity of the release and the location of the release.

SECTION 23.03: Subtenant hereby certifies that the business activities which it intends to conduct in the Demised Premises do not use any Hazardous Materials, and are in full compliance with Environmental Laws.

SECTION 23.04: At least annually during the term which Subtenant occupies the Demised Premises, Subtenant shall, upon Sublandlord's written request, furnish to Sublandlord at no cost within 120 days Subtenant's audited year-end balance sheet and income statement, for the year most recently available.

ARTICLE 24 - INTENTIONALLY OMITTED.

ARTICLE 25 - BROKERS.

SECTION 25.01 - WARRANTY: Subtenant and Sublandlord each represents and

warrants that it has dealt with no broker, agent or finder on account of this Sublease except Sublandlord's brokers Westar Commercial Realty, 7200 Quaker, Lubbock, Texas and Reitz, Alexander & Bruner, 512 Main Street, Fort Worth, Texas, whose fees shall be paid by Sublandlord, and each agrees, subject to the limitations set forth in Article 21 hereof, to defend, indemnify and hold harmless the other from and against and all claims, damages and costs, including attorneys' fees, in connection with any claim for brokerage, finder's or similar fees, or compensation related to this Sublease, which may be made or alleged as a result of acts or omissions of the indemnifying party.

SECTION 25.02: The provisions of this Article 25 shall survive any termination of this Sublease.

ARTICLE 26 - MISCELLANEOUS PROVISIONS.

SECTION 26.01 - INVALIDITY OF CERTAIN PROVISIONS: If any term or provision of this Sublease or the application thereof to any person or circumstance shall, to any extent be invalid or unenforceable, the remainder of this Sublease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

SECTION 26.02 - CAPTIONS AND TABLE OF CONTENTS: The captions and table of contents appearing in this Sublease are for convenience and reference only and in no way define, limit or describe the scope or intent of this Sublease, or in any way affect this Sublease.

SECTION 26.03 - INDEPENDENT OPERATION: Nothing in this Sublease shall cause Sublandlord in any way to be construed as a partner, joint venturer or an associate of Subtenant in the operation of the Demised Premises or subject Sublandlord to any obligations, losses, charges or expenses (except as expressly set forth herein) connected with or arising from the operation or use of the Demised Premises.

SECTION 26.04 - TIME OF THE ESSENCE: Time is of the essence of this Sublease as to each of the terms, conditions, obligations and performances contained herein or required hereunder of which time is a factor.

SECTION 26.05 - WAIVER: No failure by either party to insist upon the strict performance of any covenant, agreement, term or condition of this Sublease or to exercise any right or remedy following a breach or default thereof, no forbearance by either party to enforce one or more of the remedies herein provided upon an event of default, and no acceptance of full or partial rent during the continuance of any such breach or default, shall constitute a waiver of any such breach or default or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Sublease to be performed or complied with and no breach or default thereof shall be waived,

altered or modified except by a written instrument. No waiver of any breach or default shall affect or alter this Sublease, but each and every covenant, agreement, term and condition of this Sublease shall continue in full force and effect with respect to any other then existing or subsequent breach or default thereof. The maintenance of any action or proceeding to recover possession of the Demised Premises or any installment or installments of Base Rent or any other monies that may be due or become due from Subtenant to Sublandlord shall not preclude Sublandlord from thereafter instituting and maintaining subsequent actions or proceedings for the recovery of possession of the Demised Premises or of Base Rent or any other monies that may be due or become due from Subtenant, including all expenses, court costs and attorneys' fees and disbursements incurred by Sublandlord. An entry or re-entry by Sublandlord shall not be deemed to absolve or discharge Subtenant from liability hereunder.

SECTION 26.06 - COUNTERPARTS: This Sublease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall be constitute one and the same instrument.

SECTION 26.07 - SHORT FORM SUBLEASE: Sublandlord and Subtenant agree that if either party so desires, they will execute a Short Form Sublease setting forth the existence of this Sublease and the Sublease Term, which may be recorded. The party so requesting such Short Form Sublease shall pay the recording charges and documentary transfer taxes associated therewith.

SECTION 26.08 - COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES: The agreements, terms, covenants and conditions herein shall bind and inure to the benefit of Sublandlord and Subtenant and their respective heirs, personal representatives, successors and permitted assigns; provided that this section shall not constitute a permission or authorization by Sublandlord to Subtenant to assign or in any way transfer its interest in this Sublease.

SECTION 26.09 - INTEGRATION; NO ORAL MODIFICATIONS: Subtenant hereby acknowledges that except as and to the extent specifically provided for in this Sublease, neither Sublandlord, nor any of its agents, representatives or employees, have made any representations, warranties, agreements or promises, and none shall be implied by law. This Sublease is intended by the parties to be a final expression and a complete and exclusive statement of the agreement of the parties regarding the subject matter hereof, and all negotiations between the parties are merged herein. This Sublease cannot be changed, modified or terminated orally, but may be amended only by an instrument in writing executed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

SECTION 26.10 - GENDER; NUMBER: The use of the neuter pronoun in any reference to Sublandlord or Subtenant shall be deemed to include any individual landlord or tenant, and the use herein of the words "successors and assigns" or "successors or assigns" of Sublandlord or Subtenant shall be deemed to include the heirs, legal representatives and assigns of any individual landlord or

tenant. The use of the plural shall include the singular, and the use of the singular shall include the plural, as the context may require or permit.

SECTION 26.11 - RIGHTS AND REMEDIES CUMULATIVE: Each right and remedy of Sublandlord and Subtenant provided for in this Sublease shall be cumulative and shall be in addition to every other right or remedy provided for in this Sublease or now or hereafter existing at law or in equity. The exercise or beginning of the exercise by Sublandlord or Subtenant of any one or more rights or remedies shall not preclude the simultaneous or later exercise by Sublandlord or Subtenant of any or all other rights or remedies, nor shall it constitute a forfeiture or waiver of any amounts owed to Sublandlord or Subtenant.

SECTION 26.12 - COVENANTS INDEPENDENT: Each and every covenant and agreement contained in this Sublease shall be deemed separate and independent and not dependent upon any other provisions of this Sublease, and the damages for failure to perform the same shall be

deemed in addition to and separate and independent of the damages accruing by reason of the breach of any other covenant contained in this Sublease.

SECTION 26.13 - AUTHORITY AND STATUS: If Subtenant is a corporation, the person(s) signing this Sublease on behalf of Subtenant warrant that such person(s) are authorized to execute this Sublease on behalf of Subtenant, that no other signature is required, and that this Sublease shall be binding on Subtenant. Subtenant's corporate status is in good standing. Subtenant shall continuously keep its corporate status throughout the Sublease Term in good standing, active and current with the state of its incorporation and shall be and remain licensed to do business in the state in which the Property is located. The person signing this Sublease on behalf of Sublandlord warrants that he is authorized to execute this Sublease on behalf of Sublandlord, that no other signature is required, and that this Sublease shall be binding on Sublandlord, when executed by both parties. From and after the time the Subtenant enters into possession of any part of the Demised Premises, it shall conclusively be presumed that the person(s) executing this Sublease on both parties' behalf did so with full and proper authority.

SECTION 26.14 - COST OF PERFORMANCE: Whenever it is indicated in this Sublease that Sublandlord or Subtenant may, shall or will perform any act, then such act shall be performed at the sole cost and expense of the performing party unless otherwise specifically indicated to the contrary.

SECTION 26.15 - ATTORNEYS' FEES: If either party becomes a party to any litigation concerning this Sublease, the Demised Premises, or the building or other improvements of which the Demised Premises form a part, by reason of any act or omission of the other party or its authorized representatives, the party that causes the other party to become involved in the litigation shall be liable to that party for reasonable attorneys' fees, court costs, investigation expenses, discovery costs, and costs of appeal incurred by it in the litigation.

If either party commences an action against the other party arising out of or in connection with this Sublease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorneys' fees, court costs, investigation expenses, discovery costs and costs of appeal.

SECTION 26.16 - NO OFFER: The delivery of an unsigned copy of this Sublease to Subtenant shall not constitute an offer to Sublease the Demised Premises or grant any rights to Subtenant as a result thereof, and this Sublease shall not be binding on Sublandlord or Subtenant until executed by Sublandlord and Subtenant and delivered.

SECTION 26.17 - REASONABLENESS; CONSTRUCTION: This Sublease shall be construed fairly as between both Sublandlord and Subtenant and without regard to which party drafted the same. To the extent that there are certain provisions of this Sublease in which Sublandlord may withhold its consent "for any reason whatsoever" and other provisions which prohibit certain assignments and subleases or allow Sublandlord in certain circumstances to terminate this Sublease in lieu of, or share profit upon, an assignment or subletting of all or any portion of the Demised Premises or a cessation of business therein, such specific provisions, which may be viewed as allowing Sublandlord to deviate from a standard of reasonableness which is imposed

on Sublandlord and Subtenant in connection with other provisions of this Sublease, have been lengthily negotiated and bargained for and represent a material part of the consideration to be received by each party. The parties specifically acknowledge and agree:

1. Both Sublandlord and Subtenant are sophisticated parties;

2. Neither party has unequal bargaining power;

3. Subtenant, as of the date of execution of this Sublease, is a corporation, and Sublandlord is a general partnership representing sophisticated business persons, real estate investors and developers;

4. Each party has been represented by counsel of their own choosing who have advised the parties;

5. The parties, bearing in mind the rights, duties and obligations of the parties to honor the implied covenants of good faith and fair dealing, have specifically bargained for and agreed that it is the intent of the parties that Sublandlord, except where provided in this Sublease that it shall not unreasonably withhold its consent, may exercise its consent authority pursuant to a subjective standard of sole discretion, and further that it is the intent of the parties that no person interpreting this Sublease shall have the right to impose any standard on, or restriction of, Sublandlord's rights, except where specifically stated to the contrary, (i) to withhold consent for any reason whatsoever, or (ii) which restrict or condition Sublandlord's consent on payment

being made to Sublandlord, or (iii) which provide for Sublandlord to terminate this Sublease, or (iv) which prohibit certain assignments and subleases; and

6. The parties acknowledge that the provisions in favor of Sublandlord may constitute a restraint on alienation; however, the parties agree that if they are restraints, then they are reasonable restraints on alienation.

IN WITNESS WHEREOF, the parties hereto have executed this Sublease under seal as of the day and year first above written.

SUBLANDLORD: SHADRALL ASSOCIATES,
a New York general partnership
By its managing general partner:
Shadrall Corp.,
a Massachusetts corporation

By: /s/ Joseph J. Dempsey, Jr.,

Joseph J. Dempsey, Jr.,
President

SUBTENANT: Stationers Distributing Company, Inc.

By: /s/ B Neal Perkey

Name: B NEAL PERKEY

Its: Vice President & CEO

EXHIBIT A

SUBLEASE OF SHADRALL ASSOCIATES
TO STATIONERS DISTRIBUTING COMPANY, INC.

LEGAL DESCRIPTION OF PROPERTY

All of lot 13A of a Replat of Lots 6, 7, part of 8, part of Lot 12, and all of Lots 13 and 14 of the Soash-White Industrial Addition to the City of Lubbock, Lubbock County, State of Texas, as shown on said Replat, recorded in Volume 1024, Page 674, Deed Records of Lubbock County, Texas, subject to rights of the

City of Lubbock to underground water as described in a water-rights deed from Paul B. Rumph, Administrator to the City of Lubbock, dated May 8, 1950, recorded in Volume 408, Page 410, Deed Records of Lubbock County, Texas.

EXHIBIT B

SUBLEASE OF SHADRALL ASSOCIATES
TO STATIONERS DISTRIBUTING COMPANY, INC.

SITE PLAN OF DEMISED PREMISES

EXHIBIT C

SUBLEASE OF SHADRALL ASSOCIATES
TO STATIONERS DISTRIBUTING COMPANY, INC.

DESCRIPTION OF SUBLANDLORD'S WORK

1. Replace dock levelers/bumpers

2. Install dock pads/seals

3. Remove parking lot median

4. Install dock lights

5. Upgrade warehouse lighting

ALL ACCORDING TO THE FOUR (4) PAGES OF SPECIFICATIONS WHICH FOLLOW THIS PAGE.

THE FOREGOING WORK SHALL NOT EXCEED THE SUM OF $60,000 IN COST TO SUBLANDLORD. ANY EXCESS AMOUNT OVER $60,000 FOR THE SPECIFIED WORK, TOGETHER WITH ANY UP-GRADES OR ADDITIONAL WORK REQUESTED BY SUBTENANT AND APPROVED BY SUBLANDLORD, SHALL BE REIMBURSED BY SUBTENANT TO SUBLANDLORD WITHIN FOURTEEN (14) DAYS OF BEING INVOICED FOR SAME; PROVIDED, HOWEVER, THE ATTACHED BIDS SHALL BE ACCEPTED BY SUBLANDLORD AND SUBLANDLORD SHALL NOT AUTHORIZE ANY UPGRADES OR CHANGES WITHOUT SUBTENANT'S WRITTEN APPROVAL. IF ANY OF THE ATTACHED BIDS SHOULD BE CHANGED OR WITHDRAWN, SUBLANDLORD SHALL OBTAIN A SUBSTITUTE BID WHICH IS APPROVED BY SUBTENANT IN WRITING PRIOR TO THE COMMENCEMENT OF THAT PORTION OF

THE WORK.

[MAP APPEARS HERE]

EXHIBIT 10.49

LEASE AGREEMENT
by and between

CORPORATE PROPERTY ASSOCIATES 8, L.P.,
A DELAWARE LIMITED PARTNERSHIP

as LANDLORD

and

STATIONERS DISTRIBUTING COMPANY, INC.

as TENANT

Premises: Plauche Street and Beven Street, New Orleans, LA
Harbor Avenue, Memphis, TN
Highpoint Drive, San Antonio, TX

Dated as of: December 20, 1988

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LEASE AGREEMENT, made as of this 20th day of December, 1988, between CORPORATE PROPERTY ASSOCIATES 8 L.P., A DELAWARE LIMITED PARTNERSHIP ("Landlord"), a Delaware limited partnership with an address c/o W. P. Carey &

Co., Inc., 689 Fifth Avenue, New York, New York 10022, and STATIONERS DISTRIBUTING COMPANY, INC. ("Tenant"), a Delaware corporation with an address at 4055 International Plaza, Suite 450, Fort Worth, Texas 76109.

In consideration of the rents and provisions herein stipulated to be paid and performed, Landlord and Tenant hereby covenant and agree as follows:

1. DEMISE OF PREMISES. Landlord hereby demises and lets to Tenant, and Tenant hereby takes and leases from Landlord, for the term or terms and upon the provisions hereinafter specified, the following described property (hereinafter referred to individually as the "New Orleans Premises", the "Memphis Premises" and the "San Antonio Premises" [each of which Premises shall include the portions of items (a), (b) and (c) of this Paragraph 1 located thereon or therein or appertaining thereto] and collectively as the "Leased Premises"): (a) the premises described in Exhibit "A" attached hereto and made a part hereof, together with the easements, rights and appurtenances thereunto belonging or appertaining (collectively, the "Land"); (b) the buildings, structures and other improvements now or hereafter constructed on the Land (collectively, the "Improvements"); and (c) the machinery and equipment described in Exhibit "B" attached hereto and made a part hereof and installed in and upon the Improvements, together with all additions and accessions thereto, substitutions therefor and replacements thereof permitted by this Lease (collectively, the "Equipment").

2. CERTAIN DEFINITIONS.

"Acquisition Cost" shall mean $4,630,000.

"Additional Rent" shall mean Additional Rent as defined in Paragraph 6(b).

"Adjoining Property" shall mean all sidewalks, curbs and vault spaces adjoining any of the Leased Premises.

"Affected Premises" shall mean the Affected Premises as defined in Paragraph 13(b) or Paragraph 14(i), as the case may be, and as the context requires.

"Affiliate" shall mean any Person in controlling, control of or under common control with Tenant.

"Alterations" shall mean all changes, additions, improvements or repairs to, all alterations, reconstructions, renewals or removals of and all substitutions or replacements for any of the Improvements or Equipment, both interior and exterior, structural and non-structural, and ordinary and extraordinary.

"Applicable Final Date" shall mean the Applicable Final Date as defined in Paragraph 27.

"Applicable Initial Date" shall mean the Applicable Initial Date as defined in Paragraph 27.

"Applicable Provision" shall mean the Applicable Provision as defined in Paragraph 27.

"Assignment" shall mean an assignment of rents and leases from Landlord to Lender securing Landlord's obligation to repay the Loan and/or any subsequent assignment of rents covering any of the Leased Premises from Landlord to Lender, as the same may from time to time be amended, supplemented or modified, securing repayment of the Loan.

"Basic Rent" shall mean Basic Rent as defined in Paragraph 6(a).

"Basic Rent Payment Dates" shall mean the Basic Rent Payment Dates as defined in Paragraph 6(a).

"Casualty Offer Amount" shall mean the Casualty Offer Amount as defined in Paragraph 14(i).

"Casualty Termination Date" shall mean the Casualty Termination Date as defined in Paragraph 14(i).

"Condemnation" shall mean a Taking and/or a Requisition.

"Condemnation Notice" shall mean notice or knowledge of the institution of or intention to institute any proceeding for Condemnation.

"Default Offer Amount" shall mean the Default Offer Amount as defined in Paragraph 19(b) (v).

"Default Rate" shall mean the Default Rate as defined in Paragraph

6(b).

"Delay Period" shall mean the Delay Period as defined in Paragraph 27.

"Environmental Laws" shall mean all federal, state or local laws, ordinances, rules, regulations or written policies, now or hereafter existing, which govern or otherwise relate to the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of any Hazardous Substance, including the laws, ordinances, regulations and written policies provided pursuant to or under (i) Toxic Substances Control Act, 15 U.S.C. (s)(s)2601 et seq., (ii) National Historic Preservation Act, 16 U.S.C. (s)(s)470 et. seq., (iii) Coastal Zone Management Act of 1972,

16 U.S.C. (s)(s)1451 et seq., (iv) Rivers and Harbors Act of 1899, 33 U.S.C. (s)(s)401 et seq., (v) Clean Water Act, 42 U.S.C. (s)(s)1251 et seq., (vi) Flood Disaster Protection Act, 42 U.S.C. (s)(s)4321 et seq., (vii) National Environmental Policy Act, 42 U.S.C. (s)(s)4321 et seq., (viii) Resource Conservation and Recovery Act of 1976, 42 U.S.C. (s)(s)6901 et seq., (ix) Clean Air Act, 42 U.S.C. (s)(s)7401 et seq. and (x) Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. (s)(s)9601 et seq. ("CERCLA").

"Equipment" shall mean the Equipment as defined in Paragraph 1.

"Event of Default" shall mean an Event of Default as defined in Paragraph 19(a).

"Exchange" shall mean Exchange as defined in Paragraph 32.

"Exchange Date" shall mean Exchange Date as defined in Paragraph 32.

"Existing Property" shall mean Existing Property as defined in Paragraph 32.

"Fair Market Value" shall mean the higher of (a) the fair market value of the Leased Premises or the Affected Premises or the Selected Premises, as applicable, as affected and encumbered by this Lease and assuming that the Term has been extended for all extension periods, if any, provided for herein. Fair Market Value, for all purposes of this Lease, shall be determined in accordance with the procedure specified in Paragraph 27.

"Guarantor" shall mean SDC Distributing Corp., a Delaware corporation.

"Guaranty" shall mean the Guaranty of even date herewith from Guarantor to Landlord.

"Hazardous Substances" shall mean (i) any flammable substances, radioactive materials, hazardous materials, hazardous wastes, toxic substances, pollutants, pollution or any related materials or substances specified in any of the Environmental Laws (including any "hazardous substance" as defined in CERCLA) and (ii) asbestos and polychlorinated biphenyls.

"Impositions" shall mean the Impositions as defined in Paragraph 8(a).

"Improvements" shall mean the Improvements as defined in Paragraph 1.

"Land" shall mean the Land as defined in Paragraph 1.

"Law" shall mean any constitution, statute, rule of law, code, ordinance, order, judgment, decree, injunction, rule, regulation or requirement, even if unforeseen or extraordinary, of every duly constituted governmental authority, court or agency.

"Leased Premises" shall mean the Leased Premises as defined in

Paragraph 1.

"Legal Requirements" shall mean all present and future Laws (including but not limited to Environmental Laws) and all covenants, restrictions and conditions now or hereafter of record which may be applicable to Tenant or to any of the Leased Premises, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of any of the Leased Premises, even if compliance therewith necessitates structural changes or improvements or results in interference with the use or enjoyment of any of the Leased Premises.

"Lender" shall mean any Person or entity which may, after the date hereof, make a Loan to Landlord.

"Loan" shall mean one or more loans of not more than $2,500,000 which may be made by Lender to Landlord after the date hereof, secured by a Mortgage and an Assignment and evidenced by a Note.

"Memphis Premises" shall mean the Memphis Premises as defined in Paragraph 1.

"Mortgage" shall mean any mortgage or deed of trust encumbering the Leased Premises from Landlord to Lender, as the same may from time to time be amended, supplemented or modified.

"Net Award" shall mean the entire award payable to Landlord by reason of a Condemnation, less any reasonable out-of-pocket expenses and reasonable attorney's fees, if applicable incurred by Landlord and Lender in collecting such award.

"Net Proceeds" shall mean the entire proceeds of any insurance required under clauses (i), (ii) (to the extent payable to Landlord or Lender), (iv) and (v) of Paragraph 14(a), less any reasonable out-of-pocket expenses and reasonable attorney's fees, if applicable incurred by Landlord and Lender in collecting such proceeds.

"New Orleans Premises" shall mean the New Orleans Premises as defined in Paragraph 1.

"Note" shall mean a promissory note evidencing Landlord's obligation to repay the Loan, which Note may be secured by the Mortgage and the Assignment, as the same may from time to time be amended, supplemented or modified.

"Offer Amount" shall mean the Termination Offer Amount, the Casualty Offer Amount, the Transfer Offer Amount, the Default Offer Amount or the Purchase Price, as the case may be, and as the context requires.

"Option Purchase Date" shall mean the Option Purchase Date as defined in Paragraph 28.

"Permitted Encumbrances" shall mean those covenants, restrictions, reservations, liens, conditions and easements, listed on Exhibit "C" attached hereto and made a part hereof.

"Person" shall mean an individual, partnership, association, corporation or other entity.

"Prime Rate" shall mean the average of the interest rates per annum quoted by Bank of America NT & SA, San Francisco, CA, The Chase Manhattan Bank, N.A., New York, NY, Chemical Bank, New York, NY, Citibank, N.A., New York, NY, and Morgan Guaranty Trust Company, New York, NY, as their respective prime rates, such average to change effective as of the effective date of any change in any of the aforesaid prime rates. The Prime Rate shall be the average of such publicly announced prime rates even though one or more of the aforesaid banks may actually charge interest on some of its loans at lower rates; and if any of the aforesaid banks has more than one prime rate of interest in effect simultaneously, the prime rate of such bank for the purposes of this definition shall be deemed to be the highest of such prime rates then simultaneously in effect for such bank. If three or more of the aforesaid banks cease to have a publicly announced prime rate, then, for so long as three or more of the aforesaid banks cease to have a publicly announced prime rate, the Prime Rate shall be the average per annum discount rate from time to time on ninety-one (91) day bills issued by the United States Treasury (the so-called "Treasury bills") at the most recent auction or, if no such ninety-one (91) day bills are then being issued, Treasury bills then being issued for the period of time closest to ninety-one (91) days.

"Purchase Price" shall mean the Purchase Price as defined in Paragraph 28.

"Remaining Sum" shall mean the Remaining Sum as defined in

Paragraph 15(a).

"Rent" shall mean Basic Rent and Additional Rent.

"Replaced Equipment" shall mean the Replaced Equipment as defined in Paragraph 11(d).

"Replacement Equipment" shall mean the Replacement Equipment as defined in Paragraph 11(d).

"Requisition" shall mean any temporary requisition or confiscation of the use or occupancy of any of the Affected Premises by any governmental authority, civil or military, whether pursuant to an agreement with such governmental authority in settlement of or under threat of any such requisition or confiscation, or otherwise.

"Retention Date" shall mean the later of the date on which the amount of a Remaining Sum is finally determined or the date on which Landlord's right to retain the Remaining Sum is finally determined.

"San Antonio Premises" shall mean the San Antonio Premises as defined in Paragraph 1.

"Selected Premises" shall mean the Selected Premises as defined in Paragraph 19(b)(v).

"Set-Off" shall mean a Set-Off as defined in Paragraph 7(a).

"Site Assessments" shall mean the Site Assessments as defined in Paragraph 8(d).

"Site Reviewers" shall mean the Site Reviewers as defined in Paragraph 8(d).

"State" shall mean the State of Louisiana, the State of Tennessee and/or the State of Texas, as applicable.

"Substitute Property" shall mean the Substitute Premises as defined in Paragraph 32.

"Taking" shall mean any taking of any of the Leased Premises in or by condemnation or other eminent domain proceedings pursuant to any Law, general or special, or by reason of any agreement with any condemnor in settlement of or under threat of any such condemnation or other eminent domain proceeding, or by any other means, or any de facto condemnation.

"Term" shall mean the Term as defined in Paragraph 5.

"Termination Date" shall mean the Termination Date as defined in Paragraph 13(b).

"Termination Offer Amount" shall mean the Termination Offer Amount as defined in Paragraph 13(b).

"Transfer Offer Amount" shall mean Transfer Offer Amount as defined in Paragraph 17.

"Transfer Purchase Date" shall mean Transfer Purchase Date as defined in Paragraph 17.

3. TITLE AND CONDITION.

(a) The Leased Premises are demised and let subject to (i) the Mortgage and the Assignment, (ii) the rights of any parties in possession of any of the Leased Premises, (iii) the existing state of title of the Leased Premises, including the Permitted Encumbrances, as of the commencement of the Term, (iv) any state of facts which an accurate survey or physical inspection of the Leased Premises might show, (v) all Legal Requirements, including any existing violation of any thereof, and (vi) the condition of the Leased Premises as of the commencement of the Term, without representation or warranty by Landlord; it being understood and agreed, however, that the recital of the Permitted Encumbrances herein shall not be construed as a revival of any thereof which for any reason may have expired or terminated.

(b) Tenant acknowledges that the Leased Premises are in satisfactory condition and repair at the inception of this Lease. LANDLORD HAS NOT MADE AND WILL NOT MAKE ANY INSPECTION OF ANY OF THE LEASED PREMISES. LANDLORD LEASES AND WILL LEASE AND TENANT TAKES AND WILL TAKE THE LEASED

PREMISES AS IS. TENANT ACKNOWLEDGES THAT LANDLORD (WHETHER ACTING AS LANDLORD
HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LANDLORD BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE LEASED PREMISES, INCLUDING ANY WARRANTY OR REPRESENTATION AS TO (i) ITS FITNESS, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, (ii) THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, (iii) THE EXISTENCE OF ANY DEFECT, LATENT OR PATENT, (iv) LANDLORD'S TITLE THERETO, (v) VALUE, (vi) COMPLIANCE WITH SPECIFICATIONS, (vii) LOCATION, (viii) USE, (ix) CONDITION, (x) MERCHANTABILITY, (xi) QUALITY, (xii) DESCRIPTION, (xiii) DURABILITY OR (xiv) OPERATION; AND ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY TENANT. TENANT ACKNOWLEDGES THAT THE LEASED PREMISES ARE OF ITS SELECTION AND TO ITS SPECIFICATIONS AND THAT THE LEASED PREMISES HAVE BEEN INSPECTED BY TENANT AND ARE SATISFACTORY TO IT. IN THE EVENT OF ANY DEFECT OR DEFICIENCY IN ANY OF THE LEASED PREMISES OF ANY NATURE, WHETHER LATENT OR PATENT, LANDLORD SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO OR FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT). THE PROVISIONS OF THIS PARAGRAPH 3(b) HAVE BEEN NEGOTIATED; AND THE FOREGOING PROVISIONS ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES BY LANDLORD, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE LEASED PREMISES, ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR ARISING OTHERWISE.

(c) Tenant represents to Landlord that Tenant has examined the title to the Leased Premises prior to the execution and delivery of this Lease and has found the same to be satisfactory for the purposes contemplated hereby, and acknowledges that title is in Landlord and that Tenant has only the right of possession and use of the Leased Premises (and a right of first refusal) as provided in this Lease. Tenant further acknowledges that to its knowledge (i) the Improvements conform to all Legal Requirements and all requirements of the carriers of all insurance on any of the Leased Premises, (ii) all easements necessary or appropriate for the use or operation of the Leased Premises have been obtained, (iii) all contractors and subcontractors who have performed work on or supplied materials to the Leased Premises have been fully paid, and all materials and supplies have been fully paid for, (iv) the Improvements have been fully completed in a workmanlike manner, and (v) all Equipment necessary for the use or operation of the Leased Premises has been installed and all Equipment in the Leased Premises is presently operative.

(d) Landlord hereby assigns to Tenant, without recourse or warranty whatsoever, all warranties, guaranties and indemnities, express or implied, and similar rights which Landlord may have against any manufacturer, seller, engineer, contractor or builder in respect of any of the Leased Premises, including any rights and remedies existing under contract or pursuant to the Uniform Commercial Code. Such assignment shall remain in effect until the termination of this Lease, and upon the termination of this Lease, such assignment shall cease and all the said warranties, guaranties, indemnities and other rights shall automatically revert to Landlord unless Tenant shall have acquired the Premises in which event the assignment shall continue in effect.

4. USE OF LEASED PREMISES; QUIET ENJOYMENT.

(a) Tenant may occupy and use the Leased Premises for any lawful purpose, provided that no Alterations may be made and no additional Improvements may be constructed except in accordance with Paragraph 12, no Equipment may be removed from the Leased Premises except in accordance with paragraphs 11(d), 13(d) and 14(h), and such use will not otherwise violate any provision of this Lease. Tenant shall not permit any unlawful occupation, business or trade to be conducted on any of the Leased Premises or any use to be made thereof contrary to any applicable Legal Requirement then in effect. Tenant shall not use or occupy or permit any of the Leased Premises to be used or occupied, nor do or permit anything to be done in or on any of the Leased Premises, in a manner which would (i) violate any certificate of occupancy affecting any of the Leased Premises, (ii) make void or voidable any insurance then in force with respect to any of the Leased Premises, (iii) make it difficult or impossible to obtain fire or

other insurance which Tenant is required to furnish hereunder, (iv) cause structural injury to any of the Improvements, or (v) constitute a public or private nuisance or waste.

(b) Subject to the other provisions of this Lease, so long as no Event of Default exists hereunder, Landlord covenants to do no act to disturb the peaceful and quiet occupation and enjoyment of the Leased Premises by Tenant, provided that Landlord may enter upon and examine any of the Leased Premises at

reasonable times and upon five (5) days advance notice to Tenant (except in the event of an emergency or upon the occurrence of an Event of Default in either of which events no notice shall be required) and may take such action with respect to the Leased Premises as is permitted by any provision hereof.

5. TERM. Subject to the provisions hereof, Tenant shall have and hold
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the Leased Premises for an initial term (such term, as extended or renewed in accordance with the provisions hereof, being called the "Term") commencing on the date hereof and ending on the last day of the one hundred and eightieth (180th) calendar month next following the date hereof. If all Rent and all other sums due hereunder shall not have been fully paid by the end of the Term, Landlord may, at its option, extend the Term until all said sums shall have been fully paid.

Provided this Lease shall not have been terminated pursuant to any provision hereof, the initial Term shall be deemed to be automatically extended for an additional period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the initial Term that Tenant is terminating this Lease as of the end of the initial Term provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to terminate this Lease and in the event Tenant so rescinds its notice to terminate, this Lease and the Term shall be automatically extended for an additional period of five (5) years. If the initial Term is automatically extended as aforesaid and this Lease has not been terminated pursuant to any provision hereof prior to the expiration of the first extension period, the Term shall be further automatically extended for an additional consecutive period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the first extension period that Tenant is terminating this Lease as of the end of the first extension period provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to

terminate this Lease and in the event Tenant so rescinds its notice to terminate this Lease and the Term shall be automatically extended for an additional period of five (5) years. If the Term is automatically extended as aforesaid and this Lease has not been terminated pursuant to any provision hereof prior to the expiration of the second extension period, the Term shall be further automatically extended for an additional consecutive period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the second extension period that Tenant is terminating this Lease as of the end of the second extension period provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to terminate this Lease and in the event Tenant so rescinds its notice to terminate this Lease and the Term shall be automatically extended for an additional period of five (5) years. If the Term is automatically extended as aforesaid and this Lease has not been terminated pursuant to any provision hereof prior to the expiration of the third extension period, the Term shall be further automatically extended for an additional consecutive period of five (5) years unless Tenant shall notify Landlord in writing at least eighteen (18) months prior to the expiration of the third extension period that Tenant is terminating this Lease as of the end of the third extension period provided, however, that Tenant shall have a period equal to the shorter of (a) six (6) months following the date of the notice of intention to terminate or (b) sixty (60) days following the date on which Landlord notifies Tenant that it has entered into a letter of intent with a third party to lease any of the Selected Premises to notify Landlord that it is rescinding its notice to terminate this Lease and in the event Tenant so rescinds its notice to terminate this Lease and the Term shall be automatically extended for an additional period of five (5) years.

In the absence of such notice of termination by Tenant to Landlord and in the absence of any termination of this Lease pursuant to any other provision hereof, the Term shall be automatically extended for the applicable extension period specified above and no instrument of extension or renewal need be executed. Any such extension of the Term shall be subject to and continue in full force and effect all of the provisions of this Lease except that the Basic Rent payable during each extension period shall be as provided in Exhibit "C" attached hereto and made a part hereof.

In the event that Tenant exercises its option not to extend or not to further extend the Term, as hereinabove provided or upon the occurrence of an

Event of Default hereunder, then Landlord shall have the right during the remainder of the Term then in effect to (a) advertise the availability of the Leased

Premises for sale or for reletting and to erect upon the Leased Premises signs indicating such availability provided that such signs shall not unreasonably interfere with the use of the Leased Premises by Tenant, and (b) show the Leased Premises to prospective purchasers or tenants at such reasonable times during normal business hours as Landlord may select.

6. RENT.

(a) Tenant shall pay to Landlord, as annual rent for the Leased Premises during the Term the amounts determined in accordance with the schedule set forth in Exhibit "D" attached hereto and made a part hereof ("Basic Rent"), commencing on the first day of the first month next following the date hereof and continuing on the first day of each month thereafter during the Term (the said days being called the "Basic Rent Payment Dates"), and shall pay the same at Landlord's address set forth above, or at such other places or to such other Persons as Landlord from time to time may designate to Tenant in writing. Each rental payment shall be made to Landlord on or before the applicable Basic Rent Payment Date in immediately available funds which at the time of such payment shall be legal tender for the payment of public or private debts in the United States of America. Pro rata Basic Rent for the period from the date hereof through the last day of the month hereof shall be paid on the date hereof. Landlord may, at Landlord's option, by written notice to Tenant, require Tenant to pay installments of Basic Rent directly to one or more Persons in addition to Landlord, in such proportions as Landlord may select; and Tenant agrees to make such "split" payments of Basic Rent in the amounts, to the payees and in the manner specified by Landlord in any such notice, provided, however, that Tenant shall not be required to make more than two (2) "split" payments.

(b) Tenant shall pay and discharge when the same shall become due, as additional rent, all other amounts and obligations which Tenant assumes or agrees to pay or discharge pursuant to this Lease (except that amounts payable as liquidated damages pursuant to Paragraph 19(b) (iv) shall not constitute additional rent), together with every fine, penalty, interest and cost which may be added for non-payment or late payment thereof. If any installment of Basic Rent is not paid on or before the due date therefor, Tenant shall pay to Landlord, as additional rent, an amount equal to three percent (3%) of the amount of such installment, provided, however, that with respect to the first three (3) late payments in any twelve (12) month period (the first such period to commence on the first Basic Rent Payment Date following the date of this Lease) such late payment charge shall not be payable until two (2) business days following receipt of notice by Tenant that such payment has not been received. From the date of occurrence of any Event of Default until all Events of Default are fully cured, Tenant shall pay to Landlord on demand, as additional rent, a sum equal to any additional sums which might be payable by Landlord to any lender under any note occasioned by

the occurrence of an Event of Default under this Lease. The requirements of Paragraph 19(g) regarding notice and grace periods need not be satisfied prior to the imposition of Additional Rent (as hereinafter defined) under foregoing provisions of this Paragraph 6(b). In addition, upon the occurrence of an Event of Default, Tenant shall pay to Landlord on demand, as additional rent, interest at the rate (the "Default Rate") of three percent (3%) per annum over the Prime Rate on the following sums until paid in full: (i) all overdue installments of Basic Rent in excess of the payments due under any note for the same period from the respective due dates thereof, (ii) all overdue amounts of additional rent relating to obligations which Landlord shall have paid on behalf of Tenant, from the date of payment thereof by Landlord, and (iii) on all other overdue amounts of additional rent from the date Landlord demands payment. All the foregoing additional rent is herein sometimes called "Additional Rent". In the event of any failure by Tenant to pay or discharge any Additional Rent, Landlord shall have all rights, powers and remedies provided herein, by law or otherwise, in the event of non-payment of Basic Rent.

7. NET LEASE: NON-TERMINABILITY.

(a) This is a net lease and all Rent and all other sums payable hereunder by Tenant shall be paid without notice or demand, and without set-off, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense (collectively, a "Set-Off").

(b) This Lease shall not terminate, Tenant shall not have any right to terminate this Lease during the Term (except as otherwise expressly provided herein), Tenant shall not be entitled to any Set-Off of or to any Rent

or any other sums payable under this Lease (except as otherwise expressly provided herein), and the obligations of Tenant under this Lease shall not be affected by any interference with Tenant's use of any of the Leased Premises for any reason, including the following: (i) any damage to or destruction of any of the Leased Premises by any cause whatsoever, (ii) any Condemnation, (iii) the prohibition, limitation or restriction of Tenant's use of any of the Leased Premises, (iv) any eviction by paramount title or otherwise as long as the same does not constitute a breach of Paragraph 4(b) hereof, (v) Tenant's acquisition of ownership of any of the Leased Premises other than pursuant to an express provision of this Lease, (vi) any default on the part of Landlord hereunder or under any other agreement as long as the same does not constitute a breach of Paragraph 4(b) hereof, (vii) any latent or other defect in, or any theft or loss of, any of the Leased Premises, (viii) the breach of any warranty of any seller or manufacturer of any of the Equipment, or (ix) any other cause, whether similar or dissimilar to the foregoing, any present or future Law to the contrary notwithstanding. It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that all Rent and all

other sums payable by Tenant hereunder shall continue to be payable in all events (or, in lieu thereof, Tenant shall pay amounts equal thereto), and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease. The obligation to pay Rent or amounts equal thereto shall not be affected by any collection of rents by any governmental body pursuant to a tax lien or otherwise, even though such obligation results in a double payment of Rent.

(c) Tenant agrees that it shall remain obligated under this Lease in accordance with its provisions and that, except as otherwise expressly provided herein, it shall not take any action to terminate, rescind or avoid this Lease, notwithstanding (i) the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting Landlord, (ii) the exercise of any remedy, including foreclosure, under the Mortgage or the Assignment, or (iii) any action with respect to this Lease (including the disaffirmance hereof) which may be taken by Landlord, any trustee, receiver or liquidator of Landlord or any court under the Federal Bankruptcy Code or otherwise.

(d) Tenant waives all rights which may now or hereafter be conferred by law (i) to quit, terminate or surrender this Lease or any of the Leased Premises, or (ii) to any Set-Off of or to any Rent or any other sums payable under this Lease, except as otherwise expressly provided herein.

8. PAYMENT OF IMPOSITIONS; COMPLIANCE WITH LAW.

(a) Subject to the provisions of Paragraph 18 hereof (relating to contests) and the exclusions specified in the following paragraph of this Paragraph 8(a), Tenant shall, before interest or penalties are due thereon, pay and discharge all taxes of every kind and nature (including real and Personal property, franchise, withholding, profits and gross receipts taxes), all charges for any easement or agreement maintained for the benefit of any of the Leased Premises, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges, all charges for utility and communication services relating to any of the Leased Premises, all ground rents, and all other public charges whether of a like or different nature, even if unforeseen or extraordinary, imposed upon or assessed against (i) Tenant, (ii) any of the Leased Premises, (iii) Landlord as a result of or arising in respect of the acquisition, ownership, occupancy, leasing, use, possession or sale of any of the Leased Premises, any activity conducted on the Leased Premises, or Rent (including without limitation, any gross income tax or excise tax levied by any governmental body on or with respect to such Rent), or (iv) Lender by reason of the Note or Mortgage and which (as to this clause (iv)) Landlord has agreed to pay (collectively, the "Impositions").

Nothing in this Lease shall obligate Tenant to pay (A) Federal, State or local income, excess profits, or other taxes, if any, of Landlord or Lender, determined on the basis of their net income, (B) any estate, inheritance, succession, gift or similar tax, or (C) any capital gains tax imposed on Landlord by the State or municipality in which the Leased Premises are located in connection with the sale of any of the Leased Premises or any Federal capital gains tax, unless the taxes referred to in clause (A) above are in lieu of or a substitute for any other tax, assessment or other charge upon or with respect to any of the Leased Premises which, if such other tax, assessment or other charge were in effect, would be payable by Tenant. In the event that any assessment against any of the Leased Premises may be paid in installments, Tenant shall have the option to pay such assessment in installments; and, in such event, Tenant shall be liable only for those installments which become due and payable

during the Term. Tenant shall prepare and file all tax reports required by governmental authorities which relate to the Impositions. Tenant shall deliver to Landlord, within ten (10) days of receipt thereof, copies of all settlements and notices pertaining to the Impositions which may be issued by any governmental authority and, within ninety (90) days after the end of each calendar year of the Term, receipts for payments of all Impositions made during such year.

(b) Tenant shall promptly comply with and conform to all of the Legal Requirements, subject to the provisions of Paragraph 18 hereof.

(c) If Tenant fails to comply with any requirement of any Environmental Law in connection with any spill of any Hazardous Substance affecting the Leased Premises or in connection with the deposit, storage, placement or use of any Hazardous Substance at, upon, under or within the Leased Premises or any real estate contiguous thereto, Landlord may, at its sole option, upon prior written notice to Tenant, take any and all actions as Landlord shall deem reasonably necessary or advisable in order to cure such noncompliance. Any amounts so paid, together with interest thereon at the Default Rate from the date of payment by Landlord, shall be immediately due and payable by Tenant to Landlord. Nothing contained herein shall obligate Landlord to cure such noncompliance or release Tenant from any of its obligations hereunder.

(d) Tenant shall notify Landlord immediately after becoming aware thereof of any violation of or noncompliance with any of the covenants contained in this Paragraph hereof and shall forward to Landlord immediately upon receipt thereof copies of all orders, reports, notices, permits, applications or other communications relating to any such violation or noncompliance or any other matter relating in any fashion to any Environmental Law as it may affect or relate to the Leased Premises.

(e) All future leases, subleases or concession agreements relating to the Leased Premises entered into by Tenant shall contain covenants of the other party thereto which are identical to the covenants contained in Paragraphs 8(c) and 8(d).

9. LIENS: RECORDING AND TITLE.

(a) Tenant shall not, directly or indirectly, create or permit to be created or to remain, and shall promptly discharge or remove, any lien on any of the Leased Premises or on any Rent or any other sums payable by Tenant under this Lease, other than the Mortgage, the Assignment, the Permitted Encumbrances and any mortgage, lien, encumbrance or other charge created by or resulting solely from any act or omission of Landlord. NOTICE IS HEREBY GIVEN THAT LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT OR TO ANYONE HOLDING ANY OF THE LEASED PREMISES THROUGH OR UNDER TENANT, AND THAT NO MECHANICS' OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN AND TO ANY OF THE LEASED PREMISES.

(b) Tenant shall execute, deliver and record, file or register from time to time all such instruments as may be required by any present or future Law in order to evidence the respective interests of Landlord and Tenant in any of the Leased Premises, and shall cause this Lease, or a memorandum of this Lease, and any supplement hereto or to such other instrument, if any, as may be appropriate, to be recorded, filed or registered and re-recorded, refiled or re-registered in such manner and in such places as may be required by any present or future Law in order to publish notice and protect the validity or priority of this Lease.

(c) Nothing in this Lease and no action or inaction by Landlord shall be deemed or construed to mean that Landlord has granted to Tenant any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest or lien in or upon the estate of Landlord in any of the Leased Premises.

10. INDEMNIFICATION. Tenant agrees to pay, protect, indemnify, save and hold harmless Landlord and all other Persons described in Paragraph 29 from and against any and all liabilities, losses, damages, penalties, costs, expenses (including all reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature whatsoever, howsoever caused from any of the following (except for an affirmative act or omission of Landlord unless such act or omission is otherwise the obligation of Tenant under this Lease or unless arising from an internal conflict among the partners of Landlord or Persons described in Paragraph 29 that is not related to Tenant's performance under this Lease): (a) any matter pertaining to any of the Leased Premises or Adjoining Property or

the ownership, use, non-use, occupancy, operation, condition, design, construction, maintenance, repair or rebuilding of any of the Leased Premises or Adjoining Property, (b) any injury to or death of any Person or any loss of or damage to any property in any manner arising from the Leased Premises or Adjoining Property or from any matter described in clause (a) above, or connected therewith or occurring thereon, whether or not Landlord has or should have knowledge or notice of the defect or condition, if any, causing or contributing to said injury, death, loss, damage or other claim, (c) any violation by Tenant of any provision of this Lease, any contract or agreement to which Tenant is a party, any Legal Requirement or any Permitted Encumbrance, (d) any other cause pertaining to this Lease or any of the Leased Premises or Adjoining Property or the transaction of which this Lease forms a part, or (e) the alleged deposit, storage, disposal, burial, dumping, injecting, spilling, leaking or other use, placement or release in, on, or affecting the Leased Premises of a Hazardous Substance or otherwise arising from any other alleged violation of any of the Environmental Laws including (i) liability for costs of removal or remedial action incurred by the United States Government or the State, or response costs incurred by any other Person or entity, or damages from injury to or destruction or loss of natural resources, including the reasonable costs of assessing such injury, destruction or loss, incurred pursuant to Section 107 of CERCLA, or any successor Section or Act; (ii) liability for costs and expenses of abatement, correction or clean-up, fines, damages, response costs or penalties which arise from the provisions of any of the other Environmental Laws; and (iii) liability for personal injury or property damage arising under any statutory or common-law tort theory, including damages assessed for the maintenance of a public or private nuisance or for carrying on of an abnormally dangerous activity. In case any action or proceeding is brought against Landlord or any other Person described in Paragraph 29 by reason of any such claim, Tenant covenants upon notice from Landlord to resist and defend such action or proceeding by counsel reasonable satisfactory to Landlord, and Landlord or such other Person will cooperate and assist in the defense of such action or proceeding if requested to do so by Tenant.

The obligations of Tenant under this Paragraph 10 shall survive any termination of this Lease.

11. MAINTENANCE AND REPAIR.

(a) Tenant shall at all times, including any Requisition period, maintain the Leased Premises and the Adjoining Property in good repair and condition and, in the case of the Equipment, in good mechanical condition, except for ordinary wear and tear, shall promptly make all repairs (substantially equivalent in quality and workmanship to the original work) of every kind and nature, whether foreseen or unforeseen, which may be required to be made upon or in connection with any of the Leased Premises in order to keep and maintain the Land and

Improvements in as good repair and condition as they were on the date hereof, and the Equipment in as good mechanical condition as it was on the later of the date hereof or the date of its installation, except for ordinary wear and tear, in accordance with the better of the practices generally recognized as then acceptable within the Tenant's industry and in conformity with all legal requirements and insurance requirements. Tenant shall do or cause others to do all shoring of the Leased Premises or Adjoining Property or of foundations and walls of the Improvements and every other act necessary or appropriate for the preservation and safety thereof, by reason of or in connection with any excavation or other building operation upon any of the Leased Premises or Adjoining Property, whether or not Landlord shall, by any Legal Requirement, be required to take such action or be liable for failure to do so. Landlord shall not be required to make any Alteration, whether foreseen or unforeseen, or to maintain any of the Leased Premises or Adjoining Property in any way, and Tenant hereby expressly waives any right which may be provided for in any Law now or hereafter in effect to make Alterations at the expense of Landlord. Any Alteration made by Tenant pursuant to this subparagraph (a) or pursuant to subparagraph (b) of this Paragraph 11 shall be made in conformity with the provisions of Paragraph 12.

(b) Except for the Permitted Encumbrances, in the event that any Improvement, now or hereafter constructed, shall encroach upon any property, street or right-of-way (including the Adjoining Property) adjoining any of the Leased Premises, shall violate the provisions of any restrictive covenant affecting any of the Leased Premises, shall hinder or obstruct any easement or right-of-way to which any of the Leased Premises is subject, or shall impair the rights of others in, to or under any of the foregoing, Tenant shall, promptly after receiving notice or otherwise acquiring knowledge thereof, either (i) obtain valid and effective waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, violation, hindrance, obstruction or impairment, whether the same shall affect Landlord, Tenant or both, or (ii) take such reasonable action as shall be necessary to remove all such encroachments, hindrances or obstructions and to end all such violations or

impairments, including, if necessary, making Alterations.

(c) Landlord shall have the right (but no obligation), upon at least five (5) days prior notice to Tenant (or without notice in case of emergency), to enter upon any of the Leased Premises for the purpose of making any Alterations which may be necessary by reason of Tenant's failure to comply with the provisions of subparagraphs (a) and (b) of this Paragraph 11. Except in case of emergency, the right of entry shall be exercised at reasonable times and at reasonable hours and upon at least five (5) days prior notice. The cost of any such entry, together with the reasonable and actual cost of all such Alterations, shall be Additional Rent; and Tenant shall pay the same to Landlord, together with interest thereon at the Default Rate from the time

of payment by Landlord until paid by Tenant, immediately upon written demand therefor and upon submission of evidence of Landlord's payment of such costs.

(d) Tenant shall, from time to time, to the extent necessary or commercially reasonable, replace with other operational equipment or parts (the "Replacement Equipment") any of the Equipment (the "Replaced Equipment") which shall have (i) become worn out, obsolete or unusable for the purpose for which it is intended, (ii) been taken by a Condemnation as provided in Paragraph 13(d), or (iii) been lost, stolen, damaged or destroyed as provided in Paragraph 14(h); provided, however, that the Replacement Equipment shall (A) be in good operating condition, (B) have a value and useful life at least equal to the value and estimated useful life of the Replaced Equipment immediately prior to the time that the Replaced Equipment had become so worn out, or unusable, so taken, or so lost, stolen, damaged or destroyed, and (C) be suitable for a use which is the same or similar to that of the Replaced Equipment. Tenant shall repair at its sole cost and expense all damage to the Leased Premises caused by the removal of Replaced Equipment or other Personal property of Tenant or the installation of Replacement Equipment. All Replacement Equipment shall become the property of Landlord, shall be free and clear of all liens and rights of others and shall become a part of the Equipment to the same extent as the Replaced Equipment had been. If so requested by Landlord in writing, Tenant shall promptly cause to be executed and delivered to Landlord an invoice, bill of sale or other appropriate instrument evidencing the transfer or assignment to Landlord of all estate, right, title and interest (other than the leasehold estate created hereby) of Tenant or any other Person in and to the Replacement Equipment, free from all liens and other exceptions to title; and Tenant shall pay all taxes, fees, costs and other expenses that may become payable as a result thereof. At the expiration of the Term or the sooner termination of this Lease, all Equipment shall be in good operating condition, ordinary wear and tear excepted.

12. ALTERATIONS AND IMPROVEMENTS. Except with respect to the maintenance and repair required to be performed by Tenant pursuant to in Paragraph 11 and otherwise as provided in this Paragraph 12, Tenant shall not with respect to any of Memphis Premises, the New Orleans Premises or the San Antonio Premises (a) make any Alterations the cost of which exceeds $250,000 for any single alteration or $500,000 in the aggregate over the Term, (b) construct upon the Land any additional Improvements or (c) install equipment in the Improvements or accessions to the Equipment, without the prior written approval of Landlord, which approval shall not be unreasonably withheld or delayed. In addition, Tenant shall not do any other act which, in the sole opinion of Landlord, would tend to impair the value of the Leased Premises. Tenant agrees that (i) the market value of the Leased Premises shall not be lessened by any such Alteration, construction or installation, or its usefulness impaired, (ii) all such Alterations, construction and installations shall be

performed in a good and workmanlike manner, (iii) all such Alterations, construction and installations shall be expeditiously completed in compliance with all Legal Requirements, (iv) all work done in connection with any such Alteration, construction or installation shall comply with the requirements of all insurance policies required to be maintained by Tenant hereunder, (v) Tenant shall promptly pay all costs and expenses of any such Alteration, construction or installation and shall discharge or remove all liens filed against any of the Leased Premises arising out of the same, (vi) Tenant shall procure and pay for all permits and licenses required in connection with any such Alteration, construction or installation shall be the property of Landlord and shall be subject to this Lease, and (viii) Tenant shall comply, to the extent requested by Landlord, with the provisions of clauses (i) through (iv) of Paragraph 15(a).

Notwithstanding the foregoing, Tenant shall be permitted to construct additional Improvements upon the Land in order to expand the existing facilities so long as (a) Landlord receives prior written notice of Tenant's intention to construct such Improvements and (b) Tenant complies fully with all of the provisions of this Paragraph 12, including, but not limited to, subparagraphs (i) through (viii) herein.

13. Condemnation.

(a) Tenant, immediately upon receiving a Condemnation Notice, shall notify Landlord thereof and, so long as an Event of Default has not occurred and is continuing, Tenant shall have the right on behalf of Tenant, Landlord and Lender to negotiate the settlement in any Condemnation proceeding and/or threat thereof and to contest the Condemnation and/or the amount of the Net Award therefor, all at Tenant's expense; provided, however, that if an Event of Default has occurred and is continuing Tenant shall have no right to participate in any such proceedings, negotiation or contest. Lender shall be entitled to participate with Tenant in any such proceeding, negotiation and/or contest, all at Tenant's expense, provided, however, that so long as an Event of Default has not occurred and is continuing counsel selected by Tenant shall represent Tenant, Landlord and Lender in any such proceeding, negotiation and/or contest. Subject to the provisions of this Paragraph 13, Tenant hereby irrevocably assigns to Landlord any award or payment to which Tenant is or may be entitled by reason of any Condemnation, whether the same shall be paid or payable for Tenant's leasehold interest hereunder or otherwise; but nothing in this Lease shall impair Tenant's right to any award or payment on account of Tenant's trade fixtures, equipment or other tangible property which is not part of the Equipment, moving expenses or loss of business, if available, to the extent that and so long as (i) Tenant shall have the right to make, and does make, a separate claim therefor against the condemnor and (ii) such claim does not in any way reduce either the amount of the award otherwise payable to Landlord for the

Condemnation of Landlord's fee interest in the Leased Premises or the amount of the award (if any) otherwise payable for the Condemnation of Tenant's leasehold interest hereunder.

(b) If (i) the entire "New Orleans Premises", the entire "Memphis Premises" or the entire "San Antonio Premises" or (ii) any substantial portion of the "New Orleans Premises", the Memphis Premises" or the "San Antonio Premises", which portion Tenant determines, in good faith, to be sufficient to render the remaining portion thereof uneconomic for the use of Tenant or any other tenant to which such premises might reasonably be leased, shall be taken by a Taking or under threat thereof, (any one or all of which is affected by a taking described in (i) or (ii) being hereinafter referred to as the "Affected Premises") then Tenant shall, not later than thirty (30) days after Landlord gives Tenant notice that Landlord has received a Condemnation Notice or Tenant otherwise receives a Condemnation Notice, give notice to Landlord of its intention to terminate this Lease as to the Affected Premises on the first Basic Rent Payment Date (the "Termination Date") occuring after the date on which the Landlord rejects Tenant's offer to purchase the Affected Premises.

Such notice of intention to terminate shall contain (A) an irrevocable offer of Tenant to purchase the remaining portion of the Affected Premises, if any, on the Termination Date for the purchase price (the "Termination Offer Amount") specified in the next sentence and (B) in the event that less than the entire Affected Premises shall have been taken or be under threat thereof, a certificate of Tenant, signed by the president or a vice president thereof, stating that, in Tenant's good faith judgment, the portion of the Affected Premises so taken or under threat thereof is sufficient to fulfill the conditions set forth in clause (ii) of the first subparagraph of this Paragraph 13(b) and certifying that Tenant will forever abandon operations on the remainder of the Affected Premises. The Termination Offer Amount shall be the greater of (1) the Fair Market Value of the Affected Premises as of the date immediately prior to the Condemnation Notice or (2) the sum of that portion of the Acquisition Cost applicable to the Affected Premises, as set forth in Exhibit "E" attached hereto and made a part hereof, and one-half of any prepayment penalty or premium up to a maximum payment by Tenant of Fifty Thousand Dollars ($50,000) which may be payable under a Note or Mortgage. Promptly upon the delivery to Landlord of such notice of intention to terminate, Landlord and Tenant shall commence to determine such Fair Market Value in accordance with the procedure specified in Paragraph 27.

Tenant agrees that no rejection of an offer hereunder shall be effective for any purpose unless consented to by Lender. If Landlord shall reject such offer by notice to Tenant, containing the written consent of Lender to such rejection, not later than the twentieth (20th) day following the determination of Fair Market Value, then upon (x) payment of all Rent and any other charges due and unpaid under this Lease as of the Termination Date

and (y) compliance by Tenant with all other obligations and liabilities under this Lease which have arisen on or prior to the Termination Date, this Lease shall terminate on the Termination Date as to the Affected Premises and Tenant shall promptly vacate and have no further right, title or interest in or to any

of the Affected Premises.

Unless Landlord shall have rejected such offer by the foregoing notice to Tenant not later than the twentieth (20th) day following the determination of Fair Market Value, Landlord shall be conclusively presumed to have accepted such offer. If such offer is accepted by Landlord, Tenant shall pay to Landlord the Termination Offer Amount on the Termination Date and, provided all Rent and other sums due and unpaid hereunder are paid in full, Landlord shall convey to Tenant the remaining portion of the Affected Premises, if any, in accordance with the provisions of Paragraph 16 and Landlord shall assign to Tenant its entire interest in and to the Net Award including any part thereof that has not been received by Landlord and/or deliver to Tenant or credit against the Termination Offer Amount such Net Award including any part thereof which shall have been received by Landlord.

(c) In the event of any Taking of any of the Land or Improvements which does not result in a termination of this Lease as to any or all of the "New Orleans Premises", the "Memphis Premises", or the "San Antonio Premises", the Term shall, notwithstanding the Taking, continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder, except as expressly provided in Paragraph 15(b). Promptly after such Taking, Tenant, as required in Paragraph 11(a), shall commence and diligently continue to restore the Improvements as nearly as possible to their value, condition and character immediately prior to such Taking, in accordance with the provisions of Paragraph 12. Landlord shall make the Net Award available to Tenant as and when received by Landlord for restoration in accordance with and subject to the provisions of Paragraph 15(a).

In the event of a Requisition of any of the Land or Improvements, if Landlord is required to pay the Net Award of such Requisition to Lender in accordance with the provisions of the Note and the Mortgage and the debt service payments due under the Note are thereafter reduced by virtue of such payment of the Net Award to Lender, then each installment of Basic Rent payable on or after the effective date of such reduction in debt service shall be reduced in the same amount and for the same period as payments are reduced under the Note. In the event that the Net Award of a Requisition of any of the Land or Improvements is retained by Landlord, Landlord shall apply such Net Award, to the extent received, to the installments of Basic Rent thereafter payable until such Net Award has been applied in full or until the Term

hereof has expired, whichever first occurs. Upon the expiration of the Term, any portion of such Net Award which shall not have been previously credited to Tenant shall be retained by Landlord.

(d) If any of the Equipment shall be taken by a Condemnation other than a Condemnation which falls within the provisions of Paragraph 13(b), the Term shall nevertheless continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder. Tenant shall, whether or not the Net Award is sufficient for the purpose, promptly replace the Equipment so taken, in accordance with the provisions of Paragraph 11(d), and the Net Award of such a Condemnation made for the loss of the replaced Equipment only shall thereupon be payable to Tenant. The remainder of the Net Award shall be applied as hereinabove provided.

(e) Except as specifically provided in subparagraph (a) of this Paragraph 13, no agreement with any condemnor in settlement of or under threat of any Condemnation shall be made by Tenant without the written consent of Landlord and Lender.

14. INSURANCE.

(a) Tenant shall maintain at its sole cost and expense the following insurance on or in connection with the Leased Premises:

(i) Insurance against loss or damage to the Improvements and Equipment by fire and other risks from time to time included under standard extended and additional extended coverage policies, including vandalism and malicious mischief, sprinkler, plate glass and flood insurance, to the extent any of the Leased Premises are in a flood zone, in amounts not less than the actual replacement value of the Improvements and Equipment, excluding footings and foundations and other parts of the Improvements which are not insurable (or, in the case of plate glass insurance, the replacement cost of all plate glass in the Leased Premises). Such policies shall contain replacement cost endorsements.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about any of the Leased Premises or the Adjoining Property, in an amount not less than $1,000,000 primary combined single limit for bodily injury or death and/or property damage, each occurrence with a general aggregate limit of $2,000,000, combined single limit, not less than $20,000,000 umbrella combined single limit; provided, however, that Landlord shall have the right to determine such other limits as

may be reasonable and customary for transactions and properties of this size and type. Policies for such insurance shall be for the mutual benefit of Landlord, Tenant and Lender.

(iii) Worker's compensation insurance covering all fulltime employees of Tenant employed in connection with any work done on or about any of the Leased Premises for which claims for death or bodily injury could be asserted against Landlord, Tenant or any of the Leased Premises, or, in lieu of such worker's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate agency of the State.

(iv) To the extent that the Improvements include at any time Equipment or any other equipment on or in the Leased Premises which by reason of its use or existence is capable of bursting, erupting, or exploding, boiler and pressure vessel insurance on any such Equipment, in an amount not less than $5,000,000 for damage to property, bodily injury or death resulting from such perils.

(v) Such other insurance, including business interruption insurance which would provide an amount necessary to pay Rent for at least one (1) year, on or in connection with any of the Leased Premises as Landlord or Lender may reasonably require, which at the time is prudent for Tenant's industry and is commonly obtained in connection with properties similar to the Leased Premises.

(b) The insurance required by Paragraph 14(a) shall be written by companies of recognized financial standing which are approved by Landlord, which approval shall not be unreasonably withheld, and are authorized to do an insurance business in the State. The insurance policies (i) shall be for such terms as Landlord may reasonably approve, (ii) shall be in amounts sufficient at all times to satisfy any coinsurance requirements thereof, and (iii) shall (except for the worker's compensation insurance referred to in Paragraph 14(a)(iii) hereof) name Landlord, Tenant and Lender as insured parties, as their respective interests may appear. If said insurance or any part thereof shall expire, be withdrawn, become void, voidable, unreliable or unsafe for any reason, including a breach of any condition thereof by Tenant or the failure or impairment of the capital of any insurer, or if for any other reason whatsoever said insurance shall become unsatisfactory to Landlord, Tenant shall promptly obtain new or additional insurance reasonably satisfactory to Landlord.

(c) Each insurance policy referred to in clauses (i), (iv) and (v) of Paragraph 14(a) shall contain standard non-contributory mortgagee clauses in favor of and reasonably acceptable to Lender. Each policy required by any provision of Paragraph 14(a), except clause (iii) thereof, shall provide that it may not be cancelled except after thirty (30) days' prior notice to Landlord and Lender except for the non-payment of premiums which shall require at least ten (10) days notice of cancellation. Each such policy shall also provide that any loss otherwise payable thereunder shall be payable notwithstanding (i)

any act or omission of Landlord or Tenant which might, absent such provision, result in a forfeiture of all or a part of such insurance payment, (ii) the occupation or use of any of the Leased Premises for purposes more hazardous than those permitted by the provisions of such policy, (iii) any foreclosure or other action or proceeding taken by Lender pursuant to any provision of the Mortgage upon the happening of an event of default therein, or (iv) any change in title to or ownership of any of the Leased Premises.

(d) Tenant shall pay as they become due in installments or otherwise all premiums for the insurance required by this Paragraph 14, shall renew or replace each policy and deliver to Landlord evidence of the payment of the full premium or next succeeding installment, as the case may be, therefor at least twenty (20) days prior to the expiration date of such policy, and shall promptly deliver to Landlord all original policies; and in the event of Tenant's failure to comply with any of the foregoing requirements, Landlord shall be entitled, but not obligated, to procure such insurance. Any sums expended by Landlord in procuring such insurance shall be Additional Rent and shall be repaid by Tenant, together with interest thereon at the Default Rate from the time of payment by Landlord until fully paid by Tenant, immediately upon written demand therefor by Landlord.

(e) Tenant shall have the replacement cost and insurable value of the Improvements determined from time to time as required by the replacement cost endorsements and shall deliver to Landlord the new replacement cost endorsement or certificate evidencing such endorsement promptly upon Tenant's receipt thereof. If, at any time, a replacement cost endorsement is not available, Tenant shall have the replacement cost and insurable value of the Improvements determined at least once a year by the underwriter of fire insurance on the Leased Premises or, if such underwriter will not act, by a qualified appraiser satisfactory to Landlord, and shall deliver to Landlord such

determination promptly upon receipt.

(f) Tenant shall promptly comply with and conform to (i) all provisions of each insurance policy required by this Paragraph 14 and (ii) all requirements of the insurers thereunder, applicable to Landlord, Tenant or any of the Leased Premises or to the use, manner of use, occupancy, possession, operation, maintenance, alteration or repair of any of the Leased Premises, even if such compliance necessitates structural changes or improvements or results in interference with the use or enjoyment of any of the Leased Premises. Tenant shall not use any of the Leased Premises in any manner which would permit the insurer to cancel or increase the premium for any insurance policy.

(g) In the event of any loss, Tenant shall give Landlord and Lender immediate notice thereof. So long as an Event of Default has not occurred and is continuing, Tenant is hereby

authorized to adjust and compromise, in its discretion, all claims under any of the insurance policies required by this Paragraph 14 (except public liability insurance claims payable to a person other than Tenant, Landlord or Lender) and to execute and deliver of behalf of Landlord and Lender all necessary proofs of loss, receipts, vouchers and release required by the insurers; and Landlord agrees to sign, upon the request of Tenant, all such proofs of loss, receipts, vouchers and releases. However, if Lender so elects, Lender shall adjust and compromise any and all such claims. Any adjustment, settlement or compromise of any such claim shall be subject to the prior written approval of Lender unless Tenant receives a prior written waiver from Lender, and Lender shall have the right to prosecute or contest, or to require Tenant to prosecute or contest, any such claim, adjustment, settlement or compromise, all at Tenant's expense. All proceeds of any insurance required under clauses (i) (in excess of One Hundred Thousand Dollars ($100,000), (ii), (except proceeds payable to a person other than Tenant, Landlord or Lender), (iv) and (v) of Paragraph 14(a) shall be payable to Landlord and Lender. Each insurer is hereby authorized and directed to make payment under said policies, including return of unearned premiums, directly to Landlord and Lender instead of to Landlord and Tenant jointly (except for a casualty loss payment of less than One Hundred Thousand Dollars ($100,000) which shall be paid directly to Tenant); and Tenant hereby appoints each of Landlord and Lender as Tenant's attorneys-in-fact to endorse any draft therefor.

In the event of any casualty (whether or not insured against) resulting in damage to any of the Improvements which does not result in a termination of this Lease, the Term shall, notwithstanding such casualty, continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder, except as expressly provided in Paragraph 15(b). Promptly after such casualty, Tenant, as required in Paragraph 11(a), shall commence and diligently continue to restore the Improvements as nearly as possible to their value, condition and character immediately prior to such damage, subject to and in accordance with the provisions of Paragraph 12. Landlord shall make such Net Proceeds available to Tenant as and when received by Landlord for restoration by Tenant in accordance with and subject to the provisions of Paragraph 15(a).

In the event of any loss of any of the Equipment in a casualty which does not result in a termination of this Lease, the Term shall nevertheless continue and there shall be no abatement or reduction of Rent or any other sums payable by Tenant hereunder. Tenant shall, whether or not the Net Proceeds are sufficient for the purpose, promptly repair or replace such Equipment, subject to and in accordance with the provisions of Paragraph 11(d), and the Net Proceeds paid for the loss of such Equipment only shall thereupon be payable to Tenant. The remainder of the Net Proceeds shall be applied as hereinabove provided.

(h) If (a) the entire "New Orleans Premises", the entire "Memphis Premises" or the entire "San Antonio Premises" or (b) a substantial portion of the "New Orleans Premises", the "Memphis Premises" and the "San Antonio Premises", shall be damaged or destroyed by fire or other casualty and, in Tenant's good faith judgment, it is uneconomical to replace, repair or restore the Affected Premises within one hundred and fifty (150) days of the date of such casualty for continued use and occupancy by Tenant or any other tenant to which the Affected Premises might reasonably be leased (any one or all of which is affected by a fire or casualty described in (a) or (b) being hereinafter referred to as the "Affected Premises"), then Tenant shall, not later than twenty (20) days after such occurrence, give notice to Landlord of its intention to terminate this Lease as to the Affected Premises on the first Basic Rent Payment Date (the "Casualty Termination Date") which occurs after the date on which Landlord rejects Tenant's offer to purchase the Affected Premises.

Such notice shall contain (A) an irrevocable offer of Tenant to purchase the Affected Premises on the Casualty Termination Date for the purchase

price (the "Casualty Offer Amount") specified in the next sentence and (B) a certificate of Tenant, signed by the president or a vice president of Tenant, stating that, in Tenant's good faith judgment, the portion of the Affected Premises so damaged or destroyed is sufficient to render the Affected Premises uneconomical for restoration for continued use and occupancy by Tenant or any other tenant to which the Affected Premises might be leased and certifying that Tenant will not restore the Affected Premises for the use to which such Premises was devoted prior to such damage or destruction. The Casualty Offer Amount shall be the greater of (1) the Fair Market Value of the Affected Premises as of the date immediately prior to such casualty or (2) the sum of that portion of the Acquisition Cost applicable to the Affected Premises, as set forth in Exhibit "E", and one-half (1/2) of any prepayment penalty or premium up to a maximum payment by Tenant of Fifty Thousand Dollars ($50,000.00) which may be payable under a Note or Mortgage. Promptly upon the delivery of such notice from Tenant to Landlord, Landlord and Tenant shall commence to determine such Fair Market Value in accordance with the procedure specified in Paragraph 27.

No rejection of an offer hereunder shall be effective for any purpose unless consented to by Lender. If Landlord shall reject such offer by notice to Tenant, containing the written consent of Lender to such rejection, not later than the twentieth (20th) day following the determination of Fair Market Value, then upon (x) payment of all Rent and any other charges due and unpaid under this Lease as of the Casualty Termination Date and (y) compliance by Tenant with all other obligations and liabilities under this Lease which have arisen on or prior to the Casualty Termination Date, this Lease shall terminate on the Casualty Termination Date as to the Affected Premises and Tenant shall promptly vacate and have no further right, title or interest in or to any of the Affected Premises.

Unless Landlord shall have rejected such offer by the foregoing notice to Tenant not later than the twentieth (20th) day prior to the Casualty Termination Date, Landlord shall be conclusively presumed to have accepted such offer. If such offer is accepted by Landlord, Tenant shall pay to Landlord the Casualty Offer Amount on the Casualty Termination Date and, provided an Event of Default does not then exist, Landlord shall convey to Tenant the Affected Premises in accordance with the provisions of Paragraph 16 and, provided all Rent and other sums due and unpaid under this Lease are paid in full, Landlord shall assign to Tenant its entire interest in and to the Net Proceeds including any part thereof that has not been received by Landlord and/or deliver to Tenant or credit against the Casualty Offer Amount such Net Proceeds including any part thereof which shall have been received by Landlord.

(i) Tenant shall not carry separate insurance concurrent in form or contributing in the event of loss with that required in this Paragraph 14 unless (i) Landlord and Lender are included therein as named insureds, with loss payable as provided herein, and (ii) such separate insurance complies with the other provisions of this Paragraph 14. Tenant shall immediately notify Landlord of such separate insurance and shall deliver to Landlord the original policies therefor.

15. RESTORATION; REDUCTION OF RENT.

(a) If (on the basis of a cost breakdown provided by Tenant) the cost of restoration is reasonably estimated by Landlord to be One Hundred Thousand Dollars ($100,000) or less, then, so long as an Event of Default has not occurred and is continuing, such amount shall be disbursed to Tenant from the Net Proceeds or a Net Award, and Tenant shall promptly restore the Affected Premises in accordance with and subject to Paragraph 12 of this Lease. Net Proceeds or a Net Award which are for restoration of the Land or Improvements the cost of which is reasonably estimated of Landlord to be in excess of One Hundred Thousand Dollars ($100,000) shall be disbursed to Tenant only in accordance with the following conditions:

(i) prior to commencement of restoration, the architects, contracts, contractors, plans and specifications for the restoration shall have been approved by Landlord, which approval shall not be unreasonably withheld or delayed; Landlord shall be provided with mechanics' lien insurance (if available) and acceptable performance and payment bonds which insure satisfactory completion of the restoration, are in an amount and form and have a surety acceptable to Landlord, and name Landlord and Lender as additional dual obligees; and appropriate waivers of mechanics' and materialmen's liens shall have been filed;

(ii) at the time of any disbursement, no Event of Default shall exist and no mechanics' or materialmen's liens shall have been filed against any of the Leased Premises and remain undischarged;

(iii) disbursements shall be made from time to time in an

amount not exceeding the cost of the work completed since the last disbursement, upon receipt of (A) satisfactory evidence, including architects' certificates, of the stage of completion, of the estimated cost of completion and of performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (B) waivers of liens for work covered by the prior disbursement, (C) contractors' and subcontractors' sworn statements as to completed work for which payment is requested, (D) a satisfactory bringdown of title insurance, and (E) other evidence of cost and payment so that Landlord can verify that the amounts disbursed from time to time are represented by work that is completed, in place and free and clear of mechanics' and materialmen's lien claims;

(iv) each request for disbursement shall be accompanied by a certificate of Tenant, signed by the president or a vice president of Tenant, describing the work for which payment is requested, stating the cost incurred in connection therewith, stating that Tenant has not previously received payment for such work and, upon completion of the work, also stating that the work has been fully completed and complies with the applicable requirements of this Lease;

(v) Landlord may retain ten percent (10%) of the restoration fund until the restoration is fifty percent (50%) completed;

(vi) the restoration fund may not be commingled with Landlord's other funds and shall bear interest which shall be added to the restoration fund;

(vii) at all times the undisbursed balance of the restoration fund held by Landlord shall be not less than the cost of completing the restoration work free and clear of all liens; and

(viii) such other reasonable conditions as Landlord may impose.

In addition, prior to commencement of restoration and at any time during restoration, if the estimated cost of completing the restoration work free and clear of all liens, as determined by Landlord, exceeds the amount of the Net Proceeds or the Net Award available for such restoration, the amount of such excess shall, upon demand by Landlord, be paid by Tenant to Landlord to be added to the restoration fund. Any sum which remains in the restoration fund upon completion of restoration (the "Remaining Sum") shall be refunded to Tenant, unless such sum is required to be applied by

Landlord to reduce principal outstanding under the Note, in which event it shall be paid by Landlord to Lender to reduce principal outstanding under the Note. For purposes of determining the source of funds with respect to the disposition of funds remaining after the completion of restoration, the Net Proceeds or the Net Award shall be deemed to be disbursed prior to any amount added by Tenant.

(b) In the event that there is a Remaining Sum upon completion of restoration which is paid by Landlord to Lender, as aforesaid, then each installment of Basic Rent payable on or after the effective date of such reduction in debt service shall be reduced in the same amount and for the same period as payments are reduced under the Note.

16. PROCEDURES UPON PURCHASE.

(a) In the event of the purchase of any of the Leased Premises by Tenant pursuant to any provision of this Lease, Landlord need not transfer and convey to Tenant or its designee any better title thereto than that which was transferred and conveyed to Landlord, and Tenant shall accept such title, subject, however, to all Permitted Exceptions and to all liens, exceptions and restrictions on, against or relating to any of the Leased Premises which were created with the concurrence of Tenant or as a result of a default by Tenant under this Lease and to all applicable Laws, but free of the lien of and security interest created by the Mortgage and the Assignment and liens, exceptions and restrictions on, against or relating to the Leased Premises which have been created by or resulted solely from acts of Landlord without the concurrence of Tenant.

(b) Upon the date fixed for any such purchase of any of the Leased Premises pursuant to any provision of this Lease, Tenant shall pay to Landlord or to any Person to whom Landlord directs payment, at its address set forth above, or at any other place designated by Landlord, the Offer Amount therefor specified herein, in federal or other immediately available funds which at the time of such payment shall be legal tender for the payment of public or private debts in the United States of America, less any credits of the Net Award or Net Proceeds allowed against the Offer Amount pursuant to the provisions of Paragraphs 13(b) or 14(i), and Landlord shall thereupon deliver to Tenant (i) a special warranty deed in form satisfactory to Landlord's counsel which describes any of the Leased Premises then being sold to Tenant and conveys and transfers the title thereto which is described in Paragraph 16(a), (ii) such other

instruments as shall be necessary to transfer to Tenant or its designee any other property (or rights to any Net Proceeds or Net Award not yet received by Landlord) then required to be sold by Landlord pursuant to this Lease and (iii) any Net Award or Net Proceeds received by Landlord, not credited to Tenant against the Offer Amount and required to be delivered by Landlord to Tenant pursuant to this Lease. Tenant shall pay all reasonable charges incident

to such conveyance and transfer, including Landlord's reasonable counsel fees, escrow fees, recording fees, title insurance or guarantee premiums and all applicable federal, state and local taxes which may be incurred or imposed by reason of such conveyance and transfer and/or by reason of the delivery of said deed and other instruments (excluding, however, any capital gains or net income tax payable by Landlord as a result of said transfer). Tenant agrees, upon the request and direction of Landlord, to pay a portion of the Offer Amount as a brokerage commission to Landlord or one of its Affiliates who Tenant acknowledges shall be deemed the broker of record in connection with the transfer of the Leased Premises. Upon the completion of such purchase, but not prior thereto (whether or not any delay in the completion of or any failure to complete such purchase shall be the fault of Landlord), Tenant may elect to terminate this Lease and all obligations hereunder (including the obligations to pay Rent) with respect to any of the Leased Premises conveyed to Tenant, except any obligations and liabilities of Tenant, actual or contingent, under this Lease, which arose on or prior to such date of purchase. In the event that the completion of such purchase shall be delayed for more than ninety (90) days solely as a result of acts or omissions of Tenant, then the Offer Amount payable by Tenant upon the purchase of any of the Leased Premises pursuant to any provisions of this Lease shall, at Landlord's sole option, be determined as of the actual date of such purchase by Tenant, provided that Tenant shall have paid to Landlord all Rent due and payable hereunder to and including such date. Any prepaid Basic Rent or other prepaid sums paid to Landlord shall be prorated as of the date the purchase is completed, and the prorated unapplied balance shall be deducted from the Offer Amount due to Landlord.

No apportionment of any Impositions shall be made upon such purchase, Tenant being liable for payment thereof during the Term as Tenant and being liable thereafter as owner.

17. ASSIGNMENT AND SUBLETTING. Tenant may not assign this Lease at any time to any other party without the prior written consent of Landlord; provided, however, that upon prior notice to Landlord, Tenant will have the right to assign this Lease to any party which, immediately following such assignment, complies both with the provisions of Paragraph 31 of this Lease and with the provisions of this Paragraph 17. Tenant may sublet any of the Leased Premises at any other time to any other party without the prior written consent of Landlord. Each sublease of any of the Leased Premises shall be subject and subordinate to the provisions of this Lease. If Tenant assigns all its rights and interest under this Lease, the assignee under such assignment shall expressly assume all the obligations of Tenant hereunder, including obligations, actual or contingent, of Tenant which may have arisen on or prior to the date of such assignment, by a written instrument delivered to Landlord at the time of such assignment. No assignment other than as specifically permitted by this Paragraph and Paragraph 31 and no sublease made as permitted

by this Paragraph shall affect or reduce any of the obligations of Tenant hereunder; and all such obligations shall continue in full force and effect as obligations of a principal and not as obligations of a guarantor, as if no assignment or sublease had been made. No assignment or sublease shall impose any obligations on Landlord under this Lease. Tenant shall, within ten (10) days after the execution and delivery of any such assignment, deliver a duplicate original copy thereof in recordable form to Landlord, and within ten (10) days after the execution and delivery of any such sublease, Tenant shall deliver a duplicate original copy thereof to Landlord.

In the event Tenant desires to assign its interest in this Lease or effect a Change in Control (as defined in Paragraph 31) and such assignment or Change of Control would cause a breach of Paragraph 31 and such anticipatory breach is not waived in writing by Landlord within ten (10) days after receipt of notice from Tenant, then Tenant shall, not later than sixty (60) days prior to such occurrence, make an irrevocable offer to purchase the Leased Premises on the first Basic Rent Payment Date (the "Transfer Purchase Date") which occurs after the date on which Landlord accepts Tenant's offer to purchase the Leased Premises for the purchase price (the "Transfer Offer Amount") specified in the next sentence. The Transfer Offer Amount shall be the greater of (1) the Fair Market Value of the Leased Premises as of the date immediately prior to such assignment or Change in Control or (2) the Acquisition Cost and any prepayment penalty or premium which may be payable under a Note or Mortgage. Promptly upon the deliver of such notice from Tenant to Landlord, Landlord and Tenant shall commence to determine such Fair market Value in accordance with the procedure

specified in Paragraph 27.

No rejection of an offer hereunder shall be effective for any purpose unless consented to by Lender. If Landlord shall reject such offer by notice to Tenant, containing the written consent of Lender to such rejection, not later than the twentieth (20th) day following the determination of Fair Market Value, then the breach of Paragraph 31 shall be deemed waived by Landlord, subject, however, to the terms of this Paragraph 17 and this Lease shall continue in full force and effect.

Unless Landlord shall have rejected such offer by the foregoing notice to Tenant not later than the twentieth (20th) day following the determination of Fair Market Value, Landlord shall be conclusively presumed to have accepted such offer. If such offer is accepted by Landlord, Tenant shall pay to Landlord the Transfer Offer Amount on the Transfer Purchase Date and, provided all Rent and other sums due hereunder are paid in full, Landlord shall convey to Tenant the Leased Premises in accordance with the provisions of Paragraph 16.

Upon the occurrence of an Event of Default under this Lease, Landlord shall have the right immediately or at any time thereafter to collect and enjoy all rents and other sums of money

payable under any sublease of any of the Leased Premises, and Tenant hereby irrevocably and unconditionally assigns such rents and money to Landlord, which assignment may be exercised upon and after (but not before) the occurrence of an Event of Default. Tenant shall not mortgage or pledge this Lease, and any such mortgage or pledge made in violation of this Paragraph shall be void.

18. PERMITTED CONTESTS. Tenant shall not be required to (a) pay any Imposition, (b) comply with any Legal Requirement, (c) discharge or remove any lien referred to in Paragraph 9 or 12, or (d) take any action with respect to any encroachment, violation, hindrance, obstruction or impairment referred to in Paragraph 11(b), so long as Tenant shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its or Landlord's liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent (i) the collection of, or other realization upon, the Imposition, lien or claim so contested, (ii) the sale, forfeiture or loss of any of the Leased Premises or any Rent to satisfy the same or to pay any damages caused by the violation of any such Legal Requirement or by any such encroachment, violation, hindrance, obstruction or impairment, (iii) any interference with the use or occupancy of any of the Leased Premises, (iv) any interference with the payment of any Rent, and (v) the cancellation of any fire or other insurance policy. If the contested amount is in excess of Twenty Thousand Dollars ($20,000.00), Tenant shall provide Landlord security which is reasonably satisfactory to Landlord, to assure the payment, compliance, discharge, removal and/or other action, including all costs, attorneys' fees, interest and penalties that may be or become due in connection therewith. While any proceedings which comply with the requirements of this Paragraph 18 are pending and the required security is held by Landlord, Landlord shall not have the right to pay, remove or cause to be discharged the Imposition, lien or claim thereby being contested. Tenant further agrees that each such contest shall be promptly and diligently prosecuted to a final conclusion, except that Tenant shall, so long as the conditions of the first sentence of this Paragraph are at all times complied with, have the right to attempt to settle or compromise such contest through negotiations. Tenant shall pay, and save Landlord harmless against, any and all losses, judgments, decrees and costs (including all reasonable attorneys' fees and expenses) in connection with any such contest and shall, promptly after the final determination of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest, costs and expenses thereof or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof. No such contest shall subject Landlord to the risk of any civil or criminal liability.

19. CONDITIONAL LIMITATIONS; DEFAULT PROVISION.

(a) The occurrence of any one or more of the following events which continue for a period equal to the greater of (i) any grace period specified in this subparagraph 19(a) or in subparagraph 19(g) hereof or (ii) two (2) days less than any applicable grace period, if any, given to Landlord for such default under any Note and Mortgage shall constitute an Event of Default under this Lease: (i) a failure by Tenant to make (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity, or before any administrative tribunal, which have or might have the effect of preventing Tenant from complying with the provisions of this

Lease) any payment of Rent or other sum herein required to be paid by Tenant; (ii) a failure by Tenant duly to perform and observe, or a violation or breach of, any other provision or covenant hereof not otherwise specifically mentioned in this Paragraph 19(a); (iii) any representation or warranty made by Tenant herein or in the Assignment or in any certificate, demand or request made pursuant hereto or thereto proves to be incorrect, now or hereafter, in any material respect; (iv) Tenant shall (A) voluntarily be adjudicated a bankrupt or insolvent, (B) seek or consent to the appointment of a receiver or trustee for itself or for any of the Leased Premises, (C) file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, or (D) make a general assignment for the benefit of creditors; (v) a court shall enter an order, judgment or decree appointing, without the consent of Tenant, a receiver or trustee for it or for any of the Leased Premises or approving a petition filed against Tenant which seeks relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain in force, undischarged or unstayed, sixty (60) days after it is entered; (vi) any Improvement is substantially damaged or destroyed by an uninsured casualty and Tenant fails to commence promptly thereafter to restore the Leased Premises to its condition immediately prior to such casualty or fails to proceed actively, diligently and in good faith with such restoration and to continue such restoration until the Leased Premises have been fully restored; (vii) any of the Leased Premises shall have been vacated or abandoned; (viii) Tenant shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution; (ix) the estate or interest of Tenant in any of the Leased Premises shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such proceeding shall not be vacated or discharged within sixty (60) days after it is commenced; or (x) a failure by Guarantor duly to perform and observe any provision under the Guaranty, or a violation or breach of any covenant made by Guarantor under the Guaranty.

(b) If an Event of Default shall have occurred, Landlord shall have the right at its option, then or at any time thereafter to do any one or more of the following without demand upon notice to Tenant (except as otherwise provided in subparagraph (g) of this Paragraph 19):

(i) Landlord shall give Tenant ten (10) days written notice of Landlord's intention to terminate this Lease on a date specified in such notice. Upon the date therein specified, the Term, the estate hereby granted and all rights of Tenant hereunder, shall expire and terminate as if such date were the date herein before fixed for the expiration of the Term, but Tenant shall remain liable for all its obligations hereunder, including its liability for Rent, as hereinafter provided.

(ii) Landlord may, whether or not the Term of this Lease shall have been terminated pursuant to clause (i) above, (A) give Tenant notice to surrender any of the Leased Premises to Landlord immediately or on a date specified in such notice, at which time Tenant shall surrender and deliver possession of the Leased Premises or the specified portion thereof to Landlord or (B) re-enter and repossess any of the Leased Premises, with or without legal process, by peaceably entering the Leased Premises and changing locks or by summary proceedings, ejectment or any other lawful means or procedure. Upon or at any time after taking possession of any of the Leased Premises, Landlord may, by peaceable means or legal process, remove any Persons or property therefrom. Landlord shall be under no liability for or by reason of any such entry, repossession or removal. No such entry or repossession shall be construed as an election by Landlord to terminate this Lease unless Landlord gives a written notice of such intention to Tenant pursuant to clause (i) above.

(iii) After repossession of any of the Leased Premises pursuant to clause (ii) above, whether or not this Lease shall have been terminated pursuant to clause (i) above, Landlord shall have the right (but shall be under no obligation) to relet any of the Leased Premises to such tenant or tenants, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term), for such rent, on such conditions (which may include concessions or free rent) and for such uses as Landlord, in its absolute discretion, may determine; and Landlord may collect and receive any rents payable by reason of such releting. Landlord shall have no duty to mitigate damages and shall not be responsible or liable for any failure to relet any of the Leased Premises or for any failure to collect any rent due upon any such releting. Landlord may make such Alterations as Landlord, in its sole discretion, may deem advisable. Tenant agrees to pay Landlord, as Additional Rent, immediately upon demand, all expenses incurred by Landlord in obtaining possession, in performing Alterations and in releting any of the Leased Premises, including fees and commissions of attorneys, architects, agents and brokers.

(iv) Unless Landlord shall have exercised its remedy under Paragraph 19(b)(v) (as to the entire Leased Premises) or 19(b)(vi) hereof and

shall have received all sums due thereunder, Landlord may, upon written demand to Tenant, recover from Tenant, and Tenant shall pay to Landlord, as and for liquidated and agreed final damages for Tenant's default and in lieu of all current damages beyond the date of such demand (it being agreed that it would be impracticable or extremely difficult to fix the actual damages), an amount equal to the present value of the excess, if any, of (A) all Rent from the date of such demand to the date on which the then Term is scheduled to expire hereunder in the absence of any earlier termination, re-entry or repossession over (B) the then fair market rental value of the Leased Premises for the same period; provided, however, that in the event Landlord shall have exercised its remedy under Paragraph 19(6)(v) to require the purchase of less than the entire Leased Premises and shall have received all sums due in connection therewith, the Rent referred to in clause (A) above shall be that portion of the Rent which is attributable to that portion of the Leased Premises which is not sold to Tenant pursuant to said Paragraph 19(b)(v) and the fair rental value referred to in clause (B) above shall be the fair rental value of such unsold remainder of the Leased Premises. The present value of such excess shall be determined by discounting the Rent and such fair market rental value at the rate per annum which is the lower of the then Prime Rate or nine percent (9%) per annum. If any Law shall validly limit the amount of such liquidated final damages to less than the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such Law.

(v) Unless Landlord shall have exercised its remedy under Paragraph 19(b)(iv) or 19(b)(vi) hereof and shall have received all sums due thereunder, Landlord may, upon notice to Tenant, require Tenant to make an irrevocable offer to purchase, for the purchase price (the "Default Offer Amount") specified in the next two sentences, either (A) the entire Leased Premises or (B) any one or more of the New Orleans Premises, the San Antonio Premises and the Memphis Premises (such entire Leased Premises or any one or more of the New Orleans Premises, the San Antonio Premises and the Memphis Premises, as applicable, being hereinafter referred to as the "Selected Premises"), as Landlord in its sole discretion may select. The Default Offer Amount shall be the greater of (1) the then Fair Market Value of the Selected Premises, (2) the sum of that portion (determined in accordance with the percentages set forth in Exhibit "F") of the unpaid balance of the Note and Mortgage covering any of the Selected Premises, all interest accrued thereon, and prepayment penalties payable in connection therewith and all other sums due thereunder as of the date of such purchase, or (3) an amount equal to the sum of the Acquisition Cost with respect to the Selected Premises and any prepayment penalty payable under the Loan with respect to the Selected Premises. Upon such notice by Landlord to Tenant, Tenant shall be deemed to have made such offer, and the Fair Market Value

of the Selected Premises shall be determined in accordance with the procedure set forth in Paragraph 27 hereof. Within thirty (30) days after such determination of the Fair Market Value, Landlord shall accept or reject such offer. If Landlord accepts such offer, then, on the tenth (10th) business day after such acceptance, Tenant shall pay to Landlord the Default Offer Amount and purchase the Selected Premises in accordance with Paragraph 16 hereof. Any rejection by Landlord of such offer shall have no effect on any other provision of this Lease.

(vi) Unless Landlord shall have exercised its remedy under Paragraph 19(b)(vi) or 19(b)(v) (as to the entire Leased Premises) hereof and shall have received all sums due thereunder or shall have repossessed and relet the Leased Premises, Landlord may declare by notice to Tenant the entire Basic Rent (in the amount of Basic Rent then in effect) discounted at the rate per annum which is the lower of the then Prime Rate or nine percent (9%) per annum for the remainder of the then current Term, to be immediately due and payable. In that event, Tenant shall immediately pay to Landlord all such Basic Rent, all accrued Rent then due and unpaid, all other sums which are then due or which would have been due hereunder but for the aforesaid Event of Default and all sums which arise or become due by reason of such Event of Default (including any attorneys' fees and costs). Upon receipt of all such accelerated Basic Rent and other sums, this Lease shall remain in full force and effect and Tenant shall have the right to possession of the Leased Premises from the date Landlord receives the accelerated Basic Rent and all the other said sums to the end of the Term then in effect (or that would be in effect but for the Event of Default) pursuant and subject to all the provisions of this Lease, including the obligation to pay all increases in Basic Rent and all Additional Rent and other sums that subsequently become due, except that (A) no Basic Rent which has been prepaid hereunder shall be due thereafter during the said Term, (B) Tenant shall have no option to extend or renew the then current Term and (C) Tenant shall have no further rights, if any, under Paragraph 28. Notwithstanding the foregoing, in the event Landlord shall have exercised its remedy under Paragraph 19(b)(v) to require the purchase of less than the entire Leased Premises and shall have received all sums due in connection therewith, the Basic Rent to be accelerated pursuant to this Paragraph 19(b)(vi) shall be that portion of the Basic Rent which is attributable to that portion of the Leased Premises which is not sold to Tenant pursuant to said Paragraph 19(b)(v) and Tenant's right to possession pursuant to this Lease shall extend only to such unsold remainder of

the Leased Premises.

(vii) Landlord may exercise any other right or remedy now or hereafter existing by Law or in equity.

(c) No expiration or termination of this Lease pursuant to Paragraph 19(b)(i) or any other provision of this Lease, by operation of law or otherwise, before the expiration date provided in Paragraph 5 or if applicable the termination date

provided in Paragraph 13(b), 14(i) or 28, no repossession of any of the Leased Premises pursuant to Paragraph 19(b)(ii) or otherwise, nor any reletting of any of the Leased Premises pursuant to Paragraph (19)(b)(iii) shall relieve Tenant of any of its liabilities and obligations hereunder, including the liability for Rent, all of which shall survive such expiration, termination, repossession or reletting.

(d) In the event of any expiration or termination of this Lease or repossession of any of the Leased Premises by reason of the occurrence of an Event of Default, and provided that Landlord has not exercised its remedy under Paragraph 19(b)(iv), 19(b)(v) (as to the entire Leased Premises) or 19(b)(vi) or has not received all sums due thereunder, Tenant shall pay to Landlord all Rent and all other sums required to be paid by Tenant to and including the date of such expiration, termination or repossession and, thereafter, Tenant shall, until the end of what would have been the Term in the absence of such expiration, termination or repossession, and whether or not any of the Leased Premises shall have been relet, be liable to Landlord for, and shall pay to Landlord, as liquidated and agreed current damages (i) Basic Rent, Additional Rent and all other sums which would be payable under this Lease by Tenant in the absence of such expiration, termination or repossession, less (ii) the net proceeds, if any, of any reletting pursuant to Paragraph 19(b)(iii), after deducting from such proceeds all of Landlord's expenses in connection with such reletting (including all repossession costs, brokerage commissions, legal expenses, attorneys' fees, employees' expenses, costs of Alterations and expenses of preparation for reletting) provided, however, that in the event
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Landlord has exercised its remedy under Paragraph 19(b)(v) to require the purchase of less than the entire Leased Premises and has received all sums due in connection therewith, the Rent hereinabove in this Paragraph 19(d) referred to shall mean that portion of the Rent which is applicable to that portion of the Leased Premises which is not sold to Tenant pursuant to said Paragraph 19(b)(v). Tenant hereby agrees to be and remain liable for all sums aforesaid; and Landlord may recover such damages from Tenant and institute and maintain successive actions or legal proceedings against Tenant for the recovery of such damages. Nothing herein contained shall be deemed to require Landlord to wait to begin such action or other legal proceedings until the date when the Term would have expired by limitation had there been no such Event of Default.

(e) The words "enter," "re-enter," or "re-entry," as used in this Paragraph 19 are not restricted to their technical meaning.

(f) WITH RESPECT TO ANY REMEDY OR PROCEEDING OF LANDLORD HEREUNDER, TENANT WAIVES ANY RIGHT TO A TRIAL BY JURY.

(g) Except as otherwise hereinafter in this Paragraph 19(g) provided, before an Event of Default shall exist under this Paragraph 19, Landlord shall have given Tenant notice

thereof and Tenant shall have failed to cure the default within the applicable grace period stated below. If the default consists of a failure to pay Rent, the applicable grace period shall be two (2) business days from the date such notice is given. If the default consists of the failure to provide any insurance required pursuant to Paragraph 14, the applicable grace period shall be seven (7) days from the date on which the notice is given, but Landlord shall not be obligated to give notice of, or allow any grace period for, any such default more than twice within any twelve (12) month period. If the default consists of something other than the failure to provide any such insurance, the applicable grace period shall be twenty (20) days from the date on which the notice is given or, if the default cannot be cured within the said twenty-day period and delay in the exercise of a remedy would not (in Landlord's reasonable judgment) cause any material adverse harm to Landlord or any of the Leased Premises, the grace period shall be extended for the period required to cure the default (but such grace period, including any extension, shall not in the aggregate exceed sixty (60) days), provided that Tenant shall commence to cure the default within the said twenty-day period and shall actively, diligently and in good faith proceed with and continue the curing of the default until it shall be fully cured. However, no notice or grace period shall be required in any one or more of the following events: (i) substantial damage to any of the Leased Premises will, in Landlord's reasonable judgment, probably occur unless a remedy is

exercised promptly; (ii) the occurrence of a default under clause (iii), (iv), (v), (viii), or (ix) of subparagraph (a) of this Paragraph 19; or (iii) the default is such that any delay in the exercise of a remedy by Landlord could reasonably be expected to cause irreparable harm to Landlord.

20. Additional Rights of Landlord.

(a) No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing by Law or in equity. Upon the occurrence of any Event of Default, Landlord shall have the right (but no obligation) to perform any act required of Tenant hereunder, whether as agent for Tenant or otherwise; and the cost thereof shall be Additional Rent hereunder and shall be paid by Tenant to Landlord, together with interest thereon at the Default Rate from the date such cost is incurred until it shall be fully paid by Tenant, immediately upon demand. Tenant agrees that Tenant shall be liable to Landlord for any and all damages suffered or incurred by Landlord in connection with any Event of Default and Tenant further agrees that Landlord shall be entitled to exercise any and all remedies existing at law or in equity for the recovery thereof. Tenant acknowledges that time is of the essence in the performance of its obligations under this Lease. No failure of Landlord (i) to insist at any time upon the strict performance of any provision of this Lease or (ii) to exercise any

option, right, power or remedy contained in this Lease shall be construed as a waiver, modification or relinquishment thereof. A receipt by Landlord of any Rent or other sum due hereunder with knowledge of the breach of any provision contained in this Lease shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in a writing signed by Landlord. In addition to the other remedies provided in this Lease, Landlord shall be entitled, to the extent permitted by applicable Law, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the provisions of this Lease, or to specific performance of any of the provisions of this Lease.

(b) Tenant hereby waives and surrenders, for itself and all those claiming under it, including creditors of all kinds, (i) any right and privilege which it or any of them may have under any present or future Law to redeem any of the Leased Premises or to have a continuance of this Lease after termination of this Lease or of Tenant's right of occupancy or possession pursuant to any court order or any provision hereof, and (ii) the benefits of any present or future Law which exempts property from liability for debt or for distress for rent.

(c) Tenant shall pay to Landlord, as Additional Rent, all the expenses incurred by Landlord in connection with any Event of Default or the exercise of any remedy by reason of an Event of Default or otherwise in connection with the enforcement of this Lease, including reasonable attorneys' fees and expenses. If Landlord shall be made a party to any litigation commenced against Tenant or any litigation pertaining to this Lease or any of the Leased Premises (except litigation among the partners of Landlord or other Persons described in Paragraph 29 which does not arise out of any act or omission of Tenant under this Lease), then, at the option of Landlord, Tenant, at its expense, shall provide Landlord with counsel approved by Landlord and, in any event, Tenant shall pay all costs and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation; provided, however, that if in a non-appealable decision, a court of competent jurisdiction determines that Landlord was the sole cause of litigation pertaining to this Lease or any of the Leased Premises then all costs and fees incurred by Tenant in connection with such litigation shall be refunded to Tenant.

21. NOTICES. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease shall be in writing and shall be deemed to have been given for all purposes when delivered in Person or by Federal Express or other 24-hour delivery service or five (5) business days after being deposited in the United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address stated above. A copy of any notice given by Tenant to Landlord shall simultaneously be given by Tenant to Reed Smith Shaw & McClay,

1600 Avenue of the Arts Building, Philadelphia, PA 19107, Attention: Chairman, Real Estate Department. For the purposes of this Paragraph, any party may substitute its address by giving fifteen (15) days' notice to the other party, in the manner provided above.

22. ESTOPPEL CERTIFICATE. Tenant shall, at any time and from time to time, but not more than three (3) times in any calendar year, upon not less than ten (10) days' prior written request by Landlord, execute, acknowledge and deliver to Landlord a statement in writing, executed by the president or a vice president of Tenant, certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and setting forth such modifications), (b) the dates to which Basic Rent, Additional Rent and all other sums payable hereunder have been paid, (c) that, to the knowledge of the signer of such certificate, no default by either Landlord or Tenant exists hereunder or specifying each such default of which the signer may have knowledge, and (d) that, to the knowledge of the signer of such certificate, there are no proceedings pending or threatened against Tenant before or by any court or administrative agency which, if adversely decided, would materially and adversely affect the financial condition and operations of Tenant or, if any such proceedings are pending or threatened to said signer's knowledge, specifying and describing the same. It is intended that any such statements by Tenant may be relied upon by Lender, Landlord or their assignees or by any prospective purchaser or mortgagee of the Leased Premises.

Landlord shall, at any time and from time to time but not more often than twice in any twelve (12) month period upon not less than ten (10) days' prior written request by Tenant, execute, acknowledge and deliver to Tenant a statement in writing, executed by a general partner of landlord certifying (a) that this Lease in unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and setting forth such modifications), (b) the dates to which Basic Rent, Additional Rent and all other sums payable hereunder have been paid, (c) that, to the knowledge of the signer of such certificate, no default by Tenant exists hereunder of specifying each such default of which the signer may have knowledge. It is intended that nay such statements by Landlord may be relied upon by Tenant, its lenders or its permitted assignees.

23. SURRENDER. Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Leased Premises (except for any portion thereof with respect to which this Lease has previously terminated or with respect to which Tenant has purchased) to Landlord in the same condition in which the Leased Premises were originally received from Landlord at the commencement of this Lease, except as repaired, rebuilt, restored, altered, replaced or added to as

permitted or required by any provision of this Lease, and except for ordinary wear and tear. Tenant shall remove from the Leased Premises on or prior to such expiration or earlier termination all property which is owned by Tenant or third parties other than Landlord and Tenant; and Tenant, at its expense, shall, on or prior to such expiration or earlier termination, repair any damage caused by such removal. Property not so removed shall become the property of Landlord; Landlord may thereafter cause such property to be removed from the Leased Premises; and the cost of removing and disposing of such property and repairing any damage to any of the Leased Premises caused by such removal shall be borne by Tenant. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any such property which becomes the property of Landlord upon the expiration or earlier termination of this Lease.

24. RISK OF LOSS. The risk of loss or of decrease in the enjoyment and beneficial use of any of the Leased Premises in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosure, attachments, levies or executions, is assumed by Tenant, and Landlord shall in no event be answerable or accountable therefor. Except as otherwise specifically provided in this Lease, none of the events mentioned in this Paragraph shall entitle Tenant to any abatement of Rent.

25. No Merger of Title. There shall be no merger of this Lease nor of the leasehold estate created by this Lease with the fee estate in or ownership of any of the Leased Premises by reason of the fact that the same Person may acquire or hold or own, directly or indirectly, (a) the leasehold estate created by this Lease or any part thereof or interest therein or any interest of Tenant in this Lease, and (b) the fee estate or ownership of any of the Leased Premises or any interest in such fee estate or ownership; and no such merger shall occur unless and until all Persons having any interest in (i) this Lease as Tenant or the leasehold estate created by this Lease and (ii) this Lease as Landlord or the fee estate in or ownership of the Leased Premises or any part thereof sought to be merged shall join in a written instrument effecting such merger and shall duly record the same.

26. BOOKS AND RECORDS. Tenant shall permit Landlord and Lender by

their respective agents, accountants and attorneys, to visit and inspect the Leased Premises and to discuss the finances and business with the officers of Tenant, at such reasonable times as may be requested by Landlord, and, upon the occurrence of an Event of Default, to examine the records and books of account Tenant, at such reasonable times as may be requested by Landlord.

Tenant shall deliver to Landlord and to Lender (i) within thirty (30) days of the end of each calendar month the monthly management reports of Tenant for the prior calendar month and (ii) within ninety (90) days of the close of each fiscal year annual audited financial statements of Tenant prepared by independent

certified public accountants satisfactory to Landlord, and such other relevant financial data as Landlord may reasonably require pertaining to Tenant or to the Leased Premises. Tenant shall also furnish to Landlord all filings, if any, of Form 10-K, Form 10-Q and other required filings with the Securities and Exchange Commission pursuant to the provisions of the Securities Exchange Act of 1934, as amended, or any other Law. All financial statements of Tenant shall be prepared in accordance with generally accepted accounting principles consistently applied and the annual statements hereinabove referred to shall be accompanied by an unqualified opinion of said accountants and by the affidavit of the president or a vice president of Tenant dated within five (5) days of the delivery of such statement, (a) stating that the affiant knows of no Event of Default or event which, upon notice or the passage of time or both, would become an Event of Default which has occurred and is continuing hereunder, or, if any such event has occurred and is continuing, specifying the nature and period of existence thereof and what action Tenant has taken or proposes to take with respect thereto and (b) except as otherwise specified, with respect to Tenant stating that Tenant has fulfilled all of its obligations under this Lease which are required to be fulfilled on or prior to the date of such affidavit.

27. DETERMINATION OF VALUE.

(a) Whenever a determination of Fair Market Value is required pursuant to any provision of this Lease, such Fair Market Value shall be determined in accordance with the following procedure:

(i) Landlord and Tenant shall endeavor to agree upon such Fair Market Value within fifteen (15) days after the date (the "Applicable Initial Date") on which (A) Tenant provides Landlord with notice of its intention not to extend or to terminate this Lease as to the Affected Premises pursuant to Paragraph 13(b) or Paragraph 14(h) hereof or (B) Landlord provides Tenant with notice of its intention to require Tenant to make an offer to purchase the Selected Premises pursuant to Paragraph 19(b)(v) hereof, as applicable. Upon reaching such agreement, the parties shall execute an agreement setting forth the amount of such Fair Market Value.

(ii) If the parties shall not have signed such agreement setting forth the amount of such agreed Fair Market Value within fifteen (15) days after the Applicable Initial Date, Tenant shall within ten (10) days after the Applicable Initial Date select an appraiser and notify Landlord in writing of the name, address and qualifications of such appraiser. Within ten (10) days thereafter, Landlord shall select an appraiser and notify Tenant of the name, address and qualifications of such appraiser. The appraiser selected by Tenant and the appraiser selected by Landlord shall endeavor to agree upon the Fair Market Value of the Leased Premises or the Affected Premises or the

Selected Premises, as applicable, as of the date specified in the particular provision of this Lease (the "Applicable Provision") pursuant to which the determination of Fair Market Value is being made. If the said two appraisers shall agree upon such Fair Market Value, the amount of such Fair Market Value as agreed to by the said two appraisers shall be binding and conclusive.

(iii) If the appraiser selected by Tenant and the appraiser selected by Landlord shall be unable to agree upon such Fair Market Value within twenty (20) days after the selection of an appraiser by Landlord, then the said two appraisers shall select a third appraiser to make the determination of such Fair Market Value and the determination of such third appraiser shall be binding and conclusive upon Landlord and Tenant.

(iv) In the event the appraiser selected by Tenant and the appraiser selected by Landlord shall be unable to agree upon the designation of a third appraiser within ten (10) days after the expiration of the twenty (20) day period referred to in clause (iii) above or in the event the third appraiser so selected does not make a determination of the Fair Market Value of the Leased Premises or the Affected Premises or the Selected Premises within twenty (20) days after his selection, then such third appraiser or a substituted third appraiser, as applicable, shall, at the request of either party hereto, be

appointed by the President or Chairman of the American Arbitration Association in Philadelphia, Pennsylvania. The determination of Fair Market Value made by the third appraiser appointed pursuant hereto shall be made within twenty (20) days after such appointment. Fair Market Value shall be the average of the determination of Fair Market Value made by the third appraiser and the determination of Fair Market Value made by the appraiser whose determination of Fair Market Value is nearest to that of the third appraiser. Such average shall be binding and conclusive upon Landlord and Tenant.

(v) All appraisers selected or appointed pursuant to this Paragraph 27(a) shall be independent qualified appraisers. Such appraisers shall have no right, power or authority to alter or modify the provisions of this Lease and in determining the Fair Market Value of the Leased Premises or the Leased Premises or the Selected Premises, as applicable, such appraisers shall utilize the definition of Fair Market Value hereinabove set forth above.

(b) The cost of the appraiser selected by Tenant shall be paid by Tenant and the cost of the appraiser selected by Landlord shall be paid by Landlord; the cost of a third appraisal, if required, will be split equally between Landlord and Tenant.

(c) If, by virtue of any delay in the appointment of a third appraiser pursuant to Paragraph 27(a)(iv) above or of any delay by such appointed third appraiser to determine such Fair Market Value, the Fair Market Value of the Leased Premises or the Affected Premises or the Selected Premises, as applicable, is not

determined by such appointed third appraiser within one hundred forty (140) days after the Applicable Initial Date, then the date (the "Applicable Final Date") on which the Leased Premises or the Affected Premises or the Selected Premises, as applicable, would otherwise be sold to Tenant or on which this Lease would otherwise terminate, as specified in the Applicable Provision, shall be extended the same number of days (the "Delay Period") by which the total period so required for the binding and conclusive determination of Fair Market Value exceeds one hundred forty (140) days and all relevant defined terms used in the Applicable Provision shall be deemed amended accordingly, anything to the contrary in the Applicable Provision notwithstanding. In addition, any time period which is afforded Landlord under the Applicable Provision within which to accept or reject an offer by Tenant shall likewise be extended by the number of days equal to the Delay Period.

28. FINANCING.

(a) Tenant shall pay, within three (3) business days of written demand therefor, all out of pocket costs (including but not limited to closing costs, title charges, commitment or application fees, and attorneys' fees), not to exceed $50,000 in the aggregate (other than the principal of the Note and interest thereon at the contract rate of interest specified therein), imposed upon Landlord by Lender pursuant to the initial Loan to Landlord evidenced by a Note and secured by a Mortgage constituting a first lien on the Leased Premises provided that Landlord obtains such Loan no later than the fourth (4th) anniversary of the initial Basic Rent Payment Date.

(b) In the event that Landlord desires to obtain a Loan to be secured any of the Leased Premises, Tenant shall negotiate in good faith with Landlord concerning any request made by the proposed mortgagee for changes or modifications in this Lease. Tenant shall not unreasonably withhold or delay its consent to such financing, and Tenant hereby agrees that Tenant shall provide any other consent or statement and shall execute any and all other documents that any proposed mortgagee requires in connection with such financing, so long as the same do not materially adversely affect any right, benefit or privilege of Tenant under this Lease or increase the Rent or other obligations of Tenant hereunder.

29. NON-RECOURSE AS TO LANDLORD. Anything contained herein to the
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contrary notwithstanding, any claim based on or in respect of any liability of Landlord under this Lease shall be enforced only against the Leased Premises and not against any other assets, properties or funds of (a) Landlord, (b) any director, officer, general partner, limited partner, employee or agent of Landlord or any general partner of Landlord (or any legal representative, heir, estate, successor or assign of any thereof), (c) any predecessor or successor partnership or corporation (or

other entity) of Landlord or any general partner of Landlord, either directly or through Landlord or its general partners or any predecessor or successor partnership or corporation (or other entity) of Landlord or any general partner of Landlord, or (d) any other Person or entity (including Eighth Carey Corporate

Property, Inc., W. P. Carey & Co. Inc., Carey Corporate Property Management, Inc., Clark & Pendleton Realty Corp. or any Person affiliated with any of the foregoing, or any director, officer, employee or agent of any thereof).

30. SUBSTITUTION AND EXCHANGE OF PROPERTY. If the Board of Directors of Tenant determines, in good faith, that any one or more of the New Orleans Premises, the San Antonio Premises or the Memphis Premises (any one or more of which that is determined to be uneconomically viable as provided hereunder being hereinafter referred to as the "Existing Property") is no longer economically viable for Tenant's continued use and operation for any reason, including, but not limited to, unprofitability, obsolescence or change in zoning regulations; then Tenant shall have the right, during the Term of this Lease or any renewal hereof, to convey to Landlord a substitute property (the "Substitute Property") and lease the Substitute Property back from Landlord on the terms and conditions provided herein in exchange for the conveyance to Tenant of the Existing Property and the termination of the Lease with respect to such Existing Property (the "Exchange"), upon the terms and conditions set forth herein. In the event that Tenant elects to exercise such right, Tenant shall give written notice to Landlord and Lender, which notice shall contain (i) a resolution of Board of Directors of Tenant stating that the Existing Property is no longer economically viable and setting forth in reasonable detail the reasons for such determination; (ii) a description and MAI Appraisal of the Substitute Property; (iii) such relevant data as Landlord may request demonstrating the economic viability of the Substitute Property; (iv) Tenant's offer to convey the Substitute Property to Landlord and lease back the Substitute property in exchange for Landlord conveying the Existing Property to Tenant and terminating the Lease with respect to the Existing Property; and (v) notice to Landlord of Tenant's intention to affect the Exchange on the first Basic Rent Payment Date occurring at least ninety (90) days after the date on which Landlord receives such notice (the "Exchange Date").

Landlord (if Landlord obtains the written consent of Lender) shall accept or reject Tenant's offer of the Substitute Property not later than the thirtieth (30th) day prior to the Exchange Date; and Landlord shall accept such offer if Landlord (in its reasonable discretion) receives and approves all items listed in the foregoing paragraph. If Landlord, with the written consent of Lender, has accepted Tenant's offer and if on the Exchange Date all conditions and requirements imposed by Landlord and Lender in connection with the acceptance of Tenant's offer of substitution have been satisfied, including, but not limited to, (i) the approval of Landlord, Lender and their respective counsel

of all documents relating to the Exchange; (ii) all installments of annual Basic Rent, Additional Rent and all other charges due and unpaid hereunder having been paid in full by Tenant; (iii) Tenant's compliance with all other obligations and liabilities, actual or contingent, under this Lease which have arisen on or prior to the Exchange Date and Tenant not then being in default hereunder; (iv) delivery to Landlord and Lender, respectively, of ALTA "owner" and "mortgagee" title insurance policies insuring Landlord's fee title to the Substitute Property and Lender's first lien thereon; and (v) Tenant's conveyance of the Substitute Property to Landlord, the lease back of the Substitute Property to Tenant, and the mortgaging of the Substitute Property to Lender; then the Existing Property shall be conveyed to Tenant in accordance with the provisions of Paragraph 16(a) and all obligations hereunder with respect to the Existing Property shall terminate, except for any obligations or liabilities of Tenant, actual or contingent, arising prior to such conveyance.

Tenant shall pay all charges incident to the Exchange, regardless of whether or not the Exchange occurs, including, but not limited to, Landlord's and lender's counsel fees, escrow fees, recording fees, brokerage fees, title insurance and all federal, state and local taxes which may be incurred or imposed by reason of such conveyance and transfer and/or by delivery of any deed or other instrument.

31. FINANCIAL COVENANT. Tenant shall not sell, assign or transfer its interest in this Lease and shall not permit a Change in Control of Tenant to an entity which, immediately following such sale, transfer, assignment or Change in Control has a Tangible Net Worth of less than $18,996,000 or a secured debt to equity ratio of greater than 4:1.

"Tangible Net Worth" as used herein shall mean as of any date the excess of (A) the aggregate gross book value of all assets of Tenant or any other entity, as the case may be, as of such date (excluding all franchises, licenses, permits, drawings, patents, patent applications, copyrights, trademarks, trade names, goodwill, experimental or organizational expenses and all other assets which, in accordance with generally accepted accounting principles, are deemed intangible) over (B) the aggregate of all liabilities of Tenant or such other entity as of such date, all computed in accordance with generally accepted accounting principles.

"Change in Control" as used herein shall mean as of any date (i) a sale of all or substantially all of the Tenant's assets to any Person or related group of Persons as an entirety or substantially as an entirety in one transaction or series of transactions, (ii) the merger or consolidation of the Tenant with or into another corporation or the merger of another corporation into the Tenant or the sale of the stock of Tenant with the effect that Guarantor holds less than 51% of the total voting power

entitled to vote in the election of directors, managers or trustees of the surviving corporation of such merger or consolidation (any nonvoting common stock now outstanding or issued after the date hereof of the surviving corporation having terms substantially similar to the Tenant's nonvoting common stock shall be considered voting stock for purposes of this provision) or holds less than 51% of the total voting power entitled to vote in the election of directors, managers or trustees of Tenant following such sale or (iii) the liquidation or dissolution of the Tenant.

32. SUBORDINATION. Tenant agrees that this Lease and its interest hereunder shall be subordinate to any mortgage, deed of trust, and/or other security instrument hereafter placed upon the Leased Premises by the Landlord, and to any and all advances made or to be made thereunder, to the interest thereon, and all renewals, replacements and extensions thereof provided that any such instrument (or separate instrument in recordable form duly executed by the holder of any such mortgage, deed of trust or security instrument and delivered to Tenant) shall provide for the recognition of this Lease and the non-disturbance of all of Tenant's rights hereunder until such time as Landlord shall have the right to terminate this Lease pursuant to any applicable provisions of Paragraph 19 hereof.

33. FIRST REFUSAL RIGHT.

(a) Except as otherwise provided in subparagraph (c) below, if Landlord should desire to sell or shall receive an offer for its interest in any one or more of the Memphis Premises, the New Orleans Premises and/or the San Antonio Premises (any one or more of which Landlord desires to sell or for which Landlord receives an offer being hereinafter referred to as the "Sale Premises") prior to the tenth (10th) anniversary of the initial Basic Rent Payment Date as subject to this Lease, then subject to the limitation set forth in subparagraph (d) below Landlord first shall be required (i) either to obtain a bona fide written offer to purchase the Sale Premises acceptable to Landlord or to enter a contract for sale of the Sale Premises to Landlord or to enter a contract for sale of the Sale Premises conditioned upon Tenant's failure to exercise its right under this subparagraph (a), and (ii) to give written notice to Tenant of the offer (and Landlord's willingness to accept the same) or contract for sale accompanied by a copy of the executed offer or contract together with the name and business address of the prospective purchaser ("Third Party Purchaser"). For a period of fifteen (15) business days following receipt of such notice and provided that Basic Rent shall be current at the time of the exercise of such right of first refusal, Tenant shall have the right and option, exercisable by written notice to landlord given within said fifteen (15) business days period to purchase Landlord's interest in the Sale Premises at the purchase price and upon the terms and conditions set forth in such written offer or agreement, subject in addition, to the provisions of Paragraph 16(a) hereof. The closing date for the purchase shall

be the later to occur of (i) ninety (90) days from the date of Tenant's notice to Landlord or (ii) the closing date provided in the applicable contract of sale or offer to purchase. If at the expiration of the aforesaid fifteen (15) day period, Tenant shall have failed to exercise the aforesaid option, Landlord's interest in the Sale Premises may be sold for the consideration, to the Third Party Purchaser, and upon the terms and conditions set forth in the original offer or agreement of sale provided the sale is consummated with a period of one hundred eighty (180) days after the giving of the original notice to Tenant pursuant to subparagraph (a) (ii) above.

(b) If Tenant does not exercise its option to purchase any Sale Premises, then Tenant agrees that (i) the Lease is bifurcated with respect to remaining Leased Premises and the Sale Premises; (ii) Tenant will attorn to any Third Party Purchaser as Landlord with respect to the Sale Premises purchased so long as the third Party Purchaser assumes the obligations of Landlord under the Lease; and (iii) the terms of the Lease will remain in full force and effect with respect to the Sale Premises except that the Basic Rent will be that percentage of the then Basic Rent which is allocated to the Sale Premises as set forth on Exhibit "E" attached hereto and made a part hereof. At the request of Landlord, Tenant will promptly execute such documents confirming (i) that, if the sale occurs after the fifth (5th) anniversary of the initial Basic Rent Payment Date its option to purchase the Sale Premises is null and void, (ii) the

agreements referred to above and (iii) such other agreements as Landlord may reasonably request provided that such do not increase the liabilities and obligations of Tenant hereunder.

(c) The provisions of subparagraph (a) shall not apply to or prohibit -(i) any mortgaging, subjection to deed of trust or other hypothecation of Landlord's interest in the leased private power of sale under or judicial foreclosure of nay mortgage, deed of trust or other security instrument or devise to which Landlord's interest in the Leased Premises is now or hereafter subject, (iii) any transfer or Landlord's interest in the Leased Premises to a mortgagee, beneficiary under deed of trust or other holder of a security interest therein by deed in lieu of foreclosure, or (iv) any transfer of the Leased Premises to an Affiliate of Landlord or (v) to any governmental or quasi-governmental agency with power of condemnation.

(d) If Landlord elects to sell any one or more of the Memphis Premises, New Orleans Premises or Tulsa Premises prior to the fifth (5th) anniversary of the initial Basic Rent Payment Date and Tenant does not elect to purchase such Sale Premises, Tenant shall have one (1) additional first refusal right for the initial offer or contract of sale with respect to such Sale Premises which occurs during the period which commences with the fifth (5th) anniversary of the initial Basic Rent Payment Date and terminates on the one hundred twenty-seventh (127th) Basic Rent Payment Date. Notwithstanding anything to the contrary set forth

in this Paragraph 33, the first of first refusal granted by this Paragraph 33 shall terminate and be null and void with respect to the Leased Premises upon the earlier to occur of (i) the one-hundred twenty seventh (127th) Basic Rent Payment Date or (ii) the termination of this Lease.

34. MISCELLANEOUS. The paragraph headings in this Lease are used only for convenience in finding the subject matters and are not part of this Lease or to be used in determining the intent of the parties or otherwise interpreting this Lease. As used in this Lease, the singular shall include the plural as the context requires and the following words and phrases shall have the following meanings: (a) "including" shall mean "including but not limited to"; (b) "provisions" shall mean "provisions, terms, agreements, covenants and/or conditions"; (c) "lien" shall mean "lien, charge, encumbrance, title retention agreement, pledge, security interest, mortgage and/or deed of trust"; (d) "obligation" shall mean "obligation, duty, agreement, liability, covenant and/or condition"; (e) "any of the Leased Premises" shall mean "the Leased Premises or any part thereof or interest therein"; (f) "any of the Land" shall mean "the Land or any part thereof or interest therein"; (g) "any of the Improvements" shall mean "the Improvements or any part thereof or interest therein"; (h) "any of the Equipment" shall mean "the Equipment or any part thereof or interest therein"; and (i) "any of the Adjoining Property" shall mean "the Adjoining Property or any part thereof or interest therein". Any act which Landlord is permitted to perform under this Lease may be performed at any time and from time to time by Landlord or any Person or entity designated by Landlord. Any act which Tenant is required to perform under this Lease shall be performed at Tenant's sole cost and expense. Each appointment of Landlord as attorney-in-fact for Tenant under this Lease is irrevocable and coupled with an interest. Landlord shall in no event be construed for any purpose to be a partner, joint venturer or associate of Tenant or of any subtenant, operator, concessionaire or licensee of Tenant with respect to any of the Leased Premises or otherwise in the conduct of their respective businesses. This Lease and any documents which may be executed by Tenant on or about the effective date hereof at Landlord's request constitute the entire agreement between the parties and supersede all prior understandings and agreements, whether written or oral, between the parties hereto relating to the Leased Premises and the transactions provided for herein. This Lease may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought. The covenants of this Lease shall run with the land and bind Tenant, the heirs, distributees, Personal representatives, successors and assigns of Tenant, and all present and subsequent encumbrancers and subtenants of any of the Leased Premises, and shall inure to the benefit of Landlord, its successors and assigns. In the event there is more than one Tenant, the obligations of each shall be joint and several. In the event any one or more of the provisions contained in this Lease shall for any reason be held to be

invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. This Lease shall be governed by and construed according to the Laws of the State of Louisiana with respect to the New Orleans Premises, the State of Texas with respect to the San Antonio Premises and the State of Tennessee with respect to the Memphis Premises.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed under seal as of the day and year first above written.

LANDLORD:

CORPORATE PROPERTY ASSOCIATES 8, L.P.,
A DELAWARE LIMITED PARTNERSHIP

By Eighth Carey Corporate Property,
Inc., a General Partner

By /s/ H. Cabot Lodge III

H. Cabot Lodge III
Senior Vice President

Attest: [SIGNATURE NOT LEGIBLE]

Assistant Secretary

TENANT:

STATIONERS DISTRIBUTING COMPANY, INC.

By /s/ David R. Smith

David R. Smith,
Chairman

Attest: [SIGNATURE NOT LEGIBLE]

_____ Secretary

EXHIBIT "A"

LOUISIANA PROPERTY

TRACT I

A CERTAIN PORTION OF GROUND, together with all the buildings and improvements thereon and all the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging, or in anywise appertaining, designated as PARCEL 1F-B6, said parcel being situated in ELMWOOD INDUSTRIAL PARK, according to a plan of resubdivision of J.J. Krebs & Sons, Inc., C.E. & S., dated June 9, 1977, approved by Ordinance No. 13026 of the Jefferson Parish Council, dated September 12, 1977, filed for record September 13, 1977, and recorded in COB 905, folio 321, which Parcel 1F-B6 is composed of a portion of original Lot 1-F, Elmwood Industrial Park (which includes all or a portion of resubdivided Parcel 1-F-B, created by Ordinance No. 12675, recorded in COB 882, folio 820), and according to said resubdivision plan dated June 9, 1977, said property is more fully described as follows:

Parcel 1F-B6 commences at the most northerly corner of Plauche Industrial Park, being the point of intersection of the southerly right of way line of Edwards Avenue along Plauche Industrial Park, and the westerly right of way line of Plauche Street, thence North 47 degrees 54 minutes 41 seconds West, a distance of 48.50 feet to a point on Edwards Avenue; thence South 42 degrees 6 minutes 4 seconds West, a distance of 708.63 feet to a point; thence South 55 degrees 24 minutes 35 seconds West, a distance of 193.94 feet; thence South 73 degrees 24 minutes 17 seconds West, a distance of 56.18 feet to the northerly most corner of the property herein described, being the point of beginning;

Thence from said point of beginning, South 47 degrees 53 minutes 49 seconds East, a distance of 98.21 feet to a point on the westerly right of way line of Beven Street;

Thence along said westerly right of way line of Beven Street, South 42 degrees 06 minutes 04 seconds West, a distance of 99.32 feet to a point on the westerly right of way line of Beven Street;

Thence North 47 degrees 54 minutes 41 seconds West, a distance of 158.62 feet to a point;

Thence North 73 degrees 24 minutes 17 seconds East, a distance of 116.28 feet to the point of beginning.

Containing an area of 12,755.84 square feet.

TRACT II

A CERTAIN PORTION OF GROUND, together with all the buildings and improvements thereon and all the rights, ways, privileges, servitudes, appurtenances and advantages thereunto belonging, or in anywise appertaining, designated as PARCEL 14-A, said parcel being situated principally in PLAUCHE INDUSTRIAL PARK, AND ALSO IN ELMWOOD INDUSTRIAL PARK, according to a plan of resubdivision of J.J. Krebs & Sons, Inc., C.E. & S., dated September 13, 1976, revised February 8, 1977, approved by Ordinance No. 12783 of the Jefferson Parish Council, dated March 17, 1977, filed for record March 28, 1977, and recorded in COB 888, folio 74, which Parcel 14-A is composed of all of former Lot 14, Square 2, Plauche Industrial Park, and a portion of original Lot 1-F Elmwood Industrial Park, and according to said resubdivision plan, and the subdivision plan of J.J. Krebs & Sons, Inc., dated May 15, 1975, showing Squares 1 and 2 of Plauche Industrial Park, said property is more fully described as follows:

Commencing at the most northerly corner of Plauche Industrial Park, being the point of intersection of the southerly right of way line of Edwards Avenue along Plauche Industrial Park, and the westerly right of way line of Plauche Street, thence South 42 degrees 6 minutes 4 seconds West, as distance of 627.20 feet along the westerly right of way line of Plauche Street to a point, being the northerly corner of former Lot 14, Square 2, Plauche Industrial Park, for the point of beginning.

Thence South 47 degrees 53 minutes 49 seconds East along Plauche Street right of way a distance of 284.18 feet to a point and corner;

Thence South 42 degrees 6 minutes 4 seconds West a distance of 330 feet to a point and corner;

Thence North 47 degrees 53 minutes 49 seconds West a distance of 365.68 feet to a point and corner on the center line of a 20 foot railroad servitude;

Thence following the center line of said 20 foot railroad servitude, along a curve to the left having a radius of 501.95 feet, an arc distance of 244.60 feet to a point;

Thence continue along the center line of said 20 foot railroad servitude North 42 degrees 1 minute 1 second East, a distance of 94.88 feet to a point and corner on the southerly right of way line of Plauche Street extended;

Thence South 47 degrees 53 minutes 49 seconds East, a distance of 23.56 feet to a Plauche Street corner, being the point of beginning;

Containing an area of 105,940.80 square feet.

TENNESSEE PROPERTY

Being Lots 359, 360, and 361 in the Resubdivision of Lot "A" Second Addition to Memphis and Shelby County Port Commission Industrial Subdivision as recorded in Plat Book 25, Page 56, in the Register's Office of Shelby County, Tennessee, and being more particularly described as follows:

Beginning at a point in the southeast line of Harbor Avenue 756.0 feet northeast of the centerline of Pier Street as measured along the southeast line of Harbor Avenue; thence North 65 degrees 13 minutes 18 seconds East along the southeast line of Harbor Avenue a distance of 299.60 feet to a point; thence South 24 degrees 42 minutes 51 seconds East a distance of 515.92 feet to a point in the northwest line of a railroad right-of-way; thence South 65 degrees 10 minutes 40 seconds West along the northwest line of said railroad right-of-way a distance of 299.97 feet to a point; thence North 24 degrees 40 minutes 23 seconds West a distance of 516.15 feet to the point of beginning.

The above described property is improved with a one story concrete building known as 2483 Harbor Avenue.

The above described property has an area of 154,700 square feet or 3,551 acres.

TEXAS PROPERTY

Lot 1, Block 1, New City Block 16837, NACOGDOCHES ROAD BUSINESS PARK SUBDIVISION, UNIT 1, in the City of San Antonio, Bexar County, Texas, according to plat thereof recorded in Volume 8600, Page 202, Deed and Plat Records of Bexar County, Texas, being more particularly described as follows:

BEGINNING: at a 1/2" iron pin set in the Northeast R.O.W. line of Highpoint Drive at the West corner of said Lot 11, said point being South 34 deg. 50 min., 00 sec., West, 69.19' from the curve return at the intersection with Crosspoint Drive;

THENCE: North 55 deg., 10 min., 00 sec., East, 355.45' to a point in the center of a Mo-pac Railroad Spur Tract for the North corner of said Lot 1:

THENCE: along the Southwesterly line of the Mo-pac Railroad Spur Tract R.O.W., South 34 deg., 28 min., 31 sec., East, 389.82' to a 1/2" iron pin set at an angle point and South 36 deg., 21 min., 13 sec., East, 95.22' to a 1/2" iron pin set at the East corner of said Lot 1;

THENCE: South 55 deg., 10 min., 00 sec., West, 355.54' to a 1/2" iron pin set in the Northeast R.O.W. line of Highland Drive at the South corner of said Lot 1;

THENCE: along the Northeast R.O.W. line Highpoint Drive, North 34 deg., 50 min., 00 sec., East, 485.0' to the Point of Beginning and containing 3.944 acres of land.

EXHIBIT "B"

FIXTURES AND EQUIPMENT

All fixtures, machinery, apparatus, equipment, fittings and appliances of every kind and nature whatsoever, including all electrical, anti-pollution, heating, lighting (including hanging fluorescent lighting and outside yard lights), incinerating, power, air cooling, air conditioning, humidification, sprinkling, power, plumbing, lifting, cleaning, fire prevention, fire extinguishing and ventilating systems, devices and machinery and all engines, pipes, pumps, tanks (including exchange tanks and fuel storage tanks), motors, conduits, ducts, steam circulation coils, blowers, steam lines, compressors, oil burners, boilers, doors (including fiberglass roll-up doors and rail doors), windows, loading platforms (including sunken interior truck docks), lavatory facilities, stairwells, fencing (including cyclone fencing), rail siding and switches, flagpoles, passenger and freight elevators and garage units, but excluding all Personal property and all trade fixtures, machinery, appliances, office, manufacturing and warehouse equipment, movable partitions and other barriers which are not necessary to the operation, as buildings, of the buildings which constitute part of the Leased Premises, whether or not such items are affixed to the Leased Premises, and which can be removed without material damage to the Leased Premises.

EXHIBIT C

The matters set forth on those certain commitments issued by Lawyers Title Insurance Corporation, nos. 296595, 36999/C1061CCBF213032 and BF-042778.

EXHIBIT "D"

BASIC RENT PAYMENTS

1. BASIC RENT. Subject to the adjustments provided for in Paragraphs 2, 3 and 4 below, Basic Rent payable in respect of the Term shall be $523,600 per annum, payable monthly in advance on each Basic Rent Payment Date, in equal monthly installments of $43,633.33 each.

2. CPI ADJUSTMENTS TO BASIC RENT. Basic Rent shall be subject to adjustment, in the manner hereinafter set forth, for increases in the index known as United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, United States City Average, All Items, (1982-84=100) ("CPI") or the successor index that most closely approximates the CPI. If the CPI shall be discontinued with no successor or comparable successor index, Landlord and Tenant shall attempt to agree upon a substitute index or formula, but if they are unable to so agree, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing in New York City. Any decision or award resulting from such arbitration shall be final and binding upon Landlord and Tenant and judgment thereon may be entered in any court of competent jurisdiction. In no event will the Basic Rent as adjusted from the CPI adjustment be less than the Basic Rent in effect for the five (5) year period immediately preceding such adjustment.

3. EFFECTIVE DATES OF CPI ADJUSTMENTS. Basic Rent shall not be adjusted

to reflect changes in the CPI until the fifth (5th) anniversary of the Basic Rent Payment Date on which the first monthly installment of Basic Rent shall be due and payable (the "First Full Basic Rent Payment Date"). As of the fifth (5th) anniversary of the First Full Basic Rent Payment Date and thereafter on the tenth (10th) and, if the term is extended, on the fifteenth (15), twentieth (20th), twenty-fifth (25), and thirtieth (30th), anniversaries of the First Full Basic Rent Payment Date, Basic Rent shall be adjusted to reflect increases in the CPI during the most recent five (5) year period immediately preceding each of the foregoing dates (each such date being hereinafter referred to as the "Basic Rent Adjustment Date").

4. METHOD OF ADJUSTMENT FOR CPI ADJUSTMENT.

(a) As of each Basic Rent Adjustment Date when the average CPI determined in clause (i) below exceeds the Beginning CPI (as defined in this Paragraph 4(a)), the Basic Rent in effect immediately prior to the applicable Basic Rent Adjustment Date (subject to adjustment as provided in the following subparagraph 4(b)) shall be multiplied by a fraction, the numerator of which shall be the difference between (i) the average CPI for the three

(3) most recent calendar months (the "Prior Months") ending prior to such Basic Rent Adjustment Date for which the CPI has been published on or before the forty-fifth (45th) day preceding such Basic Rent Adjustment Date and (ii) the Beginning CPI, and the denominator of which shall be the Beginning CPI. The product of such multiplication shall be added to the Basic Rent in effect immediately prior to such Basic Rent Adjustment Date. The Beginning CPI shall mean the average CPI for the three (3) calendar months corresponding to the Prior Months, but occurring five (5) years earlier. If the average CPI determined in clause five (5) years earlier. If the average CPI determined in clause (i) is the same or less than the Beginning CPI, the Basic Rent will remain the same for the ensuring five (5) year period.

(b) Effective as of a given Basic Rent Adjustment Date, Basic Rent payable under this Lease until the next succeeding Basic Rent Adjustment Date shall be the Basic Rent in effect after the adjustment provided for as much Basic Rent Adjustment Date.

(c) Notice of the new annual Basic Rent shall be delivered to Tenant on or before the thirtieth (30th) day preceding each Basic Rent Adjustment Date.

EXHIBIT "E"

ALLOCATION OF ACQUISITION COST

<TABLE>
<S> <C>
New Orleans Premises: $1,640,000

Memphis Premises: $1,420,000

San Antonio Premises: $1,570,000

Entire Leased Premises $4,630,000
</TABLE>

EXHIBIT "F"

PERCENTAGE ALLOCATION

<TABLE>
<S> <C>
New Orleans Premises: 35.42%

Memphis Premises: 30.67%

San Antonio Premises: 33.91%
</TABLE>

STATIONERS DISTRIBUTING COMPANY, INC.

SUMMARY LEASE AGREEMENT

Followup date:

. Branch _____ . Lease effective date 1-1-84

. Property Address: . Original Lease [x] Extended/Amended Lease [_]

[ILLEGIBLE] . Lease expiration date 12-31-83

[ILLEGIBLE] . Do we have a renewal option? Yes [x] No [_]

[ILLEGIBLE] . If yes, date Lessor must be notified: [ILLEGIB]

. Primary [x] Secondary [_] . Lessor Address:

. Sq ft. warehouse _____ [ILLEGIBLE]

- office _____ [ILLEGIBLE]

- total 63,098 [ILLEGIBLE]

. Current Rent Amount [ILLEGIBLE]

[ILLEGIBLE]/yr, 281 /$/sq-ft/yr

Will continue thru 12-31-93 (date)

. Future Rent Escalators: . Cancellation Privilege? Yes [_] No x

Begin Date	End Date	Rent 1 Mo	Amount 1 Yr

. Is notice to vacate required? Yes [_] No [x]

Brief explanation if yes: [ILLEGIBLE]

. Expenses responsibility of . Side track agreement? Yes [x] No [_]

	Stationers	Lessor
Water	X	
Electric	X	
Gas	X	
Janitor	X	
Repairs:		
Inside	X	
Outside	X	
Fire Ins	X	

.Certificate of insurance required by Lessor?

-Liability - Yes [X] No [_]

-Fire - Yes [X] No [_]

.Do we sub-Let any space? Yes[_] No [X]

If so, describe terms_____

. Other Pertinent Information:

SALE/LEASE BACK

ESTIMATED SALE LEASEBACK
IMPACT ON MONTHLY EARNINGS

<TABLE>
<CAPTION>

	1988			1989			1989 RENT & PARENT EARNINGS INCREASE/ (DECREASE)	(1) ESTIMATED INTEREST EXPENSE REDUCTION	(2) AUTHORIZED GAIN ON SALE	1989 ESTIMATED EARNINGS INCREASE/ (DECREASE) SUB TOTAL
	RENT	PARENT	TOTAL	RENT	PARENT	TOTAL				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Memphis	17,939	(4,479)	13,460	14,791	---	14,791	(1,331)	1,920	---	589

New Orleans	14,750	(2,320)	12,430	14,076	---	14,076	(1,646)	1,000	---	(646)
San Antonio	15,775	(2,914)	12,861	14,766	---	14,766	(1,905)	1,250	---	(655)
Sub Total	48,464	(9,713)	38,751	43,633	---	43,633	(4,882)	4,170	---	(712)
Houston	17,040	(4,374)	12,666	12,500	---	12,500	166	1,870	---	2,036
Tulsa	12,054	(2,599)	9,455	11,000	---	11,000	(1,545)	1,110	---	(435)
DFW (FW)	18,868	(9,865)	9,003	11,000	---	11,000	(1,997)	4,230	---	2,233
Sub Total	47,962	(16,838)	31,124	34,500	---	34,500	(3,376)	7,210	---	3,834
All Other Br.'s	---	(69,875)	(69,875)	---	---	---	(69,875)	29,920	---	(39,955)
HQ	---	---	---	---	(34,500)	(34,500)	34,500	---	21,313	55,813
Total Company	96,426	(96,426)	---	78,133	(34,500)	43,633	(43,633)	41,300	21,313	18,980

</TABLE>

(1) 4,630,000 - 500,000 = 4,130,000 x 12% = 495,600 / 12Mo. = 41,300
(2) 4,630,000 - 500,000 = 4,130,000 - 293,742 = 3,836,258 / 15Yr. = 255,751 / 12Mo. = 21,313

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement ("First Amendment") made this 29th day of March, 1995, by and between CORPORATE PROPERTY ASSOCIATES 8, L.P., a Delaware limited partnership ("Landlord") and UNITED STATIONERS SUPPLY CO. ("Tenant") successor-in-interest to Stationers Distributing Company, Inc. ("Original Tenant").

WHEREAS, Landlord and Original Tenant entered into a Lease Agreement dated as of December 20, 1988 (the "Lease") pursuant to which Landlord leased to Original Tenant certain premises located in New Orleans, Louisiana, Memphis, Tennessee and San Antonio, Texas; and

WHEREAS, Tenant is the successor-in-interest to Original Tenant pursuant to a Merger which occurred on or about July 1, 1992; and

WHEREAS, Landlord and Tenant desire to amend the Lease as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged Landlord and Tenant covenant and agree as follows:

1. Paragraph 2. Certain Definitions is hereby amended in the following respects:

(a) the definition of "Guarantor" is hereby deleted and the following is inserted in lieu thereof:

"Guarantor" shall mean United Stationers, Inc., a Delaware Corporation.

(b) the term "Guaranty" is hereby deleted and the following is inserted in lieu thereof:

"Guaranty shall mean the Guaranty of even date with the First Amendment from Guarantor to Landlord."

2. The first sentence of Paragraph 5. Term is hereby deleted in its entirety and the following is inserted in lieu thereof:

"Subject to the provisions hereof, Tenant shall have and hold the Leased Premises for an initial Term (such Term as extended or renewed in accordance with the provisions hereof being called the "Term") commencing on December 20, 1988 and ending on March 31, 2010."

3. The last sentence of Paragraph 17. Assignment and Subletting is hereby deleted in its entirety and the following is inserted in lieu thereof:

"Tenant shall have the right to mortgage or pledge this Lease and in connection with

any such mortgage or pledge Landlord agrees that it will enter into an Estoppel and Consent substantially in the form of the Estoppel and Consent of even date herewith among Landlord, Tenant and Bank of America National Trust and Savings Association, as Trustee under that certain Pooling and Servicing Agreement dated as of July 1, 1992 for RTC Commercial Mortgage Pass-Through Certificates Series 1992-C5 with such modifications as are acceptable to Landlord in its reasonable discretion."

4. Clause (iv) of Subparagraph (c) of Paragraph 33. First Refusal Right is hereby deleted in its entirety and the following is inserted in lieu thereof:

"(iv) any transfer of the Leased Premises to any Person, controlling, in control of, or under common control with Landlord, or any Person and its affiliates to whom Landlord sells all or substantially all of its assets, provided that the purchaser of all or substantially all of the assets of Landlord is an entity for which W.P. Carey & Co., Inc., W.P. Carey Incorporated or their affiliates or successors provide investment advice or management services."

5. The following is hereby added as Paragraph 35. Tax Treatment Reporting; Useful Life.

"Landlord and Tenant each acknowledge that each shall treat this transaction as a true lease for state law purposes and shall report this transaction as a Lease for Federal income tax purposes. For Federal income tax purposes each shall report this Lease as a true lease with Landlord as the owner of the Leased Premises and Equipment and Tenant as the lessee of such Leased Premises and Equipment including: (1) treating Landlord as the owner of the property eligible to claim depreciation deductions under Section 167 or

168 of the Internal Revenue Code of 1986 (the "Code") with respect to the Leased Premises and Equipment, (2) Tenant reporting its Rent payments as rent expense under Section 162 of the Code, and (3) Landlord reporting the Rent payments as rental income.

6. Exhibit D Basic Rent Payments is hereby deleted in its entirety from the Lease and Exhibit D Basic Rent Payments attached to this First Amendment is hereby incorporated in the Lease as is fully set forth therein.

7. Except as specifically amended hereby the terms and conditions of the Lease shall remain in full force and effect and binding upon Landlord and Tenant and their respective successors and assigns.

8. From and after the date hereof, the term "Lease" shall mean the Lease as amended by this First Amendment.

WITNESS the due execution hereof the day and year first above written.

LANDLORD:

CORPORATE PROPERTY ASSOCIATES 8, L.P.

By: Eighth Carey Corporate, Inc.

By: [SIGNATURE NOT LEGIBLE]

Title: _____

TENANT:

UNITED STATIONERS SUPPLY CO.

By: /s/ David H. Bushell

Title: David H. Bushell

CONSENT

Bank of America National Trust and Savings Association, as Trustee under that certain Pooling and Servicing Agreement dated as of July 1, 1992 for RTC Commercial Mortgage Pass-Through Certificates Series 1992-C5 hereby consents to the within First Amendment to Lease.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, AS TRUSTEE UNDER THAT CERTAIN POOLING AND SERVICING AGREEMENT DATED AS OF JULY 1, 1992 FOR RTC COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES SERIES 1992-C5

By: /s/ Michael Green (SEAL)

Name: Michael Green

Title: Vice President

GLORIA S CASTILLO
ASSISTANT SECRETARY

EXHIBIT "D"
BASIC RENT PAYMENTS

1. BASIC RENT. Basic Rent payable for the period from December 20, 1988 to and including December 31, 1993 was $523,600 per annum, payable monthly in advance on each Basic Rent Payment Date, in equal monthly installments of $43,633.33 each. Following the first adjustment provided for in Paragraphs 2, 3 and 4 below, Basic Rent for the period from January 1, 1994 to and including March 28, 1995 was $635,283 per annum payable in monthly installments of $52,940.25. Subject to the adjustments provided for in Paragraphs 2, 3 and 4 below, Basic Rent from March 29, 1995 through the balance of the Term shall be $812,500 per annum, payable monthly in advance on each Basic Rent Payment Date, in equal monthly installments of $67,708.33.

2. CPI ADJUSTMENTS TO BASIC RENT. Basic Rent shall be subject to adjustment, in the manner hereinafter set forth, for increases in the index known as United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, United States City Average, All Items, (1982-84=100) ("CPI") or the successor index that most closely approximates the CPI. If the CPI shall be discontinued with no successor or comparable successor index, Landlord and Tenant shall attempt to agree upon a substitute index or formula, but if they are unable to so agree, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing in New York City. Any decision or award resulting from such arbitration shall be final and binding upon Landlord and Tenant and judgment thereon may be entered in any court of competent jurisdiction. In no event will the Basic Rent as adjusted from the CPI adjustment be less than the Basic Rent in effect for the five (5) year immediately preceding such adjustment.

3. EFFECTIVE DATES OF CPI ADJUSTMENTS. As of January 1, 1999, January 1, 2004, January 1, 2009, and if the Term is extended, January 1, 2014, January 1, 2019 and January 1, 2024, Basic Rent shall be adjusted to reflect increases in the CPI during the most recent five (5) year period immediately preceding each of the foregoing dates (each such date being hereinafter referred to as the "Basic Rent Adjustment Date").

4. METHOD OF ADJUSTMENT FOR CPI ADJUSTMENT.

(a) As of each Basic Rent Adjustment Date when the average CPI

determined in clause (i) below exceeds the Beginning CPI (as defined in this Paragraph 4(a)), the Basic Rent in effect immediately prior to the applicable Basic Rent Adjustment Date (subject to adjustment as provided in the following subparagraph 4(b)) shall be multiplied by a fraction, the numerator of which shall be the difference between (i) the average CPI for the three

(3) most recent calendar months (the "Prior Months") ending prior to such
---

Basic Rent Adjustment Date for which the CPI has been published on or before the forty-fifth (45th) day preceding such Basic Rent Adjustment Date and (ii) the Beginning CPI, and the denominator of which shall be the Beginning CPI. The product of such multiplication shall be added to the Basic Rent in effect immediately prior to such Basic Rent Adjustment Date. The Beginning CPI shall mean the average CPI for the three (3) calendar months corresponding to the Prior Months, but occurring five (5) years earlier. If the average CPI determined in clause (i) is the same or less than the Beginning CPI, the Basic Rent will remain the same for the ensuing five (5) year period.

By way of example:

Second Basic Rent Adjustment Date: January 1, 1999
Basic Rent in Effect: $812,500
Assume Average CPI for Prior Months - 145.20
Assume Beginning CPI - 119.67

$$812.500 \times \frac{145.20-119.67}{119.67}$$

812.500 x .2133=$173,336.05

Basic Rent as of January 1, 1999=$985,836.05

(b) Effective as of a given Basic Rent Adjustment Date, Basic Rent payable under this Lease until the next succeeding Basic Rent Adjustment Date shall be the Basic Rent in effect after the adjustment provided for as of such Basic Rent Adjustment Date.

(c) Notice of the new annual Basic Rent shall be delivered to Tenant on or before the thirtieth (30th) day preceding each Basic Rent Adjustment Date.

EXHIBIT 10.50

EXHIBIT A

INDUSTRIAL LEASE

1. Parties. This Lease, dated, for reference purposes only, June 12, 1989, is made by and between Stationers Distributing Company, Inc., a Delaware Corporation (herein called "Lessor") and Dual Asset Fund V, a partnership (herein called "Lessee").

2. Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental,and upon all of the conditions set forth herein, that certain real property situated in the County of Salt Lake, State of Utah, commonly known as Southwest Service Center and described as 2500 South 889 West, Salt Lake City, Utah 84119 consisting consisting of 5481 office, 48,843 warehouse, 54,324 total square feet. Said real property including the land and all improvements therein, is herein called "the Premises" and crosshatched on Exhibit "B" and legally described on Exhibit "C" attached hereto.

3. Term

3.1 Term. The term of this Lease shall be for five (5) years commencing on October 1, 1989 and terminating on September 31, 1994 unless sooner terminated pursuant to any provision hereof.

3.2 Delay in Possession. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extended the term hereof, but in such case, Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee; provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days from said commencement date, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided further, however, that if such written notice of Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect.

3.3 Early Possession. If Lessee occupies the Premises prior to said commencement date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Lessee shall pay rent for such period at the initial monthly rates set forth below.

4. Rent. Lessee shall pay to Lessor an annual rent for the Premises, the sum of One Hundred Twenty-six Thousand Six Hundred (_____) payable in equal monthly payments of Ten Thousand Five Hundred & Fifty Dollars ($10,550.00, in advance, on the first day of each month of the term

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hereof.

Rent for any period during the term hereof which is for less than one (1) month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing. If Lessor shall so request, in addition to any other payments required under this Lease, Lessee shall pay a monthly advance installment, payable at the same time as the monthly rent, as estimated by Lessor, for real property taxes, insurance and maintenance expenses on the Premises for each and every calendar year of the term of the lease which are payable by Lessee under the terms of this Lease. Such fund shall be established to insure payment when due, before delinquency, of any or all such real property taxes and insurance premiums. If the amounts paid to Lessor by Lessee under the provisions of this paragraph are insufficient to discharge the obligations of Lessee to pay such real property taxes, insurance premiums and maintenance charges as the same become due, Lessee shall pay to Lessor, upon Lessor's demand, such additional sums necessary to pay such obligations. If amounts paid to Lessor by Lessee under the provisions of this paragraph are in excess of Lessee's obligations then Lessor shall credit the overpayment to Lessee's account. All monies paid to Lessor under this paragraph may be intermingled with other monies of Lessor and shall not bear interest. In the event of a default in the obligations of Lessee to perform under this Lease, then any balance remaining from funds paid to Lessor under the provisions of this paragraph may, at the option of Lessor, be applied to the payment of any monetary default of Lessee in lieu of being applied to the payment of real property tax and insurance premiums.

5. Security Deposit. Lessee shall deposit with Lessor upon execution
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hereof Zero Dollars ($ 0.00) as security for Lessee's faithful
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performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall, within ten (10) days after written demand therefor, deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount hereinabove stated and Lessee's failure to do so shall be a material breach of this Lease. Lessor shall not be required to keep said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment

of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises. No trust relationship is created herein between Lessor and Lessee with respect to said Security Deposit.

6. Use.

6.1 Use. The Premises shall be used and occupied only for
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office products/warehouse distribution _____
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or any other use which is reasonably comparable and for no other purpose. Lessee shall not make any other use of the Premises without Lessor's prior written consent.

6.2 Compliance with Law. Lessee shall, at Lessee's expense, comply
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promptly with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term or any part of the term hereof, regulating the use by Lessee of the Premises. Lessee shall not use or permit the use of the Premises in any manner that will

tend to create waste or a nuisance or, if there shall be more than one tenant in the building containing the Premises, which shall tend to disturb such other tenants.

6.3 Condition of Premises. Except as otherwise provided in this Lease, Lessee hereby accepts the Premises in their condition existing as of the Lease commencement date or the date that Lessee takes possession of the Premises, whichever is earlier, subject to all applicable restrictive covenants and zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Lessee's business.

7. Maintenance, Repairs and Alterations.

7.1 Lessee's Obligations. Lessee shall keep in good order, condition and repair the Premises and every part thereof which is not required to be maintained by Lessor under paragraph 7.4 including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, ventilating, electrical, lighting facilities and equipment within the Premises, interior walls, interior ceilings, floors, windows, doors, plate glass and skylights located within the Premises.

7.2 Surrender. On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as when received, ordinary wear and tear excepted, clean and free of debris. Lessee shall repair any damage to the Premises occasioned by the installation or removal of Lessee's trade fixtures, furnishings and equipment. Notwithstanding anything to the contrary otherwise stated in this Lease, Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing and fencing on the Premises in good operating condition.

7.3 Lessor's Rights. If Lessee fails to perform Lessee's obligations under this paragraph 7, or under any other paragraph of this Lease, Lessor may at its option (but shall not be required to) enter upon the Premises after ten (10) days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the maximum rate then allowable by law shall become due and payable as additional rental to Lessor together with Lessee's next rental installment.

7.4 Lessor's Obligations. Lessor shall, at its expense, keep in good order, condition and repair the exterior walls and roof and all foundations on the Premises. Lessor shall maintain in good condition and repair and be responsible for all landscaping, drive-ways, parking lots, refuse collection, fences and signs and all other maintenance items relating to the building in which Premises is located, and Lessee shall pay its "pro rata share" of Lessor's expense in connection therewith, including a reasonable management fee, within ten (10) days from Lessor's demand therefor. The term "Lessee's pro rata share," whenever used herein, shall be a fraction, the numerator of which is the number of square feet contained in the Premises and the denominator of which is the number of square feet contained in the building comprising the complex (or portion thereof) to which said expenses relate. Lessor may, at its option, estimate the yearly maintenance cost of Lessee and bill Lessee for the estimated amount as described in Paragraph 4. Lessee expressly waives the benefit of any statute now or hereinafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the premises in good order, condition and repair.

7.5 Alternations and Additions.

(a) Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, or utility installations in, on, or about the Premises. Lessee shall make no change or alteration to the interior of the Premises nor the exterior of the building(s) on the Premises without Lessor's prior written consent. Lessor may require that Lessee remove any or all of said alterations, improvements, and additions at the expiration of the term, and restore Premises to prior condition. Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1-1/2) times the estimated cost of such improvements, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions or Utility Installations without the prior approval of Lessor, Lessor may require that Lessee remove any or all of the same and restore premises to original condition.

(b) Any alterations, improvements, or additions in or about the Premises that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from appropriate governmental agencies, the furnishing of a copy thereof to Lessor prior to the commencement of the work, and the compliance by Lessee of all conditions of said permit in a prompt and expeditious manner.

(c) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less then ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of nonresponsibility in or on the Premises as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, the lessee shall, at its sole expense, defend itself and Lessor against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, upon the condition that if to Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested lien claim or demand indemnifying Lessor against liability for the same and holding the Premises free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's attorneys' fees and costs in participating in such action if Lessor shall decide it is to its best interest to do so.

(d) Unless Lessor requires their removal, all alterations, improvements, and additions which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this paragraph 7.5(d), Lessee's machinery and equipment, other than that which his affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of paragraph 7.2.

8. Insurance Indemnity

8.1 Liability Insurance. Lessee shall, at Lessee's expense, obtain and keep in- force during the term of this Lease a policy of combined single limit, bodily injury and property damage insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be a combined single limit policy in an amount not less than One Million Dollars ($500,000.00) per occurrence. The policy shall insure performance by Lessee of the indemnity provisions of this paragraph 8. The limits of said insurance shall not, however, limit the liability of Lessee hereunder.

8.2 Property Insurance.

(a) Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, in the amount of the full replacement value thereof. Said insurance shall provide for payment of loss thereunder to Lessor and/or to the holders of mortgages or deeds of trust on the Premises. Lessee shall, as additional rent for the Premises, pay its pro-rata cost of all insurance required hereunder.

(b) If the premises are part of a larger building, or if the Premises are part of a group of buildings owned by Lessor which are adjacent to the Premises, then Lessee shall pay for any increase in the property insurance of such other building or buildings if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(c) Lessor will not insure Lessee's fixtures, equipment or tenant improvements unless the tenant improvements have become a part of the Premises under paragraph 7 hereof. Lessee shall insure its fixtures, equipment and tenant improvements.

8.3 Insurance Policies. Lessee shall deliver to the other party copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable clauses as required by this paragraph 8. No such policy shall be cancellable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Lessor. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies refereed to in paragraph 8.2 If Lessee does or permits to be done anything which shall increase the cost of the insurance policies referred to in paragraph 8.2, then Lessee shall forthwith upon Lessor's demand reimburse Lessor for any additional premiums attributable to any act or omission or operation of Lessee causing such increase in the cost of insurance.

8.4 Waiver of Subrogation. Lessee and Lessor each hereby release and relieve the other, and waive their entire right of recovery against the other for loss or damage arising out of or incident to the perils insured against under paragraph 8.3, which perils occur in, on or about the Premises, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. Lessee and Lessor shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

8.5 Indemnity. Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or other things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hod harmless Lessor from and against any and all claims arising from any breach of default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel satisfactory to Lessor. Lessee, as a material part of the consideration to Lessor, hereby assumes all risks of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.6 Exemption of Lessor from Liability. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee,

Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the building in which the premises are located.

9. Damage or Destruction.

9.1 Definitions.

(a) "Premises Partial Damage" shall herein mean damage or destruction to the Premises to the extent that the cost of repair is less than fifty percent (50%) of the then replacement cost of the Premises. "Premises Building Partial Damage" shall herein mean damage or destruction to the building of which the Premises are a part to the extent that the cost of repair is less than fifty percent (50%) of the then replacement cost of such building as a whole.

(b) "Premises Total Destruction" shall herein mean damage or destruction to the Premises to the extent that the cost of repair is fifty percent (50%) or more of the then replacement cost of the Premises. "Premises Building Total Destruction" shall herein mean damage or destruction to the building of which the Premises are a part to the extent that the cost of repair is fifty percent (50%) or more of the then replacement cost of such building as a whole.

(c) "Insured Loss" shall herein mean damage or destruction which was caused by an event required to be covered by the insurance described in paragraph 8.

9.2 Partial Damage--Insured Loss. Subject to the provisions of paragraphs 9.4, 9.5, and 9.6, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of Premises Partial Damage or Premises Building Partial Damage, then Lessor shall, at Lessor's expense, repair such damage, but not Lessee's fixtures, equipment or tenant improvements unless the same have become a part of the Premises pursuant to paragraph 7.5 hereof, as soon as reasonably possible and this Lease shall continue in full force and effect.

9.3 Partial Damage--Uninsured Loss. Subject to the provisions of paragraphs 9.4, 9.5, and 9.6, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Partial Damage or Premises Building Partial Damage, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease, as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such ten (10) day period, this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

9.4 Total Destruction. If at any time during the term of this Lease there is damage, whether or not an Insured Loss (including destruction required by any authorized public authority), which falls into the classification of Premises Total Destruction or Premises Building Total Destruction, this Lease shall automatically terminate as of the date of such total destruction.

9.5 Damage Near End of Term.

(a) If at any time during the last six (6) months of the term of this Lease there is damage, whether or not an Insured Loss, which falls within the classification of Premises Partial Damage, Lessor may, at Lessor's option, cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within thirty (30) days after the date of occurrence of such damage.

(b) Notwithstanding paragraph 9.5(a), in the event that lessee has an option to extend or renew this Lease, and the time within which said option may be exercised has not yet expired, Lessee shall exercise such option, if it is to be exercised at all, no later than twenty (20) days after the occurrence of an Insured Loss falling within the classification of Premises Partial Damage during the last six (6) months of the term of this Lease. If Lessee duly exercises such option during said twenty (20) day period, Lessor shall, at Lessor's expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option during said twenty (20) day period, then Lessor may, at Lessor's option, terminate and cancel this Lease as of the expiration of said twenty (20) day period by giving written notice to Lessee of Lessor's election to do so within ten (10) days after the expiration of said twenty (20) day period, notwithstanding any term or provision in the grant of option to the contrary.

9.6 Abatement of Rent; Lessee's Remedies.

(a) In the event of damage described in paragraphs 9.2 or 9.3, and Lessor or Lessee repairs or restores the Premises pursuant to the provisions of this paragraph 9, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this paragraph 9 and shall not commence such repair or restoration within ninety (90) days after such obligations shall accrue, Lessee may, at Lessee's option, cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event, this Lease shall terminate as of the date of such notice.

9.7 Termination--Advance Payments. Upon termination of this Lease pursuant to this paragraph 9, and equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

9.8 Waiver. Lessor and Lessee waive the provisions of any statutes which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

10. Real Property Taxes.

10.1 Payment of Taxes. Lessee shall pay the real property taxes,

as defined in paragraph 10.2, applicable to the Premises during the term of this Lease. The tax bills with respect thereto shall be sent to Lessor, and Lessee shall pay the full amount of said tax within ten (10) days from Lessor's demand therefor. If the tax assessment includes the Premises and other real property, the amount paid by Lessee shall be its pro rata share of said taxes. If any such taxes paid by Lessee shall cover any period of time prior to or after the expiration of the term hereof, Lessee's share of such taxes shall be equitably pro rated to cover only the period of time within the tax fiscal year during which this Lease shall be in effect. If Lessee shall fail to pay any such taxes, Lessor shall have the right to pay the same, in which case Lessee shall repay such amount to Lessor with Lessee's next rent installment together with interest at the rate set forth in paragraph 18 hereof.

10.2 Definition of "Real Property Tax". As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, ordinary, or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed on the Premises by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, and as against Lessor's business of leasing the Premises. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax," or (ii) the nature or which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed as a result of a transfer, either partial or total, or Lessor's interest in the Premises or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer, or (iv) which is imposed by reason of this transaction, any modification or changes hereto, or any transfers hereof.

10.3 Joint Assessment. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.4 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

12. Assignment and Subletting.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by

operation of law assign, transfer, mortgage, sublet or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which consent Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease. Lessor shall be deemed to be reasonable in requiring that it review and approve of the financial statements of any proposed assignee or subtenant prior to consenting to such assignment or subletting. Any such permitted assignment shall not, in any way, affect or limit the liability of Lessee under the term of this Lease.

12.2 No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by

any assignee of Lessee or any successor of Lessee in the performance of any of the terms hereof, Lessor may proceed directly against Lessee without the necessity of exhausting remedies against said assignee. Lessor may consent to subsequent assignments or subletting of this Lease or amendments or modifications to this Lease with assignees of Lessee, without notifying Lessee, or any successor of Lessee, and without obtaining its or their consent thereto and such actions shall not relieve Lessee of liability under this Lease.

13. Defaults; Remedies.

13.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(a) The vacating or abandonment of the Premises by Lessee.

(b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Lessor to Lessee. In the event that Lessor serves Lessee with Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes, such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.

(c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of thirty (30) days after written notice hereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default, if Lessee commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Lessee of any general arrangement or assignment for the benefit of creditors; (ii) Lessee becomes a "debtor" as defined in 11 U.S.C. Sec. 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days. Provided, however, in the event that any provision of this paragraph

13.1(d) is contrary to any applicable law, such provision shall be of no force or effect.

(e) The discovery by Lessor that any financial statement given to Lessor by Lessee, any assignee of Lessee, any subtenant of Lessee, any successor in interest of Lessee or any guarantor of Lessee's obligation hereunder, and any of them, was materially false.

13.2 Remedies. In the event of any such default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and any real estate commission actually paid; and the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided.

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event, Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate than allowable by law.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance, then Lessor shall not be in default if Lessor commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to six percent (6%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive

installments of rent, then rent shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding paragraph 4 or any other provision of this Lease to the contrary.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the building on the Premises, or more than twenty-five percent (25%) of the land area of the Premises which is not occupied by any building, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If the Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and affect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area of the building taken bears to the total floor area of the building situated on the Premises. No reduction of rent shall occur if the only area taken is that which does not have building located thereon. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment under threat of the exercise of such power shall be property of Lessor, whether such award shall be made as compensation for the exercise of such power shall be property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee may separately petition for an award for loss of or damage to Lessee's leasehold, trade fixtures and removable personal property, as long as such award shall not reduce the amount of the award otherwise payable to Lessor hereunder. In the event hat this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except tho the extent that Lessee has been reimbursed therefor by the condemning authority.

15. Estoppel Certificate.

(a) Lessee shall at any time upon not less than written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) At Lessor's option, Lessee's failure to deliver such statement within such time shall be a breach of this Lease or shall be conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one (1) month's rent has been paid in advance or such failure may be considered by Lessor as a default by Lessee under this Lease.

(c) If Lessor desires to finance, refinance or sell the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender or purchaser designated by Lessor such financial statement of Lessee as may be reasonably required by such lender or purchaser. Such statements shall include the past three (3) years' financial statements of Lessee. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

16. Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners at the

time in question of the fee title or a lessee's interest in a ground lease of the Premises, and in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers then the grantor shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligation thereafter to be performed; provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

17. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

18. Interest on Past Due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when the due shall bear interest at the maximum rate, then at the rate that is five percent (5%) per annum greater than the prime rate of interest quoted from time to time by First Interstate Bank of Utah in Salt Lake City, Utah. Payment of such interest shall not excuse or cure any default by Lessee under this Lease; provided, however, that interest shall not be payable on late charges incurred by Lessee nor on any amounts upon which late charges are paid by Lessee.

19. Time of Essence. Time is of the essence

20. Additional Rent. Any monetary obligations of Lessee to Lessor under the terms of this Lease shall be deemed to be rent.

21. Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease maybe modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Lessee hereby acknowledges that neither Lessor or any employees or agents of Lessor has made any oral or written warranties or representations to Lessee relative to the condition or use by Lessee of said Premises and Lessee acknowledges that Lessee assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lessee except as otherwise specifically stated into his Lease.

22. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified mail, and if given personally or by mail, shall be deemed sufficiently given if addressed to Lessee or to Lessor at the address noted below the signature of the respective parties, as the case may be. Either party may by notice to the other specify a different address for notice purposes except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice purposes. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by notice to Lessee.

23. Waivers. No waiver by Lessor or any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach of Lessee of the same or any other provision. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of

any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

24. Holding Over. If Lessee, with Lessor's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Lessee, but all options an rights of first refusal, if any, granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

25. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

26. Covenants and Conditions. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

27. Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of paragraph 12, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the state wherein the Premises are located.

28. Subordination.

(a) This Lease, at Lessor's options, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of the Lease, unless this Lease is otherwise pursuant to its terms. If any mortgagee, trustee, or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate an attornment, a subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Lessee's failure to execute such documents within ten (10) days after written demand shall constitute a material default by Lessee hereunder, or, at Lessor's option, Lessor shall execute such documents on behalf of Lessee as Lessee's attorney-in-fact. Lessee does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney-in-fact and in Lessee's name, place and stead, to execute such documents in accordance with this paragraph 29(b).

29. Attorney's Fees. If either party or the broker named herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to this reasonable attorney's fees to be paid by the losing party as fixed by the court.

30. Lessor's Access. Lessor and Lessor's agent shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, lenders or lessees, and making such alterations, repairs, improvements, or additions to the Premises or to the

building of which they are a part as Lessor may deem necessary or desirable. Lessor may at any time, place on or about the premises any ordinary "For Sale" signs and Lessor may at any time during the last one hundred twenty (120) days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate or rent of liability to Lessee.

31. Signs. Lessee shall not place any sign upon the Premises without Lessor's prior written consent except that Lessee shall have the right, without the prior permission of Lessor, to place ordinary and usual for rent or sublet signs thereon.

32. Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, or a termination by Lessor, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Lessor any or all of such subtenancies.

33. Consents. Except for paragraph 32 hereof, wherever in this Lease the consent of one party is required to an act of the other party, such consent shall not be unreasonably withheld.

34. Guarantor. In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Lessee under this Lease.

35. Quiet Possession. Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and that such executing is binding upon all parties holding an ownership interest in the Premises.

36. Multiple Tenant Building. In the event that the Premises are part of a larger building or group of buildings then Lessee agrees that it will abide by, keep and observe all reasonable rules and regulations which Lessor may make from time to time for the management, safety, care, and cleanliness of the building and grounds, the parking of vehicles and the preservation of good order therein as well as for the convenience of other occupants and tenants of the building. The violations of any such rules and regulations shall be deemed a material breach of this Lease by Lessee.

37. Security Measures. Lessee hereby acknowledges that the rental payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of Lessee, its agents and invitees from acts of third parties.

38. Easements. Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications that Lessor deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions, so long as such easements, rights, dedications, Maps and restrictions do not unreasonably

interfere with the use of the Premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall constitute a material breach of this Lease.

39. Performance Under Protest. If at any time a dispute shall arise

as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum or any part hereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to say under the provisions of this Lease.

40. Authority. If Lessee is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

41. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

42. Force Maejure. Notwithstanding any provision in this Lease to the contrary, if either party otherwise herein specifically shall be delayed or hindered in or prevented from the performance of any obligations hereunder related to construction or repair of the Premises by reason of strikes, walkouts, labor troubles, inability to procure materials, failure of power, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

43. Rider. Attached hereto is a Rider or Riders containing four (4) pages which constitutes a part of this Lease.

LESSOR AND LESSEE HAVE CAREFULLY READ THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

The parties hereto have executed this Lease at the place on the dates specified immediately adjacent to their respective signatures.

LESSOR	LESSEE
Dual Asset Fund V. a partnership	Stationers Distribution Company, Inc.
	a Deleware corporation
By: Wallace Associates Incorporated	By:_____
Its: General Partner	Its: V. P. OPERATIONS
By:_____	By: /s/ Paula Bryant
Its: Vice President	Its: Operations Admin. Asst

STATE OF UTAH)
: ss.
COUNTY OF SALT LAKE)

[NOTARY OF PUBLIC STATE OF TEXAS]

On the _____ day of _____, 198( ), personally appeared before me,_____ _____, who being by me duly sworn did say that he is the_____ of _____ and that the within and foregoing instrument was signed in behalf of said entity.

My Commission Expires:

_____

NOTARY PUBLIC
Residing at_____

STATE OF UTAH)
:ss.
COUNTY OF SALT LAKE)

On the _____ day of _____, 198( ), personally appeared before me, _____, who being by me duly sworn did say that he is the _____ of _____ and that the within and foregoing instrument was signed in behalf of said entity.

My Commission Expires:

_____

NOTARY PUBLIC
Residing at_____

[PLOT PLAN APPEARS HERE]

EXHIBIT "C"

All that part of the Southeast Quarter of Section twenty-three (23), Township One South (TIS), Range One West (RIW), Salt Lake Base and Meridian, in the County of Salt Lake and State of Utah, more particularly described as follows:

Commencing at the Southeast corner of said Section 23, as said corner was re-established in 1959 by the County Engineer of Salt Lake County, Utah; thence North 00 degrees 07' 00" East along the re-established East Line of the Southeast quarter of said Section 23 a distance of 2624.67 feet to an intersection with the extended Southerly line of West Twenty-fourth South Street; thence South 89 degrees 26' 30" West along the extended Southerly line and along the Southerly line of said West Twenty-fourth South Street a distance of 1907.59 feet to an intersection with the Easterly line of South Eighth West Street; thence South 00 degrees 33' 30" East along the Easterly line of said South Eighth West Street a distance of 764.00 feet to the intersection of the Easterly line of said South Eighth West Street with the Southerly line of West Twenty-Fifth South Street, which intersection is the true place of beginning of the metes and bounds description of the tract or parcel of land as being herein described; thence North 89 degrees 26' 30" East at right angles to last described course and along the Southerly line of said West Twenty-Fifth South Street a distance of 550.00 feet to a point; thence South 00 degrees 33' 30" East at right angles to last described course and parallel with the Easterly line of said South Eighth West Street a distance of 219.00 feet to a point; thence South 89 degrees 26' 30" West at right angles to last described course and parallel with the Southerly line of said West Twenty-Fifth South Street a distance of 550.00 feet to an intersection with the Easterly line of said South Eight West Street; thence North 00 degrees 33' 30" West along the Easterly line of said South Eighth West Street a distance of 219.00 feet to the true place of beginning, said described tract or parcel of land containing an area of 120,450 square feet or 2.765 acres, more or less.

WALLACE ASSOCIATES BUSINESS PROPERTIES GROUP

BUYER AGENCY DISCLOSURE

Buyer/Tenant: STATIONERS DIST INC.

This will confirm that to the best of our knowledge, Wallace Associates Business Properties Group is acting as a real estate broker in this transaction and is:

_____ representing solely the Seller/Owner in this transaction and shall not be deemed to be, or have been, an agent or subagent of Buyer/Tenant;

OR

_____ representing the Buyer/Tenant. Buyer/Tenant understands that depending on the specific property Buyer/Tenant selects to purchase or lease, Wallace Associates Business Properties Group may also represent the Seller/Owner. Buyer/Tenant hereby authorizes Wallace Associates Business Properties Group to represent and serve as agent for Seller/Owner and Buyer/Tenant hereby waives any conflict of interest which may arise as a result thereof.

BUYER/TENANT

By [SIGNATURE NOT LEGIBLE]

Title V. P. Operations

Dated 8/25/89

ADDENDUM TO INDUSTRIAL LEASE
DATED June 12, 1989

This Agreement is made and entered into this 12th day of June, 1989, by and between DUAL ASSET FUND V, a partnership, referred to in this Addendum as Lessor, and STATIONERS DISTRIBUTING COMPANY, INC. referred to in this Addendum as Lessee.

W I T N E S S E T H:

WHEREAS, Lessee and Lessor have entered into an Industrial Lease referred to as the Lease, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference for all purposes; and,

WHEREAS, Lessee and Lessor desire to add an addendum thereby amending and modifying this Lease;

NOW THEREFORE, for and in consideration of Ten and No/100 dollars ($10.00) and other good and valuable consideration, in hand paid by Lessee to Lessor, the receipt and sufficiency of which is hereby acknowledged, and the mutual covenants contained herein, the parties agree as follows, to-wit:

Lessor and Lessee have executed the Lease and hereby adopt the terms thereof subject to the following:

Paragraph 3.1 Term - The term of this Lease shall be for five (5) years commencing on October 1, 1989 or on such date as the improvements commenced in

accordance with Paragraph 6.3 hereof shall have been substantially completed, which ever is later and terminating on September 31, 1994 unless sooner terminated pursuant to any provision hereof.

Paragraph 4 Rent - The following language shall amend the first sentence in Paragraph 4. See Paragraph 4, Exhibit A.

Paragraph 5 Security Deposit - shall be deleted in its entirety.

Paragraph 6 Use - the following language shall be added to Paragraph 6.3 Condition of Premises: leased premises in "as is condition"

Paragraph 7.1 Lessee's Obligations - The following language shall be added to the last sentence:

Lessor shall maintain the roof, roof trusses, skylights, and structure, foundations, outside walls, interior stress-bearing walls and columns, structural members, and railspur located on the Premises at its sole cost and expense.

Paragraph 8.5 Indemnity - last sentence is amended to read:

Lessee, as a material part of the consideration to Lessor, hereby assumes all risks of damage to property or injury to persons, in, upon or about the Premises arising from any cause except Lessor's negligence and Lessee hereby waives all claims in respect thereof against Lessor.

Paragraph 9.6 Abatement of Rent; Lessee's Remedies- Paragraph (b) shall be amended as follows:

If Lessor shall be obligated to repair or restore the Premises under the provisions of this paragraph 9, it must give notice to Lessee within 10 days of the occurrence of its decision to repair or not to repair, and if Lessor does not give ten-day notice of its intention to repair or has not commenced such repair or restoration and begun diligently to pursue such repair or restoration within thirty (30) days after such obligations shall accrue, Lessee may, at Lessee's option, cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event, this Lease shall terminate as of the date of such notice.

Paragraph 10.2 Definition of "Real Property Tax" - shall be amended to add at the end of the last sentence:

excluding however, franchise, estate, inheritance, succession, capital levy, transfer, income or excess profits taxes imposed upon Lessor.

Paragraph 13.2 Remedies - shall be amended in paragraph (a) line 4 to read :

Lessee's default including, but not limited to, the cost of recovering possession of the Premises; less any credit for rent actually received by Lessor upon reletting, . . .

Paragraph 13.3 Default by Lessor - shall be amended as follows:

Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within two (2) days for emergency repairs (which shall include but not be limited to safety of the Premises, damage to Lessee's merchandise, or interference with Lessee's operations), and in no event later than thirty (30) days for nonemergency repairs or obligations after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises...

Paragraph 13.4 Late Charges - shall be amended to add at the end of the last sentence:

Accordingly, if more than two installments of rent or any other sums due from Lessee shall not be received by Lessor or Lessor's designee with ten (10) days after such amount shall be due within any calendar year, then, without any requirement for notice to Lessee,

Lessee shall pay to Lessor a late charge equal to six percent (6%) of such overdue amount. . . .

All other terms or the Industrial Lease shall remain in full force and effect and are hereby ratified.

IN WITNESS WHEREOF, the parties hereto have executed this Industrial Lease the day and year first above written.

Lessor:

DUAL ASSET FUND V, a limited partnership

BY: Wallace Associates, Incorporated, its general part.

By: R. Steven Romney

ITS: Vice President

Lessee:

STATIONERS DISTRIBUTING COMPANY, INC.,
a Delaware corporation

BY: /s/ Richard Baker

RICHARD BAKER

ITS: PRESIDENT

[SIGNATURE NOT LEGIBLE]
V.P. OPERATIONS

SECOND ADDENDUM TO INDUSTRIAL LEASE
DATED October 17, 1990

This Agreement is made and entered into this 17th day of October, 1990, by and between DUAL ASSET FUND V, a partnership, referred to in this Addendum as Lessor, and STATIONERS DISTRIBUTING COMPANY, INC. referred to in this Addendum as Lessee.

W I T N E S S E T H:

WHEREAS, Lessee and Lessor have entered into an Industrial Lease referred to as the Lease, a copy of which is attached hereto as Exhibit "A" and an Addendum to the Lease, a copy of which is attached hereto as Exhibit "B", both of which are incorporated herein by reference for all purposes; and,

WHEREAS, Lessee and Lessor desire to add an addendum thereby amending and modifying this Lease;

NOW THEREFORE, for and in consideration of Ten and No/100 Dollars ($10.00) and other good and valuable consideration, in hand paid by Lessee to Lessor, the receipt and sufficiency of which is hereby acknowledged, and the mutual covenants contained herein, the parties agree as follows, to-wit:

Lessor and Lessee have executed the Lease and Addendum to the Lease and hereby adopt the terms thereof subject to the following:

That Exhibit "C" of the original lease, which specifies the legal description of the real property, be replaced with Exhibit "A" of this Second Addendum to the Lease. The legal description contained in Exhibit "A" of the Second Addendum to the Lease specifies the correct legal description of the real property.

All of the terms of the Industrial Lease and Addendum to the Industrial Lease shall remain in full force and effect and are hereby ratified.

IN WITNESS WHEREOF, the parties hereto have executed this Industrial Lease the day and year first above written.

Lessor:

DUAL ASSET FUND V, a limited partnership

BY: WALLACE AND ASSOCIATES, INC.

By: R. Steven Romney

ITS: President

Lessee:

STATIONERS DISTRIBUTING COMPANY, INC.
a Delaware Corporation

BY: By Paul Perkey

Vice President & C.F.O.

ITS: _____

_____

EXHIBIT A

BEGINNING AT A POINT WHICH IS NORTH 1627.75 FEET AND WEST, 1417.60 FEET

FROM THE SOUTHEAST CORNER OF SECTION 23, TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; AND RUNNING THENCE S89 26' 30"W, 475.00 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF 900 WEST STREET; THENCE ALONG SAID EASTERLY LINE OF 900 WEST STREET NOO 33' 30"W, 219.00 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF 2500 SOUTH STREET; THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF 2500 SOUTH STREET N89 26'30"E, 444.00 FEET; THENCE SOO 33' 30"E, 151.00 FEET; THENCE N89 26'30"E, 31.00 FEET; THENCE SOO 33'30" E, 68.00 FEET TO THE POINT OF BEGINNING. CONTAINS 2.281 ACRES OR 99,344 SQUARE FEET

SUBJECT TO A RIGHT-OF-WAY OVER THE FOLLOWING DESCRIBED PROPERTY: BEGINNING AT A POINT WHICH IS NORTH, 1695.45 FEET AND WEST, 1449.26 FEET FROM THE SOUTHEAST CORNER OF SECTION 23, TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; AND RUNNING THENCE S89 26' 30"W, 20.00 FEET; THENCE NOO 33' 30"W, 151.00 FEET; THENCE N89 26' 30"E, 20.00 FEET; THENCE SOO 33' 30"E, 151.00 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH THE FOLLOWING EASEMENT: BEGINNING AT A POINT WHICH IS NORTH, 1623.12 FEET AND WEST, 1892.58 FEET FROM THE SOUTHEAST CORNER OF SECTION 23, TOWNSHIP 1 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; AND RUNNING THENCE N89 26' 30"E, 475.00 FEET; THENCE SOO 33' 30"E, 1.13 FEET TO A POINT ON THE MOST SOUTHERLY LINE OF A BRICK BUILDING EXTENDED; THENCE S89 35' 30"W, 313.999 FEET ALONG SAID SOUTHERLY LINE OF SAID BUILDING TO SAID BUILDING CORNER; THENCE S89 33' 05"W, 161.00 FEET TO THE POINT OF BEGINNING. CONTAINS 250.57 SQUARE FEET

SITUATED IN SALT LAKE COUNTY, STATE OF UTAH.

THIRD ADDENDUM TO INDUSTRIAL LEASE
MADE AS OF JANUARY 1, 1992

This Agreement is made and entered into as of this 1st day of January, 1992, by and between AMERICAL PROPERTIES, LTD., a Utah limited partnership, and successor in interest to Dual Asset Fund V, as Lessor, and STATIONERS DISTRIBUTING COMPANY, INC., referred to in this Addendum as Lessee.

W I T N E S S E T H:

WHEREAS, Stationers, as Lessee, and Dual Asset Fund V, the predecessor in interest of Lessor, entered into that certain Industrial Lease dated June 12, 1989 ("Lease"), as amended by Addendum to said Industrial Lease dated June 12, 1989, and Second Addendum to Industrial Lease dated October 17, 1990, copies of which Lease and Addenda are attached hereto as Exhibits "A," "B," and "C," respectively, (sometimes collectively referred to as the "Lease") and incorporated herein by reference;

WHEREAS, Americal Properties, Ltd. succeeded to all right, title and interest of Dual Asset Fund V, as Lessor under said Lease; and

WHEREAS, Lessee and Lessor desire to add the Third Addendum to the Lease thereby amending and modifying the Lease;

NOW, THEREFORE, for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration, in hand paid by Lessee to Lessor, the receipt and sufficiency of which is hereby acknowledged, and the mutual covenants contained herein, the parties agree as follows, to-wit:

1. Lessor and Lessee acknowledge that the foregoing recitals are true and correct and ratify the Lease, as amended, subject to the following, to wit:

2. Paragraph 3.1 Term - The following language shall supplement the existing Paragraph 3.1 of the Lease, to wit:

> The term of the existing Lease expires on September 30, 1994, and the parties hereto now and do hereby agree to extend the existing Lease term for an additional five (5) years, from October 1, 1994 through September 30, 1999 ("Extended Term"). Accordingly, the term of the

Lease now expires September 30, 1999.

CONSUMER PRICE INDEX
URBAN WAGE EARNERS AND CLERICAL WORKERS (CPI-W)
U.S. CITY AVERAGE
ALL ITEMS
(1982-84-100)

<TABLE>
<CAPTION>

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SPT	OCT	NOV	DEC	AVG
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1956	27.0	27.0	27.0	27.0	27.2	27.3	27.5	27.5	27.5	27.7	27.7	27.8	27.3
1957	27.8	27.9	28.0	28.1	28.1	28.3	28.4	28.5	28.5	28.5	28.6	28.6	28.3
1958	28.8	28.8	29.0	29.1	29.1	29.1	29.1	29.1	29.1	29.1	29.1	29.1	29.1
1959	29.1	29.1	29.1	29.1	29.2	29.3	29.4	29.3	29.4	29.5	29.5	29.5	29.3
1960	29.5	29.5	29.5	29.7	29.7	29.8	29.8	29.8	29.8	29.9	30.0	30.0	29.8
1961	30.0	30.0	30.0	30.0	30.0	30.0	30.1	30.1	30.2	30.2	30.2	30.2	30.1
1962	30.2	30.2	30.3	30.4	30.4	30.4	30.4	30.4	30.6	30.6	30.6	30.6	30.4
1963	30.6	30.6	30.7	30.7	30.7	30.8	30.9	30.9	30.9	31.0	31.0	31.1	30.8
1964	31.1	31.1	31.1	31.1	31.1	31.2	31.3	31.2	31.3	31.3	31.4	31.4	31.2
1965	31.4	31.4	31.5	31.6	31.6	31.8	31.8	31.8	31.8	31.9	31.9	32.0	31.7
1966	32.0	32.2	32.3	32.5	32.5	32.6	32.7	32.9	32.9	33.1	33.1	33.1	32.6
1967	33.1	33.1	33.2	33.3	33.4	33.5	33.6	33.7	33.8	33.9	34.0	34.1	33.6
1968	34.2	34.3	34.5	34.6	34.7	34.9	35.1	35.2	35.3	35.5	35.6	35.7	35.0
1969	35.8	36.0	36.3	36.5	36.6	36.8	37.0	37.2	37.3	37.5	37.7	37.9	36.9
1970	38.0	38.2	38.4	38.7	38.8	39.0	39.2	39.2	39.4	39.6	39.8	40.0	39.8
1971	40.0	40.1	40.2	40.4	40.6	40.8	40.9	41.0	41.0	41.1	41.2	41.3	40.7
1972	41.4	41.6	41.6	41.7	41.9	42.0	42.1	42.2	42.4	42.5	42.6	42.7	42.1
1973	42.9	43.2	43.6	43.9	44.1	44.4	44.5	45.4	????	45.9	46.2	46.5	44.7
1974	46.9	47.5	48.0	48.3	48.8	49.3	49.7	50.3	50.9	51.4	51.8	52.2	49.6
1975	52.4	52.8	53.0	53.2	53.5	53.9	54.5	54.7	54.9	55.3	55.6	55.8	54.1
1976	56.0	56.1	56.2	56.5	56.8	57.1	57.4	57.7	57.9	58.2	58.3	58.5	57.2
1977	58.9	59.5	59.8	60.3	60.6	61.0	61.3	61.5	61.8	61.9	62.2	62.5	60.9
1978	62.8	63.2	63.7	64.3	64.9	65.6	66.0	66.4	66.8	67.4	67.7	68.1	65.6
1979	68.7	69.5	70.3	71.1	71.9	72.8	73.7	74.4	75.1	75.7	76.4	77.2	73.1
1980	78.3	79.4	80.5	81.4	82.3	83.2	83.3	83.8	84.6	85.3	86.1	86.9	82.9
1981	87.5	88.5	88.0	89.6	90.3	91.1	92.2	92.8	93.7	93.9	94.1	94.4	91.4
1982	94.7	95.0	94.8	95.2	96.2	97.4	98.0	98.2	98.3	98.6	98.4	98.0	96.9
1983	98.1	98.1	98.4	99.0	99.5	99.8	100.1	100.5	101.0	101.2	101.2	101.2	99.8
1984	101.6	101.8	101.8	102.1	102.1	102.5	102.8	103.2	104.2	104.8	104.8	104.7	104.8
1985	104.9	105.4	105.9	105.3	106.7	107.0	107.1	107.3	107.6	107.9	108.3	108.6	106.9
1986	108.9	108.5	107.9	107.6	107.9	108.4	108.4	108.6	109.1	109.1	109.2	109.3	108.6
1987	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2	112.5
1988	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2	117.0
1989	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6	122.6
1990	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1				

</TABLE>

CONSUMER PRICE INDEX
ALL URBAN CONSUMERS - (CPI-W)
U.S. CITY AVERAGE
ALL ITEMS
(1982-84-100)

<TABLE>
<CAPTION>

YEAR	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SPT	OCT	NOV	DEC	AVG

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1956	26.8	26.8	26.8	26.9	27.0	????	27.4	27.3	27.4	27.5	27.5	27.6	27.2
1957	27.6	27.7	27.8	27.0	28.?	????	28.3	28.3	28.3	28.3	28.4	28.4	28.1
1958	28.6	28.6	28.8	28.9	2???	28.9	29.0	28.9	28.9	28.9	29.0	28.9	28.9
1959	29.0	28.9	28.9	29.0	29.0	29.1	29.2	29.2	29.3	29.4	29.4	29.4	29.1
1960	29.3	29.4	29.4	29.5	29.5	29.6	29.6	29.6	29.6	29.8	29.8	29.8	29.6
1961	29.8	29.8	29.8	29.8	29.8	29.8	30.0	29.9	30.0	30.0	30.0	30.0	29.9
1962	30.0	30.1	30.1	30.2	30.2	30.2	30.3	30.3	30.4	30.4	30.4	30.4	30.2
1963	30.4	30.4	30.5	30.5	30.5	30.6	30.7	30.7	30.7	30.8	30.8	30.9	30.6
1964	30.9	30.9	30.9	30.9	30.9	31.0	31.1	31.0	31.1	31.2	31.2	31.2	31.0
1965	31.2	31.2	31.3	31.4	31.4	31.6	31.6	31.6	31.6	31.7	31.7	31.8	31.5
1966	31.8	32.0	32.1	32.3	32.3	32.4	32.5	32.7	32.7	32.9	32.9	32.9	32.4
1967	32.9	32.9	33.0	33.1	33.2	33.3	33.4	33.5	33.6	33.7	33.8	33.9	33.4
1968	34.1	34.2	34.3	34.4	34.5	34.7	34.9	35.0	35.1	35.3	35.4	35.5	34.8
1969	35.6	35.8	36.1	36.3	36.4	36.6	36.8	37.0	37.1	37.3	37.5	37.7	36.7
1970	37.8	38.0	38.2	38.5	38.6	38.8	39.0	39.0	39.2	39.4	39.6	39.8	38.8
1971	39.8	39.9	40.0	40.1	40.3	40.6	40.7	40.8	40.8	40.9	40.9	41.1	40.5
1972	41.1	41.3	41.4	41.5	41.6	41.7	41.9	42.0	42.1	42.3	42.4	42.5	41.8
1973	42.6	42.9	43.3	43.6	43.9	44.2	44.3	45.1	45.2	45.6	45.9	46.2	44.4
1974	46.6	47.2	47.8	48.0	48.6	49.0	49.4	50.0	50.6	51.1	51.5	51.9	49.3
1975	52.1	52.5	52.7	52.9	53.2	53.6	54.2	54.3	54.6	54.9	55.3	55.5	53.8
1976	55.6	55.8	55.9	56.1	56.5	56.8	57.1	57.4	57.6	57.9	58.0	58.2	56.9
1977	58.5	59.1	59.6	60.0	60.3	60.7	61.0	61.2	61.4	61.6	61.9	62.1	60.6
1978	62.5	62.9	63.4	63.9	64.5	65.2	65.7	66.0	66.5	67.1	67.4	67.7	65.2
1979	68.3	69.1	69.8	70.6	71.5	72.3	73.1	73.8	74.6	75.2	75.9	76.7	72.6
1980	77.8	78.9	80.1	81.0	81.8	82.7	82.7	83.3	84.0	84.8	85.5	86.3	82.4
1981	87.0	87.9	88.5	89.1	89.8	90.6	91.6	92.3	93.2	93.4	93.7	94.0	90.9
1982	94.3	94.6	94.5	94.9	95.8	97.0	97.5	97.7	97.9	98.2	98.0	97.6	96.5
1983	97.8	97.9	97.9	98.6	99.2	99.6	99.9	100.2	100.7	101.0	101.2	101.3	99.5
1984	101.9	102.4	102.6	103.1	103.4	103.7	104.1	104.5	105.0	105.3	105.3	105.3	103.9
1985	105.5	106.0	106.4	106.9	107.3	107.6	107.6	108.0	108.3	108.7	109.0	109.3	107.6
1986	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4	110.5	109.6
1987	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4	113.6
1988	115.7	116.0	116.5	117.3	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5	118.3
1989	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1	124.0
1990	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7				

</TABLE>

EXHIBIT "C"

All that part of the Southeast Quarter of Section twenty-three (23), Township One South (TIS), Range One West (RIW), Salt Lake Base and Meridian, in the County of Salt Lake and State of Utah, more particularly described as follows:

Commencing at the Southeast corner of said Section 23, as said corner was re-established in 1959 by the County Engineer of Salt Lake County, Utah; thence North 00 07' 00" East along the re-established East Line of the Southeast quarter of said Section 23 a distance of 2624.67 feet to an intersection with the extended Southerly line of West Twenty-fourth South Street; thence South 89 26' 30" West along the extended Southerly line and along the Southerly line of said West Twenty-fourth South Street a distance of 1907.59 feet to an intersection with the Easterly line of South Eighth West Street; thence South 00 33' 30" East along the Easterly line of said South Eighth West Street a distance of 764.00 feet to the intersection of the Easterly line of said South Eighth West Street with the Southerly line of West Twenty-Fifth South Street, which intersection is the true place of beginning of the metes and bounds description of the tract or parcel of land as being herein described; thence North 89 26' 30" East at right angles to last described course and along the Southerly line of said West Twenty-Fifth South Street a distance of 550.00 feet to a point; thence South 00 33' 30" East at right angles to last described course and parallel with the Easterly line of said South Eighth West Street a

distance of 219.00 feet to a point; thence South 89 26' 30" West at right angles to last described course and parallel with the Southerly line of said West Twenty-Fifth South Street a distance of 550.00 feet to an intersection with the Easterly line of said South Eight West Street; thence North 00 33' 30" West along the Easterly line of said South Eighth West Street a distance of 219.00 feet to the true place of beginning, said described tract or parcel of land containing an area of 120,450 square feet or 2.765 acres, more or less.

EXHIBIT 10.51

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is executed on this the day of July, 1994, by and between BETTILYON MORTGAGE LOAN COMPANY, a corporation organized under the laws of the State of UTAH (the "Landlord") and UNITED STATIONERS SUPPLY CO., an Illinois corporation (the "Tenant");

SECTION 1

PREMISES

Landlord hereby leases unto Tenant and Tenant hereby leases from Landlord, subject to the terms of this Lease, (i) the property located at 890 West 2600 South, South Salt Lake City, Utah, consisting of a warehouse/office premises containing approximately 17,140 square feet (the "890 Premises"), and (ii) the property located at 888 West 2600 South, consisting of approximately 17,860 square feet (the "888 Premises"), all as more particularly described in Exhibit "A" attached hereto and made a part hereof, together with all improvements, easements, rights and appurtenances in connection therewith and all improvements now or hereafter located thereon. The building thereon is outlined in red on Exhibit "B" attached hereto and made a part hereof (the "Building"). The two properties, including access, loading and parking areas, and the Building are collectively referred to as the "Premises." It is the parties' intention that this Lease includes all property described in Exhibit "A" but in no event, less area than the improvements, parking and loading areas shown on Exhibit "B".

SECTION 2

TERM

2.1 COMMENCEMENT. The term of this Lease shall commence (the "Commencement Date") on August 1, 1994 with respect to the 890 Premises, and, with respect to the 888 Premises, 90 days after notification from Landlord that the 888 Premises will be available for occupancy.

2.2 TERM. The term of this Lease shall continue for sixty-two (62)

months, until September 30, 1999.

SECTION 3

RENT

3.1 MONTHLY RENT. The basic monthly rent for the sixty-two (62) months of this Lease (exclusive of Additional Rental, as hereinafter set forth, shall be twenty-five cents ($.25) per square foot per month.

Thus, the monthly rent for the 890 Premises shall be $4,285.00, and the monthly rent for the 888 premises shall be $4,465.00.

Tenant agrees to pay to Landlord on the first (1st) day of the commencement of the term of this Lease and the first (1st) day of every calendar month thereafter for the first full sixty-two (62) months of the term of this Lease, in lawful money of the United States of America, without deduction, or offset, prior notice or demand, except as hereinafter provided, the amounts described above calculated upon a total square footage area of 17,140 square feet for the 890 Premises effective August 1, 1994, and the amount described above calculated upon a total square footage of 17,860 for the 888 Premises, effective the first day the the month following the 90 days after notice that the premises will be available, as the "Total Monthly Rental", which Total Monthly Rental represents part of the total consideration for this Lease.

Commencing with the thirty-first (31st) month of this Lease, the rent shall be adjusted by an amount equivalent to the percentage change in the Consumer Price Index between the index for the month of July, 1994, and the Index for the month of January, 1997.

3.2 ADDITIONAL RENTAL. Tenant shall also be obligated to pay directly as "Additional Rental" hereunder the amount set forth below of "Property Taxes" and "All-Risk Insurance", and, if applicable, and "Rail Spur Maintenance" (as such terms are hereinafter defined) with respect to each calendar year of the Lease Term:

(i) PROPERTY TAXES; ALL-RISK INSURANCE.

(a) The term "Property Taxes" for the purposes of this Lease means all general and special taxes, including all assessments for local improvements, and all other general and special, ordinary and extraordinary, governmental charges assessed, levied, charges, or imposed

upon the Premises or Building during the term of the Lease, or any holdover or renewal period, by any political or governmental body, or subdivision thereof, having jurisdiction over the Premises or Building; excluding, however, franchise, inheritance, succession, capital levy, transfer, income or excess profits taxes imposed upon Landlord. In the event that any political body, or sub-division thereof, or any governmental authority having jurisdiction over the Premises or Building imposes a tax, assessment, or charge either upon or against or measured by the rentals payable by Tenant to Landlord or upon or against the occupation of renting land and/or buildings, either by way of substitution for the taxes and assessments levied against the Premises or Building, such tax, assessment, or charge shall not be deemed to constitute a Property Tax for purposes of this Lease.

(b) Landlord shall pay directly to the appropriate taxing authority and Tenant shall reimburse Landlord for 48.97% of all Property Taxes levied or assessed for the 890 Premises, and 51.03% for the 888 Premises.

(c) Landlord shall maintain Utah standard "all-risk" insurance covering the Building in the amount of at least eighty percent (80%) of the full insurable value thereof, excluding cost of land, foundation, and footings and Tenant shall reimburse Landlord for its prorata share of the premium. (The "All-Risk Insurance").

(d) Landlord will also maintain Utah standard "all-risk" insurance covering the Building and/or Premises to the extent Landlord is required to maintain same.

(ii) GENERAL REPAIRS, MAINTENANCE AND ALTERATIONS.

(a) Except in the case of Tenant's negligence, causing

damage to such items, Landlord will at Landlord's expense during the entire term of this Lease, maintain and repair the roof, roof trusses and structure, foundations, outside walls, interior stress bearing walls and columns, structural members, gutters, downspouts, concealed and underground plumbing and electrical of the Premises in good condition and repair. Tenant, at its sole expense, shall maintain the heating, ventilation and air conditioning systems which service the Premises. In the event replacement of such heating and air conditioning equipment becomes necessary, the Landlord and Tenant will negotiate in good faith and within a reasonable period of time, the responsibility of payment. Replacement and repair parts, materials, and equipment shall be of quality equivalent to those initially installed within the Premises; repair and maintenance work shall be done in accordance with the then existing federal, state and local laws, regulations and ordinances pertaining thereto. Notwithstanding the foregoing, however, Landlord shall have no obligation to make repairs to the above-specified items if such repairs are necessitated solely by

actions of Tenant in damaging the item(s).

(b) PRESENCE OF HAZARDOUS SUBSTANCES. In the event that at any point in time the Premises or the Building are determined to contain hazardous substances (as defined by applicable laws), unless such hazardous substances were caused by tenant, Tenant shall have the right, by notice to Landlord, to require Landlord to remove, at Landlord's sole cost and expense, any and all such hazardous substances within one hundred twenty (120) days following Landlord's receipt of such notice, and if Landlord shall fail to remove such hazardous substances within such time period, Tenant shall have the right to remove, encapsulate, contain, or otherwise dispose of such hazardous substances, and the cost incurred by Tenant in connection therewith shall be reimbursed by Landlord to Tenant within fifteen (15) business days after receipt by Landlord from Tenant of an invoice documenting and evidencing such costs.

(c) Except for the foregoing, Tenant at Tenant's expense, shall maintain the interior of the Premises in good condition and repair, reasonable use and wear and damage or destruction by fire, act of God or other casualty excepted. Tenant shall maintain or repair and replace if replacement

is necessary or desirable in Tenant's sole determination the existing heating and air conditioning systems servicing the Building. Except as provided in Paragraph 13.6 below, Tenant hereby waives any right to make repairs at Landlord's expense.

Tenant shall pay for the replacement of doors or windows upon the Premises which are cracked or broken by Tenant, except in the event that such loss or damage is covered by Landlord's policy of fire insurance with extended coverage endorsement in which case the same shall be repaired or replaced out of the proceeds from said insurance. It is specifically agreed by Tenant that the cleaning or policing of the driveway area immediately adjoining the dock area of the Premises shall be the responsibility of Tenant. Tenant shall be responsible for disposal of its trash and will maintain adequate receptacles for such disposal. Replacement and repair parts, materials, and equipment shall be of quality equivalent to those initially installed within the Premises: repair and maintenance work shall be done in accordance with the then existing federal, state and local laws, regulations and ordinances pertaining thereto.

Landlord and Tenant shall cause an inspection of the 888 Premises to be made immediately prior to the commencement of the term at a mutually agreeable time by their respective representatives to determine and record the condition of the Premises. These representatives shall prepare and sign

a statement indicating any damage or deterioration existing at the time of the inspection.

Tenant shall not be responsible to return any item on said statement to Landlord in a condition better than its condition on the date of the inspection indicated on said statement. Tenant agrees to accept the 888 Premises in "as is" condition. However, if Tenant determines that the 888 Premises are not in reasonably usable condition, the Lease shall not be effective as to the 888 Premises.

(iii) RAIL SPUR MAINTENANCE.

(a) "Rail Spur Maintenance" means and includes the costs of maintenance, repair and replacement of the railroad spur, if any, located adjacent to the Building

as shown on Exhibit "A" which may be incurred by Landlord.

(b) The Tenant's amount of Rail Spur Maintenance shall be computed by the ratio that the number of railroad cars making deliveries to Tenant during any month bears to the total number of railroad cars using the spur track during the same time period; provided that if rail service is not charged on a per car basis, Landlord may charge for rail service on the basis of the number of tenants served by the rail spur.

(c) The Tenant shall pay its amount of Rail Spur Maintenance within ten (10) days after receipt of statements from Landlord.

(d) In no event shall Tenant be charged or assessed Rail Spur Maintenance unless Tenant is actually using the adjacent railroad spur.

SECTION 4

LEASEHOLD IMPROVEMENTS

In the event that Landlord shall, by agreement between the parties hereto, undertake to construct leasehold improvements within the Premises, such leasehold improvements shall be built in accordance with preliminary specifications to be agreed to by each party, copies of which plans and specifications together with a floor plan showing their approximate location within the Premises shall then be initialled and considered to be a part of this Lease for all intents and purposes. Such plans and specifications must be agreed to, if at all, prior tocommencement of construction of the Premises.

SECTION 5

USE

5.1 PRESCRIBED USE. Tenant shall use the Premises for offices and warehouse and reasonably related activities.

5.2 NUISANCE. Neither Landlord nor Tenant shall permit, or suffer to be committed, upon the Premises, any nuisance or thing which may disturb the quiet enjoyment of Tenant or any other lessee of any person or business within a reasonable distance from the Premises.

5.3 COMPLIANCE WITH LAWS. Tenant shall, at Tenant's sole cost and expense, comply with all laws, ordinances, orders, rules and regulations promulgated by all federal, state, county, municipal bodies and agencies having jurisdiction, which laws, ordinances, orders, rules and regulations relate to the business of Tenant.

5.4 DANGEROUS GOODS AND ACTIVITIES. Tenant hereby agrees not to engage in any activity or store upon the Premises such goods or equipment which would render the insurance described in Section 3.2(i) hereof void.

SECTION 6

UTILITIES

Tenant shall be responsible for and promptly pay all charges incurred for all utility services to the Premises, including, but not limited to water, natural gas, sanitary sewer, electricity and telephone. Tenant shall also provide all replacement light bulbs and tubes after the Commencement Date of this Lease. In no event shall Landlord be liable for any interruption or failure of utility service to the Premises.

SECTION 7

7.1 INDEMNIFICATION OF LANDLORD. Tenant will indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with the loss of life, personal injury, and/or damage to property arising from or out of (i) any occurrence in, upon or at the Premises, however caused, including occurrences caused by the sole or contributory negligence of Tenant or its respective

agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, or (ii) any occurrence elsewhere on the Premises occasioned wholly or in part by any act or omission caused by the Tenant or its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers. In case the Landlord shall be made a party to any litigation commenced by or against the Tenant for any of the above reasons, then Tenant shall protect and hold the Landlord harmless and pay all reasonably required costs, penalties, charges, damages, expenses and reasonable attorneys' fees paid by the Landlord. It is understood that the provisions of this Section 7.1 shall not be applicable to any such claims actions, liabilities, or expenses, arising out of any act or omission of Landlord, its agents, materialmen, vendors or suppliers.

7.2 INDEMNIFICATION OF TENANT. Landlord will indemnify Tenant and save it harmless from and against any and all claims, actions, damages, liability and expenses in connection with the loss of life, bodily and personal injury, and/or damage to property arising from or out of (i) any occurrence in, upon or at the Premises, however caused, including occurrences caused by the sole or contributory negligence of Landlord, its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, or (ii) any occurrence elsewhere on the Premises occasioned wholly or in part by any act or omission caused by the Landlord or its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers, or (iii) any occurrence occasioned by the violation of any law, regulation or ordinance by Landlord or its agents, customers, invitees, concessionaires, contractors, servants, vendors, materialmen or suppliers. In case the Tenant shall be made a party to any litigation commenced by or against the Landlord for any of the above reasons, then Landlord shall protect and hold the Tenant harmless and pay all costs, penalties, charges, damages, expenses and attorneys' fees paid by the Tenant. It is understood that the provisions of this Section 7.2 shall not be applicable to any such claims, actions, liabilities, or expenses, arising out of any act or omission of Tenant, its agents, materialmen, vendors or suppliers.

7.3 WAIVER OF SUBROGATION. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all right to

recovery, claim, action or cause of action, against the other, its agents, directors, officers or employees, for any loss or damage that may occur to the Premises, or any

improvements thereto, or the Building, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause which could be insured against under the terms of insurance policies referred to in Section 3.2(i) hereof, regardless of cause or origin, including negligence of the other party hereto, its agents, directors, officers of employees, and covenants that no insurer shall hold any right of subrogation against such other party.

7.4 PUBLIC LIABILITY AND PROPERTY DAMAGE. Bodily injury liability insurance and property damage liability insurance will be carried and maintained by Tenant, at Tenant's sole cost and expense, after the date of delivery of the Premises from Landlord to Tenant in the following amounts:

Bodily Injury or Death, per occurrence:	$1,000,000
Property Damage:	$1,000,000

All such bodily injury liability insurance and property damage liability insurance shall specifically make reference to the indemnity agreement in Section 7.1 hereof.

7.5 POLICY FORM. All policies of insurance provided for herein to be carried by Tenant shall be issued by insurance companies certified to do business by the State of Utah and its insurance regulatory bodies and shall be issued in the names of both Landlord and Tenant. Executed copies of such policies of insurance or certificates thereof shall be delivered to the Landlord within ten (10) days after delivery of possession of the Premises and thereafter within thirty (30) days prior to the expiration of such policy. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by the Tenant in like manner and to like extent. All policies of insurance delivered to Landlord must contain a provision that the company writing said policy will give to the Landlord at least twenty (20) days notice in writing in advance of any cancellation or lapse or the effective date of any reduction in the amounts of insurance. All public liability and property damage policies shall be written as primary policies, not contributing with and not in excess of coverage which the Landlord may carry, if any. Notwithstanding the foregoing, any insurance coverage required to be carried by Tenant hereunder may be carried in whole or in part (i) under any plan of self-insurance which Tenant may from time-to-time have in force and effect so long as Tenant or any assignee of this Lease who is liable hereunder shall have a net worth of $25,000,000.00

or more, or (ii) under a "blanket" policy or policies covering other properties of Tenant and its subsidiaries, controlling or affiliated of the insurance protection afforded Landlord pursuant to this article shall not be diminished as a result of any rights of self-insurance as hereinabove provided.

7.6 RECIPROCAL INDEMNITY. Notwithstanding any other provisions of the Lease to the contrary, Tenant shall not be required to indemnify and hold Landlord harmless from any loss, cost, liability, damage or expense, including, but not limited to, penalties, fines, attorneys' fees or costs (collectively "Claims"), to any person, property or entity resulting from the acts or omissions or willful misconduct of Landlord or its agents, contractors, servants, employees or licensees, in connection with Landlord's activities in the Building (except for damage to the Tenant Improvements and Tenant's personal property, fixtures, furniture and equipment in the Premises, to the extent Tenant is required to obtain the requisite insurance coverage pursuant to the Lease), and Landlord hereby so indemnifies and holds Tenant harmless from any such Claims, including but not limited to Claims arising from any noncompliance of the Building and/or the Site with any laws relating to disabled access (provided Tenant uses the Premises solely for commercial purposes and not as a place of public accommodation), or Claims arising from the presence in the Premises, the Building and/or the Site of hazardous substances, except to the extent such hazardous substances were placed in or on the Premises, the Building and/or the Site by Tenant (Landlord's indemnity hereunder will survive the expiration of the term of, or any termination of the Lease). Provided, further, to the extent any damage or repair obligation is covered by insurance obtained by Landlord as part of Operating Expenses, but is not covered by insurance obtained by Tenant, then Tenant shall be relieved of its indemnity obligation up to the amount of the insurance proceeds which Landlord is entitled to receive. Tenant's agreement to indemnify and hold Landlord harmless pursuant to this Lease and the exclusion from Tenant's indemnity and Landlord's agreement to indemnify and hold Tenant harmless pursuant to this provision are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Landlord or Tenant, respectively, pursuant to the Lease to the extent that such policies cover the results of such acts, omissions or willful misconduct. If Landlord or Tenant has been or at any time hereafter is granted the right to self insure or if either party breaches this agreement by its failure to carry required insurance, such failure shall automatically be deemed to be a covenant and

agreement by Landlord or Tenant, respectively, to self-insure to the full extent of such required coverage, with full waiver of subrogation.

SECTION 8

ALTERATIONS AND FIXTURES

8.1 PRIOR CONSENT. Tenant shall not make any alterations, improvements
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modifications, having obtained the written consent of Landlord: provided, however, planned modifications and improvements, including minor modification or improvements to the office facilities, the sprinkler and lighting systems and the installation of normal trade fixtures, shelves, machinery, racks and apparatus are hereby specifically approved. Tenant shall notify Landlord upon completion of any other alterations, improvements, modifications, or additions and Landlord may inspect same for workmanship and compliance with the approved plans and specifications. Any alteration, improvement, modification, or fixture which is installed by either Landlord or Tenant on the Premises and which is in any manner attached to the floors, walls, or ceilings shall remain upon the Premises when the Premises are surrendered by Tenant except as described hereinbelow.

8.2 TRADE FIXTURES. Notwithstanding anything in this Section 8 to the
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contrary, all normal trade fixtures, equipment, shelves, machinery, signs and furniture installed in the Premises at the cost of Tenant, may be removed by Tenant on or before the termination date of this Lease provided (i) Tenant is not in default under this Lease, and (ii) removal shall be done in a workmanlike manner so as not to damage the fundamental structural integrity of the Building.

8.3 MECHANICS' LIEN. Neither Landlord nor Tenant will create or permit
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to be created or to remain any lien (including but not limited to, the liens of mechanics, laborers, artisans, or materialmen for work or materials alleged to be done or furnished in connection with the Premises), encumbrance or other charge upon the Premises or any part thereof, upon Landlord's interest therein, or upon Tenant's leasehold interest; provided that Tenant shall not be required to discharge any such liens, encumbrances or charges as may be placed upon the Premises by the act of Landlord.

SECTION 9

GRAPHICS AND ARCHITECTURAL CONTROL

9.01. Tenant may place reasonable signage on the Building all at Tenant's
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own cost and expense and Tenant shall retain liable for the upkeep and maintenance thereof.

9.02. Landlord agrees it will not alter or change the name of the
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Building, Premises or street address thereof without first obtaining the prior written consent of Tenant or in the alternative, by paying directly all costs, expenses, fees and charges incurred by Tenant due to such change in name or address.

SECTION 10

ASSIGNMENT AND SUBLETTING

In the event Tenant should desire to assign this Lease or sublet the Premises or any part thereof, Tenant shall give Landlord written notice of such desire and Landlord shall then have a period of twenty (20) days following receipt of such notice within which to notify Tenant in writing that Landlord does not approve of such assignment or subletting. If Landlord should fail to notify Tenant in writing of such disapproval within the twenty (20) day period, Landlord shall be deemed to have elected to permit such assignment or subletting. Landlord shall not unreasonably withhold its consent to any such assignment or subletting. No assignment or subletting by Tenant shall relieve Tenant of any obligations under this Lease.

SECTION 11

RIGHT OF ACCESS

Landlord shall have the right to enter the Premises under ordinary circumstances during normal business hours upon twenty-four (24) hours prior written notice to Tenant, to examine the same and to make such repairs, alterations, improvements, or additions as Landlord may deem necessary or desirable to comply with this Lease, Landlord shall be allowed to take all materials into and upon the Premises that may be required therefor without the same constituting an eviction of Tenant, actual or constructive, and the rent shall in no way abate while such repairs, alterations, improvements or additions are being made, by reason

of loss or interruption of business of Tenant unless such repairs, alterations, improvements or additions restrict or interfere with Tenant's use of a portion of the Building. In that event, the rent should abate as to that portion of the Building wherein the use thereof is restricted. Landlord shall take reasonable efforts not to interfere with the normal business operations of Tenant. In any event of an emergency, no prior written notice on the part of the Landlord will be required to enter the Building and Premises. During the three (3) months prior to the expiration of the term of this Lease, Landlord may exhibit with twenty-four (24) hour notice the Premises to prospective lessees or purchasers during normal business hours and place upon the Premises the usual notices "For

Sale or For Rent", and Tenant shall permit the same to remain.

SECTION 12

HOLDING OVER

Upon any termination of this Lease, Tenant shall surrender the Premises in a condition and repair similar to their original condition, reasonable wear and tear, events of destruction, and modifications, alterations and improvements for office facilities, storage, lighting and sprinklers excepted. Should Tenant remain in possession of the Premises, or any part thereof, after termination of this Lease (whether by the expiration of the term of this Lease or otherwise) without the execution of a new lease by Landlord and Tenant, Tenant, at the option of Landlord, shall become a tenant from month-to-month of the Premises, or part thereof occupied, at one and one-half the Total Monthly Rent, and under all other terms, conditions, provisions and obligations of this Lease insofar as the same are applicable to a tenancy from month-to-month.

SECTION 13

DEFAULTS AND REMEDIES

13.1 EVENTS OF DEFAULT BY TENANT. The occurrence of one or more of the following events shall constitute a default pursuant to the terms of this Lease: (i) the failure of Tenant to comply with or to observe any terms, provisions, or conditions of this Lease performable by and obligatory upon Tenant, within thirty (30) days after written notice by Landlord; (ii) the assignment of this Lease or subleasing of the Premises by Tenant without the

prior written approval of Landlord; or (iii) the taking of Tenant's leasehold estate by execution or other process of law.

13.2 LANDLORD'S REMEDIES. Upon the occurrence of any event of default enumerated in Section 13.1 hereof, Landlord shall have the option of (i) terminating this Lease by written notice thereof to Tenant, or (ii) continuing this Lease in full force and effect, or (iii) curing the default of Tenant, or (iv) pursuing any other remedy to which it may be entitled by law.

(i) In the event Landlord shall elect to terminate this Lease, upon written notice to Tenant, this Lease shall be ended as to Tenant and all persons holding under Tenant, and all of Tenant's rights shall be forfeited

and lapsed, as fully as if this Lease had expired by lapse of time. In such event, Tenant shall be required immediately to vacate the Premises and there shall immediately become due and payable the amount by which (a) the present value (determined using the then current Prime Rate per annum as charged by Zion's Bank (Bank) of Utah) of the total rent and other benefits which would have accrued to Landlord under this Lease for the remainder of the Lease term if the terms and provisions of this Lease had been fully complied with by Tenant exceeds (b) the total fair market rental value (determined using the then current Prime Rate per annum as charged by Zion's Bank (Bank) of Utah) of the Premises for the balance of the Lease term (it being the intention of both parties hereto that Landlord shall receive the benefit of its bargain); and the Landlord shall at once have all the rights of re-entry upon the Premises, without becoming liable for damages, or guilty of trespass. In addition to the sum immediately due from Tenant under the foregoing provision, there shall be recoverable from Tenant: (a) the cost of restoring the Premises to good condition, normal wear and tear excepted, (b) all accrued, unpaid sums, plus interest at the maximum rate then permitted by law and late charges, if in arrears, under the terms of this Lease up to the date of termination, (c) Landlord's cost of recovering possession of the Premises, and (d) rent and sums accruing subsequent to the date of termination pursuant to the holdover provisions of Section 12.

(ii) In the event that Landlord shall elect to continue

this Lease in full force and effect, Tenant shall continue to be liable for all rents. Landlord Premises without becoming liable for damages, or guilty of a trespass and Landlord may relet the Premises, or any part thereof, to a substitute tenant or tenant, for a period of time equal to or lesser or greater than the remainder of the Lease term on whatever terms and conditions Landlord, at Landlord's sole discretion, deems advisable. Against the rents and sums due from Tenant to Landlord during the remainder of the term, credit shall be given Tenant in the net amount of rent received from the new tenant after deduction by Landlord for: (a) the costs incurred by Landlord in releting the Premises (including, without limitation, remodeling costs, brokerage fees, legal fees, and the like), (b) the accrued sums, plus interest and late charges if in arrears, under the terms of this Lease, (c) Landlord's cost of recovering possession of the Premises, and (d) the cost of storing any of Tenant's property left on the Premises after re-entry. Notwithstanding any provision in this Section 13.2(ii) to the contrary, upon the default of any substitute tenant or upon the expiration of the Lease term of such substitute tenant before the expiration of the Lease term hereof, Landlord may, at Landlord's election, either relet to still another substitute tenant, or terminate this Lease and exercise its rights under Section 13.2(i) hereof.

13.3 ATTORNEYS' FEES. In the event either party hereto defaults in the
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performance of any of the terms, covenants, agreements or conditions contained in this Lease and the other party hereto places the enforcement of this Lease, or any part thereof, or the or to become due, or the recovery or the possession of the Premises, in the hands of attorneys, or files suit upon the same, the party in default agrees to pay the reasonable attorneys' fees of the non-defaulting party.

13.4 WAIVER. Failure on the part of Landlord or Tenant to complain of any action or non-action on the part of Landlord or Tenant, no matter how long the same may continue, shall never be deemed to be a waiver by either party of any of his rights hereunder. Further, it is covenanted and agreed that no waiver at any time of any of the provisions hereof by either party shall be construed as a waiver of any of the other provisions hereof and that a waiver at any time of any of the provisions hereof shall not be construed as a waiver at any subsequent time of the same

provisions.

13.5 LANDLORD'S DEFAULT. The occurrence of one or more of the following events shall constitute a default pursuant to the terms of this Lease: (i) the failure of Landlord to comply with or observe any terms, provisions, or conditions of this Lease performable by and obligatory upon Landlord within ten (10) days after notice to Landlord; (ii) the assignment of this Lease by Landlord without prior written notification to Tenant; or (iii) the taking of Landlord's interest herein by execution or other process of law.

13.6 TENANT'S REMEDIES. Upon the occurrence of any event of default enumerated in Section 13.5 hereof, Tenant shall have the option of (i) terminating this Lease by written notice thereof to Landlord, (ii) continuing this Lease in full force and effect with the Fixed Rent abating until Landlord's default has been cured; (iii) curing the default of Landlord and offsetting any and all costs of curing same against the Total Monthly Rental or (iv) pursuing any other remedy to which it may be entitled by law.

13.7 LANDLORD BANKRUPTCY PROCEEDING. In the event that the obligations of Landlord under this Lease are not performed during the pendency of a bankruptcy proceeding involving the Landlord as the debtor, or following the rejection of this Lease in accordance with Section 365 of the United States Bankruptcy Code and the election of the Tenant to remain in possession of the Premises in a bankruptcy or insolvency proceeding involving the Landlord as the debtor, then notwithstanding any provision of this Lease to the contrary, tenant shall have the right to set off against rents next due and owing under this Lease (a) any and all damages that it demonstrates to the Bankruptcy Court were caused by such non-performance of the Landlord's obligations under this Lease by Landlord,

debtor-in-possession, or the bankruptcy trustee and (b) any and all damages caused by the non-performance of the Landlord's obligations under this Lease following any rejection of this Lease in accordance with Section 365 of the United States Bankruptcy Code.

SECTION 14

SUBORDINATION

14.1 SUBORDINATION. This Lease shall be subject and subordinate to any mortgages or deeds of trust that may have been placed or may be hereafter placed upon the Premises by Landlord and to any advances to be made thereunder, and to any interest thereon, and all renewals, replacements and extensions thereof. Provided however, that any mortgagee or trustee may elect by written notification to give the rights and interests of Tenant under this Lease priority over the lien of its mortgage or deed of trust. In the event of foreclosure or trustee's sale thereunder, the purchaser of Landlord's interest shall become Landlord hereunder subject to all the terms, provisions and obligations created hereby. Tenant shall, in the event any proceedings are brought for foreclosure of the Premises, or the power of sale under any mortgage made by Landlord covering the Premises is exercised, attorn to the purchaser (at the option of said purchaser, and not otherwise) upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

14.2 NECESSARY INSTRUMENTS. Tenant shall execute and deliver instruments that may be reasonably required by Landlord's mortgagees for the purpose of evidencing the subordination of this Lease within ten (10) days of written notice by Landlord or such mortgagee or its trustee, the language thereof to be agreed upon by the parties hereto.

SECTION 15

ESTOPPEL CERTIFICATES

Tenant agrees within ten (10) days following request by Landlord (i) to execute and deliver to Landlord reasonably required documents (including an estoppel certificate) (a) certifying that this Lease is unmodified and in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect and the date to which the rent and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or so specifying such defaults, if any, as are

claimed, evidencing the status of the Lease.

SECTION 16

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DESTRUCTION

16.1 LANDLORD'S OBLIGATIONS. (i) In the event the Premises shall be damaged by fire or other casualty, but shall not be rendered untenantable in whole or in part, regardless of the time remaining in the term of this Lease, Landlord shall, at its own expense, cause such damage to be repaired, and the rent shall not be abated. (ii) If the Premises shall be reentered partially untenantable, unless the damage occurs within the last one (1) year of the term of this Lease, Landlord shall, at its own expense, cause the damage to be repaired, and the Total Monthly Rental shall be abated proportionately as to the portion of the Premises rendered untenantable. If, however, the damage occurs within the last one (1) year of the term of this Lease, Landlord may, at its option, cause such damage to be repaired or either party may terminate this Lease by giving the other party written notice of termination within thirty (30) days from the date of such occurrence, and in the event of such termination, rent shall be adjusted as of the date of such occurrence. (iii) If the Premises shall be rendered wholly untenantable by reason of such occurrence, regardless of the time remaining in the term of this Lease, Landlord may at its own cost and expense cause such damage to be repaired, and the Total Monthly Rental shall abate until the Premises have been restored and reentered tenantable, or Landlord may at its election terminate this Lease by giving Tenant written notice of termination within thirty (30) days from the date of said occurrence, and in the event of such termination, rent shall be adjusted as of the date of such occurrence. (iv) If the Building shall be damaged to such an extent that Landlord shall determine that the repairs shall not be made or that demolition of the building is appropriate, then notwithstanding anything to the contrary contained above, and whether or not the Premises have been damaged, Landlord or Tenant may terminate this Lease by giving the other party written notice of termination, in which event rent shall be adjusted as of the date of termination. (v) If Landlord has not initiated repair or restoration within thirty (30) days of the event of the casualty, Tenant shall have the right to terminate this Lease by written notice to Landlord at any time within thirty (30) days after said thirty (30) days.

16.2 SCOPE OF LANDLORD'S OBLIGATIONS. shall be obligated to repair or to restore any damage or destruction aforesaid, Building and Standard Leasehold Improvements, and time of completion shall be subject to the

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provisions of Section 20, ("Force Majeure"). If Landlord notifies Tenant within thirty (30) days after the casualty that the insurance proceeds are inadequate to restore the Building and the standard leasehold improvements as aforesaid, Tenant shall have the right to terminate this Lease by giving written notice to Landlord within thirty (30) days after Landlord's notice to Tenant.

SECTION 17

EMINENT DOMAIN

17.1 TOTAL TAKING. In the event of a taking of the Premises or damage related to the exercise of the power of eminent domain by any agency, authority, public utility, person, or corporation or entity empowered to condemn property ("Taking") of the entire Premises or so much thereof as to prevent or substantially impair their use by Tenant during the Lease term (i) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the Premises shall cease and terminate as of the date upon which title to the Premises, or a portion thereof, passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor ("Date of Taking"), (ii) Landlord shall refund to Tenant any prepaid rent, (iii) Tenant shall pay to Landlord any rent or charges due Landlord under the Lease, each prorated as of the Date of Taking, (iv) Tenant shall receive from the Award those portions of the Award attributable to relocation of Tenant, improvements to the Premises made and paid for by Tenant and trade fixtures, equipment, and furniture of Tenant, and (v) the remainder of the Award shall be paid to and be the property of Landlord.

17.2 PARTIAL TAKING. In the event of a Taking of only a part of the Premise which does not constitute a "Total Taking" during the Lease term (i) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the portion of the Premises taken shall cease and terminate as of the Date of Taking, (ii) from and after the Date of Taking the Total Monthly Rent shall be the product obtained by multiplying (a) the Total Monthly Rent by (b) the quotient obtained by dividing the total square feet of the Premises after the Taking by the total square feet of the Premises prior to the Taking, (iii) Tenant shall receive from the Award those portions of the Award attributable to improvements to the Premises made and paid for by Tenant and trade fixtures,

equipment, and furniture of Tenant, and (iv) the remainder of the Award shall be paid to and be the property of Landlord. Landlord, from his portion of the Award, shall restore the remainder of the Premises, as nearly as possible, to one architectural unit, and (v) if Landlord has not initiated repair or restoration within ninety (90) days of the Partial Taking, Tenant shall have the

right to terminate this Lease by written notice to Landlord within thirty (30) days after said ninety (90) days.

SECTION 18

FORCE MAJEURE

In the event Landlord shall be delayed, hindered or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor disputes, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other cause not within the reasonable control of Landlord, then the performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

SECTION 19

PARKING

Tenant shall have the use of the parking spaces and loading dock areas located on the Premises. Tenant agrees that it will employ its best efforts to prevent the use by Tenant's employees and visitors of parking spaces allocated to other tenants. Landlord represents that it now has access and will retain access to the Building and Premises for the use and benefit of Tenant, its employees, agents, licensees and invitees.

SECTION 20

INTERPRETATIVE PROVISIONS

20.1 NOTICE. Any notice, request, approval, consent or other communication required or contemplated by this Lease must be in writing, and may, unless otherwise in this Lease expressly provided, by given or be served by depositing the same in the

United States Postal Service, post-paid and certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party (or, in the case of a corporate party, to an officer of such party), or by prepaid telegram, when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described

shall be effective from and after two (2) days (exclusive of Saturdays, Sundays and postal holidays) after such deposit. Notice given in any other manner shall be effective only if and when delivered to the party to be notified to such party or at such party"s address for purposes of notice as set forth herein. For purposes of notice the addresses of the parties shall, until changed as herein provided, be as follows:

For Landlord:	The Bettilyon Corporation Attention: Bernard Bettilyon 333 West 21st Street Salt Lake City, Utah 84115
For Tenant:	United Stationers Supply Co. 2200 East Golf Road Des Plaines, Illinois 60016-1267 Attention: President

However, the parties hereto shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days written notice to the other party.

20.2 CAPTIONS. The title captions appearing in this Lease are inserted and included solely for convenience and shall never be considered or given any effect in construing this Lease, or any provision or provisions hereof, or in connection with the duties, obligations or liabilities of the respective parties hereto or in ascertaining intent, if any question of intent exists.

20.3 ENTIRE CONTRACT; AMENDMENT. It is expressly agreed by Tenant, as a material consideration for the execution of this Lease, that this Lease, including written extrinsic documents referred to herein is the entire agreement of the parties, and that there are, and have been, no verbal representations, understandings, stipulations, agreements or promises pertaining to this Lease or the expressly mentioned written extrinsic documents not incorporated in writing in this Lease. It is likewise agreed that this Lease may not be

altered, amended or extended except by an instrument in writing signed by both Landlord and Tenant.

20.4 SEVERABILITY. If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term of provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

20.5 SUCCESSORS AND ASSIGNS. Subject to the provisions of Sections 11 and 16 of this Lease, all covenants and obligations as contained within this Lease shall bind and extend and inure to the benefit of Landlord, its successors and assigns, and shall be binding upon Tenant, its successors and assigns.

20.6 PERSONAL PRONOUNS. All personal pronouns used in this Lease shall include the other genders, whether used in the masculine, feminine or neuter gender, and the singular shall include the plural (and vice versa) whenever and as often as may be appropriate.

20.7 SHORT FORM LEASE. Tenant agrees not to record this Lease, but each party hereto agrees, on request of the other, to execute a Short Form Lease in form recordable and complying with applicable Utah laws. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

20.8 LEGAL INTERPRETATION. This Lease and the rights and obligations of the parties hereto shall be interpreted, construed and enforced in accordance with the laws of the State of Utah.

20.9 ACCEPTANCE OF PAYMENTS UNDER PROTEST. The acceptance by Landlord of payments by Tenant under protest shall not be deemed an acknowledgement by landlord, or a validation of, any contention or reservation of rights by Tenant.

20.10 RENEWAL OPTION. Tenant shall have the right and option to renew this Lease for one (1) additional five (5) year term by delivering written notice of the exercise thereof to Landlord at

least 60 days prior to the expiration of the primary lease term, provided that at the time of the commencement of any such extended lease term Tenant is not in default hereunder. Upon the delivery of said notice and subject to the conditions set forth in the preceding sentence, and upon the execution by Landlord and Tenant of an extension agreement containing such terms and provisions which are consistent with the provisions of this paragraph, this Lease shall be extended upon the same terms, covenants and conditions as provided in this Lease except that the Total Monthly Rent shall be established between Landlord and Tenant at the market rate in effect at that time. If the parties are unable to agree to a market rate, the Lease shall terminate upon the expiration thereof.

EXECUTED IN MULTIPLE ORIGINAL COUNTERPARTS, which constitute but one and the same instrument, as of the day and year first above written.

"LANDLORD"

BETTILYON MORTGAGE LOAN COMPANY

By: [SIGNATURE NOT LEGIBLE]

Its President

"TENANT"

UNITED STATIONERS SUPPLY CO.

By: /s/ Otis H. Halleen

Its Vice President

EXHIBIT 10.52

AGREEMENT OF LEASE

BETWEEN

THE ESTATE OF
JAMES CAMPBELL, DECEASED

LANDLORD

AND

UNITED STATIONERS SUPPLY CO.

TENANT

SOUTHCENTER SOUTH INDUSTRIAL PARK

BUILDING 255 WAREHOUSE BUILDING

TUKWILA, WASHINGTON

AGREEMENT OF LEASE MADE as of 5th day of January, 1994 between The Estate of James Campbell, Deceased (the "Landlord") and UNITED STATIONERS SUPPLY CO. (the "Tenant"), having its address at 2200 East Golf Road, Des Plaines, IL 60016-1267.

R E C I T A L

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the Premises, for the Term, commencing on the Commencement Date, subject to the terms, covenants, conditions and provisions of this Lease.

1. DEFINITIONS. Whenever used in this Lease, the following terms shall have the meanings indicated below.

1.1 Additional Rent. The Common Area Rent, Tax Rent, and all other

amounts, except Fixed Rent, payable by Tenant under this Lease.

1.2 Broker. None.

1.3 Building. The improvements known as Building 255 (the "Building") located at 18351 Cascade Avenue South, Tukwila, WA 98188 and consisting of approximately 103,237 square feet as shown on Exhibit A, plus the underlying land described in Exhibit B (Building Parcel) and any other parcels of land at any time designated by Landlord to be added thereto (but only so long as such designation remains unrevoked) which are, or are to be, used for or in conjunction with the Building, including, but not limited to, parking areas, landscaping and all improvements to any such parcels.

1.4 Commencement Date. April 1, 1994 or the date determined as provided in Section 2.2.

1.5 Fixed Rent. $20,648.00 per month for each month of the Term.

1.6 Floor Loading Limit. 250 pounds per square foot average areal storage load on the slab.

1.7 Governmental Authority. The United States, the State of Washington, and any political subdivision thereof or any local public or quasi-public authority, agency, department, commission, board, bureau or instrumentality of any of them including, with respect to matters pertaining to insurance, rating bureaus or insurance carriers to the extent they have power to impose conditions on the issuance of policies or the coverage thereof.

1.8 Governmental Requirements. Any law, ordinance, code, order, rule or regulation of any Governmental Authority.

1.9 Landlord. The party named as Landlord herein until a sale, transfer or lease, and thereafter the Person or Persons, collectively, who shall, for the time being, be liable for the obligations of Landlord under the provisions of Section 6.3 of this Lease.

1.10 Necessary Approvals. Any permit, license, certificate or approval or other evidence of compliance with any Governmental Requirements necessary to the lawful occupancy of the Premises and the issuance of the insurance required to be carried hereunder for the Permitted Uses.

1.11 Notice Address.

Landlord: The Estate of James Campbell
Director, Mainland Operations/West
425 California Street, Suite 1000
San Francisco, California 94104

With copy to Managing Agent: Collier's Real Estate Services, Inc.
800 Fifth Avenue, Suite 3930
Seattle, Washington 98104

1.12 Office Park. Southcenter South Industrial Park as legally described in the Protective Covenants.

1.13 Permitted Uses. Office and warehouse but specifically excluding public warehousing, truck terminals, custom houses and container terminals.

1.14 Person. A natural person, firm, partnership, association or corporation, as the case may be.

1.15 Premises. Space in the Building consisting of approximately 73,741 square feet as shown on Exhibit A.
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1.16 Protective Covenants. Declaration of Protective Covenants for the Southcenter South Industrial Park, as may from time to time be amended, recorded in the official records of King County, Washington.

1.17 Rent. The Fixed Rent and the Additional Rent.

1.18 Security Deposit. None.

1.19 Tenant's Pro Rata Share. 71.43 percent.

1.20 Term. Three (3) years.

1.21 Common Areas. As defined in Section 4.1.

Exhibit A - Floor Plan of Premises

Exhibit B - Building Parcel

Exhibit C - Tenant Improvements

Exhibit D - Right of First Refusal

2. CONSTRUCTION--COMMENCEMENT DATE.

Section 2.1 Landlord's Work.

2.1.1 Landlord shall perform certain work in preparing the Premises for occupancy by Tenant all as set forth in Exhibit C and in this section ("Tenant Improvements"). Landlord's approval of the plans, specifications and working drawings for Tenant Improvements shall create no responsibility or liability on Landlord's part for their completeness, design sufficiency or compliance with Governmental Requirements.

2.1.2 If Tenant desires improvements beyond the Tenant Improvements set forth in Exhibit C, and Landlord and Tenant agree as to further additional work, Tenant shall, within five (5) days after written demand, pay to Landlord as Additional Rent, the agreed upon cost and expense to Landlord of supplying and installing such additional work, materials and installations (including sales tax and design fees), plus ten (10%) percent of such cost and expense for Landlord's overhead, less a credit equal to the cost to Landlord of materials specified in Exhibit C (if any) for which substitutes were installed at Tenant's request.

2.1.3 Landlord shall construct the Tenant Improvements, provided, however, that Landlord shall have the right on an on-going basis to make any changes required by any Governmental Authority. Said work shall be performed by Landlord only once, it being understood that Landlord's obligation to perform the work with respect to Tenant Improvements is a single, non-recurring obligation.

2.1.4 Landlord shall give Tenant ten (10) days' written notice of the anticipated date of substantial completion of the Tenant Improvements, and Tenant shall have the right during said ten-day period to enter into the Premises for the purpose of installing its property and equipment and preparing the Premises for its occupancy, provided that (a) neither Tenant nor its agents or employees shall interfere with any work being done by Landlord and its agents and employees in any part of the Building, (b) Tenant shall comply with any reasonable work schedule, rules and regulations proposed by Landlord, its agents or employees, (c) the labor employed by Tenant shall be harmonious and compatible with the labor employed by Landlord in the Building, it being agreed that if in Landlord's judgment the labor is incompatible Tenant shall forthwith upon Landlord's demand withdraw such labor from the Premises, (d) Tenant shall procure and deliver to Landlord insurance as provided herein, (e) Tenant shall hold Landlord harmless from and against any and all claims arising from or in connection with any act or omission of Tenant or its agents or employees, (f) Tenant, at Tenant's expense, shall comply with all Governmental Requirements,

which shall impose any duty upon Landlord or Tenant with respect to the use, occupancy or alteration of the Premises, including the requirement, if any, to obtain building permits for Tenant's installation, copies of which permits shall be delivered prior to commencement of Tenant's installation; and (g) all the terms, provisions and agreements of this Lease shall apply to said occupancy except for the obligation to pay Rent.

Section 2.2 Commencement Date.

2.2.1 The Commencement Date for all purposes under this Lease shall be the earlier of the fixed Commencement Date set forth in Section 1 or the date that Landlord notifies Tenant in writing that it has substantially completed the Tenant Improvements. Within ten (10) days after the Commencement Date specified in Landlord's notice, Landlord's representative and Tenant's representative shall jointly examine the Premises and shall compile a list of any remaining items of work which Landlord may be obligated to complete (said remaining items being hereinafter referred to as "punch list items"). The taking of possession of the Premises by Tenant shall be deemed an acceptance of the Premises, but Landlord shall thereafter proceed expeditiously to complete the punch list items.

2.2.2 Tenant waives any damages which may result from any delay in the substantial completion of the work described in Section 2.1 or delivery of possession of the Premises. If Tenant takes possession of the Premises prior

to the Commencement Date, Tenant's obligation to pay Rent hereunder and to observe and perform all other conditions and agreements hereunder with respect to the Premises shall commence on such earlier date of taking possession of the Premises. Notwithstanding the foregoing, Tenant shall not take possession of the Premises prior to the Commencement Date without Landlord's written permission.

2.2.3 In the event that substantial completion of the Tenant Improvements is delayed by reason of delays caused or occasioned by Tenant, this Lease shall commence on the date that this Lease would have commenced had not the completion of Tenant Improvements been so delayed by the Tenant, as reasonably determined by Landlord.

2.2.4 The Tenant Improvements shall be deemed to have been substantially completed (even though other work in and around the Building or Office Park may not be completed and decorating or other minor details or adjustments may not then have been completed) when a temporary or permanent certificate of occupancy has been issued and parking is available. The taking of possession of the Premises by Tenant shall be deemed an acceptance of the Premises and substantial completion by Landlord of the Tenant Improvements. Nothing herein contained shall be construed to release Landlord from its obligations to complete the punchlist items.

2.2.5 Upon substantial completion of the Premises, Tenant and Landlord shall promptly execute an instrument confirming the dates of commencement and

expiration of the Lease Term for the Premises.

Section 2.3 Building Under Construction. Landlord and Tenant acknowledge that the Building or Tenant Improvements may presently be under or is expected soon to be under construction and in the event the Building or the Tenant Improvements with respect to the Premises are not substantially completed within six (6) months after the fixed Commencement Date set forth in Section 1 ("Final Completion Date"), then Tenant may, as Tenant's sole and exclusive remedy for such failure to substantially complete the Building, or the Tenant Improvements, cancel and terminate this Lease by written notice to Landlord. The Final Completion Date shall be deemed extended by the matters set forth in Section 10.9 and by any delays created or caused by Tenant.

Section 2.4 Ownership of Improvements. Except for Tenant's trade fixtures, racks, conveyors, equipment and personal property, all installations, alterations, additions, improvements, fixtures and other property which are now or at any time hereafter attached to, or located upon the Premises, made or installed by either party, including all pipes, ducts, conduits, wiring, paneling, decorations, partitions, railings, mezzanine floors, galleries and the like, shall be and remain the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the expiration or sooner termination of the Term. None of the foregoing shall be deemed to include any of Tenant's furniture and personal property which is removable without damage to the Premises.

3. RENT.

Section 3.1 Payment. All Rent shall be paid in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, at the address of Landlord set forth in this Lease or at such other place as Landlord in writing may designate, without any set-off or deduction whatsoever and without any prior demand therefor.

Section 3.2 Fixed Rent. Tenant shall pay the annual Fixed Rent in equal monthly installments in advance on the first day of each calendar month included in the Term.

Section 3.3 Tax Rent.

3.3.1 Definitions. In addition to the Fixed Rent, Tenant shall pay to Landlord, Tenant's Pro Rata share of Real Property Taxes (sometimes referred to herein as Tax Rent), utilizing the following definitions:

(a) "Real Property Taxes" shall mean real and personal property taxes, LID's, assessments, and other governmental impositions and charges of

every kind and nature, now or hereafter imposed, including surcharges with respect thereto, which may during the Term of this Lease be levied, assessed, imposed, or otherwise become due and payable with respect to the Building, including Tenant Improvements, and including the Building Parcel and all improvements, fixtures, and equipment thereon, or the use, occupancy or possession thereof; taxes on Property of Tenant (as described in subsection 3.3.4 which have not been paid by Tenant directly to the taxing authority; costs and expenses, including costs of appraisers, attorneys and consultants incurred in negotiating, reviewing or appealing any taxes; and any taxes levied or assessed in addition to, in lieu of, or as a substitute for, in whole or part, taxes now levied or assessed or any other tax upon owning, leasing or rents receivable by Landlord from the Building, but not including any federal or state income tax imposed on Landlord.

(b) "Calendar Year" shall mean the twelve-month period commencing January 1 and ending December 31.

(c) "Tenant's Share of Real Property Taxes" shall mean the amount of Real Property Taxes payable during any Calendar Year by Landlord multiplied by Tenant's Pro Rata Share.

3.3.2 Additional Rent for Estimated Tenant's Share of Real Property Taxes. Prior to the commencement of each Calendar Year or portion thereof, or as soon thereafter as practicable, Landlord shall furnish Tenant with a written statement setting forth the estimate of Tenant's Share of Real Property Taxes for such Calendar Year. One-twelfth (1/12) of such amount shall be Additional Rent payable by Tenant with installments of Fixed Rent.

3.3.3 Actual Real Property Taxes. Within ninety (90) days after the close of each Calendar Year or portion thereof, or as soon thereafter as practicable, Landlord shall deliver to Tenant a written statement setting forth the Tenant's Share of Real Property Taxes during the preceding Calendar Year. If Tenant's Share of Real Property Taxes for any Calendar Year exceeds the estimated Tenant's Share of Real Property Taxes determined as provided in the preceding subsection 3.3.2, Tenant shall pay the amount of such excess to Landlord as added Additional Rent within thirty (30) days after receipt of such statement by Tenant. If such statement shows such amount to be less than the amount paid by Tenant to Landlord pursuant to the preceding subsection 3.3.2, then the amount of such overpayment shall be credited by Landlord to the next due Rent payable by Tenant, or immediately refunded to Tenant if the Lease has expired or otherwise terminated in accordance with the terms of the Lease, except by reason of Tenant's default.

3.3.4 Personal Property Taxes. Tenant shall pay, prior to delinquency, all Personal Property Taxes payable with respect to all Property of Tenant located on the Premises or the Building and promptly upon request of

Landlord shall provide written proof of such payment. As used herein, "Property of Tenant" shall include all improvements, fixtures and equipment which are paid for or owned by Tenant. "Personal Property Taxes" shall include all property taxes assessed against the Property of Tenant, whether assessed as real or personal property.

3.3.5 Real Property Tax Proceedings. In the event Landlord shall obtain a tax refund as a result of Real Property Taxes reduction proceedings or other proceedings of similar nature, then Tenant shall, provided Tenant is not then in default, and after the final conclusion of all appeals or other remedies, be entitled to the net refund of Real Property Taxes obtained based upon Real Property Taxes paid by Tenant which is the subject of the refund. As used herein, the term "net refund" means the refund plus interest, if any, thereon, paid by the Governmental Authority less appraisal, engineering, expert testimony, attorney, printing and filing fees and all other costs and expenses of the proceeding. Tenant shall have the right to institute or participate in any such proceedings with the consent of Landlord.

Section 3.4 Common Area Rent.

3.4.1 Definitions. In addition to the Fixed Rent, Tenant shall pay to Landlord as Additional Rent, Tenant's Pro Rata Share of Common Area Operating Costs (sometimes referred to herein as Common Area Rent), using the following definitions:

(a) "Common Area Operating Costs" shall mean (1) the pro rata portion, allocated on the basis of the ratio which the area of the Building Parcel bears to the then area of the Office Park, of the expenses of the operation, maintenance and repair of the Common Areas of the Office Park in accordance with the Protective Covenants, (2) insurance premiums for insurance carried by Landlord on the Building or the Building Parcel, (3) the cost of landscape maintenance on the Building Parcel and periodic painting and repair of the exterior of the surface of the Building, and (4) all expenses paid or incurred by Landlord for maintaining, operating and repairing the Common Areas (as defined in (b) through (e) of Section 4.1), the Building and the Building Parcel and the equipment and personal property used in conjunction therewith, including, without limitation, the costs of compliance with Governmental Requirements, the costs of refuse collection, water, sewer, electricity, and other utilities services, supplies and cleaning services, services of independent contractors, compensation (including employment taxes and fringe benefits) of all persons who perform duties in connection with the operation, maintenance and repair of the Common Areas and its equipment, the maintenance and repair of parking areas, curbs, landscaping, lighting and outdoor facilities, licenses, permits and inspection fees, taxes, liability insurance for the Office Park including the Building, customary management fees, legal and accounting expenses and any other expense or charge whether or not hereinabove described which in accordance with generally accepted accounting and management practices would be considered an expense of maintaining, operating or repairing the Common Areas, the Building or the Building Parcel, excluding:

(1) Costs of any special services rendered to individual tenants (including Tenant) for which a special charge is made; and

(2) Real Property Taxes (as defined in Section 3.3 of this Lease).

(3) Repairs required to be made by Landlord pursuant to Section 6.1. See Rider attached.

(b) "Calendar Year" shall mean the twelve-month period commencing January 1 and ending December 31.

(c) "Actual Costs" shall mean the actual expenses paid or incurred by Landlord for Common Area Operating Costs during any Calendar Year of the term hereof.

(d) "Actual Costs Allocable to the Premises" shall mean Actual Costs multiplied by Tenant's Pro Rata Share.

(e) "Estimated Costs Allocable to the Premises" shall mean Landlord's estimate of Actual Costs Allocable to the Premises to be given by Landlord to Tenant pursuant to subsection 3.4.2 below.

3.4.2 Additional Rent for Estimated Costs. Prior to the commencement of each Calendar Year or portion thereof, or as soon thereafter as practicable, Landlord shall furnish Tenant a written statement of the Estimated Costs Allocable to the Premises for such Calendar Year, and a calculation of the Additional Rent as follows: One-twelfth (1/12) of such amount shall be Additional Rent payable by Tenant with installments of Fixed Rent.

3.4.3 Actual Costs. Within ninety (90) days after the close of each Calendar Year or portion thereof, or as soon thereafter as practicable, Landlord shall deliver to Tenant a written statement setting forth the Actual Costs Allocable to the Premises during the preceding Calendar Year. If such costs for any Calendar Year exceed Estimated Costs Allocable to the Premises paid by Tenant to Landlord pursuant to the preceding subsection 3.4.2, Tenant shall pay the amount of such excess to Landlord as Additional Rent within 30 days after receipt of such statement by Tenant. If such statement shows such costs to be less than the amount paid by Tenant to Landlord pursuant to the preceding subsection 3.4.2, then the amount of such overpayment by Tenant shall be credited by Landlord to the next succeeding installment of Rent payable by Tenant, or immediately refunded to Tenant if the Lease has expired and Tenant vacating, or if the Lease has otherwise terminated in accordance with the terms of the Lease, except for Tenant's default.

Section 3.5 Determinations. The determination of Actual and Estimated Costs Allocable to the Premises and Tenant's Share of Real Property Taxes shall

be made by Landlord.

Section 3.6 End of Term. If this Lease shall terminate on a day other than the last day of a Calendar Year, the amount of any adjustment between Estimated and Actual Costs Allocable to the Premises and Tenant's Share of Real Property Taxes with respect to the Calendar Year in which such termination occurs shall be prorated on the basis which the number of days from commencement of such Calendar Year to and including such termination date bears to 365; and any amount payable by Landlord to Tenant or Tenant to Landlord with respect to such adjustment shall be payable within thirty (30) days after delivery by Landlord to Tenant of the statement of such adjustment with respect to such Lease Year, which statement should be provided to Tenant within ninety (90) days after Lease expiration.

Section 3.7 Base Rent. Notwithstanding anything to the contrary in this section, the Rent payable by Tenant shall in no event be less than the Fixed Rent.

Section 3.8 Additional Rent. Unless another time shall be herein expressly provided, Additional Rent shall be due and payable on demand or together with the next succeeding installment of Fixed Rent, whichever shall first occur; and Landlord shall have the same remedies for failure to pay the Additional Rent as for a non-payment of Fixed Rent.

Section 3.9 Rent for a Partial Month. For any portion of a calendar month included at the beginning or end of the Term, Tenant shall pay 1/30th of each monthly installment of Rent for each day of such portion, payable in advance at the beginning of such portion.

Section 3.10 Interest. From and after ten (10) days after the due date of any payment of Rent, interest shall accrue thereon at the rate of the lesser of 1-1/2% per month or the maximum rate permitted by law.

Section 3.11 Sales Tax. Tenant shall pay any sales, use, occupancy, value added (if the value added is not in lieu of Real Property Taxes as described in Section 3.3) or similar tax now or hereafter levied or imposed in connection with the Fixed or Additional Rent payable by Tenant, but not including any federal, state or local income tax imposed upon Landlord.

4. COMMON AREAS.

Section 4.1 Common Areas. Landlord hereby grants to Tenant a non-exclusive license in common with Landlord and with others to use for the purposes permitted under this Lease: (a) the Common Areas of the Office Park as defined in the Protective Covenants for ingress and egress to the Premises, (b)

the hallways, lobby, if any, and such public conveniences of the Building as may from time to time be designated by Landlord, (c) the parking lot and parking area serving the Building, (d) private streets and roads serving the Premises, and (e) any other areas or improvements in or around the Building or Building Parcel, including all exterior lighting, now or hereafter to be used

in common by or for the common benefit of Landlord and the tenants of the Building or other buildings. The items set forth in (a) through (e) above are collectively referred to as "Common Areas." Notwithstanding any of the provisions herein contained, Landlord shall retain a nonexclusive right to the use of the Common Areas and all other parts of the Office Park exclusive of the Premises. No schedule, exhibit, sketch, plan, drawing, rendering, brochure, flyer, or the like shall be deemed to create a warranty, representation or agreement on the part of Landlord that the Office Park or the Building will be or will continue to be exactly as indicated thereon, and Landlord reserves the right to (i) increase, reduce or change the number, type, size, location, elevation, nature and use of any of the Common Areas in the Office Park, and (ii) make changes, additions, alterations, or improvements in or to the Common Areas or the Office Park (including additional buildings), and (iii) dedicate all or any part of the Common Areas or the Office Park to any Governmental Authority having jurisdiction provided no such action shall prevent or interfere with Tenant's reasonable access to and use of the Premises. Tenant shall have no rights with respect to the land or improvements below the exterior floor slab level or above the interior surface of the ceiling of the Premises or air rights or any easements, in, on, about, below or above the Premises.

Section 4.2 Parking. Tenant and its visitors, agents and employees shall be permitted to park in the parking lot serving the Building and located on the Building Parcel, and Tenant understands that 1) the attached Exhibit A represents that portion of the parking lot serving the Building allocated to Tenant for parking and access. Landlord agrees not to reduce or substantially change the parking areas for the Building as shown on Exhibit A and not to reduce the number of parking spaces currently available to Tenant and that the parking spaces shall not be reserved but on a first-in basis. Tenant and Tenant's visitors, agents and employees shall park their passenger vehicles, trucks or delivery vehicles only in the paved parking area serving the Building and located on the Building Parcel and not in any other parts of the Office Park, including any unpaved areas, railroad rights of way or easements or any fire lanes or corridors. In addition, Tenant shall not, at any time, park or permit the parking of any vehicles or visitor parking in any part of the parking areas which are restricted or designated as driveways, loading area, access areas, crosswalks, entrance areas, exit areas or in any other manner which would in any way restrict and/or hamper the flow of traffic. In utilizing parking areas and spaces, all Persons shall park at their own risk and it is specifically understood and agreed that the Landlord shall not be liable in any way for any injury to person or property or loss by theft or damage or otherwise of said vehicle(s) or the contents thereof or from any other cause whatsoever. Vehicles may be moved in order to permit Landlord to examine the parking areas and spaces and to make such repairs, replacements and improvements as Landlord

may deem necessary and reasonably desirable in accordance with and subject to the terms, conditions and covenants of this Lease.

4.2.1 Tenant agrees to use reasonable efforts to enforce all parking requirements imposed by any Governmental Authority. Landlord reserves the right to tow away any vehicle in violation of such Governmental Authority.

4.2.2 Use of the Common Areas and all parts of the Office Park shall be subject to such reasonable rules and regulations including the right to allocate the number of spaces available to each tenant or occupant of the Building as Landlord may from time to time adopt on a uniform or nondiscriminatory basis, including the establishment of validation systems, barriers or gates, permits and stickers for parking and other systems as Landlord may, from time to time adopt. In the event of an allocation of parking spaces, Tenant shall be allocated Tenant's Pro Rata Share of the parking spaces serving the Building.

5. UTILITIES SERVICE.

Section 5.1 Utilities. Tenant shall be solely responsible and shall pay separately for all charges for fuel, heat, water, sewer service, refuse collection, gas, electricity, telephone and for all other utilities used or consumed in the Premises. It is understood that Landlord shall not be required to provide any services or utilities to Tenant, and Tenant shall make any necessary arrangements to have all of such services or utilities billed directly to and paid directly by Tenant.

Section 5.2 Directory If Landlord constructs a Building directory, Tenant shall be allotted Tenant's Pro Rata Share of the available space on such directory.

6. LANDLORD'S ADDITIONAL COVENANTS.

Section 6.1 Repairs by Landlord. Landlord shall make necessary repairs to the exterior foundations and roof of the Building, and the plumbing, electrical and other utility systems serving but which are located outside of the Premises, and shall make necessary structural repairs to the exterior walls of the Building (excluding, however, repairs to windows, doors, saddles and plate glass), and the load-bearing walls and load-bearing columns, if any, within the Premises, provided that Landlord shall not be obligated hereby to do any work required to be done because of any damage caused by any act, omission or negligence of Tenant and its invitees, licensees, their respective officers, agents and employees or their customers. Landlord shall not be required to commence any such repair until after notice from Tenant that the same is necessary, which notice, except in the case of an emergency, shall be in writing and shall allow Landlord ten (10) days in which to commence such repair. When necessary by reason of accident or other cause occurring in the Building or in the Premises or in order to make any repairs

or alterations or improvements in or relating to the Building or the Premises, Landlord reserves the right to interrupt the supply of electricity, water and gas or any other utility and also to suspend the operation of the heating and air conditioning system, where there shall be one installed in the Building, until said repairs, alterations or improvements shall have been completed. There shall be no abatement in Rent because of any such interruption or suspension, however, Landlord shall pursue such work with reasonable continuity, diligence and dispatch and in such a manner as (consistent with good practice) to cause a minimum of interference with Tenant's use of the Premises. Landlord shall maintain the landscaping on the Building Parcel and periodically paint and repair the exterior surfaces of the Building and the cost thereof shall be a Common Area Operating Cost as set forth in Section 3.4. In addition, Landlord, at Landlord's discretion, may clean and maintain parking areas and entryways if the Tenant fails to keep such areas clean and in good condition, and the cost thereof shall be a Common Area Operating Cost as set forth in Section 3.4.

Section 6.2 Quiet Enjoyment. Provided that no Event of Default is continuing after any notices required hereby, Landlord covenants that Tenant, shall peacefully and quietly have, hold and enjoy the Premises throughout the Term without hindrance, ejection or molestation by any Person lawfully claiming under Landlord, subject to the other terms and provisions of this Lease and to all mortgages and underlying leases of record to which this Lease is or may become subject and subordinate.

Section 6.3 Landlord's Liability.

6.3.1 In the event of a sale or transfer of all or any portion of the Building or Building Parcel or an undivided interest therein, or in the event of the making of a lease of all or substantially all of the Building or Building Parcel (herein referred to as an "Overlease"), or in the event of a sale or transfer of the Landlord's fee or leasehold estate in any such Overlease, the grantor or transferor, as the case may be, shall thereafter be entirely relieved of all terms, covenants and obligations thereafter to be performed by Landlord under this Lease to the extent of the interest or portion so sold or transferred, provided that (a) any amount then due and payable to Tenant or for which Landlord or the then grantor or transferor would otherwise then be liable to pay to Tenant (it being understood that the owner of an undivided interest in the fee or any such Overlease shall be liable only for his or its proportionate share of such amount) shall be paid to Tenant (b) the interest of the grantor or transferor, as Landlord, in any funds then in the hands of Landlord or the then grantor or transferor, in which Tenant has an interest, shall be transferred to the then grantee or transferee and (c) written notice of such sale, transfer or Overlease, shall be delivered to Tenant and (d) the grantee or transferee shall assume in writing the obligations of Landlord hereunder. Upon the termination of any such Overlease, the lessor thereunder shall become and remain liable as Landlord hereunder only so long as there shall not be made another such Overlease.

6.3.2 Tenant agrees that it shall look solely to the estate and property of Landlord in the land and buildings comprising the Building and Building Parcel (subject to prior rights, if any, of holders of superior interests) for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed or performed by Landlord; and no other assets of Landlord or any Person having any interest in Landlord shall be subject to levy, execution or other procedures for the satisfaction of Tenant's remedies.

6.3.3 Any liability which may arise as a consequence of the execution of this Lease by or on behalf of the Landlord shall be a liability of the Estate of James Campbell and not the personal liability of any trustee, corporate officer of a trustee or employee of the Estate of James Campbell.

7. TENANT'S ADDITIONAL COVENANTS.

Section 7.1 Affirmative Covenants. Tenant covenants, at its expense, at all times during the Term:

7.1.1 To use the Premises only for the Permitted Use and for no other purpose and in no event shall Tenant permit the use of the Premises in violation of any Governmental Requirements, in violation of any covenants and restrictions affecting the Building and Building Parcel, including those set forth in the Protective Covenants, or for any unlawful, or noxious or offensive purpose or in such a manner as to constitute a nuisance.

7.1.2 To (a) store all trash and refuse in appropriate sealed and covered containers either within the Building or in a concealed location designated by Landlord and shall attend to the regular disposal and removal thereof, (b) receive all deliveries, load and unload goods, merchandise, supplies, fixtures, equipment, furniture and rubbish only through proper service doors, and loading docks serving the Building, but in no event through the main front entrance thereof, and (c) not change the exterior colors or architectural treatment of the Premises or make any alterations or changes to the exterior of the Building, or the grading, planting or landscaping of the exterior of the Premises without Landlord's prior written approval. In

addition, there shall be no outside storage of any kind permitted without Landlord's written consent.

7.1.3 Except for repairs required to be made by Landlord, Tenant shall take good care of the Premises and, at Tenant's sole cost and expense, shall make all improvements, repairs and replacements, interior and exterior, structural or nonstructural, foreseen or unforeseen as and when needed to preserve the Premises in good working order and condition. Without affecting or limiting Tenant's obligations set forth in this preceding sentence, Tenant, at

Tenant's sole cost and expense, shall provide (a) maintenance and repair of the electrical, heating, plumbing, elevators, sprinkler and air conditioning systems in the Premises; (b) generally keep and maintain the Premises, both interior and exterior, in good repair and condition; (c) repair and maintain all exterior and interior doors, windows, partitions, lighting, glass, floor surfaces and entry ways. Tenant specifically acknowledges that the floor loading limit within the Premises is as set forth in Section 1, and Tenant agrees not to load the floor in excess of such limit. Before installing any heavy equipment or fixtures in the Premises, Tenant shall submit the plans and specifications therefor to Landlord for approval. Tenant shall at all times during the term of this Lease, keep and maintain in full force and effect maintenance and repair contracts for the benefit of Landlord and Tenant, providing for the service, maintenance, and repair of the heating, ventilating and air conditioning, elevators and sprinkler systems of the Premises.

7.1.4 To make all repairs, alterations, additions or replacements to the Premises, including appurtenances, equipment, interior and exterior facilities and fixtures related thereto, including any protective bollards located on the Building Parcel, arising out of Tenant's use or occupancy of the Premises or necessary to satisfy any Governmental Requirement; to keep the Premises equipped with all safety appliances so required because of such use or occupancy; and otherwise to comply with the orders and regulations of any Governmental Authority except that Tenant shall not be under any obligation to comply with any Governmental Requirement requiring any alteration of or addition to the Premises unless such alteration or addition is required because of a condition created by Tenant. Tenant acknowledges that Landlord may be required or may desire to subdivide or plat the Building Parcel and grant easements thereon, and Tenant agrees to consent to or join in such documents to the extent reasonably required by Landlord.

7.1.5 To pay promptly when due the entire cost of any work to the Premises, including equipment, facilities and fixtures therein, undertaken by Tenant, so that the Premises and the Building shall, at all times, be free of liens for labor and materials; to procure all Necessary Approvals before undertaking such work; to do all such work in a good and workmanlike manner acceptable to Landlord, employing materials of good quality; to perform such work in such manner as to insure proper maintenance of good and harmonious labor relationships; and to comply with any Governmental Requirements relating thereto.

7.1.6 To indemnify and save Landlord harmless of and from all loss, cost liability, damage and expense, including, but not limited to, attorneys' fees, penalties and fines, incurred in connection with or arising from (a) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed, or (b) the use or occupancy or manner of use or occupancy of the Premises, the Building, the Building Parcel or Office Park by Tenant or any Person claiming through or under Tenant, or (c) acts, omissions or negligence of Tenant or any such Person claiming through or under Tenant, or the contractors, agents, servants, employees, visitors or licensees of Tenant or any Person claiming through or under Tenant, in or about the Premises either prior to or during the Term or any holdover period or renewal period thereafter, or (d) any claims by any Persons, by reason of injury to Persons or damage to property

occasioned by any use, occupancy, act, omission or negligence referred to herein.

7.1.7 To maintain with responsible companies approved by Landlord with a Best's Insurance Guide rating of not less than A+15 (a) commercial general liability insurance, with contractual liability endorsement covering the matters set forth in subsections 7.1.6(b), (c) and (d) above, with a Combined Single Limit per occurrence in an amount not less than $1,000,000 which insurance shall name Landlord and its agents as an additional insured; (b) fire insurance, with extended coverage, vandalism, malicious mischief and sprinkler leakage endorsements covering all fixtures and equipment, stock in trade, furniture, furnishings, improvements or betterments installed or made by Tenant in, on or about the Premises to the extent of at least 100% of their replacement value, without deduction for depreciation, but in any event in an amount sufficient to prevent Tenant from becoming a co-insurer under provisions of applicable policies. Tenant's insurance shall be in form satisfactory to Landlord and shall provide that it shall not be subject to cancellation, termination or material change, nor shall the policies therefor be surrendered for termination except after at least thirty (30) days' prior written notice to Landlord and, upon Landlord's request, to any mortgagee of Landlord. All policies required pursuant to this paragraph or duly executed certificates for such policies shall be deposited with Landlord not less than ten (10) days prior to the day Tenant is expected to take occupancy and upon renewals of said policies not less than fifteen (15) days prior to the expiration of the term of such coverage. Landlord shall maintain, with insurance companies qualified to do business in the State of Washington, all risk property insurance with extended coverage, vandalism, malicious mischief, sprinkler leakage, rental insurance and such other additional coverages as are

carried by prudent operators of similar property (including other similar properties owned by Landlord) and in such amounts and with such deductibles as Landlord deems appropriate, but at least to the extent of 80% of the replacement cost of the Building or, if Landlord shall so elect, Landlord may self insure in whole or part any of the foregoing coverages. The premiums for said policy, or, if the policy is part of a blanket policy, the amount of the premium (including any amount for the waiver of subrogation set forth below) allocable to the Building, shall be a Common Area Operating Cost as set forth in Section 3.4. The proceeds of said insurance maintained by Landlord shall be adjusted by and payable solely to Landlord.

Notwithstanding anything to the contrary herein, Landlord and Tenant mutually agree that with respect to any loss or damage to the real or personal property of either on the Building Parcel, including the Building itself (whether caused by the negligence of Landlord, Tenant or any other cause), which is covered by insurance then being carried by them respectively, or required to be carried, or as to any coverage which Landlord agrees need not be carried, the party suffering a loss releases the other of and from any and all claim with respect to such loss; and they further mutually agree that their respective insurance companies shall have no right of subrogation against the other on account thereof.

7.1.8 To pay on demand any increase in premiums that may be charged on insurance carried by Landlord resulting from Tenant's use or occupancy of the Premises.

7.1.9 Landlord and Landlord's agents and employees shall not be liable for, and Tenant waives all claims for, loss or damage to Tenant's business or damage to person or property sustained by Tenant resulting from any accident or occurrence (unless caused by or resulting from Landlord's breach of its obligations hereunder or the negligence of Landlord, its agents, servants or employees other than accidents or occurrences against which the Tenant is insured or required to be insured) or in or upon the Premises or the Building or the Office Park, including, but not limited to, claims for damage resulting from: (a) any equipment or appurtenances becoming out of repair; (b) injury done or occasioned by wind; (c) any defect in or failure of plumbing, heating or air conditioning or ventilation equipment, electric wiring or installation thereof, gas, water, steam or other pipes, stairs, porches, railings or walks; (d) broken glass; (e) the backing up of any pipe or downspout; (f) the bursting, leaking or running of any tank, tub, washstand, water closet, waste pipe, drain or any other pipe or tank in, upon or about the Building or the Premises; (g) the escape of steam or hot water; (h) water, snow or ice being upon or coming through the roof, skylight, trapdoor, stairs, doorways, show windows, walks or any other place upon or near the Building or the Premises or otherwise; and (i) any act, omission or negligence of other tenants, licensees or of any other persons or occupants of the Building or Office Park.

7.1.10 To permit Landlord and its agents to have reasonable access in and about the Premises including, without limitation, the right to enter the Premises on twenty-four (24) hours prior notice (except in the case of emergency) to examine the Premises or for the purpose of performing any obligation of Landlord under this Lease or exercising any right or remedy reserved to Landlord in this Lease; to erect, install, use and maintain in concealed locations pipes, ducts and conduits in and through the Premises; to exhibit the Premises to others; to make such repairs, alterations, improvements or additions, or to perform such maintenance, as Landlord may deem necessary or desirable provided that any such access, entry, repairs, alterations, improvements shall not materially interfere with Tenant's business in the Premises Landlord shall have the right, from time to time, to change the name, number or designation by which the Building is commonly known. All parts (except surfaces facing the interior of the Premises) of all walls, windows and doors bounding the Premises (including exterior Building walls, core corridor walls, doors and entrances) and the use thereof, as well as access thereto through the Premises for the purposes of operation, maintenance, alteration and repair, are hereby reserved to Landlord

7.1.11 To pay on demand Landlord's expenses, including reasonable attorneys' fees, at trial and on appeal, or in arbitration or mediation, incurred in successfully enforcing any obligation of the Tenant under this Lease or incurred in any action or proceeding arising out of or pursuant to this Lease.

7.1.12 Forthwith to cause to be discharged of record by payment and to indemnify, defend and hold harmless Landlord from and against all liability and

expense arising from any mechanic's lien at any time filed against the Premises or the Building Parcel for any work, labor, services or materials claimed to have been performed at, or furnished to the Premises, for or on behalf of Tenant, or anyone holding the Premises through or under Tenant. Nothing in this Lease contained shall be construed as a consent on the part of Landlord to subject Landlord's estate in the Premises, the Building or Building Parcel to any lien or liability under applicable law.

7.1.13 Upon the expiration or other termination of the Term, to quit and surrender the Premises to Landlord, broom clean, in good order and condition, ordinary wear and tear and casualty not caused by Tenant, its agents, servants, employees, visitors, or licensees excepted, and at Tenant's expense to remove all property of Tenant and, at Landlord's option, any alteration, addition and improvement made by Tenant and to repair all damages to the

Premises caused by such removal and restore the Premises to the condition in which they were prior to the installation of the articles so removed ordinary wear and tear and casualty excluded. Any improvements or installations which are required to be but are not so removed shall be deemed to have been abandoned by Tenant and may be retained or disposed of by Landlord, as Landlord shall desire, but Tenant shall be responsible for the cost of restoration of the Premises and removal and disposal.

7.1.14 This Lease is and all of Tenant's rights hereunder are subject and subordinate to any mortgages or deeds of trust that now exist or may hereafter be placed upon the Building, the Building Parcel or any part thereof and to any and all advances to be made thereunder, and to the interest thereon, and to all renewals, replacements, amendments, modifications, consolidations and extensions of any of the foregoing. Tenant agrees to execute such documents with holders of such mortgages or deeds of trust confirming the foregoing subordination as may be requested by Landlord. Any mortgagee or beneficiary under any such mortgage or deed of trust may elect that this Lease shall have priority over its mortgage or deed of trust and upon notification of such election by such mortgagee or beneficiary to Tenant, this Lease shall be deemed to have priority over said mortgage or deed of trust whether this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust. Tenant agrees to execute any subordination or nondisturbance agreement with the holder of any mortgage or deed of trust on the Building Parcel or Building confirming the matters set forth in this section 7.1.14 and such other provisions as are customary in connection with such subordination agreements.

7.1.15 To conform to all reasonable rules and regulations which Landlord may make for the management and use of the Premises, requiring such conformance by Tenant and Tenant's employees, agents, contractors, visitors, servants, or licensees. Such rules and regulations shall be uniform and shall not discriminate against Tenant.

7.1.16 In addition to and not in limitation of subsection 7.1.1, Tenant shall, at its expense, comply with any existing or hereafter-enacted environmental laws, regulations, administrative acts or rulings, including but

not limited to any laws governing the use, disposal or release of any Hazardous Substance (as defined in subsection 7.2.5), affecting Tenant's operation at the Premises ("Environmental Laws"). Tenant shall, at its expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Authority") under the Environmental Laws. In addition, should the Authority determine that a cleanup plan be prepared and that a cleanup be undertaken or any other action taken because of any spills or discharges of hazardous substances or wastes at the Premises which occur during the Lease term, Tenant shall at its expense prepare and submit the approved plans. Tenant's obligations under this subsection 7.1.16 shall arise if there is any closing, terminating or transferring of operations of an industrial establishment at the Premises pursuant to the cleanup Laws. At no expense to Landlord, Tenant shall promptly provide all information requested by Landlord for preparation of affidavits required by Landlord to determine the applicability of the Environmental Laws to the Premises, and shall sign the affidavits promptly when requested to do so by Landlord.

Tenant shall indemnify, defend, and hold harmless Landlord from all fines, suits, procedures, claims, actions costs or liabilities of any kind arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes by Tenant at the Premises that occur during the Term, including without limitation, a decrease in the value of the Premises, damages due to loss or restriction of rentable or usable space, or any damages due to adverse impacts or marketing of space, any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees, or any costs arising out of Tenant's failure to provide all information, make all submissions and take all steps required by the Authority under the Environmental Laws or any other environmental laws or regulations. Tenant's obligations and liabilities under this paragraph shall survive termination or sooner expiration of this Lease. Tenant's failure to abide by the terms of this subsection 7.1.16 shall be restrainable by injunction.

Section 7.2 Negative Covenants. Tenant covenants at all times during the Term and such further time as Tenant occupies the Premises or any part thereof:

7.2.1 Not to make or perform, or permit the making or performance of, any alterations, subdivisions, installations, decorations, improvements, additions or other physical changes in or about the Premises including those which are necessary to satisfy any Governmental Requirements (referred to collectively as "alterations") without Landlord's prior written consent except Tenant may move its equipment, furnishings and racks without prior consent provided the floor loading limitations in this Lease are not violated. Landlord agrees not unreasonably to withhold its consent to any interior nonstructural alterations which do not adversely affect the Building's utility and mechanical systems proposed to be made by Tenant to adapt the Premises for Tenant's business purposes. Alterations shall be made only by contractors or mechanics approved by Landlord. All business machines and mechanical equipment shall be placed and maintained by Tenant in settings sufficient, in Landlord's judgment,

to absorb and prevent vibration, noise and annoyance to other tenants or occupants of the Office Park. Tenant shall submit to Landlord detailed plans and specifications for each proposed alteration and shall not commence any such alteration without first obtaining Landlord's approval

of such plans and specifications; all reports, and all permits, approvals and certificates required by all Governmental Authorities shall be timely obtained by Tenant and submitted to Landlord; all materials and equipment to be incorporated in the Premises as a result of all alterations shall be new and first quality; no such materials or equipment shall be subject to any lien, encumbrance, chattel mortgage or title retention or security agreement. In the event cost of an alteration exceeds the amount of three monthly installments of Fixed Rent, Landlord shall have the right to require that Tenant obtain performance and payment bonds from such surety companies and in such forms as Landlord shall require in amounts at least equal to the cost of the proposed work.

7.2.2 Not to assign, sell, mortgage, pledge, or in any manner, voluntarily or involuntarily, transfer or permit the transfer of this Lease or any interest therein, or sublet the Premises or parts thereof without Landlord's prior written consent, which will not unreasonably be withheld. A transfer or change in the owners of Tenant's stock or a change in the composition of any noncorporate Tenant shall, unless such stock is publicly traded, be deemed an assignment. Consent by Landlord to an assignment, subletting, concession or license shall not be construed to relieve Tenant from obtaining the express consent of Landlord to any further assignment, subletting, concession or license, nor shall the collection of Rent by Landlord from any assignee, subtenant or other occupant be deemed a waiver of this covenant or the acceptance of the assignee, subtenant or occupant as Tenant or a release of Tenant from the covenants in this Lease on Tenant's part to be performed. Tenant and any assignee or subtenant shall be jointly and severally liable for the obligations under this Lease.

After completion of the Tenant Improvements, the payment of any amounts for Tenant Improvements, and the taking of the Premises for occupancy, Tenant may, in writing, request Landlord's consent to an assignment of this Lease or a subletting of all (but not less than all) of the Premises. Such request shall include the name of the proposed assignee or subtenant, a copy of the proposed agreements and instruments relating to the transaction, certified financial statements of the proposed assignee or subtenant and such information as to the financial responsibility, business and standing of the proposed assignee or subtenant as Landlord may reasonably require. If Tenant submits such request and information and Landlord refuses to consent to such assignment or sublease, then, unless Tenant withdraws such request within ten (10) days after Landlord's refusal, Landlord shall have the right, to be exercised in writing within thirty (30) days after such failure to withdraw such request to cancel and terminate all Tenant's obligations under this Lease as of the date set forth in Landlord's notice of exercise of such option, which effective date of termination in Landlord's notice shall be not less than sixty (60) nor more than one hundred twenty (120) days following the service of such notice.

(a) In the event Landlord shall exercise such cancellation right, Tenant shall surrender possession of the Premises, on the date set forth in such notice in accordance with the provisions of this Lease relating to surrender of the Premises at the expiration of the Term. In no event shall the Premises be subdivided or partially sublet.

(b) In the event that Landlord shall not exercise its right to cancel this Lease as above provided, the Landlord's consent to such request shall not be unreasonably withheld provided such consent to sublease or assignment is effected by a legal document in form and substance satisfactory to Landlord and subsection (c) shall apply with respect to a possible adjustment of Rent. In no event shall any assignment or subletting to which Landlord may have consented release or relieve Tenant from its obligations fully to perform all of the terms, covenants and conditions of the Lease on its part to be performed.

(c) If under the assignment or sublease consented to by Landlord the net effective rent, additional rent, other charges, and/or consideration, money or thing of value payable thereunder or payable in connection with the transaction exceed the Rent provided in this Lease, Tenant or, at Landlord's option, the sublessee or assignee shall pay said excess rent or other consideration to Landlord as Additional Rent hereunder as and when the same becomes due under said assignment or sublease.

(d) If Tenant is a corporation, Tenant shall have the right, without the consent of Landlord, to assign its interest in this Lease to a parent, subsidiary or affiliate of Tenant or any corporation which is a successor to Tenant either by merger or consolidation, or in connection with the transfer of all of the business and assets of the Tenant or a public offering of Tenant's stock provided that the successor shall have a tangible net worth, determined in accordance with generally accepted accounting principals, at least equal to the tangible net worth of Tenant as of the date of this Lease. However, no such assignment shall be valid unless, within ten (10) days prior to the effective date thereof Tenant shall deliver to Landlord (1) a duplicate original instrument of assignment in form and substance satisfactory to Landlord, duly executed by Tenant, (2) an instrument in form and substance satisfactory to Landlord, duly executed by the assignee, in which such assignee shall assume observance and performance of and to be personally bound by, all terms, covenants and conditions of this Lease on Tenant's part to be observed and performed, and (3) evidence of compliance with the conditions of this paragraph.

7.2.3 NOT TO AFFIX ANY SIGN TO THE PREMISES OR ITS WINDOWS, OR TO ANY PART OF THE COMMON AREA OR THE BUILDING, UNLESS AND UNTIL THE SIGN HAS BEEN APPROVED BY LANDLORD. TENANT'S EXISTING SIGNAGE IS HEREBY APPROVED.

7.2.4 Not to obstruct or encumber or use the Common Areas for any purpose other than ingress and egress to and from the Premises. Tenant shall not bring or keep or permit to be brought or kept, any inflammable, combustible or explosive fluid, material, chemical or substance in or about the Premises.* Tenant shall not commit or allow to be committed any waste upon the Premises, or

any public or private nuisance or other act or thing which disturbs the quiet enjoyment of any other tenant in the Building or the Office Park. If any of Tenant's machines or equipment should disturb the quiet enjoyment of any other tenant in the Building, then Tenant shall provide adequate insulation, or take such other action as may be necessary to eliminate the disturbance.

7.2.5 *Tenant shall not cause or permit any Hazardous Substance to be generated, processed, stored, transported, handled or disposed of on, under, in or through the Premises without first obtaining Landlord's written consent which may be withheld in Landlord's absolute discretion. As used herein, the term "Hazardous Substance" means any hazardous, toxic or dangerous substances, waste or material, including any biological waste, which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or cleanup, including without limitation any substance, waste or material which now or hereafter is designated as a "Hazardous Substance" under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. (s) (s) 9601, et seq.), or under the
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Model Toxics Control Act (Revised Code of Washington (s) (s) 70.105D); without limiting the foregoing, Hazardous Substances shall include, but not be limited to, any substance which after being released into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer and/or genetic abnormalities.

* See Rider attached.

8. DESTRUCTION: CONDEMNATION.

Section 8.1 Damage or Destruction.

8.1.1 Damage and Repair. In case of damage to the Premises or the
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Building by fire or other casualty, Tenant shall give immediate notice to Landlord. If the Building is damaged by fire or any other cause to such extent that the cost of restoration, as reasonably estimated by Landlord, will equal or exceed 30% of the replacement value of the Building (exclusive of foundations) just prior to the occurrence of the damage, or if insurance proceeds sufficient for restoration are for any reason unavailable, then Landlord may no later than the thirtieth (30th) day following the damage, give Tenant a notice of Landlord's election to terminate this Lease. In the event of such an election, this Lease shall be deemed to terminate effective as of the date of the damage. Tenant shall surrender possession of the Premises within a reasonable time thereafter, and the Rent and Additional Rent shall be apportioned as of the date of said surrender and any Rent paid for any period beyond said date shall be repaid to Tenant. If the cost of restoration as estimated by Landlord shall amount to less than 30% of such replacement value of the Building and insurance proceeds sufficient for restoration are available, or if despite the cost Landlord does not elect to terminate this Lease, Landlord shall restore the

Building and the Premises (to the extent of improvements to the Premises originally provided by Landlord hereunder) with reasonable promptness, subject to delays beyond Landlord's control and delays in the making of insurance adjustments by Landlord, and Tenant shall have no right to terminate this Lease except as herein provided. To the extent that the Premises are rendered untenantable, the Rent shall proportionately abate, except in the event such damage resulted from or was contributed to, directly, or indirectly, by the act, fault or neglect of Tenant, Tenant's contractors, agents, employees, invitees or licensees, in which event Rent shall abate only to the extent Landlord receives proceeds from Landlord's rental income insurance policy to compensate Landlord for loss of rent.

8.1.2 Business Interruption. No damages, compensations or claim shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Premises or of the Building. Landlord shall use reasonable efforts repairs promptly.

8.1.3 Tenant Improvements. Landlord will not carry insurance of any kind on any improvements paid for by Tenant or on Tenant's furniture or furnishings or on any fixtures, equipment, personal property, inventory, improvements or appurtenances of Tenant under this Lease and Landlord shall not be obligated to repair any damage thereto or replace the same.

Section 8.2 Eminent Domain.

8.2.1 Entire Taking. If all of the Premises or such portions of the Building as may be required for the reasonable use of the Premises, are taken by eminent domain, this Lease shall automatically terminate as of the date

title vests in the condemning authority and all Rents, Additional Rents and other payments shall be paid to that date.

8.2.2 Constructive Taking of Entire Premises. In the event of a taking of a material part but less than all of the Building, where Landlord shall reasonably determine that the remaining portions of the Premises cannot be economically and effectively used by it (whether on account of physical, economic, aesthetic or other reasons), Landlord shall forward a written notice to Tenant of such determination not more than sixty (60) days after the date of taking. The term of this Lease shall expire upon such date as Landlord shall specify in such notice but not earlier than sixty (60) days after the date of such notice.

8.2.3 Partial Taking. In case of taking of a part of the Premises, or a portion of the Building not required for the reasonable use of the

Premises, then this Lease shall continue in full force and effect and the Rent shall be equitably reduced based on the proportion by which the floor area of the Premises is reduced, such Rent reduction to be effective as of the date title to such portion vests in the condemning authority.

8.2.4 Termination by Landlord. In the event that title to a part of the Building other than the Premises shall be so condemned or taken and if, in the opinion of the Landlord, the Building should be restored in such a way as to alter the Premises materially, the Landlord may terminate this Lease and the term and estate hereby granted by notifying the Tenant of such termination within sixty (60) days following the date of vesting of title, and this Lease and the term and estate hereby granted shall expire on the date specified in the notice of termination, not less than sixty (60) days after the giving of such notice, as fully and completely as if such date were the date herein-before set for the expiration of the term of this Lease, and the Rent hereunder shall be apportioned as of such date.

8.2.5 Awards and Damages. Landlord reserves all rights to damages to the Premises for any partial, constructive, or entire taking by eminent domain, and Tenant hereby assigns to Landlord any right Tenant may have to such damages or award, and Tenant shall make no claim against Landlord or the condemning authority for damages for termination of the leasehold interest or the value of such leasehold interest or interference with Tenant's business. Tenant shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Tenant may be put for Tenant's moving expenses, business interruption or taking of Tenant's personal property (not including Tenant's leasehold interest) provided that such damages may be claimed only if they are awarded separately in the eminent domain proceedings and not out of or as part of the damages recoverable by Landlord.

Tenant shall give prompt notice to Landlord in case of fire or other damage to the Premises or the Building.

9. DEFAULTS AND REMEDIES.

Section 9.1 Tenant Default. Upon the occurrence, at any time prior to or during the Term, of any one or more of the following events (referred to as "Events of Default"):

9.1.1 If Tenant shall default in the payment when due of any installment of Fixed Rent or in the payment when due of any Additional Rent, and such default shall continue for a period of ten (10) days; or

9.1.2 If Tenant shall default in the observance or performance of any term, covenant or condition of this Lease on Tenant's part to be observed or performed (other than covenants for the payment of Fixed Rent and Additional Rent) and Tenant shall fail after written notice by Landlord of such default to remedy such default within thirty (30) days or if said default is not capable of being cured within said thirty (30) day period and Tenant shall not commence the

cure within said period or shall not thereafter diligently prosecute to completion all steps necessary to remedy such default;

Then upon the occurrence, at any time prior to or during the Term, of any one or more such Events of Default, Landlord at any time after the written notice and grace periods described in Subsections (A) and (B) above, at Landlord's option, may give to Tenant a five (5) days' notice of termination of this Lease and, in the event such notice is given, this Lease and the Term shall come to an end and expire upon the expiration of said five (5) days with the same effect as if the date of expiration of said five (5) days were the expiration date of the Term, but Tenant shall remain liable for damages as provided herein, or Landlord may relet the Premises without terminating this Lease, or Landlord may exercise any other right or remedy allowed by law or provided herein.

9.1A See Rider attached.

Section 9.2 Remedies of Landlord.

9.2.1 Summary Proceedings. Subject to notice and grace periods provided in Section 9.1 above an Event of Default has occurred, Landlord may without notice, institute summary proceedings, terminate all services, dispossess Tenant and the legal representative of Tenant or other occupants of the Premises, and remove their effects and hold the Premises as if this Lease had not been made, and Tenant shall remain liable for damages as provided in subsection 9.2.2.

9.2.2 Landlord's Re-entry. Upon an Event of Default, subject to the notice and grace periods provided in Section 9.1 Landlord, in addition to any other rights or remedies it may have, at its option, may enter the Premises or any part thereof, either with or without process of law, and expel, remove or put out Tenant or any other persons who may be thereon, together with all personal property found therein; and Landlord may terminate this Lease, or it may from time to time, without terminating this Lease and as agent of Tenant, re-let the Premises or any part thereof for such term or terms (which may be for a term less than or extending beyond the term hereof), and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable, with the right to repair, renovate, remodel, redecorate, alter and change the Premises, Tenant remaining liable for any deficiency computed as hereinafter set forth. In the case of any default, re-entry and/or dispossession by summary proceedings or otherwise, all Rent and Additional Rent shall become due thereupon and be paid up to the time of such re-entry or dispossession, together with such expenses as Landlord may incur in connection with such default for attorneys fees, advertising expenses, brokerage fees and/or putting the Premises in good order or preparing the same for re-rental.

9.2.3 Re-letting the Premises. At the option of Landlord: (i) the Rent shall become due thereupon and be paid up to the time of such re-entry, dispossess and/or termination; (ii) Landlord may relet the Premises or any part or parts thereof, either in the name of Landlord or otherwise, for a term which may at Landlord's option be less than or exceed the period which would otherwise have constituted the balance of the Term, and may grant reasonable concessions of free rent; and (iii) Tenant or the legal representative of Tenant shall also pay Landlord, as damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, for each month of the period which would otherwise have constituted the balance of the Term, any deficiency between (x) the sum of (a) one monthly installment of Fixed Rent, (b) the Tax Rent that would have been payable for the month in question but for such reentry or termination, and (c) the current monthly minimum Common Area Rent, and (y) the net amount, if any, of the rents collected on account of the lease or leases of the Premises for each month of the period which would otherwise have constituted the balance of the Term. The reasonable refusal or failure of Landlord to relet the Premises or any part of parts thereof shall not release or affect Tenant's liability for damages provided Landlord shall have made the same effort and on the same terms to relet the Premises as with respect to other vacant space in the Office Park, however, Landlord shall not be required to prefer the reletting of the Premises over any other space in the Office Park. In computing such damages there shall be added to the said deficiency such reasonable expenses as Landlord' may incur in connection with reletting, such as court costs, attorneys fees and disbursements, brokerage and for the expenses of putting and keeping the Premises in good order or for preparing the same for reletting as hereinafter provided. Any such damages shall be paid in monthly installments by Tenant on the rent day specified in this Lease and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Landlord to collect the deficiency for any subsequent or prior month by a similar proceeding. Landlord, at Landlord's option, may make such alterations, repairs, replacements and/or decorations in the Premises as Landlord in Landlord's sole judgment considers advisable and necessary for the purpose of reletting the Premises for the purpose of reletting the Premises to another user of warehouse space; and the making of such alterations and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Except as expressly provided herein, Landlord shall in no event be liable in any way whatsoever for failure to relet the Premises, or in the event that the Premises are relet, for failure to collect the rent thereof under such reletting.

9.2.4 Appointment of Receiver. If an Event of Default has occurred, Landlord shall have the right to have a receiver appointed to collect rent and conduct Tenant's business. Neither the filing of a petition for appointment of a receiver nor the appointment itself shall constitute an election by Landlord to terminate this Lease.

9.2.5 Waiver of Redemption Rights. Tenant, for itself, and on behalf of any and all persons claiming through or under it, including creditors of all kinds, does hereby waive and surrender all right and privilege which they or any of them might have under or by reason of any present or future law, to redeem

the Premises or to have a continuance of this Lease for the term hereof, as it may have been extended, after having been dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease as herein provided.

Section 9.3 Trial by Jury; Counter-Claim. Landlord and Tenant shall and they hereby do waive trial by jury in any action, proceeding or counter-claim brought by either of the parties hereto against the other on any matters not relating to personal injury or property damage but otherwise arising out of or in anyway connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, and any emergency statutory or any other statutory remedy.

Section 9.4 Holdover by Tenant. In the event Tenant remains in possession of any portion of the Premises after the expiration of the Term as to such portion and without the execution of a new lease, Tenant, at the option of Landlord, shall be deemed to be occupying such portion of the Premises as

a tenant from month to month, at a monthly rental equal to the sum of (a) twice the monthly installment of Fixed Rent payable during the last month of the Term, (b) the monthly installment of Tax Rent payable for the last month of the Term, and (c) the Common Area Rent payable for such month, subject to all the other conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy. Tenant shall not and hereby waives the right to interpose any counterclaim or counterclaims in a summary proceeding or other action by Landlord based on holdover.

Section 9.5 Landlord's Right to Cure Defaults. Landlord may cure, after notice of default is served, any default by Tenant under this Lease, and whenever Landlord so elects, all costs and expenses incurred by Landlord in curing a default, including, without limitation, reasonable attorneys' fees, together with interest on the amount of costs and expenses so incurred at the rate provided in Section 3.10 hereof, shall be paid by Tenant to Landlord on demand, and shall be recoverable as Additional Rent.

Section 9.6 Waiver of Default. No consent or waiver, express or implied, by Landlord or Tenant to or of any breach of any covenant, condition or duty of the other shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty of Landlord or Tenant, unless in writing signed by the party against whom waiver is sought.

10. MISCELLANEOUS PROVISIONS.

Section 10.1 Notices. Any notice or demand from Landlord to Tenant

or from Tenant to Landlord shall be in writing and shall be deemed duly served if mailed by Registered or certified mail, return receipt requested, addressed, if to Tenant, at the Building, or to such other address as Tenant shall have last designated by notice in writing to Landlord, and if to Landlord, at the address of Landlord set forth herein or such other address as Landlord shall have last designated by notice in writing to Tenant, with copy to Managing Agent. Notice shall be deemed served when mailed.

Section 10.2 Brokerage. Tenant and Landlord warrant that they have had no dealings with any broker or agent in connection with this Lease other than the Broker, if any, named herein and each covenants to pay, hold harmless and indemnify the other from and against any and all cost, expense or liability for any compensation, commissions and charges claimed by any other broker or agent with respect to this Lease or the negotiation thereof with whom they had dealings.

Section 10.3 Estoppel Certificates. Each of the parties agrees that it will, at any time and from time to time, within 10 business days following written notice by the other party hereto specifying that it is given pursuant to this section, execute, acknowledge and deliver to the party who gave such notice a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which the Rent and any other payments due hereunder from Tenant have been paid in advance, if any, and stating whether or not to the best of knowledge of the signer of such certificate the other party is in default in performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which the signer may have knowledge.

Section 10.4 Applicable Law and Construction. The laws of the State of Washington shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision. The submission of this document to Tenant for examination does not constitute an offer to lease, or a reservation of or option to lease, and becomes effective only upon execution and delivery thereof by Landlord and Tenant. All negotiations, considerations, representations and understandings between the parties are incorporated

in this Lease. Landlord or Landlord's agents have made no representations or promises with respect to the Building, the Office Park or the Premises, except as herein expressly set forth. The headings of the several articles and sections contained herein are for convenience only and do not define, limit or construe the contents of such articles or sections. Whenever herein the singular number is used, the same shall include the plural, and the neuter gender shall include the masculine and feminine genders.

Section 10.5 Relationship of the Parties. Nothing contained herein

shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent or partnership or joint venture between the parties hereto, it being understood and agreed that no provisions herein, nor any acts of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of landlord and tenant.

Section 10.6 Construction on Adjacent Premises or Buildings. If any excavation or other building construction shall be about to be made or shall be made on any premises adjoining or above or below the Premises or on any other portion of the Building, Tenant shall permit Landlord or the adjoining owner, and their respective agents, employees, licensees and contractors, to enter the Premises and to shore the foundations and/or walls thereof, and to erect scaffolding and/or protective barricades around and about the Premises (but not so as to preclude entry thereto) and to do any act or thing necessary for the safety or preservation of the Premises. Tenant's obligations under this Lease shall not be affected by any such construction or excavation work, shoring-up, scaffolding or barricading. Landlord shall not be liable in any such case for any inconvenience, disturbance, loss of business or any other annoyance arising from any such construction, excavation, shoring-up, scaffolding or barricades, but Landlord shall use its best efforts so that such work will cause as little inconvenience, annoyance disturbance and cost to Tenant as possible consistent with accepted construction practice in the vicinity and so that such work shall be expeditiously completed.

Section 10.7 Recording. Tenant agrees not to record this Lease.

Section 10.8 Binding Effect of Lease. The covenants, agreements and obligations herein contained, except as herein otherwise specifically provided shall extend to, bind and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors and permitted assigns. Each covenant, agreement, obligation or other provision herein contained shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making the same, not dependent on any other provision of this Lease unless otherwise expressly provided.

Section 10.9 Effect of Unavoidable Delays. The provisions of this section shall be applicable if there shall occur, during the Term, or prior to the commencement thereof, any (a) strike(s), lockout(s) or labor dispute(s); (b) inability to obtain labor or materials, or reasonable substitutes therefor; or (c) acts of God, governmental restrictions, regulations or controls, enemy or hostile governmental action, civil commotion, fire or other casualty, or (d) other conditions similar to those enumerated in this item beyond the reasonable control of the party obligated to perform. If Landlord or Tenant shall, as the result of any of the above-described events, fail punctually to perform any obligation on its part to be performed under this Lease, then such failure shall be excused and not be a breach of this Lease by the party in question, but only to the extent occasioned by such event. If any right or option of either party

to take any action under or with respect to this Lease is conditioned upon the same being exercised within any prescribed period of time or at or before a named date, then such prescribed period of time and such named date shall be deemed to be extended or delayed, as the case may be, for a period equal to the period of delay occasioned by any above-described event. Notwithstanding anything herein contained however, the provisions of this section shall not be applicable to Tenant's obligations to pay Rent or its obligations to pay any other sums, moneys, costs, charges or expenses required to be paid by Tenant hereunder and time shall be of the essence with respect to timely payment thereof.

Section 10.10 No Oral Changes. Neither this Lease nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

Section 10.11 Executed Counterparts of Lease. This Lease may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same Lease.

Section 10.12 Invalid Provisions. If any provision of this Lease is held unlawful or invalid, then this Lease shall continue in full force and effect but such unlawful or invalid provision shall be deemed omitted. If any portion of Fixed or Additional Rent shall at any time be held to be higher than the amount which the Landlord may lawfully reserve then the amount thereof shall be reduced to the highest lawful amount.

Section 10.13 Entire Agreement. This Lease is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use

and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreement or understanding pertaining to the same shall be valid or of any force or effect.

Section 10.14 Managing Agent. Landlord has advised Tenant that it has appointed Collier's Real Estate Services, Inc. as managing agent of the Building (said managing agent and any successor or substitute managing agent is hereinafter referred to as Managing Agent) and as its agent for service of process in the State of Washington. Tenant shall, until otherwise notified by Landlord, make all payments of Rent to be made pursuant to this Lease to the Managing Agent payable to the Landlord and direct all notices, inquiries or other communications to The Estate of James Campbell, Director, Mainland Operations/West, Suite 1000, 425 California Street, San Francisco, California 94104 with a copy to the Managing Agent at Collier's Real Estate Services, Inc.,

800 Fifth Avenue, Suite 3930, Seattle, Washington 98104.

IN WITNESS WHEREOF, Landlord and Tenant have hereunto executed this Lease as of the day and year first above written.

LANDLORD: THE ESTATE OF JAMES CAMPBELL, DECEASED

/S/ Douglas C Morris

DOUGLAS C. MORRIS

Senior ???? Manager

By [SIGNATURE NOT LEGIBLE]

Its Roy S. ???

Director Mainland Properties

TENANT: UNITED STATIONERS SUPPLY CO.

By /S/ Otis H. Halleen

Its Vice President

LANDLORD'S CORPORATE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
County of San Francisco}

On this 26th day of August, 1994, before me personally appeared Douglas C. Morris and Roy S. Robins, to me known to be the Senior Asset Manager and Director of Mainland Properties/West, respectively, of the Trustees Under the Will and of The Estate of James Campbell, Deceased; that they executed the foregoing instrument which was signed by them as appearing before me in the capacities above indicated (that is, as employees of The Estate of James Campbell); that they acknowledged the said instrument to have been signed with the authority of and as the free act and deed of the Trustees.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

/S/ Maija Laine

[OFFICIAL SEAL APPEARS HERE]

Maija Laine
Notary Public in and for the State of California, residing in San Francisco

My commission expires September 6, 1997.

STATE OF _____)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that_____is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____of _____ a _____, to be the free and voluntary act of such _____ for the uses and purpose mention in the instrument.

Dated this _____day of _____, 1993.

_____
(Signature of Notary)

_____
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of_____, residing at _____

My appointment expires _____

STATE OF ILLINOIS)
)
COUNTY OF COOK)

I certify that I know or have satisfactory evidence that _____ OTIS H. HALLEEN is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the VICE-PRESIDENT of UNITED STATIONERS SUPPLY CO and ILLINOIS, CORPORATION, to be the free and voluntary act of such CORPORATION for the uses and purposes mentioned in the instrument.

Dated this 26th day of MAY, 1994.

/S/ Joan M. Hefferman

[OFFICIAL SEAL APPEARS HERE]

_____

Notary public in and for the state of ILLINOIS, residing at COOK COUNTY

My appointment expires 4-21-97

EXHIBIT A

TO AGREEMENT OF LEASE

Floor Plan of Premises

SOUTHCENTER SOUTH INDUSTRIAL PARK
BUILDING 255 Tukwila, Washington

[FLOORPLAN APPEARS HERE]

The Estate of James Campbell

Page A-1 of 1 INITIAL at

EXHIBIT B

TO AGREEMENT OF LEASE

Building Parcel

That certain real property situated in the State of Washington, County of King, and more particularly described as follows:

Lot 16 of Short Plat No. MF-78-19-SS according to the Short Plat Survey recorded under King County Recording No. 780721-0798 being a correction of Short Plat Survey recorded under King County Recording No. 780626-0695;

Situate in the City of Tukwila, County of King, State of Washington.

SUBJECT TO any and all easements, restrictions and encumbrances of record.

Page B-1 of 1

EXHIBIT C

TO AGREEMENT OF LEASE

Tenant Improvements

Landlord hereby leases to Tenant, and Tenant hereby accepts from Landlord, the Premises in an "as-is" condition, without additional tenant improvements, except as provided below:

1. Landlord shall, at Landlord's sole cost and expense, paint the interior office walls a building standard color .

2. Landlord shall provide minor repair and refurbishment to the lunch room at Landlord's sole cost and expense. The cost of such repair and refurbishment shall not exceed $500.00.

EXHIBIT D

TO AGREEMENT OF LEASE

Right of First Refusal

Subject to the terms and conditions hereinafter stated, Landlord hereby grants to Tenant a one-time right of first refusal to lease an additional 11,250 square feet adjacent to the Leased Premises as shown on Exhibit A ("Expansion Premises").

The Expansion Premises are currently available for lease. In the event the Landlord receives a bonafide offer to lease the Expansion Premises during the term of this lease, Landlord agrees to notify Tenant in writing. Landlord's written notification to Tenant of such bonafide offer to lease the Expansion Premises will also include the Fixed Rent and other additional terms required by Landlord to include the Expansion Premises as part of this lease agreement. Tenant shall have three (3) business days to accept the Fixed Rent and other additional terms stipulated in the Landlord's notification and to exercise in writing the Right of First Refusal. If Tenant elects to lease the Expansion Premises within three (3) business days, Landlord will prepare and deliver to Tenant an Amendment to Lease and Tenant shall have ten (10) business days after receipt to deliver to Landlord the Amendment to Lease, executed as required, along with first month's rent. Failure to deliver the executed Amendment to Lease and first month's rent within ten (10) business days of receipt shall terminate the Tenant's rights and options hereunder.

Tenant's right to lease the Expansion Premises, as provided above, is based upon the following additional terms and conditions:

(a) Tenant shall not then be in default under this Lease;

(b) The provisions of this Lease, except Term, Fixed Rent and Tenant's Pro Rata Share shall apply to the Expansion Premises;

(c) The Fixed Rent for the Expansion Premises shall be the then current "market rent" as determined by Landlord;

(d) The Commencement Date on the lease amendment for the Expansion Premises will be upon Landlord's delivery of possession to the Tenant and the Termination Date will coincide with the expiration of the lease term for the Leased Premises;

(e) Tenant's Pro Rata Share shall be increased to 82.33%; and

(f) Tenant will occupy the Expansion Premises in an "as is" condition and without additional Tenant Improvements Allowance or work by Landlord.

RIDER TO LEASE

This Rider is attached to and made part of the Agreement of Lease between THE ESTATE OF JAMES CAMPBELL, DECEASED, as Landlord, and UNITED STATIONERS SUPPLY CO., as Tenant.

I. Notwithstanding anything to the contrary in Section 3.4.1 (a) of the Lease, "Common Area Operating Expenses" shall not include:

(a) all costs and expenditures for which Landlord is reimbursed, whether by insurance proceeds or otherwise, except through Additional Rent payments by tenants:

(b) costs for repairs or other work occasioned by fire, windstorm or other casualty for which insurance would at the time of such casualty customarily be carried by a prudent Landlord in the City of Tukwila;

(c) costs of improvements to leasable space in the Office Park;

(d) costs of relocating any tenant;

(e) the amortization of capital expenditures (except any capital expenditures made or installed for the purposes of reducing Common Area Operating Expenses - and then only to the greater of (x) the extent of such reductions actually achieved (without regard to the "useful life" of such capital expenditure), or (y) the amortization of capital expenditures in accordance with generally accepted accounting and management practices);

(f) depreciation and amortization;

(g) interest, points and fees, on debt or amortization on or for any mortgages encumbering the property, or any part thereof, and all principal, escrow deposits and other sums paid on or in respect to any indebtedness (whether or not secured by a mortgage lien) and on any equity

participations of any lender, lessor or tenant, and all costs incurred in connection with any financing, refinancing or syndication of the Office Park or Building, or any part thereof;

(h) all costs relating to activities for the solicitation and execution of leases of space in the Property, including but not limited to tenant allowances, space planning fees, legal fees for preparing leases and amendments to leases, rent payable with respect to any leasing office, advertising costs and real estate brokerage and leasing commissions;

(i) expenses incurred in enforcing obligations of other tenants of the Office Park;

(j) costs of decorating, redecorating, or special cleaning of tenant spaces not provided on a regular basis to all tenants of the Office Park;

(k) wages, salaries, fees and fringe benefits paid to executive personnel, officers or partners of Landlord;

(m) Fines and/or penalties incurred due to noncompliance by Landlord or the Office Park or any other tenant in the Office Park with any law, governmental rule

or regulation or directive of any governmental authority;

(n) The costs and expenses to Landlord in curing its defaults or performing work expressly provided in the Lease to be borne at Landlord's expense;

(o) the cost and expenses of correcting defects in equipment in, for or of the Building, or in the construction of the Building or defects in any other improvements on the Land (as distinguished from repairs thereof in the ordinary course of business due to normal aging of the equipment, Building or the other improvement);

(p) the cost of any work or service performed for any facility other than the Office Park and the Office Park systems;

(q) Any costs included in Common Area Operating Expenses representing an amount paid to a person, firm, corporation or other entity related to Landlord, or Landlord's management company, which is in excess of the amount which would have been paid in the absence of such relationship;

(r) taxes and assessments attributable to the tenant improvements of tenants other than Tenant or the property of tenants other than Tenant if such taxes or assessments are separately paid or separately billed or if such taxes or assessments relate to, or are attributable to, improvements that are above or over the Building's building standard improvements;

(s) any and all costs related to Hazardous Materials except to the extent

caused by Tenant.

II. Notwithstanding anything to the contrary in Section 7.2.4 and 7.2.5 of the Lease, Tenant shall be permitted to bring upon the premises, and to store and use, such products as may be necessary for Tenant to use to maintain the Premises and to conduct its business, provided Tenant shall at all times comply with all governmental laws regulating notice of and the use and handling of such products.

III. Add as Section 9.1A of the Lease, the following:

"9.1A. In the event Landlord fails to perform any term or covenant of this Lease on the Landlord's part to be observed or performed, and Landlord shall fail after written notice by Tenant of such default to remedy such default within thirty (30) days or, if such default is not reasonably capable of being cured within said 30-day period and Landlord shall not commence to cure within said period or shall not thereafter diligently prosecute to completion steps necessary to remedy such default ("Event of Default"), then Tenant, subject to the terms of this Lease, may initiate legal proceedings to cause Landlord to perform such term or covenant or to recover damages suffered thereby. In no event shall tenant have any right to offset or deduct any amounts from the Rent or other amounts payable by Tenant hereunder."

Exhibit 21

Subsidiaries of United

United Stationers Supply Co., an Illinois corporation

Subsidiaries of the Company

United Stationers Hong Kong Limited, incorporated under the laws of Hong Kong

United Worldwide Limited, incorporated under the laws of Hong Kong

CJS/GT Corp., a Georgia corporation

United Business Computers, Inc., a Delaware corporation

Exhibit 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report on the consolidated financial statements of United Stationers Inc. as of August 31, 1993 and 1994 and for the years ended August 31, 1992, 1993 and 1994 and to the reference to our Firm under the caption "Experts" included in this registration statement.

/s/ ARTHUR ANDERSEN LLP

Chicago, Illinois

July 25, 1995

Exhibit 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report on the consolidated financial statements of Associated Holdings, Inc. as of December 31, 1993 and 1994 and from inception, January 31, 1992, through December 31, 1992 and for the years ended December 31, 1993 and 1994 and to the reference to our Firm under the caption "Experts" included in this registration statement.

/s/ ARTHUR ANDERSEN LLP

Chicago, Illinois

July 25, 1995

Exhibit 23.4

CONSENT

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated June 27, 1995, with respect to the consolidated financial statements of United Stationers Inc. as of and for the seven months ended March 31, 1995 included in Amendment No. 1 to the Registration Statement (Form S-1 No. 33-59811) and related Offer for All Outstanding 12-3/4% Senior Subordinated Notes due 2005 In Exchange for 12-3/4% Senior Subordinated Notes due 2005 of United Stationers Supply Co.

/s/ ERNST & YOUNG LLP

ERNST & YOUNG LLP

July 27, 1995

[LETTERHEAD OF ERNST & YOUNG LLP APPEARS HERE]

Exhibit 99

July 26, 1995

Mr. Daniel H. Bushell
Chief Financial Officer
United Stationers Inc.
2200 East Golf Road
Des Plaines, Illinois 60016

Dear Dan:

Note 2 of Notes to Condensed Consolidated Financial Statements of United Stationers Inc. as constituted after the Merger on March 30, 1995 (the "Company") included in its Form 10-Q for the three months ended March 31, 1995 describes a change in the method of accounting for the cost of inventory from the FIFO method to the LIFO method. You have advised us that you made this change in contemplation of your acquisition of United Stationers Inc. (which was accounted for as a "reverse acquisition") so that the Company's method of accounting for the cost of inventory would conform to that of United Stationers Inc. as constituted before its acquisition by the Company and that you believe that the change is to a preferable method in your circumstances because after this change, your method conformed to that of the company you acquired, and in an inflationary environment, the LIFO method provides a better matching of current inventory costs and current revenues, and earnings reported under the LIFO method are more easily compared to that of other public companies in the wholesale industry where this method is common.

There are no authoritative criteria for determining a `preferable' inventory costing method based on the particular circumstances; however, we conclude that the change in the method of accounting for the cost of inventory is to an acceptable alternative method which, based on your business judgment to make this change for the reasons cited above, is preferable in your circumstances. We have not, however, conducted an audit in accordance with generally accepted auditing standards of any financial statements of the Company as of any date or for any period subsequent to December 31, 1994, and therefore we do not express any opinion on any financial statements of the Company subsequent to that date.

Very truly yours,

/s/ Ernst & Young LLP