

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1996-08-26** | Period of Report: **1996-06-30**
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FILER

CARDINAL HEALTH INC

CIK: **721371** | IRS No.: **310958666** | State of Incorpor.: **OH** | Fiscal Year End: **0630**
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SIC: **5122** Drugs, proprietaries & druggists' sundries

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1996

or

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

Commission File Number: 0-12591

CARDINAL HEALTH, INC.

(Exact name of Registrant as specified in its charter)

<TABLE>

<CAPTION>

<S>

OHIO
(State or other jurisdiction of incorporation or organization)

<C>

31-0958666
(I.R.S. Employer Identification No.)

5555 GLENDON COURT, DUBLIN, OHIO
(Address of principal executive offices)
</TABLE>

43016
(Zip Code)

(614) 717-5000

Registrant's telephone number, including area code

Securities Registered Pursuant to Section 12(b) of the Act:

COMMON SHARES (WITHOUT PAR VALUE) (Title of Class)	NEW YORK STOCK EXCHANGE (Name of each exchange on which registered)
---	--

Securities Registered Pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

The aggregate market value of voting stock held by non-affiliates of the Registrant as of August 20, 1996, was approximately \$4,346,376,000.

The number of Registrant's Common Shares outstanding as of August 20, 1996, was as follows:

Common shares, without par value:	64,396,040
Class B common shares, without par value:	0

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1996 are incorporated by reference into Part I of this Annual Report on Form 10-K.

Portions of the Registrant's Definitive Proxy Statement to be filed for its 1996 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

ITEM 1: BUSINESS

GENERAL

Cardinal Health, Inc., an Ohio corporation formed in 1979, is structured as a holding company operating through separate operating subsidiaries. These operating subsidiaries are sometimes collectively referred to as the "Cardinal Health" companies. As used in this report, the "Registrant" and the "Company" refer to Cardinal Health, Inc. and its subsidiaries, unless the context requires otherwise.

The Company is a leading health care service provider which offers an array of value-added pharmaceutical distribution services to a broad base of customers. It is one of the country's largest wholesale distributors of pharmaceutical and related health care products to independent and chain drugstores, hospitals, alternate care centers and the pharmacy departments of supermarkets and mass merchandisers located throughout the continental United States. Through its Pyxis Corporation subsidiary ("Pyxis"), the Company develops and manufactures unique point-of-use systems which automate the distribution, management and control of medications and supplies in hospitals and alternate care facilities. The Company is also the largest franchisor of independent retail pharmacies in the United States through its Medicine Shoppe International, Inc. subsidiary ("Medicine Shoppe"). In addition, through its Allied Pharmacy Service division ("Allied"), the Company is one of the country's largest providers of pharmacy management services to hospitals.

As a full-service wholesale distributor, the Company complements its distribution activities by offering a broad range of value-added support services to assist the Company's customers and suppliers in maintaining and improving their market positions and to strengthen the Company's role in the channel of distribution. These support services include computerized order entry and order confirmation systems, customized invoicing, generic sourcing programs, product movement and management reports, consultation on store operation and merchandising, and customer training. The Company's proprietary software systems

feature customized databases specially designed to help its customers order more efficiently, contain costs, and monitor their purchases which are covered by group contract purchasing arrangements.

The Company operates several specialty health care businesses which offer value-added services to the Company's customers and suppliers while providing the Company with additional opportunities for growth and profitability. For example, the Company operates a pharmaceutical repackaging program for both independent and chain drugstore customers and serves as a distributor of therapeutic plasma products and other specialty pharmaceuticals to hospitals, clinics and other managed care facilities on a nationwide basis through the utilization of telemarketing and direct mail programs. These specialty distribution activities are part of the Company's overall strategy of developing diversified products and services to enhance the profitability of its business and that of its customers and suppliers.

ACQUISITIONS

In the last five years, the Company has completed the following business combinations. In October 1991, the Company expanded its markets into the mid-South by acquiring Chapman Drug Company, based in Knoxville, Tennessee, for \$16.8 million in cash. In May 1993, the Company purchased Solomons Company, a Savannah, Georgia based pharmaceutical wholesaler servicing customers located primarily in the southeastern region of the United States, in exchange for approximately 1,062,000 Common Shares. In December 1993, a subsidiary of the Company merged with PRN Services, Inc., a distributor of oncology and other specialty products to clinics and physician groups across the United States. In February 1994, the Company merged with Whitmire Distribution Corporation ("Whitmire"), a Folsom, California based pharmaceutical wholesaler (the "Whitmire Merger"). The majority of Whitmire's sales were concentrated in the western and central United States, complementing the Company's former concentration of sales in the eastern United States and positioning the combined company to service both customers and suppliers on a national basis. As a result of the Whitmire Merger, the Company now maintains a network of distribution centers enabling it to routinely serve the entire population of the continental U.S. on a next-day basis.

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The Company has completed several additional business combinations since the Whitmire Merger. On July 1, 1994, the Company purchased Humiston-Keeling, Inc., a Calumet City, Illinois based pharmaceutical wholesaler serving customers located primarily in the upper midwest region of the United States. On July 18, 1994, the Company merged with Behrens Inc., a Waco, Texas based pharmaceutical wholesaler servicing customers located primarily in Texas and adjoining states. On November 13, 1995, the Company merged with Medicine Shoppe, a St. Louis, Missouri based franchisor of independent, apothecary-style retail pharmacies in the United States and abroad. On May 7, 1996, the Company merged with Pyxis, a San Diego, California based designer, manufacturer, marketer and servicer of unique point-of-use systems which automate the distribution, management and control of medications and supplies in hospitals and other health care facilities. Pyxis had previously acquired Allied in August 1995, as well as the Access automated medication management system which Pyxis acquired from Lionville Systems, Inc. in January 1996.

On July 24, 1996, the Company announced that it had entered into a definitive merger agreement with PCI Services, Inc. ("PCI"), a provider of diversified packaging services to the pharmaceutical industry in the United States and Europe. Under the terms of the transaction, PCI will become a wholly owned subsidiary of the Company in a stock-for-stock merger. Subject to adjustment upon certain events described in the merger agreement, the shareholders of PCI will receive 0.336 Common Shares of the Company in exchange for each common share of PCI. The Company will issue approximately 2.1 million Common Shares in the acquisition of PCI. The transaction is expected to be accounted for as a pooling-of-interests for financial reporting purposes and is subject to certain conditions, including approval by PCI stockholders.

The Company continually evaluates possible candidates for acquisition and intends to continue to seek opportunities to expand its health care operations and services. For additional information concerning the acquisitions described above, see Notes 2 and 17 of "Notes to Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

CUSTOMERS AND SUPPLIERS

The Company regularly distributes pharmaceuticals, surgical and hospital supplies, health and beauty care products, and related products and services to hospitals, independent and chain drugstores, alternate care centers, and pharmacy departments of supermarkets and mass merchandisers located throughout the continental United States. In addition, the Company markets Pyxis' automated dispensing systems to hospitals and alternate care centers in the U.S. and Canada. Through Medicine Shoppe, the Company franchises retail pharmacies in the

U.S. and abroad. In fiscal 1996, the Company's largest customer, Kmart Corporation ("Kmart"), accounted for approximately 12% of net revenues (by dollar volume). The Company's business could be adversely affected if Kmart were lost as a customer.

The Company obtains its products from many different suppliers, the largest of which accounted for approximately 5.9% (by dollar volume) of its net revenues in fiscal 1996. The Company's five largest suppliers accounted for approximately 22.5% (by dollar volume) of its net revenues during fiscal 1996, and the Company's relationships with its suppliers are generally very good. The Company's arrangements with its pharmaceutical suppliers typically may be canceled by either the Company or the supplier upon 30 to 90 days prior notice, although many of these arrangements are not governed by formal agreements. The loss of certain suppliers could adversely affect the Company's business if alternative sources of supply were unavailable.

While the Company's operations may show quarterly fluctuations, the Company does not consider its business to be seasonal in nature on a consolidated basis.

COMPETITION

The Company's markets are highly competitive. As a pharmaceutical wholesaler, the Company competes directly with other national and regional wholesalers, direct selling manufacturers, mail-order houses, and specialty distributors on the basis of price, breadth of product lines, marketing programs, and support services. The Company's pharmaceutical wholesaling operations have narrow profit margins and, accordingly, the Company's earnings depend significantly on its ability to distribute a large volume and variety of products efficiently and to provide quality

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support services. As a marketer of automated pharmaceutical dispensing systems, the Company competes based upon its installed base of systems, its relationships with customers, its customer service and support capabilities, its patents and other intellectual property, and its ability to interface with customer information systems. Potential competitors to the Pyxis system include both existing domestic and foreign companies, as well as emerging companies that supply products for specialized markets and other outside service providers. Several smaller franchisors compete with Medicine Shoppe in the franchising of pharmacies, where competition is based primarily upon price, benefits offered to both the pharmacist and customer, access to third party programs, and the reputation of the franchise. With its Allied subsidiary, the Company competes with both national and regional hospital pharmacy management firms on the basis of its established base of business, the effective use of automation equipment, the development of clinical programs, and the quality of the services it provides to its customers.

EMPLOYEES

At August 20, 1996, the Company had approximately 4,800 employees, of whom approximately 350 are subject to collective bargaining agreements. The Company considers its employee relations to be good.

INTELLECTUAL PROPERTY

The Company has applied to the United States Patent and Trademark Office for registration of a number of trademarks, certain of which have been issued, and also holds common law rights in various trademarks. The Company has also applied for trademark registration for certain of its trademarks in certain foreign jurisdictions. There can be no assurance that the Company will obtain the registrations for which it has applied. The Company's principal trademarks include CardinalCHOICE(TM), LEADER(R) DRUGSTORES, PYXIS(R), MEDSTATION(R), SUPPLYSTATION(R), and THE MEDICINE SHOPPE(R).

The Company's Pyxis subsidiary holds certain United States patents relating to certain aspects of its automated pharmaceutical dispensing systems and intends to pursue additional patents as appropriate. The Company also owns certain software, including software used for pharmaceutical purchasing and inventory control, which is copyrighted and subject to the protection of applicable copyright laws.

No assurances can be given that any intellectual property rights of the Company will provide meaningful protection against competitive products or otherwise be commercially valuable or that the Company will be successful in obtaining additional patents or enforcing its proprietary rights against others.

REGULATORY MATTERS

The Company, as a distributor of prescription pharmaceuticals (including certain controlled substances) and operator of pharmacy operations, is required to register for permits and/or licenses with, and comply with certain operating

and security standards of, the United States Drug Enforcement Administration, the Food and Drug Administration (the "FDA") and various state boards of pharmacy or comparable agencies. In addition, the Company is subject to requirements of the Controlled Substances Act and the Prescription Drug Marketing Act of 1987, an amendment to the Food, Drug and Cosmetic Act (the "FDCA") which requires each state to regulate the purchase and distribution of prescription drugs under prescribed minimum standards. The Company is not currently required to register or submit premarket notifications to the FDA for its automated pharmaceutical dispensing systems. There can be no assurance, however, that FDA policy in this regard will not change. The Company is also subject to various Federal, state and local laws, regulations and recommendations relating to safe working conditions, laboratory and manufacturing practices, and the use and disposal of hazardous or potentially hazardous substances. Through its Medicine Shoppe subsidiary, the Company is subject to laws adopted by certain states which regulate franchise operations and the franchisor-franchisee relationship, and similar legislation is proposed in additional states. The most common provisions of such laws establish restrictions on the ability of franchisors to terminate or to refuse to renew franchise agreements. Federal Trade Commission rules also require franchisors to make certain disclosures to prospective franchisees prior to the offer or sale of franchises.

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ITEM 2: PROPERTIES

Due to the nature of the Company's business, its office, distribution, assembly, and warehousing facilities are operated in widely dispersed locations across the United States. At August 20, 1996, the Company had twenty-eight principal pharmaceutical distribution facilities, four specialty distribution facilities, and the Pyxis assembly operation located in an aggregate of twenty-three states, seven of which are owned by the Company and the balance of which are leased. The Company's principal executive offices are located in a leased four-story building located at 5555 Glendon Court, Dublin, Ohio. The Company considers its operating properties to be in satisfactory condition and adequate to meet its present needs. However, the Company expects to make further additions, improvements, and consolidations of its properties as the Company's business continues to expand.

For certain financial information regarding the Company's facilities, see Notes 5 and 9 of "Notes to Consolidated Financial Statements."

ITEM 3: LEGAL PROCEEDINGS

In November 1993, the Company and Whitmire, as well as other pharmaceutical wholesalers, were each named as defendants in a series of purported class action antitrust lawsuits which were later consolidated and transferred by the Judicial Panel for Multi-District Litigation to the United States District Court for the Northern District of Illinois (the "Brand Name Prescription Drug Litigation"). Subsequent to the consolidation, a new consolidated complaint was filed which included allegations that the wholesaler defendants, including the Company and Whitmire, conspired with manufacturers to inflate prices by using a chargeback pricing system. In addition to the Federal court cases described above, the Company and Whitmire have also been named as defendants in a series of state court cases alleging similar claims under various state laws regarding the sale of brand name prescription drugs. These lawsuits are described in "Item 1 - Legal Proceedings" of Part II of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, which was filed with the Securities and Exchange Commission and is incorporated herein by reference. On November 9, 1995, the Company, along with the other wholesaler defendants, filed a motion for summary judgment in the Brand Name Prescription Drug Litigation. On April 4, 1996, summary judgment was granted in favor of the Company and the other wholesaler defendants. The plaintiffs have appealed this decision. The Company believes that the allegations against Cardinal and Whitmire in such litigation are without merit, and it intends to contest such allegations vigorously. The Company does not believe that the outcome of these lawsuits will have a material adverse effect on the Company's financial condition or results of operations.

The Company also becomes involved from time to time in routine litigation incidental to its business, none of which is expected to have any material adverse effect on the Company's financial condition or results of operations.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

- (a) A Special Meeting of the Company's shareholders was held on April 26, 1996.
- (b) Not applicable.
- (c) The following matter was voted on at the Special Meeting:

Approval and adoption of the Agreement and Plan of Merger dated as of February 7, 1996, by and among the Company, Aztec Merger Corp. ("Aztec"), and

Pyxis providing for the merger of Aztec with and into Pyxis. The results of the shareholder vote on this proposal were: 38,529,233 votes for; 70,204 votes against; 56,744 votes abstained; and 0 broker non-votes.

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EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Company are as follows (information provided as of August 20, 1996):

<TABLE>
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NAME	AGE	POSITION
<S>	<C>	<C>
Robert D. Walter	51	Chairman and Chief Executive Officer
Melburn G. Whitmire	56	Vice Chairman
John C. Kane	56	President and Chief Operating Officer
David A. Abrahamson	56	Executive Vice President; President -- Medicine Shoppe
David Bearman	50	Executive Vice President and Chief Financial Officer
George H. Bennett, Jr.	43	Executive Vice President, General Counsel and Secretary
James F. Millar	48	Executive Vice President; President -- Cardinal Distribution
Lisa M. Dolin	37	Senior Vice President -- Specialty Companies
Richard J. Miller	39	Vice President, Controller and Principal Accounting Officer

</TABLE>

Unless indicated to the contrary, the business experience summaries provided below for the Company's executive officers describe positions held by the named individuals during the last five years but may exclude other positions held with subsidiaries of the Company.

ROBERT D. WALTER has been a Director, Chairman of the Board and Chief Executive Officer of the Company since its formation in 1979 and has served as a director and officer of certain of the Company's subsidiaries since their formation or acquisition by the Company. Mr. Walter also serves as a director of Banc One Corporation, Westinghouse Electric Corporation and Karrington Health, Inc.

MELBURN G. WHITMIRE has been a Director of the Company since January 1994 and was elected Vice Chairman of the Company in February 1994. Prior to that, Mr. Whitmire was Chairman of the Board, Chief Executive Officer and President of Whitmire Distribution Corporation.

JOHN C. KANE has been a Director of the Company since August 1993 and has been the Company's President and Chief Operating Officer since joining the Company in February 1993. Prior to that, Mr. Kane was employed by Abbott Laboratories (a pharmaceutical and health care manufacturer), where he served most recently as President of the Ross Laboratories Division.

DAVID A. ABRAHAMSON has been an Executive Vice President of the Company since August 1996 and President of Medicine Shoppe since May 1990.

DAVID BEARMAN has been an Executive Vice President of the Company since February 1994 and, prior to that, served as a Region President from May 1991 to February 1994 and as a Senior Vice President of the Company from October 1989. Mr. Bearman has also served as the Company's Chief Financial Officer since joining the Company in October 1989. Prior to joining the Company, Mr. Bearman was employed by General Electric Company (a diversified manufacturing, technology and services company).

GEORGE H. BENNETT, JR. has been Secretary of the Company since July 1994 and an Executive Vice President of the Company since February 1994. Prior to that, Mr. Bennett was a Senior Vice President and Chief Administrative Officer of the Company from May 1991. Mr. Bennett has also served as General Counsel of the Company since joining the Company in January 1984.

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JAMES F. MILLAR has served as an Executive Vice President of the Company since February 1994, and was named as President of the Company's Cardinal Distribution pharmaceutical wholesaling business in June 1996. Prior to February 1994, Mr. Millar served in a series of increasingly senior regional operating positions within the Company's pharmaceutical wholesaling business since he was hired in 1987.

LISA M. DOLIN has been the Company's Senior Vice President -- Specialty Companies since June 1996. She has served as President of the Company's National PharmPak Services, Inc. subsidiary ("National PharmPak") since February 1995. Prior to that, Ms. Dolin served as National PharmPak's Vice President and General Manager beginning in October 1990.

RICHARD J. MILLER has been the Company's Principal Accounting Officer since August 1996 and has served as Vice President, Controller since August 1995. Upon joining the Company in July 1994, and until August 1995, he served as Vice President, Auditing. Prior to that, Mr. Miller was a partner at Deloitte & Touche LLP (an international accounting firm).

PART II

ITEM 5: MARKET FOR THE REGISTRANT'S COMMON SHARES AND RELATED SHAREHOLDER MATTERS

The Company's common shares, without par value (the "Common Shares") are quoted on the New York Stock Exchange under the symbol "CAH." Prior to listing on the New York Stock Exchange, the Common Shares were quoted on the Nasdaq National Market System under the symbol "CDIC."

The following table reflects the range of the reported high and low last sale prices of the Common Shares as reported on the New York Stock Exchange Composite Tape from September 7, 1994 through August 20, 1996 and on the Nasdaq National Market System prior to September 7, 1994, and the per share dividends declared thereon.

<TABLE>
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	HIGH	LOW	DIVIDENDS
<S>	<C>	<C>	<C>
Fiscal 1995:			
Quarter Ended			
September 30, 1994	\$42.13	\$36.63	\$0.03
December 31, 1994	48.25	41.13	0.03
March 31, 1995	50.88	44.25	0.03
June 30, 1995	47.50	42.25	0.03
Fiscal 1996:			
Quarter Ended			
September 30, 1995	\$56.50	\$43.75	\$0.03
December 31, 1995	57.88	51.13	0.03
March 31, 1996	64.25	52.50	0.03
June 30, 1996	75.25	60.25	0.03
Fiscal 1997:			
Through August 20, 1996	\$72.50	\$67.00	\$0.03

</TABLE>

As of August 20, 1996, there were approximately 2,400 shareholders of record of the Company's Common Shares.

The Company anticipates that it will continue to pay quarterly cash dividends in the future. However, the payment and amount of future dividends remain within the discretion of the Company's Board of Directors and will depend upon the Company's future earnings, financial condition, capital requirements, and other factors.

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ITEM 6: SELECTED FINANCIAL DATA

The following selected consolidated financial data of the Company was prepared giving retroactive effect to the business combinations with Whitmire Distribution Corporation ("Whitmire") on February 7, 1994, Medicine Shoppe International, Inc. ("Medicine Shoppe") on November 13, 1995, and Pyxis Corporation ("Pyxis") on May 7, 1996, all of which were accounted for as pooling-of-interests transactions.

On March 1, 1994, the Company changed its fiscal year end from March 31 to June 30. As a result, for the fiscal years ended March 31, 1993 and 1992, the information presented is derived from consolidated financial statements which combine data from Cardinal, Medicine Shoppe and Pyxis for the fiscal years ended March 31, 1993 and 1992, with data from Whitmire for fiscal years ended July 3, 1993 and June 27, 1992, respectively. For the fiscal years ended June 30, 1996, 1995 and 1994, the information presented is derived from consolidated financial statements which combine data from Cardinal, Whitmire, Medicine Shoppe and Pyxis for the fiscal years ended June 30, 1996, 1995 and 1994. The selected consolidated financial data below should be read in conjunction with the

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CARDINAL HEALTH, INC. AND SUBSIDIARIES
SELECTED CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	FISCAL YEAR ENDED				
	JUNE 30, 1996	June 30, 1995	June 30, 1994	March 31, 1993	March 31, 1992
<S>	<C>	<C>	<C>	<C>	<C>
Earnings Statement Data:					
Net revenues	\$8,862,425	\$8,022,108	\$5,963,280	\$4,734,636	\$3,739,700
Earnings available for Common Shares before cumulative effect of change in accounting principle	\$ 111,864	\$ 137,534	\$ 79,825	\$ 65,086	\$ 38,560
Cumulative effect of change in accounting principle				(10,000)	
Net earnings available for Common Shares	\$ 111,864	\$ 137,534	\$ 79,825	\$ 55,086	\$ 38,560
Primary earnings per Common Share:					
Before cumulative effect of change in accounting principle	\$ 1.73	\$ 2.14	\$ 1.30	\$ 1.19	\$ 0.83
Cumulative effect of change in accounting principle				(0.18)	
Net	\$ 1.73	\$ 2.14	\$ 1.30	\$ 1.01	\$ 0.83
Fully diluted earnings per Common Share:					
Before cumulative effect of change in accounting principle	\$ 1.73	\$ 2.14	\$ 1.30	\$ 1.16	\$ 0.83
Cumulative effect of change in accounting principle				(0.17)	
Net	\$ 1.73	\$ 2.14	\$ 1.30	\$ 0.99	\$ 0.83
Balance Sheet Data:					
Total assets	\$2,681,095	\$2,160,961	\$1,636,382	\$1,265,861	\$1,023,485
Long-term obligations	265,144	209,214	210,196	276,748	306,066
Redeemable preferred stock				20,400	19,560
Convertible preferred stock					109
Shareholders' equity	930,710	799,559	567,345	395,762	281,651
Cash dividends declared per Common Share	\$ 0.12	\$ 0.12	\$ 0.10	\$ 0.07	\$ 0.06

</TABLE>

Net earnings and cash dividends per Common Share have been adjusted to reflect all stock dividends and stock splits. Amounts reflect business combinations in fiscal 1996, 1995, 1994 and 1992. Fiscal 1996, 1994 and 1993 amounts reflect the impact of unusual items primarily related to mergers. See Note 2 of "Notes to Consolidated Financial Statements" for a further discussion of unusual items affecting fiscal 1996 and 1994.

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ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis has been prepared giving retroactive effect to the pooling-of-interests business combinations with Medicine Shoppe which was completed on November 13, 1995 and Pyxis which was completed on May 7, 1996 (see Note 2 of "Notes to Consolidated Financial Statements"). The discussion and analysis presented below should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this report.

RESULTS OF OPERATIONS

NET REVENUES. Net revenues in fiscal 1996 increased 10% compared with fiscal 1995 primarily due to the internal revenue growth from pharmaceutical wholesaling activities, including the addition of new customers, increased sales to existing customers and price increases. The 35% increase in net revenues in fiscal 1995 compared to fiscal 1994 was due to internal business growth of 25%, primarily in pharmaceutical wholesaling activities, the acquisition of Humiston-Keeling, Inc. in July 1994, and the merger transaction

with Behrens Inc. in July 1994 (see Note 2 of "Notes to Consolidated Financial Statements"). The internal business growth in fiscal 1995 resulted primarily from the addition of new customers (partially as a result of expanded sales territories), increased sales to existing customers, and price increases.

GROSS MARGIN. As a percentage of net revenues, gross margin increased to 8.07% for fiscal 1996 from 7.79% in fiscal 1995. This increase is primarily due to the gross margin generated from the acquisition of pharmacy management operations in fiscal 1996 (see Notes 1 and 2 of "Notes to Consolidated Financial Statements"). Pharmacy management operations generally provide a higher gross margin than pharmaceutical wholesaling activities. The gross margin ratio in fiscal 1995 decreased from 8.17% in fiscal 1994 primarily due to decreases in pharmaceutical selling margin rates, reflecting a more competitive market and a greater mix of high volume customers, offset by a slight increase in purchasing gains associated with pharmaceutical price inflation.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses as a percentage of net revenues increased to 4.89% in fiscal 1996 compared to 4.72% in fiscal 1995. The increase in the selling, general and administrative expenses as a percentage of net revenues in fiscal 1996 is due to the inclusion of pharmacy management services in current year operations (see "Gross Margin" above). This increase was partially offset by economies associated with the Company's revenue growth from pharmaceutical wholesaling activities, as well as productivity gains resulting in part from warehouse consolidations and management information system enhancements. The decrease in the selling, general and administrative expenses as a percentage of net revenues in fiscal 1995 from 4.90% in fiscal 1994 is due to economies associated with the Company's revenue growth as well as consolidating distribution centers and administrative functions, and selectively automating facilities.

UNUSUAL ITEMS. During fiscal 1996, the Company recorded costs totaling \$67.3 million (\$47.8 million, net of tax) related primarily to the mergers with Medicine Shoppe and Pyxis (see Note 2 of "Notes to Consolidated Financial Statements"). These costs included approximately \$22.4 million for investment advisor, legal, accounting, internal personnel and other transaction fees associated with the business combinations; \$14.7 million related to costs to exit and restructure certain activities, including operating lease terminations and asset impairment charges; \$7.8 million related to employee retention, employee severance, and other personnel costs; and \$2.9 million for other activities related to integrating operations and implementing efficiencies of the merged companies. Certain of these amounts are based upon estimates and actual amounts paid may ultimately differ from these estimates. As of June 30, 1996, the Company had paid approximately \$22.1 million related to these charges. If additional costs are incurred, such items will be expensed in subsequent periods.

In fiscal 1994, the Company recorded a charge to reflect Whitmire Merger costs of approximately \$35.9 million (\$28.2 million net of tax). These costs included approximately \$7 million for investment banking, legal, accounting, and other related transaction fees and costs associated with the combination; \$13 million for corporate integration and distribution rationalization; \$6 million for integration of information systems; and \$2 million for restructuring Whitmire's revolving credit agreement. At June 30, 1996, the Company had disbursed all amounts related to these liabilities, with the actual amounts paid approximating the original amounts recorded.

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These items are considered unusual in nature in that the costs would generally not have been incurred in the absence of the business combinations.

INTEREST EXPENSE. The increase in interest expense of \$4.5 million in fiscal 1996 compared to fiscal 1995 is due to the Company's issuance of \$150 million, 6% Notes due 2006, in a public offering in January 1996. The increase in interest expense of \$1.1 million in fiscal 1995 compared to fiscal 1994 is due to higher average short-term borrowings resulting from increased working capital requirements associated with the Company's growth. The Company has entered into various interest rate swap agreements (see Note 5 of "Notes to Consolidated Financial Statements").

PROVISION FOR INCOME TAXES. The Company's provision for income taxes relative to pretax earnings was 44.6%, 41.1% and 44.8% for fiscal years 1996, 1995 and 1994, respectively. The fluctuation in the tax rate is primarily due to certain nondeductible costs associated with the business combinations in fiscal 1996 and 1994 (see Note 7 of "Notes to Consolidated Financial Statements").

LIQUIDITY AND CAPITAL RESOURCES

Working capital increased \$88.4 million to \$854.1 million at June 30, 1996, from \$765.7 million at June 30, 1995, and included increased investments in merchandise inventories and trade receivables of \$151.4 million and \$42.7 million, respectively, and increased holdings of cash and equivalents and

marketable securities of \$176.8 million. The increase was offset primarily by an increase in accounts payable and the current portion of long-term debt of \$170.0 million and \$102.8 million, respectively, and an increase in other accrued liabilities of \$29.8 million. The increases in inventories and accounts payable are due to the Company's revenue growth, the procurement of pharmaceutical inventory relative to an anticipated increase in business with a large mass merchandising customer, and pharmaceutical price increases. The increase in cash and equivalents, and marketable securities available-for-sale reflect the timing of inventory purchases and payments noted above and a partial use of proceeds from the Company's \$150 million 6% Note offering (see "Interest Expense," above). The increase in trade receivables was due primarily to increased sales (see "Net Revenues", above). The increase in the current portion of long-term debt is due to the Company's \$100 million 8% Notes which are due March 1997. Liabilities incurred in connection with the fiscal 1996 business combinations were the primary cause of the increase in the other accrued liabilities.

Property and equipment, at cost increased by \$69.7 million in fiscal 1996. The property acquired included increased investment in management information systems and customer support systems, as well as the construction and automation of distribution facilities.

Goodwill and other intangibles increased by approximately \$31.7 million to \$92.4 million due to purchase business combinations completed in the current year, primarily related to the Company's point-of-use pharmacy systems and pharmacy management services (see Note 2 of "Notes to Consolidated Financial Statements").

Shareholders' equity increased to \$930.7 million at June 30, 1996 from \$799.6 million at June 30, 1995 due primarily to net earnings of the Company of approximately \$111.9 million and proceeds and tax benefits from the exercise of options under employee stock plans of \$27.6 million, offset primarily by dividends paid by the Company of approximately \$7.6 million in fiscal 1996.

The Company has line-of-credit agreements with various bank sources aggregating \$345 million, of which \$95 million is represented by committed line-of-credit agreements and the balance is uncommitted. The Company had no amounts outstanding under these lines at June 30, 1996.

The Company believes that it has adequate capital resources at its disposal to meet currently anticipated capital expenditures, routine business growth and expansion, and current and projected debt service requirements.

OTHER

PENDING BUSINESS COMBINATION. On July 24, 1996, the Company announced that it had entered into a definitive merger agreement with PCI Services, Inc. ("PCI") pursuant to which PCI will become a wholly owned subsidiary of the Company in a stock-for-stock merger expected to be accounted for as a pooling-of-interests for financial reporting

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purposes. In connection with the merger, the Company estimates that it will issue approximately 2.1 million Common Shares. Under the terms of the merger agreement, shareholders of PCI will receive 0.336 Common Shares for each share of PCI that they own at the time the transaction is consummated, subject to adjustment under specified circumstances. In addition, pursuant to the terms of the merger agreement, options for PCI common stock will be converted into equivalent options for approximately 158,000 Common Shares, based upon the exchange ratio. Upon consummation of the merger, the Company will record a one-time charge to reflect transaction and other costs incurred as a result of the merger. The merger is expected to be completed in the fall of 1996, subject to satisfaction of certain conditions, including approval by shareholders of PCI.

The Company's trend with regard to acquisitions in fiscal 1996, and continuing with the pending PCI transaction described above, has been to expand its role as a health care service provider. This trend has resulted in diversification into health care services which (a) complement the Company's core pharmaceutical distribution business; (b) provide opportunities for the Company to develop synergies with, and thus strengthen, the acquired business; and (c) generally generate higher gross margins as a percentage of net revenues than pharmaceutical distribution. As the health care industry continues to consolidate, the Company expects to continually evaluate acquisition candidates in both pharmaceutical distribution as well as other opportunities that would expand its role as a health care service provider; however, there can be no assurance that it will be able to successfully pursue any such opportunity or consummate any such transaction.

RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS. In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," which requires

adoption no later than the Company's fiscal 1997. The new standard defines a fair value method of accounting for stock options and similar equity instruments, under which compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. Pursuant to the new standard, companies are encouraged, but not required, to adopt the fair value method of accounting for employee stock-based transactions. Companies are also permitted to continue to account for such transactions under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," but would be required to disclose in the financial statements pro forma net income and earnings per share as if the new method of accounting had been applied. The accounting requirements of the new method are effective for all employee awards granted after the beginning of the fiscal year of adoption. The Company has not yet determined if it will elect to change to the fair value method, nor has it determined the effect the new standard will have on net income and earnings per share should it elect to make such a change. Adoption of the new standard will have no effect on the Company's cash flows.

In addition, in March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121 (SFAS No. 121), "Accounting For the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which requires adoption no later than the Company's fiscal 1997. SFAS No. 121 requires impairment losses to be recorded on long-lived assets used in operations when an indication of impairment is present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses accounting for long-lived assets that are expected to be disposed of. The Company does not believe, based on current circumstances, the adoption of SFAS No. 121 will have a material effect on financial condition or results of operations.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Independent Auditors' Reports

Financial Statements:

Consolidated Statements of Earnings for the Fiscal Years Ended
June 30, 1996, 1995 and 1994
Consolidated Balance Sheets at June 30, 1996 and 1995
Consolidated Statements of Shareholders' Equity for the Fiscal
Years Ended June 30, 1996, 1995 and 1994
Consolidated Statements of Cash Flows for the Fiscal Years Ended
June 30, 1996, 1995 and 1994

Notes to Consolidated Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Cardinal Health, Inc.:

We have audited the accompanying consolidated balance sheets of Cardinal Health, Inc. and subsidiaries as of June 30, 1996 and 1995, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 1996. Our audits also included the financial statement schedule listed in the Index at Item 14. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. The consolidated financial statements and financial statement schedule give retroactive effect to the pooling-of-interests business combination of Cardinal Health, Inc. and Pyxis Corporation on May 7, 1996, as described in Note 2 to the consolidated financial statements. We did not audit the financial statements of Pyxis Corporation for any year, which statements reflect total assets constituting 10.5% and 11.2%, respectively, of consolidated total assets at June 30, 1996 and 1995, and total revenues and net income constituting 2.5%, 2.0% and 2.1%, and 31.7%, 26.6% and 39.9%, respectively, for each of the three years in the period ended June 30, 1996. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Pyxis Corporation, is based solely on the report of such other auditors.

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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the

consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cardinal Health, Inc. and subsidiaries at June 30, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 1996 in conformity with generally accepted accounting principles. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Columbus, Ohio
August 13, 1996

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Report of Ernst & Young LLP, Independent Auditors

Board of Directors
Cardinal Health, Inc.

We have audited the consolidated balance sheets of Pyxis Corporation as of June 30, 1996 and 1995, and the related consolidated statements of income, shareholder's equity, and cash flows for each of the three years in the period ended June 30, 1996 (not included herein). 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 Pyxis Corporation at June 30, 1996 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 1996, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

San Diego, California
August 2, 1996

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<TABLE>
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CARDINAL HEALTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	FISCAL YEAR ENDED JUNE 30,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Net revenues	\$8,862,425	\$8,022,108	\$5,963,280
Cost of products sold	8,147,148	7,397,557	5,476,361
Gross margin	715,277	624,551	486,919
Selling, general and administrative expenses	433,255	378,579	291,975
Unusual items	(67,250)		(35,880)
Operating earnings	214,772	245,972	159,064
Other income (expense):			
Interest expense	(23,868)	(19,403)	(18,316)
Other, net-- primarily interest income	11,161	7,066	6,160

Earnings before income taxes	202,065	233,635	146,908
Provision for income taxes	90,201	96,101	65,878
	-----	-----	-----
Earnings before preferred dividends declared	111,864	137,534	81,030
Preferred dividends declared			(1,205)
	-----	-----	-----
Net earnings available for Common Shares	\$ 111,864	\$ 137,534	\$ 79,825
	=====	=====	=====
Earnings per Common Share:			
Primary	\$ 1.73	\$ 2.14	\$ 1.30
Fully diluted	\$ 1.73	\$ 2.14	\$ 1.30
Weighted average number of Common Shares outstanding:			
Primary	64,669	64,119	61,380
Fully diluted	64,743	64,170	61,399

The accompanying notes are an integral part of these statements.

</TABLE>

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<TABLE>
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CARDINAL HEALTH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	JUNE 30, 1996	JUNE 30, 1995
	-----	-----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and equivalents	\$ 287,802	\$ 64,589
Marketable securities available-for-sale	54,335	100,760
Trade receivables	564,881	522,230
Current portion of net investment in sales-type leases	37,953	30,119
Merchandise inventories	1,238,238	1,086,877
Prepaid expenses and other	56,568	47,107
	-----	-----
Total current assets	2,239,777	1,851,682
	-----	-----
Property and equipment, at cost:		
Land, buildings and improvements	62,367	47,406
Machinery and equipment	162,525	119,122
Furniture and fixtures	40,692	29,398
	-----	-----
Total	265,584	195,926
Accumulated depreciation and amortization	(112,122)	(89,267)
	-----	-----
Property and equipment, net	153,462	106,659
Other assets:		
Net investment in sales-type leases, less current portion	111,604	85,313
Goodwill and other intangibles	92,428	60,695
Other	83,824	56,612
	-----	-----
Total	\$2,681,095	\$2,160,961
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable, banks	\$	\$ 3,000
Current portion of long-term obligations	106,007	3,162
Accounts payable	1,126,065	956,073
Other accrued liabilities	153,585	123,764
	-----	-----
Total current liabilities	1,385,657	1,085,999
	-----	-----
Long-term obligations, less current portion	265,144	209,214
Deferred income taxes and other liabilities	99,584	66,189

Shareholders' equity:		
Common Shares, without par value	484,446	455,709
Retained earnings	455,690	351,441
Common Shares in treasury, at cost	(5,426)	(4,011)
Other	(4,000)	(3,580)
	-----	-----
Total shareholders' equity	930,710	799,559
	-----	-----
Total	\$2,681,095	\$2,160,961
	=====	=====

The accompanying notes are an integral part of these statements.

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CARDINAL HEALTH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In Thousands)

	COMMON SHARES		RETAINED EARNINGS
	SHARES ISSUED	AMOUNT	
	-----	-----	-----
<S>	<C>	<C>	<C>
BALANCE, JUNE 30, 1993	44,925	\$272,460	\$147,006
Earnings before preferred dividends declared			81,030
Shares issued pursuant to the conversion of \$75 million of convertible debentures	3,423	73,140	
Employee stock plans activity and issuance of Common Shares for cash, including tax benefits of \$7,969	2,834	12,045	
Treasury shares acquired and shares retired	(92)	(191)	(2,232)
Cumulative effect of adjustment for unrealized loss on marketable securities available-for-sale			
Dividends paid			(7,645)
5-for-4 stock split effected as a stock dividend and cash paid in lieu of fractional shares	7,564		(16)
Equity of PRN Services, Inc. on merger date (see Note 2)	237	34	348
	-----	-----	-----
BALANCE, JUNE 30, 1994	58,891	357,488	218,491
Net earnings			137,534
Employee stock plans activity and issuance of Common Shares for cash, including tax benefits of \$22,236	1,684	27,602	
Treasury shares acquired and shares retired	(186)	(300)	(4,805)
Change in unrealized loss on marketable securities available-for-sale, net of tax			
Dividends paid			(9,107)
Equity of Behrens Inc. on merger date (see Note 2)	944	451	9,328
Shares issued in connection with stock offering	1,867	70,468	
	-----	-----	-----
BALANCE, JUNE 30, 1995	63,200	455,709	351,441
Net earnings			111,864
Employee stock plans activity and issuance of Common Shares for cash, including tax benefits of \$11,168	982	28,737	
Treasury shares acquired and restricted stock forfeitures			
Change in unrealized loss on marketable securities available-for-sale, net of tax			
Dividends paid			(7,615)
	=====	=====	=====
BALANCE, JUNE 30, 1996	64,182	\$484,446	\$455,690
	=====	=====	=====

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	TREASURY SHARES			TOTAL SHAREHOLDERS' EQUITY
	SHARES	AMOUNT	OTHER	
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
BALANCE, JUNE 30, 1993	(173)	\$(3,083)	\$(3,066)	\$ 413,317
Earnings before preferred dividends declared				81,030
Shares issued pursuant to the conversion of \$75 million of convertible debentures				73,140
Employee stock plans activity and issuance of Common Shares for cash, including tax benefits of \$7,969			(907)	11,138
Treasury shares acquired and shares retired	(7)	(307)		(2,730)
Cumulative effect of adjustment for unrealized loss on marketable securities available-for-sale			(1,271)	(1,271)
Dividends paid				(7,645)
5-for-4 stock split effected as a stock dividend and cash paid in lieu of fractional				

shares				(16)
Equity of PRN Services, Inc. on merger date (see Note 2)				382
BALANCE, JUNE 30, 1994	(180)	(3,390)	(5,244)	567,345
Net earnings				137,534
Employee stock plans activity and issuance of Common Shares for cash, including tax benefits of \$22,236			839	28,441
Treasury shares acquired and shares retired	(13)	(621)		(5,726)
Change in unrealized loss on marketable securities available-for-sale, net of tax			825	825
Dividends paid				(9,107)
Equity of Behrens Inc. on merger date (see Note 2)				9,779
Shares issued in connection with stock offering				70,468
BALANCE, JUNE 30, 1995	(193)	(4,011)	(3,580)	799,559
Net earnings				111,864
Employee stock plans activity and issuance of Common Shares for cash, including tax benefits of \$11,168			(1,173)	27,564
Treasury shares acquired and restricted stock forfeitures	(29)	(1,415)	307	(1,108)
Change in unrealized loss on marketable securities available-for-sale, net of tax			446	446
Dividends paid				(7,615)
BALANCE, JUNE 30, 1996	(222)	\$(5,426)	\$(4,000)	\$ 930,710

The accompanying notes are an integral part of these statements.

</TABLE>

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<TABLE>

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CARDINAL HEALTH INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FISCAL YEAR ENDED JUNE 30,		
	1996	1995	1994
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Earnings before preferred dividends declared	\$ 111,864	\$ 137,534	\$ 81,030
Adjustments to reconcile earnings before preferred dividends declared to net cash from operating activities:			
Depreciation and amortization	32,488	24,342	18,650
Provision for deferred income taxes	20,530	49,568	10,798
Provision for bad debts	9,450	12,479	12,172
Change in operating assets and liabilities, net of effects from acquisitions:			
Increase in trade receivables	(47,355)	(137,476)	(89,217)
Increase in merchandise inventories	(148,431)	(159,036)	(232,178)
Increase in net investment in sales-type leases	(34,125)	(40,584)	(40,710)
Increase in accounts payable	164,601	154,137	170,682
Other operating items, net	13,200	(10,048)	13,355
Net cash provided by (used in) operating activities	122,222	30,916	(55,418)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of subsidiaries, net of cash acquired	(36,244)	(19,345)	
Proceeds from sale of property and equipment	796	91	1,079
Additions to property and equipment	(73,094)	(50,654)	(14,195)
Purchase of marketable securities available-for-sale	(163,719)	(169,599)	(652,347)
Proceeds from sale of marketable securities available-for-sale	218,019	143,501	682,300
Net cash provided by (used in) investing activities	(54,242)	(96,006)	16,837
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net short-term borrowing activity	(3,000)	(22,500)	25,000
Reduction of long-term obligations	(10,570)	(5,424)	(99,403)
Proceeds from long-term obligations, net of issuance costs	148,960		99,498
Proceeds from issuance of Common Shares	17,398	75,770	2,293
Tax benefit of stock options	11,168	22,236	7,969
Dividends on common and preferred shares and cash paid in lieu of fractional shares	(7,615)	(9,107)	(7,661)
Redemption of preferred stock			(20,400)
Purchase of treasury shares	(1,108)	(5,726)	(2,730)
Net cash provided by financing activities	155,233	55,249	4,566

NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	223,213	(9,841)	(34,015)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	64,589	74,430	108,445
CASH AND EQUIVALENTS AT END OF YEAR	\$ 287,802	\$ 64,589	\$ 74,430

The accompanying notes are an integral part of these statements.

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CARDINAL HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cardinal Health, Inc. and subsidiaries (the "Company") is a health care service provider which distributes a broad line of pharmaceuticals, surgical and hospital supplies, therapeutic plasma and other specialty pharmaceutical products, health and beauty care products, and other items typically sold by hospitals, retail drug stores, and other health care providers. Through the Company's subsidiary Pyxis Corporation ("Pyxis"), the Company manufactures, leases, sells and services point-of-use pharmacy systems which automate the distribution and management of medications and supplies in hospitals and other health care facilities. Pharmacy management services are provided by the Company's subsidiary Allied Pharmacy Service, Inc. ("Allied"). The Company is also a franchisor of apothecary-style pharmacies through its subsidiary Medicine Shoppe International, Inc. ("Medicine Shoppe"). See "Basis of Presentation" and Note 2 below. The Company is currently operating in only one business segment, primarily in the continental United States.

BASIS OF PRESENTATION

The consolidated financial statements of the Company include the accounts of all majority-owned subsidiaries and all significant intercompany accounts and transactions have been eliminated. In addition, the consolidated financial statements give retroactive effect to the pooling-of-interests business combinations with Whitmire Distribution Corporation ("Whitmire") on February 7, 1994, Medicine Shoppe on November 13, 1995, and Pyxis on May 7, 1996.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts may differ from these amounts.

CASH EQUIVALENTS

The Company considers all liquid investments purchased with a maturity of three months or less to be cash equivalents. The carrying value of cash equivalents approximates their fair value.

MARKETABLE SECURITIES AVAILABLE-FOR-SALE

The Company has classified its investment in municipal bonds and U.S. Treasury obligations as available-for-sale. The fair value of the marketable securities approximates the original costs determined on a specific identification basis at June 30, 1996. Gross and net realized and unrealized holding gains and losses were not material in any period presented in the accompanying financial statements. The Company's marketable securities available-for-sale mature on various dates in fiscal 1997.

RECEIVABLES

Trade receivables are primarily comprised of amounts owed to the Company through its pharmaceutical wholesaling activities and are presented net of an allowance for doubtful accounts of \$32,414,000 and \$31,529,000 at June 30, 1996 and 1995, respectively.

Medicine Shoppe provides financing to selected franchisees primarily for development, acquisition and conversion costs, exclusive of origination fees. Such financing arrangements generally require repayment in seven to ten years, at interest rates which fluctuate with the prime rate. Most of these financings are collateralized by property of the franchisees or by third-party guarantors. Finance notes and accrued interest receivable were \$36,438,000 and \$32,340,000 at June 30, 1996 and 1995, respectively (the current portion was \$5,827,000 and \$5,062,000, respectively), and are included in other assets. These amounts are reported net of an allowance for doubtful accounts of \$8,042,000 and \$7,385,000 at June 30, 1996 and 1995, respectively.

CARDINAL HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MERCHANDISE INVENTORIES

Substantially all merchandise inventories (83% in 1996 and 91% in 1995) are stated at lower of cost, using the last-in, first-out (LIFO) method, or market. If the Company had used the first-in, first-out (FIFO) method of inventory valuation, which approximates current replacement cost, inventories would have been higher than reported at June 30, 1996, by \$76,321,000 and at June 30, 1995, by \$79,365,000.

The Company continues to consolidate locations, automate selected distribution facilities and invest in management information systems which achieve efficiencies in inventory management processes. As a result of the facility and related inventory consolidations and the operational efficiencies achieved in fiscal 1996, the Company had partial inventory liquidations in certain LIFO pools which reduced the LIFO provision by approximately \$7 million.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation and amortization for financial reporting purposes are computed using the straight-line method over the estimated useful lives of the assets which range from three to forty years, including capital lease assets which are amortized over the terms of their respective leases. Amortization of capital lease assets is included in depreciation and amortization expense. Certain software costs related to internally developed or purchased software are capitalized and amortized using the straight-line method over the useful lives, not exceeding five years.

GOODWILL AND OTHER INTANGIBLES

Goodwill and other intangibles primarily represent intangible assets related to the excess of cost over net assets of subsidiaries acquired. Intangible assets are being amortized using the straight-line method over lives which range from ten to forty years. Accumulated amortization was \$23,901,000 and \$18,819,000 at June 30, 1996 and 1995, respectively. At each balance sheet date, a determination is made by management to ascertain whether the intangible assets have been impaired based on several criteria, including, but not limited to, sales trends, undiscounted operating cash flows, and other operating factors.

REVENUE RECOGNITION

The Company records revenues when merchandise is shipped to its customers and the Company has no further obligation to provide services related to such merchandise. The Company also arranges for direct deliveries to be made to customer warehouses which are excluded from net revenues and totaled \$2,179,000,000, \$1,779,000,000 and \$562,000,000 in fiscal 1996, 1995 and 1994, respectively. The service fees related to direct deliveries are included in net revenues and were not significant in any of the fiscal years presented.

Revenues are recognized from sales-type leases of point-of-use pharmacy systems when the systems are installed, and/or the customer accepts the system, and the lease becomes noncancellable. Unearned income on sales-type leases is recognized using the interest method. Sales of point-of-use pharmacy systems are recognized upon installation/delivery and customer acceptance. Revenues for systems installed under operating lease arrangements are recognized over the lease term as it becomes receivable according to the provisions of the lease. The revenue from such operating leases is not significant.

The Company earns franchise and origination fees from its apothecary-style pharmacy franchisees. Franchise fees represent monthly fees based upon franchisees' sales and are recognized as revenues when they are earned. Origination fees from signing new franchise agreements are recognized as revenues when the new franchise store is opened. Master franchise origination fees are recognized as revenues when all significant conditions relating to the master franchise agreement have been satisfied by the Company.

Pharmacy management revenue is recognized according to the contracts established. A fee is charged under such contracts through a monthly management fee arrangement, a capitated fee arrangement or a portion of the hospital charges to patients.

EARNINGS PER COMMON SHARE

Primary and fully diluted earnings per Common Share are computed using the treasury stock method and are based on the weighted average number of Common Shares outstanding during each period and the dilutive effect of stock options from the date of grant.

Excluding dividends paid by all entities with which the Company has merged, the Company paid cash dividends per Common Share of \$0.12, \$0.12 and \$0.09 for the fiscal years ended June 30, 1996, 1995 and 1994, respectively.

STOCK SPLIT

The Company paid a 25% stock dividend on June 30, 1994, to effect a five-for-four stock split of the Company's Common Shares. All share and per share amounts included in the consolidated financial statements, except the Consolidated Statements of Shareholders' Equity, have been adjusted to reflect this stock split.

2. BUSINESS COMBINATIONS

Effective May 7, 1996, a wholly owned subsidiary of the Company was merged with and into Pyxis (the "Pyxis Merger"). The Pyxis Merger was accounted for as a pooling-of-interests business combination, and the Company issued approximately 15,076,000 Common Shares to Pyxis shareholders. In addition, Pyxis' outstanding stock options were converted into options to purchase approximately 1,562,000 additional Common Shares.

The table below presents a reconciliation of net revenues and net earnings available for Common Shares as reported in the accompanying consolidated financial statements with those previously reported by the Company (in thousands).

<TABLE>
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	Cardinal Health	Pyxis	Combined
<S>	<C>	<C>	<C>
Fiscal year ended June 30, 1994:			
Net revenues	\$ 5,838,574	\$ 124,706	\$ 5,963,280
Net earnings available for Common Shares	\$ 47,990	\$ 31,835	\$ 79,825
Fiscal year ended June 30, 1995:			
Net revenues	\$ 7,859,919	\$ 162,189	\$ 8,022,108
Net earnings available for Common Shares	\$ 101,000	\$ 36,534	\$ 137,534
Nine Months Ended March 31, 1996:			
Net revenues	\$ 6,381,569	\$ 160,376	\$ 6,541,945
Net earnings available for Common Shares	\$ 79,003	\$ 24,804	\$ 103,807

</TABLE>

Adjustments affecting net income and shareholders' equity resulting from the Pyxis Merger to adopt the same accounting practices were not material for any periods presented herein. There were no material intercompany transactions.

On November 13, 1995, a wholly owned subsidiary of the Company was merged with and into Medicine Shoppe. The Medicine Shoppe merger was accounted for as a pooling-of-interests business combination. The Company issued approximately 6,426,000 Common Shares to Medicine Shoppe shareholders. In addition, Medicine Shoppe's outstanding stock options were converted into options to purchase approximately 121,000 Common Shares.

During fiscal 1996, the Company recorded costs totaling \$67.3 million (\$47.8 million, net of tax) related primarily to the mergers with Medicine Shoppe and Pyxis. These costs included approximately \$22.4 million for investment advisor, legal, accounting, internal personnel and other transaction fees associated with the business combinations; \$14.7 million related to costs to exit and restructure certain activities, including operating lease terminations and asset impairment charges; \$7.8 million related to employee retention, employee severance, and other personnel costs; and \$2.9 million for other activities related to integrating operations and implementing efficiencies of

the merged companies. Certain of these amounts are based upon estimates and

actual amounts paid may ultimately differ from these estimates. As of June 30, 1996, the Company had paid approximately \$22.1 million related to these charges. If additional costs are incurred, such items will be expensed in subsequent periods.

During fiscal 1996, the Company completed two business combinations which were accounted for under the purchase method of accounting. These business combinations were primarily related to the Company's point-of-use pharmacy systems and pharmacy management services. The aggregate purchase price, which was paid primarily in cash, including fees and expenses, was \$40.0 million. Liabilities of the operations assumed were approximately \$33.2 million, consisting primarily of debt of \$27.8 million. Had the purchases occurred at the beginning of fiscal 1995, operating results for fiscal 1996 and 1995 on a pro forma basis would not have been significantly different.

On July 18, 1994, the Company issued approximately 944,000 Common Shares in a merger transaction for all of the common shares of Behrens Inc. ("Behrens"), a pharmaceutical wholesaler based in Waco, Texas. The transaction was accounted for as a pooling-of-interests business combination. The historical cost of Behrens assets combined was approximately \$25,396,000, and the total liabilities assumed (including total debt of approximately \$1,336,000) were approximately \$15,617,000. The impact of the Behrens merger, on both an historical and pro forma basis, is not significant. Accordingly, prior periods have not been restated for the Behrens merger.

On July 1, 1994, the Company acquired all of the outstanding stock of Humiston-Keeling, Inc., a pharmaceutical wholesaler based in Calumet City, Illinois, for cash of \$33,334,000 and assumed total liabilities of \$94,390,000 (including total debt of approximately \$1,670,000) in a transaction accounted for by the purchase method.

On January 27, 1994, shareholders of Cardinal and Whitmire approved and adopted the Agreement and Plan of Reorganization dated October 11, 1993 (the "Reorganization Agreement"), pursuant to which a wholly owned subsidiary of Cardinal was merged with and into Whitmire effective February 7, 1994. In the Whitmire Merger holders of outstanding Whitmire common stock received an aggregate of approximately 6,802,000 Class A common shares and approximately 1,861,000 Class B common shares in exchange for all of the previously outstanding common stock of Whitmire (all Class B common shares were converted into Class A common shares in fiscal 1995). In addition, Whitmire's outstanding stock options were converted into options to purchase an aggregate of approximately 1,721,000 additional Common Shares pursuant to the terms of such options and the Reorganization Agreement.

In fiscal 1994, the Company recorded a charge to reflect Whitmire Merger costs of approximately \$35.9 million (\$28.2 million net of tax). These costs included approximately \$7 million for investment banking, legal, accounting, and other related transaction fees and costs associated with the combination; \$13 million for corporate integration and distribution rationalization; \$6 million for integration of information systems; and \$2 million for restructuring Whitmire's revolving credit agreement. At June 30, 1996, the Company had disbursed all amounts related to these liabilities, with the actual amounts paid approximating the original amounts recorded.

On December 17, 1993, the Company issued approximately 296,000 Common Shares in a merger transaction for all of the capital stock of PRN Services, Inc. ("PRN"), a distributor of pharmaceuticals and medical supplies to oncologists and oncology clinics. The transaction was accounted for as a pooling-of-interests business combination. The historical cost of PRN assets combined was approximately \$16,946,000, and the total liabilities assumed (including total debt of approximately \$5,847,000) were approximately \$16,564,000. The impact of the PRN merger, on both an historical and pro forma basis, is not significant. Accordingly, prior periods have not been restated for the PRN merger.

CARDINAL HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following supplemental information, which is presented for purposes of facilitating meaningful comparisons to ongoing operations and to other companies, summarizes the results of operations of the Company, adjusted on a pro forma basis to reflect (a) the elimination of the effect of the merger costs discussed above, and (b) the redemption of Whitmire's preferred stock pursuant to the terms of the Reorganization Agreement. Solely for purposes of the summary presented below, such redemption is assumed to have been funded from the liquidation of investments in tax-exempt marketable securities.

<TABLE>
<CAPTION>

Fiscal Year Ended

	June 30, 1996	June 30, 1995	June 30, 1994
(In thousands, except per share amounts)			
<S>	<C>	<C>	<C>
Operating earnings, excluding unusual items	\$ 282,022	\$ 245,972	\$ 194,944
Earnings available for Common Shares	159,697	137,534	108,938
Earnings per Common Share, excluding unusual items:			
Primary	\$ 2.47	\$ 2.14	\$ 1.77
Fully diluted	\$ 2.47	\$ 2.14	\$ 1.77

</TABLE>

Operating earnings and net earnings available for Common Shares ("Earnings") as reported in the Company's consolidated financial statements are reconciled to the respective amounts in the preceding table as follows:

	Fiscal Year Ended June 30, 1996		Fiscal Year Ended June 30, 1994	
(In thousands)	Operating Earnings	Earnings	Operating Earnings	Earnings
<S>	<C>	<C>	<C>	<C>
As reported	\$ 214,772	\$ 111,864	\$ 159,064	\$ 79,825
Supplemental adjustments:				
Unusual items, primarily merger costs	67,250	47,833	35,880	28,180
Preferred stock redemptions				1,205
Interest adjustment on preferred stock				(272)
As supplementally adjusted	\$ 282,022	\$ 159,697	\$ 194,944	\$ 108,938

</TABLE>

3. LEASES

Sales-Type Leases

The Company's sales-type leases are for terms generally ranging up to five years. Lease receivables are generally collateralized with the underlying equipment. The components of the Company's net investment in sales-type leases are as follows (in thousands):

	June 30, 1996	June 30, 1995
<S>	<C>	<C>
Future minimum lease payments receivable	\$ 176,963	\$ 139,305
Unguaranteed residual values	1,457	1,302
Unearned income	(25,637)	(22,275)
Allowance for uncollectible minimum lease payments receivable	(3,226)	(2,900)
Net investment in sales-type leases	\$ 149,557	\$ 115,432
Less: current portion	37,953	30,119
Net investment in sales-type leases, less current portion	\$ 111,604	\$ 85,313

</TABLE>

Future minimum lease payments to be received pursuant to sales-type leases are as follows at June 30, 1996:

<TABLE>
<CAPTION>

<S>		<C>
	1997	\$ 47,981
	1998	44,918
	1999	39,755
	2000	28,566
	2001	15,155
	Thereafter	588

	Total	\$ 176,963
		=====

</TABLE>

Lease Related Financing Arrangements

Prior to the merger on May 7, 1996, Pyxis had financed its working capital needs through the sale of certain lease receivables to a non-bank financing company. In March 1994, Pyxis entered into a five-year financing and servicing agreement with the financing company, whereby the financing company agreed to purchase a minimum of \$500 million of Pyxis' lease receivables under certain conditions, provided that the total investment in the lease receivables at any one time does not exceed \$350 million. The aggregate lease receivables sold under this arrangement totaled approximately \$233 million and \$154 million at June 30, 1996 and 1995, respectively. As a result of the merger, the Company intends to amend the agreement with the financing company and has made provision for the estimated cost of exiting the arrangement.

4. NOTES PAYABLE, BANKS

The Company has entered into various uncommitted line-of-credit arrangements which allow for borrowings up to \$250,000,000 at June 30, 1996, at various money market rates. No amounts were outstanding under such arrangements at June 30, 1996, and \$3,000,000, at a weighted average interest rate of 6.89%, was outstanding at June 30, 1995. In addition, the Company has revolving credit agreements, which have a maturity of less than one year, with seven banks. These credit agreements are renewable on a quarterly basis and allow the Company to borrow up to \$95,000,000 (none of which was in use at June 30, 1996). The Company is required to pay a commitment fee at the annual rate of .125% on the average daily unused amounts of the total credit allowed under the revolving credit agreements. The total available but unused lines of credit at June 30, 1996 were \$345,000,000.

5. LONG-TERM OBLIGATIONS

Long-term obligations consist of the following (in thousands):

<TABLE>

<CAPTION>

	June 30, 1996	June 30, 1995
	-----	-----
<S>	<C>	<C>
Notes; 6.0% due 2006	\$ 150,000	\$
Notes; 6.5% due 2004	100,000	100,000
Notes; 8% due 1997	100,000	100,000
Primarily mortgage revenue bonds, notes and capital leases; interest averaging 7.14% in 1996 and 8.78% in 1995, due in varying installments through 2002	21,151	12,376
	-----	-----
Total	\$ 371,151	\$ 212,376
Less: current portion	106,007	3,162
	-----	-----
Long-term obligations, less current portion	\$ 265,144	\$ 209,214
	=====	=====

</TABLE>

On January 23, 1996, the Company sold \$150 million of 6% Notes due 2006 (the "6% Notes") in a public offering. The 6% Notes represent unsecured obligations of the Company, are not redeemable prior to maturity and are not subject to a sinking fund. Issuance costs of approximately \$1.3 million incurred in connection with the offering are being amortized on a straight-line basis over the period the 6% Notes will be outstanding.

On February 23, 1994, the Company sold \$100 million of 6.5% Notes due 2004 (the "6.5% Notes") in a public offering. The 6.5% Notes represent unsecured obligations of the Company, are not redeemable prior to maturity and are not subject to a sinking fund. Issuance costs of approximately \$860,000 incurred in connection with the offering are being amortized on a straight-line basis over the period the 6.5% Notes will be outstanding.

The 8% Notes represent unsecured obligations of the Company, are not redeemable prior to maturity and are not subject to a sinking fund.

The Company has entered into various interest rate swap agreements, which serve to hedge the Company's aggregate interest cost on the 8% Notes, in response to falling interest rates subsequent to the issuance of the 8% Notes in 1992. The net effect of the swap agreements is that the Company exchanged its fixed rate position on the 8% Notes for a fixed rate of 5.1% for the period July 15, 1992, through March 1, 1993, a fixed rate of 6.5% for the period March 2, 1993, through March 1, 1994, and, thereafter, a fixed rate of 8.1% through March 1, 1997 (the maturity date of the 8% Notes). In May 1993, two of the offsetting swap agreements were canceled at no gain or loss to the Company. The notional principal in each of the four swap agreements outstanding at June 30, 1996 is \$100 million. Due to the offsetting nature of the swaps, the market value of those in a net receivable position approximates the market value of those in a net payable position. The risk of accounting loss, based on discounted cash flows, in the event of nonperformance by counterparties with whom the Company is in a net receivable position is approximately \$777,000 as of June 30, 1996; however, based on the credit quality of the counterparties, the Company believes the likelihood of such a credit loss to be remote. The Company recognizes in income the periodic net cash settlements under the matched swap agreements as they accrue.

Certain long-term obligations are collateralized by property and equipment of the Company with an aggregate book value of approximately \$10,542,000 at June 30, 1996.

Maturities of long-term obligations for future fiscal years are as follows (in thousands):

<TABLE>

<S>	<C>
1997	\$ 106,007
1998	4,933
1999	2,836
2000	1,897
2001	1,547
Thereafter	253,931

Total	\$ 371,151
	=====

</TABLE>

6. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and equivalents, marketable securities, notes payable -- banks and other accrued liabilities at June 30, 1996 and 1995, approximate their fair value because of the short-term maturities of these items.

The estimated fair value of the Company's long-term obligations was \$354,197,000 and \$212,251,000 as compared to the carrying amounts of \$371,151,000 and \$212,376,000 at June 30, 1996 and 1995, respectively. The fair value of the Company's long-term obligations is estimated based on the quoted market prices for the same or similar issues and the current interest rates offered for debt of the same remaining maturities.

25

26

CARDINAL HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAXES

The provision for income taxes consists of the following (in thousands):

<TABLE>
<CAPTION>

Fiscal Year Ended		
June 30,	June 30,	June 30,
1996	1995	1994
-----	-----	-----

<S>	<C>	<C>	<C>
Current:			
Federal	\$ 62,030	\$ 41,882	\$ 49,707
State	7,641	4,651	5,373
	-----	-----	-----
Total	69,671	46,533	55,080
Deferred	20,530	49,568	10,798
	-----	-----	-----
Total provision	\$ 90,201	\$ 96,101	\$ 65,878
	=====	=====	=====

</TABLE>

A reconciliation of the provision based on the Federal statutory income tax rate to the Company's income tax provision is as follows:

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	June 30, 1996	June 30, 1995	June 30, 1994
<S>	<C>	<C>	<C>
Provision at Federal statutory rate	35.0 %	35.0 %	35.0 %
State income taxes, net of Federal benefit	4.8	4.7	4.6
Nondeductible expenses	4.4		4.6
Other	0.4	1.4	0.6
	-----	-----	-----
Effective income tax rate	44.6 %	41.1 %	44.8 %
	=====	=====	=====

</TABLE>

Deferred income taxes arise from temporary differences between financial reporting and tax reporting bases of assets and liabilities, and operating loss and tax credit carryforwards for tax purposes. The components of the deferred income tax assets and liabilities are as follows (in thousands):

<TABLE>
<CAPTION>

	June 30, 1996	June 30, 1995
<S>	<C>	<C>
Deferred income tax assets:		
Allowance for doubtful accounts	\$ 8,861	\$ 14,305
Accrued liabilities	21,412	19,408
Property related	14,233	9,256
Net operating loss carryforwards	27,270	28,550
Other	20,442	15,587
	-----	-----
Total deferred income tax assets	92,218	87,106
Valuation allowance for deferred income tax assets	(2,373)	(2,747)
	-----	-----
Net deferred income tax assets	89,845	84,359
	-----	-----
Deferred income tax liabilities:		
Inventory basis differences	(42,102)	(46,471)
Revenues on lease contracts	(122,417)	(93,713)
Other	(15,642)	(16,744)
	-----	-----
Total deferred income tax liabilities	(180,161)	(156,928)
	-----	-----
Net deferred income tax liabilities	\$ (90,316)	\$ (72,569)
	=====	=====

</TABLE>

The above amounts are classified in the consolidated balance sheets as follows (in thousands):

	June 30, 1996	June 30, 1995
	-----	-----
<S>	<C>	<C>
Other accrued liabilities	\$ (453)	\$ (11,364)
Deferred income taxes and other liabilities	(89,863)	(61,205)
	-----	-----
Net deferred income tax liabilities	\$ (90,316)	\$ (72,569)
	=====	=====

</TABLE>

At June 30, 1996 and 1995, as a result of the Pyxis Merger, the Company had Federal net operating loss carryforwards of \$73 million. Also at June 30, 1996 and 1995, the Company had state net operating loss carryforwards of \$50 million and \$56 million, respectively. A valuation allowance of \$2.4 million and \$2.7 million at June 30, 1996 and 1995, respectively, has been provided for the state net operating loss carryforwards as utilization of such carryforwards within the applicable statutory periods is uncertain. In addition, use of the Company's net operating loss carryforwards will be limited due to the change in control of Pyxis. The Federal net operating loss carryforwards begin expiring in 2001 and the state net operating loss carryforwards began expiring in 1994.

8. EMPLOYEE RETIREMENT BENEFIT PLANS

Substantially all of the Company's non-union employees are enrolled in Company-sponsored contributory profit sharing and retirement savings plans which include features under Section 401(k) of the Internal Revenue Code, and provide for Company matching and profit sharing contributions. The Company's contributions to the plans are determined by the Board of Directors subject to certain minimum requirements as specified in the plans.

Qualified union employees are covered by multiemployer defined benefit pension plans under the provisions of collective bargaining agreements. Benefits under these plans are generally based on the employee's years of service and average compensation at retirement.

The total expense for employee retirement benefit plans was as follows (in thousands):

	Fiscal Year Ended		
	June 30, 1996	June 30, 1995	June 30, 1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Defined contribution plans	\$ 7,233	\$ 5,611	\$ 4,053
Multiemployer plans	711	637	522
	-----	-----	-----
Total	\$ 7,944	\$ 6,248	\$ 4,575
	=====	=====	=====

</TABLE>

9. COMMITMENTS AND CONTINGENT LIABILITIES

The future minimum rental payments for operating leases having initial or remaining noncancelable lease terms in excess of one year at June 30, 1996, are as follows (in thousands):

<S>	<C>
1997	\$ 14,133
1998	12,151
1999	8,500
2000	4,233
2001	2,551
Thereafter	7,658

Total	\$ 49,226
	=====

</TABLE>

CARDINAL HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Rental expense relating to operating leases was approximately \$20,607,000, \$14,637,000 and \$12,645,000 in fiscal 1996, 1995, and 1994, respectively. Sublease rental income was not material for any period presented herein.

As of June 30, 1996, amounts outstanding on customer notes receivable sold with full recourse to a commercial bank totaled approximately \$13,923,000. The Company also has outstanding guarantees of indebtedness and financial assistance commitments which totaled approximately \$2,822,000 at June 30, 1996.

The Company becomes involved from time-to-time in litigation arising out of its normal business activities. In addition, in November 1993, Cardinal, Whitmire, five other pharmaceutical wholesalers, and twenty-four pharmaceutical manufacturers were named as defendants in a series of purported class action antitrust lawsuits alleging violations of various antitrust laws associated with the chargeback pricing system. The Company believes that the allegations set forth against Cardinal and Whitmire in these lawsuits are without merit. In the opinion of management, the Company's liability, if any, under any pending litigation would not have a material adverse effect on the Company's financial condition or results of operations.

10. REDEEMABLE PREFERRED STOCK

Prior to February 7, 1994, Whitmire had outstanding 360,000 shares of redeemable preferred \$.01 par value stock. Whitmire would have been required to redeem, at \$100.00 per share plus accrued but unpaid dividends, all shares of its Senior and Series A Preferred Stock commencing in October 1994 through July 1996. Pursuant to the terms of the Reorganization Agreement between Cardinal and Whitmire (see Note 2), all of the outstanding shares of Whitmire Senior and Series A Preferred Stock were redeemed as of February 7, 1994, the date of the Whitmire Merger.

11. SHAREHOLDERS' EQUITY

At June 30, 1996, the Company's authorized capital shares consisted of (a) 100,000,000 Class A common shares, without par value, of which 63,959,267 and 63,006,246 (as adjusted to reflect business combinations) were outstanding and 222,626 and 193,292 were held in treasury at cost at June 30, 1996 and 1995, respectively; (b) 5,000,000 Class B common shares, without par value, of which none were outstanding at either balance sheet date; and (c) 500,000 non-voting preferred shares without par value, none of which have been issued. The Class A common shares and Class B common shares are collectively referred to as Common Shares.

On September 26, 1994, 8,050,000 of the Company's Common Shares were sold pursuant to a public offering. Approximately 1,867,000 Common Shares were sold by the Company, and approximately 6,183,000 Common Shares (the "Existing Shares") were sold by certain shareholders of the Company. The Company did not receive any of the proceeds from the sale of the Existing Shares.

12. CONCENTRATIONS OF CREDIT RISK AND MAJOR CUSTOMERS

The Company's trade receivables, finance notes and accrued interest receivable, and lease receivables are exposed to a concentration of credit risk with customers in the retail and health care sectors. However, the credit risk is limited due to supporting collateral and the diversity of the customer base, including its wide geographic dispersion. The Company performs ongoing credit evaluations of its customers' financial conditions and maintains reserves for credit losses. Such losses historically have been within the Company's expectations.

During fiscal 1996, the Company's two largest customers individually accounted for 12% of net revenues and 70% of direct deliveries, respectively. During fiscal 1995, the Company's two largest customers individually accounted for 11% of net revenues and 82% of direct deliveries, respectively. Trade receivables due from these two customers aggregated approximately 25% of total trade receivables at June 30, 1996 and 1995.

CARDINAL HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. STOCK OPTIONS AND RESTRICTED SHARES

The Company maintains stock incentive plans (the "Plans") for the benefit of certain officers, directors and key employees. Options granted are generally exercisable for periods up to ten years from the date of grant at a price which equals fair market value at the date of grant. On November 14, 1995, the Company's shareholders approved a new equity incentive plan (the "New Plan") which authorized the issuance of up to an aggregate of 2,000,000 Common Shares in the form of incentive stock options, nonqualified stock options, performance shares and restricted shares. The Common Shares authorized for issuance under the New Plan are in addition to 1,766,000 Common Shares which were issuable pursuant to stock options outstanding immediately prior to the approval of the New Plan and the 1,562,000 stock options which were issuable pursuant to the Pyxis Merger.

The following summarizes all stock option transactions for the Company (excluding Whitmire, see below) under the Plans from June 30, 1993, through June 30, 1996, giving retroactive effect to conversions of options in connection with merger transactions and stock splits (in thousands, except per share amounts):

<TABLE>
<CAPTION>

	Number of Options	Exercise Prices Per Share		Total
<S>	<C>	<C>	<C>	<C>
Balance Outstanding, June 30, 1993	2,134	\$ 0.12	- \$ 57.80	\$ 26,806
Granted	1,534	24.20	- 91.93	74,258
Exercised	(314)	0.12	- 63.64	(1,676)
Canceled	(41)	0.12	- 84.09	(1,155)
Balance Outstanding, June 30, 1994	3,313	0.12	- 91.93	98,233
Granted	830	36.23	- 64.26	40,671
Exercised	(413)	0.12	- 60.26	(4,465)
Canceled	(112)	0.12	- 91.93	(4,963)
Balance Outstanding, June 30, 1995	3,618	0.12	- 91.93	129,476
Granted	958	28.90	- 72.38	51,008
Exercised	(661)	0.12	- 68.87	(15,609)
Canceled	(399)	6.15	- 91.93	(23,403)
Balance Outstanding, June 30, 1996	3,516	\$ 0.12	- \$ 84.09	\$ 141,472

</TABLE>

At June 30, 1996, approximately 2,118,000 option shares under the Plans were exercisable. In addition to the options outstanding and restricted shares granted, approximately 1,472,000 shares are available to be issued pursuant to the Plans.

In connection with the Whitmire Merger, outstanding Whitmire stock options granted to current or former Whitmire officers or employees were automatically converted into options ("Cardinal Exchange Options") to purchase an aggregate of approximately 1,721,000 additional Common Shares pursuant to the terms of such options and the Reorganization Agreement (see Note 2). Under the terms of their original issuance and as reflected in the Reorganization Agreement, the exercise price for substantially all of the Cardinal Exchange Options is remitted to certain former investors of Whitmire. Cardinal Exchange Options to purchase 190,000, 1,250,000 and 271,000 Common Shares, with an average option price of \$2.06, \$1.52 and \$1.60, were exercised in fiscal 1996, 1995 and 1994, respectively. At June 30, 1996, substantially all Cardinal Exchange Options had been exercised.

The market value of restricted shares awarded by the Company is recorded in the other component of shareholders' equity in the accompanying balance sheets. The compensation awards are amortized to expense over the period in which participants perform services, generally one to six years. As of June 30, 1996, approximately 467,000 restricted shares have been issued, of which approximately 158,000 shares remain restricted and subject to forfeiture and approximately 26,000 shares have been forfeited.

14. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following selected quarterly financial data (in thousands, except per share amounts) for fiscal 1996 and 1995 has been restated to reflect the

pooling-of-interests business combinations (see Note 2) :

<TABLE>

<CAPTION>

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<S>	<C>	<C>	<C>	<C>	<C>
Fiscal 1996:					
Net revenues	\$ 2,096,845	\$ 2,188,619	\$ 2,256,481	\$ 2,320,480	\$ 8,862,425
Gross margin	164,046	174,667	189,062	187,502	715,277
Selling, general and administrative expenses	107,358	107,103	107,748	111,046	433,255
Operating earnings	56,688	50,012	81,314	26,758	214,772
Net earnings available for Common Shares	31,916	26,542	45,349	8,057	111,864
Net earnings per Common Share:					
Primary	\$ 0.49	\$ 0.41	\$ 0.70	\$ 0.12	\$ 1.73
Fully diluted	0.49	0.41	0.70	0.12	1.73
Fiscal 1995:					
Net revenues	\$ 1,868,932	\$ 2,039,393	\$ 2,041,440	\$ 2,072,343	\$ 8,022,108
Gross margin	140,595	153,631	165,986	164,339	624,551
Selling, general and administrative expenses	90,271	93,949	95,553	98,806	378,579
Operating earnings	50,324	59,682	70,433	65,533	245,972
Net earnings available for Common Shares	28,269	34,310	38,846	36,109	137,534
Net earnings per Common Share:					
Primary	\$ 0.45	\$ 0.53	\$ 0.60	\$ 0.56	\$ 2.14
Fully diluted	0.45	0.53	0.60	0.56	2.14

</TABLE>

The following supplemental information for fiscal 1996 excludes the impact of unusual items (in thousands, except per share amounts). See Note 2 for additional information.

<TABLE>

<CAPTION>

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<S>	<C>	<C>	<C>	<C>	<C>
Fiscal 1996:					
Net revenues	\$ 2,096,845	\$ 2,188,619	\$ 2,256,481	\$ 2,320,480	\$ 8,862,425
Gross margin	164,046	174,667	189,062	187,502	715,277
Selling, general and administrative expenses	107,358	107,103	107,748	111,046	433,255
Operating earnings, excluding unusual items	56,688	67,564	81,314	76,456	282,022
Net earnings available for Common Shares, excluding unusual items	31,916	39,037	45,349	43,395	159,697
Net earnings per Common Share, excluding unusual items:					
Primary	\$ 0.49	\$ 0.60	\$ 0.70	\$ 0.67	\$ 2.47
Fully diluted	0.49	0.60	0.70	0.67	2.47

</TABLE>

Operating earnings and net earnings available for Common Shares ("Earnings") as reported in the Company's selected quarterly financial data for fiscal 1996 are reconciled to the respective amounts in the preceding table as follows (in thousands):

<TABLE>

<CAPTION>

	Second Quarter		Fourth Quarter	
	Operating Earnings	Earnings	Operating Earnings	Earnings
<S>	<C>	<C>	<C>	<C>
Fiscal 1996:				
As reported	\$ 50,012	\$ 26,542	\$ 26,758	\$ 8,057
Supplemental adjustments:				
Unusual items, primarily merger costs	17,552	12,495	49,698	35,338
As supplementally adjusted	\$ 67,564	\$ 39,037	\$ 76,456	\$ 43,395

</TABLE>

The above selected quarterly financial data differs from amounts previously reported by the Company due to the Pyxis Merger. Amounts reported by the Company prior to the Pyxis Merger (completed May 7, 1996) are presented

CARDINAL HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

below and differ from the above selected quarterly financial data solely due to the addition of Pyxis amounts pursuant to the pooling-of-interests accounting method for business combinations (in thousands, except per share amounts).

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<S>	<C>	<C>	<C>	<C>	<C>
Fiscal 1996:					
Net revenues	\$ 2,047,138	\$ 2,131,627	\$ 2,202,804		
Gross margin	130,012	136,494	150,926		
Selling, general and administrative expenses	87,217	83,125	84,117		
Operating earnings	42,795	36,995	66,809		
Net earnings available for Common Shares	23,492	18,714	36,797		
Net earnings per Common Share:					
Primary	\$ 0.48	\$ 0.38	\$ 0.75		
Fully diluted	0.48	0.38	0.75		
Fiscal 1995:					
Net revenues	\$ 1,832,128	\$ 1,999,267	\$ 2,001,250	\$ 2,027,274	\$ 7,859,919
Gross margin	114,082	123,627	137,992	133,509	509,210
Selling, general and administrative expenses	77,358	78,824	81,660	83,671	321,513
Operating earnings	36,724	44,803	56,332	49,838	187,697
Net earnings available for Common Shares	19,710	24,942	29,986	26,362	101,000
Net earnings per Common Share:					
Primary	\$ 0.42	\$ 0.51	\$ 0.61	\$ 0.53	\$ 2.07
Fully diluted	0.42	0.51	0.61	0.53	2.07

</TABLE>

15. SUPPLEMENTAL CASH FLOW INFORMATION

Income tax and interest payments for the fiscal years ended June 30, 1996, 1995 and 1994 were as follows (in thousands):

	Fiscal Year Ended		
	June 30, 1996	June 30, 1995	June 30, 1994
<S>	<C>	<C>	<C>
Interest paid	\$ 18,537	\$ 20,259	\$ 16,588
Income taxes paid	\$ 56,659	\$ 20,692	\$ 44,454

</TABLE>

See Note 2 for additional information regarding non cash investing and financing activities.

16. RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," which requires adoption no later than the Company's fiscal 1997. The new standard defines a fair value method of accounting for stock options and similar equity instruments, under which compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period.

Pursuant to the new standard, companies are encouraged, but not required, to adopt the fair value method of accounting for employee stock-based transactions. Companies are also permitted to continue to account for such transactions under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," but would be required to disclose in the financial statements pro forma net income and earnings per share as if the new method of accounting had been applied.

The accounting requirements of the new method are effective for all employee awards granted after the beginning of the fiscal year of adoption. The Company has not yet determined if it will elect to change to the fair value method,

CARDINAL HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

nor has it determined the effect the new standard will have on net income and earnings per share should it elect to make such a change. Adoption of the new standard will have no effect on the Company's cash flows.

In addition, in March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121 (SFAS No. 121), "Accounting For the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which requires adoption no later than the Company's fiscal 1997. SFAS No. 121 requires impairment losses to be recorded on long-lived assets used in operations when an indication of impairment is present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses accounting for long-lived assets that are expected to be disposed of. The Company does not believe, based on current circumstances, the adoption of SFAS No. 121 will have a material effect on financial condition or results of operations.

17. SUBSEQUENT EVENT

On July 24, 1996, the Company announced that it had entered into a definitive merger agreement with PCI Services, Inc. ("PCI") pursuant to which PCI will become a wholly owned subsidiary of the Company in a stock-for-stock merger expected to be accounted for as a pooling-of-interests for financial reporting purposes. In connection with the merger, the Company estimates that it will issue approximately 2.1 million Common Shares. Under the terms of the merger agreement, shareholders of PCI will receive 0.336 Common Shares for each share of PCI that they own at the time the transaction is consummated, subject to adjustment under specified circumstances. In addition, pursuant to the terms of the merger agreement, options for PCI common stock will be converted into equivalent options for approximately 157,920 Common Shares, based upon the exchange ratio. Upon consummation of the merger, the Company will record a one-time charge to reflect transaction and other costs incurred as a result of the merger. The merger is expected to be completed in the fall of 1996, subject to satisfaction of certain conditions, including approval by shareholders of PCI.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

In accordance with General Instruction G(3) to Form 10-K, the information called for in this Item 10 relating to Directors is incorporated herein by reference to the Company's Definitive Proxy Statement, to be filed with the Securities and Exchange Commission (the "SEC"), pursuant to Regulation 14A of the General Rules and Regulations under the Securities Exchange Act of 1934 (the "Exchange Act"), relating to the Company's Annual Meeting of Shareholders (the "Annual Meeting") under the caption "ELECTION OF DIRECTORS". Certain information relating to Executive Officers of the Company appears at pages 7 and 8 of this Form 10-K, which is hereby incorporated by reference.

ITEM 11: EXECUTIVE COMPENSATION

In accordance with General Instruction G(3) to Form 10-K, the information called for by this Item 11 is incorporated herein by reference to the Company's Definitive Proxy Statement, to be filed with the SEC pursuant to Regulation 14A of the General Rules and Regulations under the Exchange Act, relating to the Company's Annual Meeting under the caption "EXECUTIVE COMPENSATION" (other than information set forth under the caption "Compensation Committee Report").

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

In accordance with General Instruction G(3) to Form 10-K, the information called for by this Item 12 is incorporated herein by reference to the Company's Definitive Proxy Statement, to be filed with the SEC pursuant to Regulation 14A of the General Rules and Regulations under the Exchange Act, relating to the Company's Annual Meeting under the caption "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT".

In accordance with General Instruction G(3) to Form 10-K, the information called for by this Item 13 is incorporated herein by reference to the Company's Definitive Proxy Statement, to be filed with the SEC pursuant to Regulation 14A of the General Rules and Regulations under the Exchange Act, relating to the Company's Annual Meeting under the caption "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" and "EXECUTIVE COMPENSATION--Compensation Committee Interlocks and Insider Participation".

PART IV

ITEM 14: EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) The following financial statements are included in Item 8 of this report:

	PAGE

Independent Auditors' Reports.....	13
Financial Statements:	
Consolidated Statements of Earnings for the Fiscal Years Ended June 30, 1996, 1995 and 1994.....	15
Consolidated Balance Sheets at June 30, 1996 and 1995.....	16
Consolidated Statements of Shareholders' Equity for the Fiscal Years Ended June 30, 1996, 1995 and 1994.....	17
Consolidated Statements of Cash Flows for the Fiscal Years Ended June 30, 1996, 1995 and 1994.....	18
Notes to Consolidated Financial Statements.....	19

(a) (2) The following Supplemental Schedule is included in this report:

	PAGE

Schedule II - Valuation and Qualifying Accounts.....	39

All other schedules not listed above have been omitted as not applicable or because the required information is included in the Consolidated Financial Statements or in notes thereto.

(a) (3) Exhibits required by Item 601 of Regulation S-K:

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
-----	-----
2.01	Agreement and Plan of Merger dated as of August 26, 1995, among the Registrant, Arch Merger Corp., and Medicine Shoppe International, Inc. (1)
2.02	Agreement and Plan of Merger dated as of February 7, 1996, among the Registrant, Aztec Merger Corp., and Pyxis Corporation. (2)
2.03	Agreement and Plan of Merger dated as of July 23, 1996 among the Registrant, Panther Merger Corp., PCI Services, Inc. and MEDIQ Incorporated. (3)
3.01	Amended and Restated Articles of Incorporation of the Registrant, as amended. (4)
3.02	Restated Code of Regulations of the Registrant, as amended. (5)
4.01	Specimen Certificate for the Registrant's Class A Common Shares. (4)
4.02	Indenture between the Registrant and Bank One, Indianapolis, NA relating to the Registrant's 8% Notes Due 1997. (6)

4.03	Indenture between the Registrant and Bank One, Indianapolis, NA
------	---

Other long-term debt agreements of the Registrant are not filed pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K and the Registrant agrees to furnish copies of such agreements to the SEC upon its request.

EXHIBIT NUMBER -----	EXHIBIT DESCRIPTION -----
10.01	Stock Incentive Plan of the Registrant, as amended. (12)*
10.02	Directors' Stock Option Plan of the Registrant, as amended and restated. (12)
10.03	Equity Incentive Plan of the Registrant. (4)*
10.04	Amended and Restated 1991 Stock Plan of Pyxis Corporation. (13)*
10.05	1990 Stock Option Plan of Medicine Shoppe International, Inc. (14)*
10.06	Employee Incentive Stock Option Plan of Medicine Shoppe International, Inc. (14)*
10.07	Executive Choice Plan of Medicine Shoppe International, Inc. (14)*
10.08	Employment Agreement dated October 11, 1993, among Whitmire, Melburn G. Whitmire and the Registrant, as amended. (7)*
10.09	Employment Agreement dated August 26, 1995, among Medicine Shoppe, David A. Abrahamson and the Registrant. *
10.10	Form of Indemnification Agreement between the Registrant and individual directors. (8)
10.11	Form of Indemnification Agreement between the Registrant and individual officers. (9)*
10.12	Form of Indemnification Agreement between Whitmire and directors and officers of Whitmire. (12)*
10.13	Split Dollar Agreement dated April 16, 1993, among the Registrant, Robert D. Walter, and Bank One Ohio Trust Company, NA, Trustee U/A dated April 16, 1993 FBO Robert D. Walter. (12)*
10.14	Lease for portions of the Registrant's Columbus Investment Property dated July 7, 1958, as amended. (10)
10.15	Cardinal Health, Inc. Incentive Deferred Compensation Plan, Amended and Restated Effective November 13, 1995.
10.16	Shareholders Agreement dated July 13, 1984, as amended. (11)
10.17	Master Agreement and related documents, dated as of July 19, 1996 among the Registrant and/or its subsidiaries, SunTrust Banks, Inc., PNC Leasing Corp. and SunTrust Bank, Atlanta.
10.18	Vendor Program Agreement dated as of October 10, 1991 by and between General Electric Capital Corporation and Pyxis Corporation, as amended on December 13, 1991, January 15, 1993 and March 10, 1994.
11.01	Statement concerning computation of per share earnings.

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21.01	List of subsidiaries of the Registrant.
23.01	Consent of Deloitte & Touche LLP.
23.02	Consent of Ernst & Young LLP.
27.01	Financial Data Table

-
- (1) Included as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1995 (No. 0-12591) and incorporated herein by reference.
 - (2) Included as an exhibit to the Registrant's Schedule 13D reporting Registrant's beneficial ownership of shares of Pyxis Corporation (No. 5-43690) and incorporated herein by reference.

- (3) Included as an exhibit to the Registrant's Schedule 13D reporting Registrant's beneficial ownership of shares of PCI Services, Inc. (No. 5-42666) and incorporated herein by reference.
- (4) Included as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 1995 (No. 0-12591) and incorporated herein by reference.
- (5) Included as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 (No. 0-12591) and incorporated herein by reference.
- (6) Included as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1992 (No. 0-12591) and incorporated herein by reference.
- (7) Included as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 1993 (No. 0-12591) and as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 1995 (No. 0-12591) and incorporated herein by reference.
- (8) Included as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 29, 1986 (No. 0-12591) and incorporated herein by reference.
- (9) Included as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 28, 1987 (No. 0-12591) and incorporated herein by reference.
- (10) Included as an exhibit to the Registrant's Registration Statement on Form S-1 (No. 2-84444) and incorporated herein by reference.
- (11) Included as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1993 (No. 0-12592) and incorporated herein by reference.
- (12) Included as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1994 (No. 0-12591) and incorporated herein by reference.
- (13) Included as an exhibit to the Registrant's Post-Effective Amendment No. 1 on Form S-8 to Form S-4 Registration Statement (No. 333-01927-01).
- (14) Included as an exhibit to the Registrant's Post-Effective Amendment No. 1 on Form S-8 to Form S-4 Registration Statement (No. 33-63283-01).

* Management contract or compensation plan or arrangement.

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(b) Reports on Form 8-K:

On April 23, 1996, the Company filed a Report on Form 8-K under Item 5 which set forth the results for the fiscal quarter ended March 31, 1996 as contained in the Company's press release dated April 22, 1996.

On May 8, 1996, the Company filed a Report on Form 8-K under Item 2 which reported that it had completed its merger of a wholly owned subsidiary with and into Pyxis Corporation ("Pyxis") on May 7, 1996. Pursuant to Item 7, the Form 8-K included the required audited financial statements of Pyxis and the required combined unaudited pro forma financial information of the Company and Pyxis.

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SIGNATURES

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

CARDINAL HEALTH, INC.

August 26, 1996

By: /s/ ROBERT D. WALTER

Robert D. Walter, Chairman and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this

report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<TABLE>	<CAPTION>		
NAME	TITLE	DATE	
<S> /s/ ROBERT D. WALTER ----- Robert D. Walter	<C> Chairman, Chief Executive Officer and Director (principal executive officer)	<C> August 26, 1996	
/s/ DAVID BEARMAN ----- David Bearman	Executive Vice President and Chief Financial Officer (principal financial officer)	August 26, 1996	
/s/ RICHARD J. MILLER ----- Richard J. Miller	Vice President, Controller and Principal Accounting Officer	August 26, 1996	
/s/ JOHN C. KANE ----- John C. Kane	President, Chief Operating Officer and Director	August 26, 1996	
/s/ JOHN F. FINN ----- John F. Finn	Director	August 26, 1996	
/s/ ROBERT L. GERBIG ----- Robert L. Gerbig	Director	August 26, 1996	
/s/ JOHN F. HAVENS ----- John F. Havens	Director	August 26, 1996	
/s/ REGINA E. HERZLINGER ----- Regina E. Herzlinger	Director	August 26, 1996	
/s/ J. MICHAEL LOSH ----- J. Michael Losh	Director	August 26, 1996	
/s/ GEORGE R. MANSER ----- George R. Manser	Director	August 26, 1996	
/s/ JOHN B. McCOY ----- John B. McCoy	Director	August 26, 1996	
/s/ JERRY E. ROBERTSON ----- Jerry E. Robertson	Director	August 26, 1996	
/s/ L. JACK VAN FOSSEN ----- L. Jack Van Fossen	Director	August 26, 1996	
/s/ MELBURN G. WHITMIRE ----- Melburn G. Whitmire	Director	August 26, 1996	

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CARDINAL HEALTH, INC. AND SUBSIDIARIES
 SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
 (IN THOUSANDS)

<TABLE>	<CAPTION>				
COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS (1)	DEDUCTIONS (2)	BALANCE AT END OF PERIOD
<S> Fiscal Year 1996: Account receivable	<C> \$ 31,529	<C> \$ 8,037	<C> \$ 1,435	<C> \$ (8,587)	<C> \$ 32,414

Finance notes receivable	7,385	1,087	9	(439)	8,042
Net investment in sales-type leases	2,900	326			3,226
	-----	-----	-----	-----	-----
	\$ 41,814	\$ 9,450	\$ 1,444	\$ (9,026)	\$ 43,682
	=====	=====	=====	=====	=====
Fiscal Year 1995:					
Account receivable	\$ 24,876	\$ 11,602	\$ 2,005	\$ (6,954)	\$ 31,529
Finance notes receivable	7,275	724		(614)	7,385
Net investment in sales-type leases	2,747	153			2,900
	-----	-----	-----	-----	-----
	\$ 34,898	\$ 12,479	\$ 2,005	\$ (7,568)	\$ 41,814
	=====	=====	=====	=====	=====
Fiscal Year 1994:					
Account receivable	\$ 18,457	\$ 10,560	\$ 956	\$ (5,097)	\$ 24,876
Finance notes receivable	6,980	953		(658)	7,275
Net investment in sales-type leases	2,088	659			2,747
	-----	-----	-----	-----	-----
	\$ 27,525	\$ 12,172	\$ 956	\$ (5,755)	\$ 34,898
	=====	=====	=====	=====	=====

</TABLE>

1 During fiscal 1996, 1995 and 1994 recoveries of amounts provided for or written off in prior years were \$324,000, \$177,000 and \$308,000, respectively, and increases from acquisitions of subsidiaries were \$1,120,000, \$1,828,000 and \$648,000, respectively.

2 Write-off of uncollectible accounts.

EMPLOYMENT AGREEMENT

AGREEMENT by and among Medicine Shoppe International, Inc., a Delaware corporation (the "Company"), David A. Abrahamson (the "Executive"), and Cardinal Health, Inc. ("Cardinal"), dated as of the 26th day of August, 1995.

WHEREAS, the Company intends to enter into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which a subsidiary of Cardinal will merge with and into the Company, with the Company as the surviving corporation, and the Company will become a wholly owned subsidiary of Cardinal (the "Transaction") (and references herein to the "Company" refer to the Company both before and after the Transaction); and

WHEREAS, it is a condition to the execution of the Merger Agreement that the Company enter into an employment agreement with the Executive and a condition to the consummation of the Transaction that such agreement be in full force and effect; and

WHEREAS, Cardinal desires to obtain for itself, through its future ownership of the Company, the benefit of the Executive's services as set forth in this Agreement; and

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WHEREAS, the Company and the Executive desire to set forth in a written agreement the terms and conditions under which the Executive will continue to be employed by the Company after the consummation of the Transaction;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. EMPLOYMENT PERIOD. Upon the consummation of the Transaction, the Company shall employ the Executive, and the Executive hereby accepts such employment, on the terms and conditions set forth in this Agreement, for the period commencing on the Effective Time (as that term is defined in the Merger Agreement) and ending on the fifth anniversary of the Effective Time (the "Employment Period").

2. POSITION AND DUTIES. (a) During the Employment Period, the Executive shall be employed by the Company as its President and Chief Executive Officer with the responsibilities customarily assigned to such positions and with such other responsibilities of an executive nature as may be determined from time to time by the Company's Board of Directors (the "Board") or its lawfully designated representative.

(b) During the Employment Period, the Executive shall devote his full time and attention to the business and affairs of

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the Company, and shall use his best efforts to promote and establish the business of the Company and to carry out faithfully and efficiently the responsibilities assigned to him under this Agreement. It shall not be considered a violation of the foregoing for the Executive to (i) serve on corporate boards with the approval of Cardinal, (ii) serve on civic or charitable boards or committees, (iii) deliver lectures or fulfill speaking

engagements and (iv) manage personal investments, so long as such activities do not interfere with the performance of the Executive's responsibilities under this Agreement.

(c) During the Employment Period, the Executive's services shall be performed primarily at the Company's current office location or any other location within 30 miles thereof specified by the Board from time to time. Travel in connection with the business of the Company may be reasonably requested by the Board or its lawfully designated representative from time to time.

3. COMPENSATION. (a) BASE SALARY. During the Employment Period, the Company shall pay the Executive an annual base salary (the "Annual Base Salary") in an amount not less than \$256,520, payable in accordance with the Company's payroll practices for management personnel, as in effect from time to time (but not less frequently than monthly). During the

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Employment Period, the Annual Base Salary shall be reviewed for possible increase at least annually in accordance with Cardinal's normal payroll practices for management personnel. Any increase in the Annual Base Salary shall not limit, expand or reduce any other obligation of the Company under this Agreement.

(b) ANNUAL BONUS. In addition to the Annual Base Salary, during the Employment Period the Executive shall be eligible to receive annual bonuses (each, regardless of whether for a 12-month period or a different period, an "Annual Bonus") pursuant to this Section 3(b). For the period ending September 30, 1996, the Annual Bonus shall be determined in accordance with Exhibit A hereto. Thereafter during the Employment Period, the Annual Bonus shall be determined pursuant to Cardinal's standard Management Incentive Plan as in effect from time to time, or any successor thereto (the "MIP"), with an MIP potential equal to 60 percent of the Annual Base Salary; PROVIDED, that the first Annual Bonus for which the Executive shall be eligible under the MIP shall be for the period October 1, 1996 through June 30, 1997, and for that period he shall receive an Annual Bonus equal to 75 percent of the amount he would otherwise have received, had he participated in the MIP for a full period of twelve months. Notwithstanding the foregoing, if the President of Cardinal and the Executive mutually agree that it would be preferable to do so, (i) the terms of the Annual Bonus for the period ending

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September 30, 1996 may be amended, including without limitation by shortening the performance period and/or determining the amount thereof in a manner differing from that set forth on Exhibit A hereto, and/or (ii) the Executive's transition to the MIP may occur sooner than October 1, 1996.

(c) OTHER BENEFITS. During the Employment Period, the Executive shall be entitled to participate in the group health, life, disability insurance, retirement savings and other employee benefit plans (collectively, "Group Plans") generally offered to the Company's employees in accordance with the standard terms and conditions of such plans as in effect from time to time, which plans shall be substantially equivalent in the aggregate to either (A) the Company's Group Plans as in effect on the date of this Agreement or (B) the Group Plans maintained from time to time by Cardinal and in which the management personnel of Cardinal generally participate. In addition, the Executive shall be eligible to participate in Cardinal's Stock Incentive Plan or any successor

thereto (the "Cardinal Stock Plan"), although except as provided in Section 8(d) hereof, the actual awards and benefits, if any, to be granted to the Executive thereunder shall be in the sole discretion of the Compensation and Personnel Committee of Cardinal's Board of Directors. The Employee shall at all times comply with Cardinal's policies on option exercises and the selling and buying of Cardinal stock.

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(d) EXPENSES. The Company shall reimburse the Executive for all reasonable business expenses incurred by the Executive in the performance of his services hereunder for the Company, which expenses shall be substantiated to the reasonable satisfaction of the Company, in a manner similar to that applicable to other management personnel of the Company, and the Executive shall provide all necessary records to reflect the reasonable business expenses incurred.

(e) VACATION. During the Employment Period, the Executive shall be entitled to annual paid vacations as provided in the Company's vacation policy as in effect prior to the Effective Time, as it may be revised thereafter from time to time.

(f) CLUB MEMBERSHIP. During the Employment Period, the Company shall pay the cost of the Executive's membership in the St. Louis Club.

(g) The Executive shall be entitled to receive any bonus earned for the fiscal year of the Company ending September 30, 1995 pursuant to the terms of the Employment Agreement dated as of October 1, 1994, between the Company and the Executive (the "Prior Agreement"), and the provisions of the Prior Agreement

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relating to such bonus shall remain in effect following the Effective Time to the extent such bonus has not previously been paid to the Executive.

4. TERMINATION OF EMPLOYMENT. (a) DEATH OR DISABILITY. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. The Company shall be entitled to terminate the Executive's employment because of the Executive's Disability during the Employment Period. "Disability" means the illness or disability of the Executive which prevents or hampers the performance of his obligations hereunder, and which continues for a consecutive period of one hundred and twenty (120) days or longer or an aggregate period of one hundred and eighty (180) days or longer, in either instance during the Employment Period. A termination of the Executive's employment by the Company for Disability shall be communicated to the Executive by written notice, and shall be effective upon receipt of such notice by the Executive (the "Disability Effective Date").

(b) BY THE COMPANY. (i) The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. "Cause" shall mean (A) fraud, misappropriation, embezzlement or material misconduct on the part of the Executive, (B) the Executive's (x) failure to

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substantially perform his duties for the Company when and to the extent requested by the Board or its lawfully designated representative to do so and (y) failure to correct same within five (5) business days after notice from the Board or its lawfully designated representative requesting the Executive to do so, or (C) the Executive's breach of any material provision of this Agreement.

(ii) A termination of the Executive's employment by the Company without Cause shall be effected by giving the Executive written notice of the termination.

(c) GOOD REASON. (i) The Executive may terminate employment for Good Reason or without Good Reason. "Good Reason" means:

(A) the assignment to the Executive of duties inconsistent in any material respect with Section 2(a) of this Agreement, other than any such action that is remedied by the Company within five (5) business days after receipt of notice thereof from the Executive;

(B) any failure by the Company to comply with any provision of Section 3 of this Agreement other than any such failure that is remedied by the Company within five (5) business days after receipt of notice thereof from the Executive; or

(C) any requirement by the Company that the Executive's services be rendered primarily at a location or locations not complying with the provisions of Section 2(c) of this Agreement, other than any such requirement that is remedied by the Company within five (5) business

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days after receipt of notice thereof from the Executive.

(ii) A termination of employment by the Executive for Good Reason shall be effectuated by giving the Company written notice ("Notice of Termination for Good Reason") of the termination, setting forth in reasonable detail the specific conduct of the Company that constitutes Good Reason and the specific provision(s) of this Agreement on which the Executive relies. A termination of employment by the Executive for Good Reason shall be effective on the tenth business day following the date when the Notice of Termination for Good Reason is given, unless the notice sets forth a later date (which date shall in no event be later than 30 days after the notice is given); PROVIDED, that such a termination of employment shall not become effective if the Company shall have substantially corrected the circumstance giving rise to the Notice of Termination within such 30-day period.

(iii) A termination of the Executive's employment by the Executive without Good Reason shall be effected by giving the Company written notice of the termination.

(d) DATE OF TERMINATION. The "Date of Termination" means the date of the Executive's death, the

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Disability Effective Date, the date on which the termination of the Executive's employment by the Company for Cause or by the Executive for Good Reason is

effective, the date on which the Company gives the Executive notice of a termination of employment without Cause, or the date on which the Executive gives the Company notice of a termination of employment without Good Reason, as the case may be.

5. OBLIGATIONS OF THE COMPANY UPON TERMINATION. (a) DEATH, DISABILITY, CAUSE; WITHOUT GOOD REASON. If, during the Employment Period, the Executive's employment is terminated because of death, Disability, for Cause, or by the Executive without Good Reason, then except as provided in Section 8, the Executive shall not be entitled to any compensation provided for under this Agreement, other than Annual Base Salary through the Termination Date, benefits under any long-term disability insurance coverage in the case of termination because of Disability, and (without limiting the provisions of Section 6 hereof) vested benefits, if any, required to be paid or provided by law.

(b) WITHOUT CAUSE; GOOD REASON. If, during the Employment Period, the Executive's employment is terminated by the Company without Cause or by the Executive for Good

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Reason, the Executive shall not be entitled to any compensation provided for under this Agreement except as set forth in the following sentence. The Company (i) shall continue to pay the Executive his Annual Base Salary, at the rate then in effect, for and with respect to the unexpired portion of the Employment Period (in the same manner as specified in Section 3(a) hereof) and (ii) shall continue the group health benefits provided for in Section 3(c) during the unexpired portion of the Employment Period (in the same manner as specified therein); PROVIDED, that (x) if any such benefits cannot be provided to nonemployees under the terms of the applicable plans or applicable law, the Company shall provide the Executive with substitute benefits that are comparable and equal in value to such benefits, and (y) during any period when the Executive is eligible to receive any such benefits under another employer-provided plan, the benefits provided by the Company under this paragraph may be made secondary to those provided under such other plan.

6. NON-EXCLUSIVITY OF RIGHTS. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company, Cardinal or any of the Affiliated Companies for which the Executive may qualify,

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nor, subject to Section 10(f), shall anything in this Agreement limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company, Cardinal or any of the Affiliated Companies. Vested benefits and other amounts that the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement with, the Company, Cardinal or any of the Affiliated Companies on or after the Date of Termination shall be payable in accordance with such plan, policy, practice, program, contract or agreement, as the case may be, except as explicitly modified by this Agreement.

7. MITIGATION. Following any termination of the Executive's employment that gives rise to a right to payments and benefits described in Section 5(b) above, the Executive shall use reasonable efforts to obtain other employment or self-employment, of a nature comparable to the employment provided for in this Agreement, and if the Executive does engage in any other employment or self-employment, the payments of Annual Base Salary that the Company is

obligated to make pursuant to Section 5(b) above shall be reduced (but not below zero) by the amount of the Executive's remuneration from such other employment or self-

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employment, as and when earned or vested (regardless of when paid or received).

8. CONFIDENTIAL INFORMATION; NO-RAID; NONCOMPETITION; INVENTIONS. (a) The Executive shall hold in a fiduciary capacity for the benefit of the Company, Cardinal and the Affiliated Companies all secret or confidential information, knowledge or data relating to the Company, Cardinal or any of the Affiliated Companies and their respective businesses (including, without limitation, any proprietary and not publicly available information concerning any processes, methods, trade secrets, research, secret data, costs or names of users or purchasers of their respective products or services, business methods, operating procedures or programs or methods of promotion and sale) that the Executive obtains during the Executive's employment by the Company, Cardinal or any of the Affiliated Companies and that is not public knowledge (other than as a result of the Executive's violation of this of Section 8(a)) ("Confidential Information"). For the purposes of this Section 8(a), information shall not be deemed to be publicly available merely because it is embraced by general disclosures or because individual features or combinations thereof are publicly available. The Executive shall not communicate, divulge or disseminate Confidential Information

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at any time during or after the Executive's employment with the Company, Cardinal or any of the Affiliated Companies, except with the prior written consent of the Company, Cardinal or such Affiliated Company, as applicable, or as otherwise required by law or legal process. All records, files, memoranda, reports, customer lists, drawings, plans, documents and the like that the Executive uses, prepares or comes into contact with during the course of his employment shall remain the sole property of the Company, Cardinal and/or one or more of the Affiliated Companies, as applicable, and shall be turned over to the Company, Cardinal or such Affiliated Company, as applicable, upon termination of the Executive's employment.

(b) The Executive agrees that he will not, at any time during or after the Executive's employment with the Company, Cardinal or any of the Affiliated Companies, without the prior written consent of the Company, Cardinal or such Affiliated Company, as applicable, directly or indirectly employ, or solicit the employment of (whether as an employee, officer, director, agent, consultant or independent contractor), any person who was or is at any time during the previous twelve (12) months an employee, representative, officer or director of the Company, Cardinal or any of the Affiliated Companies (except for such

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employment by the Company, Cardinal or any of the Affiliated Companies).

(c) During the Noncompetition Period (as defined below), the

Executive shall not, without the prior written consent of the Board, engage in or become associated with a Competitive Activity. For purposes of this Section 8(c): (i) the "Noncompetition Period" means the Initial Noncompetition Period (as defined in clause (ii) of this sentence) plus the applicable Additional Noncompetition Period (as defined in clause (iii) of this sentence); (ii) the "Initial Noncompetition Period" means the period during which the Executive is employed by the Company, Cardinal, or any of the Affiliated Companies; (iii) the Additional Noncompetition Period means (A) in the case of a termination of the Executive's employment by the Company for Cause, the period beginning on the last day of the Initial Noncompetition Period and ending on the third anniversary thereof, (B) in the case of a termination of the Executive's employment by the Executive without Good Reason, the period beginning on the last day of the Initial Noncompetition Period and ending on the fifth anniversary thereof, (C) in the case of a termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason, the period beginning on the last day of the Initial Noncompetition Period and ending on the later of the first anniversary thereof or the first anniversary of the first date on which the Executive no longer is receiving any compensation or benefits pursuant to Section 5 (b) hereof, plus any subsequent period during which the Executive receives any compensation or benefits pursuant to Section 5 (b) hereof, and

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(D) in the case of any other termination of the Executive's employment, the period beginning on the last day of the Initial Noncompetition Period and ending on the later of the first anniversary thereof or the sixth anniversary of the Effective Time; (iv) a "Competitive Activity" means any business or other endeavor, in the United States or Canada or any other country, of a kind then being conducted by the Company, Cardinal or any of the Affiliated Companies in such country; and (v) the Executive shall be considered to have become "associated with a Competitive Activity" if he becomes directly or indirectly involved as an owner, principal, employee, officer, director, independent contractor, representative, stockholder, financial backer, agent, partner, advisor, lender, or in any other individual or representative capacity with any individual, partnership, corporation or other organization that is engaged in a Competitive Activity. Notwithstanding the foregoing, the Executive may make and retain investments during the Employment Period in not more than five percent of the equity of any entity engaged in a Competitive Activity, if such equity is listed

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on a national securities exchange or regularly traded in an over-the-counter market. Should this provision be unenforceable in any jurisdiction because it is deemed too broad, as to time, area, subject matter, or otherwise, this provision shall be deemed modified to the extent necessary to be enforceable in such jurisdiction. The parties acknowledge that after the end of the Initial Noncompetition Period, nothing contained in this Section 8(c) shall prevent the Executive from owning or operating a pharmacy or similar type of business, or in any way working for a business engaged primarily in franchising (other than franchising of pharmacies or other businesses in which the Company, Cardinal or any of the Affiliated Companies is engaged), so long as such activity is not in competition with the Company, Cardinal or any of the Affiliated Companies.

(d) In consideration for the Executive's agreeing to be bound by the provisions of Section 8(c), he shall be granted, as of the Effective Time, (i) options (the "Options") to purchase 10,000 shares of common stock of Cardinal (the "Cardinal Stock"), and (ii) 5,000 shares of restricted Cardinal

Stock (the "Restricted Stock"), in each case pursuant to the Cardinal Stock Plan. The Options shall have a per-share exercise price equal to the last sale price of a share of the Cardinal Stock on the New York Stock

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Exchange on the day during which the Effective Time occurs or, if no such sales take place on such day, on the most recent prior day on which such sales take place. In addition, the Options shall have a term of ten years from the Effective Time, shall vest and become exercisable on the third anniversary of the Effective Time, and shall otherwise be subject to the standard terms and conditions applicable to option grants under the Cardinal Stock Plan. The Restricted Stock shall vest and become exercisable on the third anniversary of the Effective Time, and shall otherwise be subject to the standard terms and conditions applicable to restricted stock grants under the Cardinal Stock Plan.

(e) All plans, discoveries and improvements, whether patentable or unpatentable, made or devised by the Executive, whether by himself or jointly with others, from the date of the Executive's initial employment by the Company and continuing until the end of the Employment Period and any subsequent period when the Executive is employed by the Company, Cardinal or any of the Affiliated Companies, relating or pertaining in any way to his employment with or the business of the Company, Cardinal or any of the Affiliated Companies, shall be promptly disclosed in writing to the Board and are hereby transferred to and shall redound to the benefit of the Company, and shall

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become and remain its sole and exclusive property. The Executive agrees to execute any assignments to the Company or its nominee, of his entire right, title and interest in and to any such discoveries and improvements and to execute any other instruments and documents requisite or desirable in applying for and obtaining patents or copyrights, at the expense of the Company, with respect thereto in the United States and in all foreign countries, that may be required by the Company. The Executive further agrees, during and after the Employment Period, to cooperate to the extent and in the manner required by the Company, in the prosecution or defense of any patent or copyright claims or any litigation, or other proceeding involving any trade secrets, processes, discoveries or improvements covered by this Agreement, but all necessary expenses thereof shall be paid by the Company.

(f) The Executive acknowledges and agrees that the Company's remedy at law for any breach of the Executive's obligations under this Section 8 would be inadequate and agrees and consents that temporary and permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of such Section without the necessity of proof of actual damage. With respect to any provision of this Section 8 finally determined by a court of competent jurisdiction to be

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unenforceable, the Executive and the Company hereby agree that such court shall have jurisdiction to reform this Agreement or any provision hereof so that it is

enforceable to the maximum extent permitted by law, and the parties agree to abide by such court's determination.

9. SUCCESSORS. (a) This Agreement is personal to the Executive, and he may not assign any interest herein in any manner whatsoever. Any purported assignment by the Executive shall be void.

(b) In addition to assignments by operation of law, the Company shall have the right to assign this Agreement to any person, firm or corporation, controlling, controlled by or under common control with the Company (including without limitation Cardinal or any of the Affiliated Companies), or acquiring substantially all of its assets, but such assignment shall not release the Company from its obligations under this Agreement.

10. MISCELLANEOUS. (a) The provisions of Sections 5, 6, 7, 8, 9 and 10 of this Agreement shall survive any expiration or termination of this Agreement.

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(b) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(c) All notices, requests, consents and other communications required or provided under this Agreement shall be in writing and shall be deemed sufficient if delivered by facsimile, overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and shall be effective upon delivery as follows:

IF TO THE EXECUTIVE:

David A. Abrahamson
200 S. Brentwood Boulevard
Apartment 21A
St. Louis, Missouri 63105

Facsimile:

IF TO THE COMPANY:

Medicine Shoppe International, Inc.
101 S. Hanley Road, Suite 1600
St. Louis, Missouri 63105

Attention: Assistant Secretary

Facsimile:

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(with a copy to Cardinal)

IF TO CARDINAL:

Cardinal Health, Inc.

Attention: General Counsel

Facsimile: (614) 761-8919

Either party may change the address and/or facsimile number to which notices are to be sent to that party by giving written notice of such change of address to the other party in the same manner above provided for giving notice.

(d) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective, but only to the extent of such prohibition or unenforceability, without invalidating the other provisions hereof or without affecting the validity or unenforceability of such provision in any other jurisdiction.

(e) Notwithstanding any other provision of this Agreement, the Company may withhold from amounts payable under this Agreement all federal, state, local and foreign

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taxes that are required to be withheld by applicable laws or regulations.

(f) As of the Effective Time, except as specifically provided in Section 3(g) hereof, this Agreement shall constitute the entire agreement between the parties relative to the subject matter contained herein, superceding all prior agreements, including without limitation the Prior Agreement. No promises, covenants or representations of any character or nature other than those expressly stated herein have been made to induce either party to enter into this Agreement. This Agreement shall not be modified, waived or discharged except in writing duly signed by each of the parties or their authorized assignees.

(g) The Executive's or the Company's failure to insist upon strict compliance with any provision of, or to assert any right under, this Agreement shall not be deemed to be a waiver of such provision or right or of any other provision of or right under this Agreement except to the extent any other party hereto is materially prejudiced by such failure.

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(h) The term "Affiliated Companies" means all companies controlled by, controlling or under common control with Cardinal, other than the Company.

11. GUARANTEE. Cardinal hereby irrevocably, absolutely and unconditionally guarantees the payment by the Company of all compensation that the Company is obligated to pay to the Executive under Sections 3, 5 and 8 of this Agreement.

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IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and each of the Company and Cardinal has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written.

By /s/ David A. Abrahamson

David A. Abrahamson

MEDICINE SHOPPE INTERNATIONAL,
INC.

By /s/ Donald P. Gallop

Chr. of Executive Comm.

CARDINAL HEALTH, INC.

By /s/ George H. Bennett, Jr.

Exec. V. P.

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EXHIBIT A

ANNUAL BONUS

The Annual Bonus for the fiscal year ending September 30, 1996 shall be determined as follows:

<TABLE>

<CAPTION>

Percentage Increase of "Earnings From Operations" Over Fiscal Year Ending September 30, 1995 -----	Percentage of Target Bonus to be paid based on Actual Earnings Performance -----	Aggregate Amount of Bonus -----
<S>	<C>	<C>
Below 9%	0	-0-
9%	60%	\$ 77,076
10%	70%	\$ 89,922
11%	80%	\$102,768
12%	90%	\$115,614
13%	95%	\$122,037
14%	100%	\$128,460
15%	110%	\$141,306
16%	120%	\$154,152
17%	135%	\$173,421
For each additional 1%	+15% for each additional percentage point	\$ 19,269

</TABLE>

The determination of the "Earnings From Operations" shall be based upon the Company's unaudited financial statements for the period ending September 30, 1996, prepared in accordance with generally accepted accounting principles, consistently applied, but excluding such unusual or nonrecurring items as may be determined by

the Board, which determination shall be conclusive upon the parties hereto.

Any Annual Bonus due hereunder shall be paid by the Company on or before January 28, 1997.

CARDINAL HEALTH, INC.
 INCENTIVE DEFERRED COMPENSATION PLAN
 AMENDED AND RESTATED EFFECTIVE
 November 13, 1995

CARDINAL HEALTH, INC.
 INCENTIVE DEFERRED COMPENSATION PLAN
 (THE "PLAN")

I

PURPOSE

Cardinal Health, Inc. and its affiliates (collectively, the "Company") is willing to provide supplemental retirement benefits out of its general assets to certain key employees as an incentive for those individuals to continue their relationship with the Company and to provide the benefits such individuals could otherwise earn under the Cardinal Health, Inc. Profit Sharing and Retirement Savings Plan (the "Qualified Plan") if certain federal law restrictions did not apply. Only a select group of the Company's management or highly compensated employees will be eligible to participate in this program. The Company's goal is to retain and reward its key employees by helping them to accumulate benefits for a comfortable retirement.

II

ELIGIBILITY

Selection of the Company employees eligible to participate in the Plan is within the sole discretion of the Chairman of Cardinal Health, Inc. Only high income or key management employees are eligible for selection by the Chairman. If you fall into one of these groups and are chosen by the Chairman to participate in the Plan, you will sign an Incentive Deferred Compensation Agreement which details the requirements you must satisfy to be eligible to

receive this supplemental retirement benefit from the Company. The Chairman will review and determine his selections each year. Thus, selection in one year does not automatically confer a right to participate in succeeding years.

III

INCENTIVE DEFERRED COMPENSATION ACCUMULATIONS

The benefits provided to participants under their Incentive Deferred Compensation Agreements are paid from the Company's general assets. The program is, therefore, considered to be an "unfunded" arrangement as amounts are not set aside or held by the Company in a trust, escrow, or similar account or fiduciary relationship on your behalf. Each participant's rights to benefits under the Plan are equivalent to the rights of any unsecured general creditor of the Company. However, the Company may open accounts with one or more investment companies selected by the Chairman, in his discretion, including from among those used as investment options under the Qualified Plan, and may invest funds subject to this Plan in these mutual funds. Each participant may be permitted to direct how the portion of the Company's

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funds allocable to him or her is invested from among the available options, if such investment accounts are established. The Company currently expects any such options to be similar to those available under the Qualified Plan, but is not obligated to make these or any other particular investment options available. All investments shall at all times continue to be a part of the Company's general assets for all purposes.

To measure the amount of the Company's obligations to a participant in this program, the Company will maintain a bookkeeping record or account of each participant's "Accumulations". There are three basic components of each participant's Accumulations:

First, the Company may credit to your Accumulations each calendar year during which you are selected to participate in the Plan an amount equal to 3% of your compensation from the Company in excess of the compensation limit applicable to the Qualified Plan under the Internal Revenue Code (currently \$150,000 per year) but not more than \$250,000. For this purpose, your compensation includes salary, commission and bonus payments made for the year, but does not include other cash or noncash compensation, expense reimbursements or other benefits provided by the Company, other than your own salary deferrals into this Plan or the Qualified Plan. In addition, the Company may make an additional profit sharing contribution to the Plan for a year, in

the Company's discretion, to be credited to your Accumulations. One of the purposes of these contributions is to make up the portion of automatic and special profit sharing contributions to the Qualified Plan that you are losing due to the capping of pay eligible for consideration under the Qualified Plan under Internal Revenue Code rules. All contributions under this provision to your Accumulations, as adjusted for earnings or losses (described below), are referred to as your "PROFIT SHARING VALUE."

Second, to encourage each participant to invest in his or her own future, you may also elect to defer your compensation from the Company. There are two types of deferral elections that you may make under the Plan. You may elect (within 30 days of when you first become eligible to participate in the Plan for your initial year of participation or, for subsequent years, not later than the December 31 prior to each such year) to defer payment of a portion of your compensation to be earned during the balance of the current or next calendar year, as applicable, as a credit to your Accumulations. Under special circumstances, the Chairman may also determine, in his discretion, that you may be periodically eligible to make a special election after the beginning of the year to defer any compensation for the remainder of the year which is not yet payable to you. Both types of voluntary deferrals, adjusted for earnings or losses as described below, are known as the "DEFERRAL VALUE." The minimum amount you may defer under either type of election is 1% of your compensation. The Company may, in its discretion, establish and change from time to time a maximum limitation on your deferral contributions. Also, who is eligible to participate in the deferral portion of the Plan is determined on a year to year basis

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by the Company. If you were a participant one year but are not eligible in a succeeding year, you will still be a participant, but will be treated as "inactive."

Third, the Company will also match your deferral at the same rate it is generally matching 401(k) deferrals under the Qualified Plan for the period in question. Generally, however, only deferrals with respect to the first \$250,000 of your compensation will be eligible for a matching contribution. Any "caps" on the match under the Qualified Plan will also apply to this Plan, with the match under this Plan being offset by the match to the Qualified Plan to the extent duplicative. For example, if the Qualified Plan match for the year is 75 cents on the dollar, up to the first 3% of salary deferrals, and you are eligible to defer 5% of the first \$150,000 of pay to the Qualified Plan

(under the special discrimination-testing rules of that plan), then only the first 3% of deferrals from the portion of your salary above \$150,000 but less than \$250,000 will be matched under this Plan. In addition to this formula match, the Company may make additional matching contributions for a year, in its sole discretion. All amounts credited to your Accumulations on a matching basis, adjusted for earnings or losses as described below, are referred to as your "MATCHING VALUE."

EARNINGS (OR LOSSES): At least once each calendar year while you have a credit balance in your Accumulations, the Company will credit your Accumulations with earnings (or losses), if any, for the period since the last such crediting and determine the value of your Accumulations at that time. The earnings (or losses) may either be credited on the basis of the earnings (or losses) allocable to your directed portion of the Company investments, if any, or on the basis of a hypothetical earnings rate, as determined by the Company in its sole discretion. The Company also reserves the right to adjust the earnings (or losses) credited to your Accumulations and to determine the value of your Accumulations as of any date by adjusting such earnings (or losses) or such fair market value for the Company's tax and other costs of providing this Plan.

These earnings will compensate for the postponement of the receipt of the Accumulations and give you the benefit of tax-deferred growth of the accumulating amounts. Under current federal income tax rules, the amounts credited to your Accumulations, including earnings, will not be taxable income to you in the year they are credited to your account. You, or your beneficiaries in the event of your death, will generally be taxable on these amounts and the credited earnings only if and when benefits are actually paid to you. Thus, this program provides the opportunity to defer income and the payment of income taxes.

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IV

BENEFITS

A. Vesting

If you participate in the deferral portion of the Plan, your Deferral Value will always be 100% "vested". This means you will always be entitled to receive benefits from this portion of your Accumulations.

The portion of your Accumulations derived from the Profit Sharing Value and the Matching Value will not be fully vested until you complete 5 years of service for the Company. A "year of service" for this purpose means a period of 12 consecutive calendar months during which you were employed by the Company and worked at least 1,000 hours. Years of service are calculated from the date you were first hired as an employee by the Company, and anniversaries of that date. The schedule for vesting is as follows:

<TABLE>
<CAPTION>

Years of Service -----	Vested Percentage -----
<S>	<C>
Less than 2	None
2 but less than 3	25%
3 but less than 4	50%
4 but less than 5	75%
5 or more	100%

</TABLE>

In addition, you also become 100% vested in your Accumulations upon your death or if you become permanently disabled prior to retirement or other termination of service with the Company, or upon a "Change in Control," regardless of your years of service. "Change in Control" means: (i) the purchase or other acquisition by any person, entity or group of persons (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 ("Act"), or any comparable successor provisions), directly or indirectly, which results in beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of such person, entity or group of persons equalling 30 percent or more of either the outstanding common shares of Cardinal Health, Inc. ("Cardinal") or the combined voting power of the then-outstanding securities of Cardinal entitled to vote in the election of directors of Cardinal, or (ii) the approval by the shareholders of Cardinal of a reorganization, merger, or consolidation, with respect to which in each case persons who were shareholders of Cardinal immediately prior to such reorganization, merger or consolidation do not (solely because of their common shares of Cardinal owned immediately prior to such reorganization, merger, or consolidation) immediately thereafter, own more than 50 percent of the combined voting power entitled to vote in the election of directors of the then-outstanding securities of the reorganized,

merged or consolidated company, or (iii) a liquidation or dissolution of Cardinal, or (iv) the sale of all or substantially all of Cardinal's assets.

B. Forfeiture of Benefits

If your employment with the Company terminates for any reason other than death, disability, or a Change in Control prior to the time you have completed 5 years of service, you will forfeit some or all (based on the above schedule) rights to receive benefits under the Plan, except that you will still be entitled to receive benefits based on your Deferral Value.

C. Payment of Benefits.

1. RETIREMENT BENEFITS. You will be eligible to receive retirement benefits under the plan upon your retirement after attaining age 65 with five years of service. Retirement benefits will generally be paid as a monthly benefit payable for 60 months. The amount of your benefit will equal the amount necessary to amortize your total Accumulations over the 60 month period. The amount payable each month will either be based on an approximately equal amortization of principal plus actual earnings (or less actual losses) or an amortization based on an assumed interest rate declared by the Company from time to time during the period of distribution. You must give the Company at least 30 days advance written notice of your intention to retire and receive retirement benefits. Actual benefit payments will begin on the first day of the second month following your satisfaction of all requirements for payment.

2. DISABILITY BENEFITS. If you become totally disabled before satisfying the requirements for retirement benefits, you will be eligible to receive payment of the amounts credited to your Accumulations as a monthly benefit commencing after six months of total disability and payable for 60 months. The amount of the benefit will be determined in the same manner as retirement benefits. For this purpose, "total disability" means a physical or mental condition which totally and presumably permanently prevents you from engaging in any substantially gainful activity. It is up to the Company to determine whether you qualify as being totally disabled and the Company may require you to submit to periodic medical examinations to confirm that you are, and continue to be, totally disabled. If your disability ends, your disability benefit payments will stop. However, you could continue to qualify for benefits under another provision of the Plan.

3. DEATH BENEFITS. In the event of your death while receiving benefit payments under the Plan, the Company will pay the beneficiary or beneficiaries designated by you any remaining payments due under the terms of your Incentive Deferred Compensation Agreement, using the same method of distribution in effect to you at the date of your death. In

the event of death prior to beginning to receive benefits under the Incentive Deferred Compensation Agreement, the Company will pay any vested benefits to your beneficiary or beneficiaries, beginning as soon as practicable after your

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death. In this case, benefits will generally be paid as a monthly benefit payable for 60 months computed in the same manner as retirement benefits. The Company will provide you with the form for designating your beneficiary or beneficiaries. If you fail to make a beneficiary designation, or if your designated beneficiary predeceases you or cannot be located, any death benefits will be paid to your estate.

4. OTHER TERMINATION OF SERVICE. If your service with the Company terminates for any reason other than retirement, death, or total disability, then the vested portion of your Accumulations will be paid to you as a monthly benefit payable for 60 months computed in the same manner as retirement benefits, beginning as soon as administratively practicable after your employment terminates.

5. PAYMENT ALTERNATIVES. At the Company's election, or upon your request, benefits may be paid in a lump sum or over a shorter or longer period of time than the 60 months generally called for, as described above. However, no request by you or your beneficiaries for a different payment method will be binding on the Company, and any accelerated or deferred payment of benefits shall be made only in the sole discretion of the Company. In addition, the Company may alter the payment method in effect from time to time in its discretion, for example, in order to avoid the loss of a deduction under Code sec.162(m). If the payment method is altered, the amount you or your beneficiaries will receive will be computed under one of the alternative methods for determining payment amounts provided for under the normal form of distribution for your Accumulations, determined by the Company in its discretion.

6. CHANGE IN CONTROL. If a Change in Control occurs, and your employment with the Company (or its successor) terminates within two years after the Change in Control occurred, then you shall be entitled to receive your Accumulations in a single lump sum within 30 days of your termination of employment, notwithstanding any other provision of this Plan or your Incentive Deferred Compensation Agreement. Also, following a Change in Control, the Company's discretion to alter the payment methodology (described in sec.5, above) is limited to accelerating your benefits; the Company cannot, after a Change in Control, defer the commencement of payments or extend the period of

distribution beyond the normal periods described in the preceding sections (1-4).

V

MISCELLANEOUS PROVISIONS

A. No Right to Company Assets.

As explained previously, this Incentive Deferred Compensation Plan is an unfunded arrangement and the agreement you will enter into with the Company does not create a trust or any kind of a fiduciary relationship between the Company and you, your designated beneficiaries or any other person. To the extent you, your designated

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beneficiaries, or any other person acquires a right to receive payments from the Company under the Incentive Deferred Compensation Agreement, that right is no greater than the right of any unsecured general creditor of the Company.

B. Modification or Revocation.

Your Incentive Deferred Compensation Agreement will continue in effect until revoked, terminated, or all benefits are paid, even during any period of time when you are an "inactive" participant because you are not designated by the Company as eligible to accumulate additional benefits. However, the Incentive Deferred Compensation Agreement and this Plan may be amended or revoked at any time, in whole or in part, by the Company in its sole discretion. Unless you agree otherwise, you will still be entitled to the vested benefit, if any, that you have earned through the date of any amendment or revocation. Such benefits will be payable at the times and in the amounts provided for in the Incentive Deferred Compensation Agreement, or the Company may elect to accelerate distribution and pay all amounts due immediately.

C. Rights Preserved.

Nothing in the Incentive Deferred Compensation Agreement or this Plan gives any employee the right to continued employment by the Company. The relationship between you and the Company shall continue to

be "at will" and may be terminated at any time by the Company or you, with or without cause, except as may be specifically set forth in any separate written employment agreement between you and the Company.

D. Controlling Documents.

This is merely a summary of the key provisions of the Incentive Deferred Compensation Agreement currently in use by the Company. In the event of any conflict between the provisions of this Plan and the Incentive Deferred Compensation Agreement, the agreement shall in all cases control.

The Company has executed this amended and restated Plan in Dublin, Ohio on the date set forth below.

Cardinal Health, Inc.

By: /s/ George H. Bennett, Jr.

Its: Exec. V.P.

Date: November 13, 1995

=====
=====
MASTER AGREEMENT

Dated as of July 16, 1996

among

CARDINAL MISSISSIPPI, INC. and
CERTAIN OTHER SUBSIDIARIES
NOW OR HEREAFTER PARTIES HERETO,
as Lessees,

CARDINAL HEALTH, INC., as Guarantor,

SUNTRUST BANKS, INC., as Lessor,

PNC LEASING CORP., as Lender,

and

SUNTRUST BANK, ATLANTA, as Agent

[Warehouses]

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MASTER AGREEMENT

THIS MASTER AGREEMENT, dated as of July 16, 1996 (as it may be amended or modified from time to time in accordance with the provisions hereof, this "MASTER AGREEMENT"), is among CARDINAL MISSISSIPPI, INC. a Mississippi corporation ("CARDINAL MISSISSIPPI"); (Cardinal Mississippi, together with the other Subsidiaries that hereafter become parties hereto, are collectively referred to as the "LESSEES" and individually as a LESSEE"), CARDINAL HEALTH, INC., an Ohio corporation ("CARDINAL"), as Guarantor, SUNTRUST BANKS, INC., a Georgia corporation, as Lessor (the "LESSOR"); PNC LEASING CORP., a Pennsylvania corporation ("PNC"); PNC and such other financial institutions that may hereafter become parties to the Loan Agreement are collectively referred to as "LENDERS" and individually as a "LENDER"), and SUNTRUST BANK, ATLANTA, a Georgia banking corporation, as Agent (the "AGENT").

PRELIMINARY STATEMENT

In accordance with the terms and provisions of this Master Agreement, the Leases, the Lease Participation Agreement, the Loan Agreement and the other Operative Documents, (i) the Lessor contemplates acquiring Land and Leased Property from time to time, and leasing such Land or Leased Property, as the case may be, to the respective Lessees, (ii) unless the Building has been completed at the time of the acquisition of the Leased Property, the respective Lessees wish to construct Buildings on such Land for the Lessor and, when completed, to lease such Buildings from Lessor as part of the Leased Property under the related Lease, (iii) the Lessees wish to obtain, and the Lessor is willing to provide, funding for the acquisition of the Land or Leased Property, as the case may be, and, if applicable, the construction of Buildings, (iv) the Lessor wishes to sell, and the Lease Participant wishes to purchase, a participation interest in the Lessor's rights under the Leases, (v) the Lessor wishes to obtain, and Lenders are willing to provide, from time to time, financing of a portion of the funding of the acquisition of the Land or Leased Property, as the case may be, and, if applicable, the construction of the Buildings, and (vi) the Guarantor is willing to provide its Guaranty to the Lease Participant, the Lenders and the Lessor.

In consideration of the mutual agreements contained in this Master

Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

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SECTION 1
DEFINITIONS; INTERPRETATION

Unless the context shall otherwise require, capitalized terms used and not defined herein shall have the meanings assigned thereto in APPENDIX A hereto for all purposes hereof; and the rules of interpretation set forth in APPENDIX A hereto shall apply to this Master Agreement.

SECTION 2
ACQUISITION, CONSTRUCTION AND LEASE; FUNDINGS;
NATURE OF TRANSACTION

SECTION 2.1 AGREEMENT TO ACQUIRE, CONSTRUCT, FUND AND LEASE.

(a) LAND. Subject to the terms and conditions of this Master Agreement, with respect to each parcel of Land that is not an IDB Property acquired by an Authority pursuant to the following sentence, on the related Closing Date (i) the Lessor agrees to acquire such interest in the related Land from the applicable Seller as is transferred, sold, assigned and conveyed to the Lessor pursuant to the applicable Purchase Agreement, (ii) the Lessor hereby agrees to lease such Land to the related Lessee pursuant to a Lease, and (iii) the related Lessee hereby agrees to lease such Land from the Lessor pursuant to such Lease. With respect to each IDB Property, (i) the applicable Authority may acquire such interest in the related Land from the applicable Seller as is transferred, sold, assigned and conveyed to the Authority pursuant to the applicable Purchase Agreement, (ii) the applicable Authority will lease such Land to the Lessor pursuant to the related IDB Lease, and (iii) the related Lessee hereby agrees to sublease such Land from the Lessor pursuant to the related IDB Lease (it being understood that any reference in the Operative Documents to the lease by a Lessee of an IDB Property shall be deemed to refer to the sublease thereof pursuant to the related Lease).

(b) BUILDING. With respect to each parcel of Land that does not have a completed Building at the time of acquisition by the Lessor, subject to the terms and conditions of this Master Agreement, from and after the Closing Date relating to such Land (i) the Construction Agent, and the related Lessee, as Co-Construction Agent, agree, pursuant to the terms of the Construction Agency Agreement, to construct and install the Building on such Land for the Lessor prior to the Scheduled Construction Termination Date, (ii) the Lenders and the Lessor agree to fund all or a portion of the costs of such construction and installment (and interest and yield thereon), (iii) the Lessor shall lease such Building as part of such Leased Property

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to such related Lessee pursuant to the related Lease, and (iv) the related Lessee shall lease such Building from the Lessor pursuant to the related Lease.

SECTION 2.2 FUNDINGS OF PURCHASE PRICE, DEVELOPMENT COSTS AND CONSTRUCTION COSTS.

(a) INITIAL FUNDING AND PAYMENT OF PURCHASE PRICE FOR LAND AND DEVELOPMENT COSTS ON CLOSING DATE. Subject to the terms and conditions of this Master Agreement, on the Closing Date for any Land or Leased Property, each Lender shall make available to the Lessor its initial Loan with respect to such Land in an amount equal to the product of such Lender's Commitment Percentage times the purchase price for the Land or Leased Property and the development, transaction and closing costs incurred by the Lessee through such Closing Date, which funds the Lessor shall use, together with Lessor funds in an amount equal to the product of the Lessor's Commitment Percentage times the purchase price for the related Land or Leased Property and the development, transaction and

closing costs incurred by such Lessee through such Closing Date, to purchase the Land or Leased Property from the applicable Seller pursuant to the applicable Purchase Agreement and to pay to the related Lessee the amount of such development, transaction and closing costs, and the Lessor shall lease such Land to the related Lessee pursuant to the related Lease.

(b) SUBSEQUENT FUNDINGS AND PAYMENTS OF CONSTRUCTION COSTS DURING CONSTRUCTION TERM. Subject to the terms and conditions of this Master Agreement, on each Funding Date following the Closing Date for each Construction Land Interest until the related Construction Term Expiration Date, (i) each Lender shall make available to the Lessor a Loan in an amount equal to the product of such Lender's Commitment Percentage times the amount of Funding requested by the related Lessee for such Funding Date, which funds the Lessor hereby directs such Lender to pay over to the related Lessee as set forth in PARAGRAPH (D), and (ii) the Lessor shall pay over to the related Lessee its own funds (which shall constitute a part of and an increase in the Lessor's Invested Amount with respect to such Leased Property) in an amount equal to the product of the Lessor's Commitment Percentage times the amount of Funding requested by the related Lessee for such Funding Date.

(c) AGGREGATE LIMITS ON FUNDED AMOUNTS. The aggregate amount that the Funding Parties shall be committed to provide as Funded Amounts under this Master Agreement, the Loan Agreement and the Lease Participation Agreement shall not exceed (x) with respect to each Leased Property the lesser of (i) the costs of purchase and construction of such Leased Property and the related closing and financing costs, and (ii) the estimated Fair Market

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Sales Value of such Leased Property on the related Completion Date as set forth in the related Appraisal, or (y) \$60,000,000 in the aggregate for all Leased Properties. The aggregate amount that any Funding Party shall be committed to fund under this Master Agreement, the Lease Participation Agreement and the Loan Agreement shall not exceed the lesser of (i) such Funding Party's Commitment and (ii) such Funding Party's Commitment Percentage of the aggregate Fundings requested under this Master Agreement.

(d) NOTICE, TIME AND PLACE OF FUNDINGS. With respect to each Funding, the related Lessee or Cardinal shall give the Lessor and the Agent an irrevocable prior written notice not later than 12:00 noon, Atlanta, Georgia, three Business Days prior to the proposed Closing Date or other Funding Date, as the case may be, pursuant, in each case, to a Funding Request in the form of EXHIBIT A (a "FUNDING REQUEST"), specifying the Closing Date or subsequent Funding Date, as the case may be, and the amount of Funding requested. All documents and instruments required to be delivered on such Closing Date pursuant to this Master Agreement shall be delivered at the offices of Mayer, Brown & Platt, 190 South LaSalle Street, Chicago, Illinois 60603, or at such other location as may be determined by the Lessor, Cardinal and the Agent. Each Funding shall occur on a Closing Date or a Payment Date and shall be in an amount equal to \$250,000 or an integral multiple of \$25,000 in excess thereof. All remittances made by any Lender and the Lessor for any Funding shall be made in immediately available funds by wire transfer to or, as is directed by, the related Lessee or Cardinal, with receipt by the related Lessee not later than 1:00 p.m., Atlanta, Georgia time, on the applicable Funding Date, upon satisfaction or waiver of the conditions precedent to such Funding set forth in SECTION 3; such funds shall (1) in the case of the initial Funding on a Closing Date, be used to pay the purchase price to the applicable Seller for the related Land or Leased Property, as the case may be, and pay the related Lessee development, transaction and closing costs related to such Land or Leased Property, as the case may be, and (2) in the case of each subsequent Funding in respect of a Construction Land Interest be used to pay to Cardinal or the related Lessee as the Construction Agent or Co-Construction Agent, as the case may be, for payment or reimbursement of Construction costs.

(e) LESSEE'S DEEMED REPRESENTATION FOR EACH FUNDING. Each Funding Request by a Lessee shall be deemed a reaffirmation of such Lessee's indemnity obligations in favor of the Indemnitees under the Operative Documents and a representation by such Lessee to the Lessor, the Agent, the Lease Participant and the Lenders that on the proposed Closing Date or Funding Date, as the case may be, (i) the amount of Funding requested represents amounts owing in respect of the purchase price of the related Land or Leased Property, as the

transaction and closing costs in respect of the Leased Property (in the case of the initial Funding on a Closing Date) or amounts that such Lessee reasonably believes will be due in the 90 days following such Funding from such Lessee or Cardinal to third parties in respect of the Construction, or amounts paid by such Lessee or Cardinal to third parties in respect of the Construction for which such Lessee or Cardinal has not previously been reimbursed by a Funding (in the case of any Funding), (ii) no Event of Default or Potential Event of Default exists, and (iii) the representations of such Lessee set forth in SECTION 4.1 are true and correct in all material respects as though made on and as of such Funding Date, except to the extent such representations or warranties relate solely to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date.

(f) Notwithstanding anything to the contrary set forth herein or in the other Operative Documents, each Lender's and the Lessor's commitments shall be several, and not joint. In no event shall any Funding Party be obligated to fund an amount in excess of such Funding Party's Commitment Percentage of any Funding, or to fund amounts in the aggregate in excess of such Funding Party's Commitment.

SECTION 2.3 FUNDED AMOUNTS AND INTEREST AND YIELD THEREON;
COMMITMENT FEE.

(a) The Lessor's Invested Amount for any Leased Property outstanding from time to time shall accrue yield ("YIELD") at a rate equal to the sum of (i) the LIBOR Rate, plus (ii) .44475% per annum, computed using the actual number of days elapsed and a 360 day year. If all or a portion of the principal amount of or yield on the Lessor's Invested Amounts shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall, without limiting the rights of the Lessor under the Leases, accrue yield at the Overdue Rate, in each case from the date of nonpayment until paid in full (as well after as before judgment). Any change in the Yield rate on the Lessor's Invested Amounts resulting from a change in the Alternative Rate shall become effective as of the opening of business on the day on which such Alternative Rate changes as provided in the definition thereof.

(b) Each Lender's Funded Amount for any Leased Property outstanding from time to time shall accrue interest as provided in the Loan Agreement.

(c) During the Construction Term, if requested by the related Lessee in a writing delivered to the Sun Trust Lessor and the Agent not less than three Business Days prior to the related

Payment Date, in lieu of paying accrued interest, on such Payment Date, each Lender's Funded Amount in respect of a Construction Land Interest shall automatically be increased by the amount of interest accrued on the related Loans pursuant to the Loan Agreement during the quarter ending immediately prior to such Payment Date (except to the extent that at any time such increase would cause such Lender's Funded Amount to exceed such Lender's Commitment, in which event the related Lessee shall pay such excess amount to such Lender). Similarly, during the Construction Term, if the related Lessee has delivered such notice as set forth in the preceding sentence, in lieu of paying accrued Yield, on such Payment Date, the Lessor's Invested Amount in respect of such Construction Land Interest shall automatically be increased by the amount of Yield accrued on the Lessor's Invested Amount in respect of such Land during the quarter ending immediately prior to such Payment Date (except to the extent that at any time such increase would cause the Lessor's Invested Amount to exceed the Lessor's Commitment, in which event the related Lessee shall pay such excess amount to the Lessor). Such increases in Funded Amounts shall occur without any

disbursement of funds by the Funding Parties. If the related Lessee has not delivered the notice to increase the Loans and the Lessor's Invested Amount as described in the foregoing sentences, such Lessee shall pay the amount of accrued interest on the Loans and accrued Yield related to the Leased Properties leased by such Lessee on each Payment Date in cash.

(d) Cardinal hereby agrees to pay to each of the Lessor and each Lender a commitment fee (the "COMMITMENT FEE") equal for each day from the date hereof until the Funding Termination Date in an amount equal to (x) 0.125% TIMES (y) the difference, if any, between such Person's Commitment and such Person's outstanding Funded Amount on such day TIMES (z) 1/360. Such Commitment Fee shall be paid, in arrears, on the last Business Day of each March, June, September and December for the calendar quarter then ended, and on the Funding Termination Date for the period for which such Commitment Fee has not theretofore been paid.

SECTION 2.4 LESSEE OWNER FOR TAX PURPOSES. With respect to each Leased Property, it is the intent of the Lessee and the Funding Parties that for federal, state and local tax purposes (A) the related Lessee owns such Leased Property and will be entitled to all tax benefits ordinarily available to an owner of property similar to such Leased Property, (B) the related Lease will be treated as a financing arrangement, and (C) the Lessor will be treated as a lender making loans to the related Lessee. Nevertheless, each Lessee acknowledges and agrees that no Funding Party or any other Person has made any representations or warranties concerning the tax, financial, accounting or legal characteristics or treatment of the Operative Documents and that

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each Lessee has obtained and relied solely upon the advice of its own tax, accounting and legal advisors concerning the Operative Documents and the accounting, tax, financial and legal consequences of the transactions contemplated therein.

SECTION 2.5 AMOUNTS DUE UNDER LEASE. With respect to each Leased Property, anything else herein or elsewhere to the contrary notwithstanding, it is the intention of each Lessee and the Funding Parties that: (i) the amount and timing of Basic Rent due and payable from time to time from such Lessee under the related Lease shall be equal to the aggregate payments due and payable with respect to interest on, and principal of, the Loans in respect of such Leased Property and Yield on, and principal of, the Lessor's Invested Amounts in respect of such Leased Property on each Payment Date; (ii) if such Lessee elects the Purchase Option or becomes obligated to purchase such Leased Property under the related Lease, the Funded Amounts in respect of such Leased Property, all interest and Yield thereon and all other obligations of such Lessee owing to the Funding Parties in respect of such Leased Property shall be paid in full by such Lessee, (iii) if such Lessee properly elects the Remarketing Option or the Surrender Option, the principal amount of, and accrued interest on, the A Loans and the A Percentage of the Lessor's Invested Amounts in respect of such Leased Property will be paid out of the Recourse Deficiency Amount, and such Lessee shall only be required to pay to the Lenders in respect of the principal amount of the B Loans in respect of such Leased Property and to the Lessor in respect of the B Percentage of the Lessor's Invested Amounts in respect of such Leased Property the proceeds of the sale of such Leased Property; and (iv) upon an Event of Default resulting in an acceleration of such Lessee's obligation to purchase such Leased Property under the related Lease, the amounts then due and payable by such Lessee under such Lease shall include all amounts necessary to pay in full the Loans in respect of such Leased Property, and accrued interest thereon, the Lessor's Invested Amounts in respect of the Leased Property and accrued Yield thereon and all other obligations of such Lessee owing to the Funding Parties in respect of such Leased Property.

SECTION 3 CONDITIONS PRECEDENT; DOCUMENTS

SECTION 3.1 CONDITIONS TO THE OBLIGATIONS OF THE FUNDING PARTIES ON EACH CLOSING DATE. The obligations of the Lessor and each Lender to carry out their respective obligations under SECTION 2 of this Master Agreement to be performed on the Closing Date with respect to any Leased Property shall be subject to the fulfillment to the satisfaction of, or waiver by, each such party

such Closing Date of the following conditions precedent, PROVIDED that the obligations of any Funding Party shall not be subject to any conditions contained in this SECTION 3.1 which are required to be performed by such Funding Party:

(a) DOCUMENTS. The following documents shall have been executed and delivered by the respective parties thereto:

(i) DEED AND PURCHASE AGREEMENT; SUPPLEMENT TO CONSTRUCTION AGENCY AGREEMENT. The related original Deed duly executed by the applicable Seller and in recordable form, and copies of the related Purchase Agreement, duly executed by such Seller and the related Lessee, shall each have been delivered to the Agent, with copies thereof to each other Funding Party. A supplement to the Construction Agency Agreement, substantially in the form of Exhibit A thereto, duly executed by the related Lessee, the Lessor and Cardinal shall have been delivered to the Agent.

(ii) LEASE; LEASE SUPPLEMENT. The original of the related Lease or Lease Supplement, as the case may be, duly executed by the related Lessee and the Lessor and in recordable form, shall have been delivered to the Agent.

(iii) MORTGAGE AND ASSIGNMENT OF LEASE AND RENTS. Counterparts of the Mortgage in the form of EXHIBIT D-1 (or D-2 if such Mortgage is in the form of a deed of trust) attached hereto, duly executed by the Lessor and in recordable form, shall have been delivered to the Agent (which Mortgage shall secure debt in an amount equal to 125% of the projected cost of acquisition and construction of such Leased Property); and the Assignment of Lease and Rents in the form of EXHIBIT K hereto in recordable form, duly executed by the Lessor, shall have been delivered to the Agent.

(iv) SECURITY AGREEMENT AND ASSIGNMENT. Counterparts of the Security Agreement and Assignment (substantially in the form of EXHIBIT C), duly executed by the related Lessee, with an acknowledgement and consent thereto satisfactory to the Lessor and the Agent duly executed by the related General Contractor and the related Architect, as applicable, and complete copies of the related Construction Contract and the related Architect's Agreement certified by such Lessee, shall have been delivered to the Lessor and the Agent (it being understood and agreed that if no related Construction Contract or Architect's Agreement exists on such Closing Date the related Lessee shall deliver

such Security Agreement and Assignment and consents concurrently with such Lessee's entering into such contracts).

(v) SURVEY. The related Lessee shall have delivered, or shall have caused to be delivered, to the Lessor and the Agent, at such Lessee's expense, an accurate survey certified to the Lessor and the Agent in a form satisfactory to the Lessor and the Agent and showing no state of facts unsatisfactory to the Lessor or the Agent and prepared within ninety (90) days of the Closing Date by a Person reasonably satisfactory to the Lessor and the Agent. Such survey shall (1) be acceptable to the Title Insurance Company, (2) show no encroachments on such Land by structures owned by others, and

no encroachments from any part of such Leased Property onto any land owned by others, and (3) disclose no state of facts reasonably objectionable to the Lessor, the Agent or the Title Insurance Company, and be acceptable to each such Person.

(vi) TITLE AND TITLE INSURANCE. On such Closing Date, the Lessor shall receive from a title insurance company acceptable to the Lessor and the Agent an ALTA Owner's Policy of Title Insurance issued by such title insurance company and the Agent shall receive from such title insurance company an ALTA Mortgagee's Policy of Title Insurance issued by such title insurance company, in each case, in the amount of the projected cost of acquisition and, construction of such Leased Property, reasonably acceptable in form and substance to the Lessor and the Agent, respectively (collectively, the "TITLE POLICY"). The Title Policy shall be dated as of the Closing Date, and, to the extent permitted under Applicable Law, shall include a pending disbursements clause reasonably satisfactory to the Lessor and the Agent and, coverage over the creditors' rights exclusion and the general exceptions to such policy and shall contain such affirmative endorsements as to mechanic's liens, easements and rights-of-way, encroachments, the non-violation of covenants and restrictions, survey matters and other matters as the Lessor or the Agent shall reasonably request.

(vii) APPRAISAL. Each Funding Party shall have received a report of the Appraiser (an "APPRAISAL"), paid for by the related Lessee or Cardinal, which shall meet the requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, shall be satisfactory to such Funding Party and shall state in a manner satisfactory to such Funding Party the estimated

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"as vacant" value of such Land and the Building to be constructed thereon. Such Appraisal must show that the "as vacant" value described above is at least 48% of the total cost of the Leased Property, including the trade fixtures, equipment and personal property to be included therein. Upon request by the related Lessee, the Funding Parties agree to waive delivery on such Closing Date of an Appraisal, provided that no subsequent Funding shall occur until such Appraisal has been delivered.

(viii) ENVIRONMENTAL AUDIT AND RELATED RELIANCE LETTER. The Lessor and the Agent shall have received an Environmental Audit for such Leased Property showing that no Hazardous Materials are present and otherwise satisfactory to the Lessor and the Agent; and the firm that prepared the Environmental Audit for such Leased Property shall have delivered to the Lessor and the Agent a letter (substantially in the form of EXHIBIT F) stating that the Lessor, the Agent, the Lease Participant and the Lenders may rely upon such firm's Environmental Audit of such Land, IT BEING UNDERSTOOD that the Lessor's and the Agent's acceptance of any such Environmental Audit shall not release or impair any Lessee's or the Guarantor's obligations under the Operative Documents with respect to any environmental liabilities relating to such Leased Property.

(ix) EVIDENCE OF INSURANCE. The Lessor and the Agent shall have received from the related Lessee certificates of insurance evidencing compliance with the provisions of Article VIII of the related Lease (including the naming of the Lessor, the Agent, the Lease Participant and the Lenders as additional insured or loss payee with respect to such insurance), in form and substance satisfactory to the Lessor and the Agent.

(x) OFFICER'S CERTIFICATE. Each of the Agent and the

Lessor shall have received an Officer's Certificate of (1) the related Lessee stating that, to the best of such officer's knowledge, (A) each and every representation and warranty of such Lessee contained in the Operative Documents is true and correct in all material respects on and as of such Closing Date as though made on and as of such Closing Date, except to the extent such representations or warranties relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects on and as of such earlier date; (B) no Event of Default, Potential Event of Default or Construction Force Majeure Event has occurred and is

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continuing; (C) each Operative Document to which such Lessee is a party is in full force and effect with respect to it; and (D) no event that could have a Material Adverse Effect has occurred since December 31, 1995; and (2) Cardinal stating that, to the best of such officer's knowledge, (A) each and every representation and warranty of Cardinal contained in the Operative Documents is true and correct in all material respects on and as of such Closing Date as though made on and as of such Closing Date, except to the extent such representations or warranties relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects on and as of such earlier date; (B) no Event of Default, Potential Event of Default or Construction Force Majeure Event has occurred and is continuing; (C) each Operative Document to which Cardinal is a party is in full force and effect with respect to it; and (D) no event that could have a Material Adverse Effect has occurred since December 31, 1995.

(xi) UCC FINANCING STATEMENT; RECORDING FEES; TRANSFER TAXES. Each Funding Party shall have received satisfactory evidence of (i) the execution and delivery to Agent of a UCC-1 and UCC-2 financing statement to be filed with the Secretary of State of the applicable State (or other appropriate filing office) and the county where the related Land is located respectively, and such other Uniform Commercial Code financing statements as any Funding Party deems necessary or desirable in order to protect such Funding Party's interests and (ii) the payment of all recording and filing fees and taxes with respect to any recordings or filings made of the related Deed, the related Lease, the related Lease Supplement, if any, the related Mortgage and the related Assignment of Lease and Rents.

(xii) OPINIONS. The opinion of local counsel for the related Lessee qualified in the jurisdiction in which such Leased Property is located, substantially in the form set forth in EXHIBIT G-2, and containing such other matters as the parties to whom they are addressed shall reasonably request, shall have been delivered and addressed to each of the Lessor, the Agent, the Lease Participant and the Lenders, and to the extent requested by the Agent, opinions supplemental to those delivered under SECTION 3.2(VII) and satisfactory to the Agent shall have been delivered and addressed to each of the Lessor, the Agent, the Lease Participant and the Lenders.

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(xiii) IDB PROPERTY. If such Leased Property is an IDB Property or is otherwise subject to industrial development or revenue bonds, the IDB Documentation shall have been executed by the parties thereto, and shall be in form and

substance reasonably acceptable to the Agent, the Lessor and the Lenders.

(b) LITIGATION. No action or proceeding shall have been instituted or threatened nor shall any governmental action, suit, proceeding or investigation be instituted or threatened before any Governmental Authority, nor shall any order, judgment or decree have been issued or proposed to be issued by any Governmental Authority, to set aside, restrain, enjoin or prevent the performance of this Master Agreement or any transaction contemplated hereby or by any other Operative Document or which is reasonably likely to materially adversely affect the Leased Property or any transaction contemplated by the Operative Documents or which could reasonably be expected to result in a Material Adverse Effect.

(c) LEGALITY. In the opinion of such Funding Party or its counsel, the transactions contemplated by the Operative Documents shall not violate any Applicable Law, and no change shall have occurred or been proposed in Applicable Law that would make it illegal for such Funding Party to participate in any of the transactions contemplated by the Operative Documents.

(d) NO EVENTS. (i) No Event of Default, Potential Event of Default, Event of Loss or Event of Taking shall have occurred and be continuing, (ii) no action shall be pending or threatened by a Governmental Authority to initiate a Condemnation or an Event of Taking, and (iii) there shall not have occurred any event that could reasonably be expected to have a Material Adverse Effect since December 31, 1995.

(e) REPRESENTATIONS. Each representation and warranty of the parties hereto or to any other Operative Document contained herein or in any other Operative Document shall be true and correct in all material respects as though made on and as of the Closing Date.

(f) CUTOFF DATE. The Initial Closing Date shall occur on or prior to July 16, 1996. No Closing Date shall occur after the Funding Termination Date.

(g) TRANSACTION EXPENSES. The related Lessee shall have paid the Transaction Costs then accrued and invoiced which such Lessee has agreed to pay pursuant to SECTION 8.8.

SECTION 3.2 ADDITIONAL CONDITIONS FOR THE INITIAL CLOSING DATE. The obligations of the Lessor and each Lender to carry out

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their respective obligations under SECTION 2 of this Master Agreement to be performed on the Initial Closing Date shall be subject to the satisfaction of, or waiver by, each such party hereto (acting directly or through its counsel) on or prior to the Initial Closing Date of the following conditions precedent in addition to those set forth in SECTION 3.1, PROVIDED that the obligations of any Funding Party shall not be subject to any conditions contained in this SECTION 3.2 which are required to be performed by such Funding Party:

(i) GUARANTY. Counterparts of the Guaranty, duly executed by the Guarantor, shall have been delivered to each Funding Party.

(ii) LOAN AGREEMENT. Counterparts of the Loan Agreement, duly executed by the Lessor, the Agent and each Lender shall have been delivered to each of the Lessor and the Agent. An A Note and a B Note, duly executed by the Lessor, shall have been delivered to each Lender.

(iii) LEASE PARTICIPATION AGREEMENT. Counterparts of the Lease Participation Agreement, duly executed by the Lessor and the Lease Participant, shall have been delivered to each of the parties thereto.

(iv) MASTER AGREEMENT. Counterparts of this Master Agreement, duly executed by the parties hereto, shall have been delivered to each of the parties

hereto.

(v) CONSTRUCTION AGENCY AGREEMENT. Counterparts of the Construction Agency Agreement, duly executed by the parties thereto shall have been delivered to each of the parties hereto.

(vi) LESSEE'S AND GUARANTOR'S RESOLUTIONS AND INCUMBENCY CERTIFICATE, ETC. Each of the Agent and the Lessor shall have received (x) a certificate of the Secretary or an Assistant Secretary of each of Cardinal Mississippi and the Guarantor, respectively, attaching and certifying as to (i) the Board of Directors' resolution duly authorizing the execution, delivery and performance by it of each Operative Document to which it is or will be a party, (ii) the incumbency and signatures of persons authorized to execute and deliver such documents on its behalf, (iii) its certificate of incorporation, certified as of a recent date by the Secretary of State of the state of its incorporation and (iv) its by-laws, and (y) good standing certificates for Cardinal Mississippi and good standing

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certificates for the Guarantor from the appropriate offices of the States of such Person's incorporation and principal place of business.

(vii) OPINIONS OF COUNSEL. The opinion of Baker & Hostetler, dated the initial Closing Date, substantially in the form set forth in EXHIBIT G-1, and containing such other matters as the parties to whom it is addressed shall reasonably request, shall have been delivered and addressed to each of the Lessor, the Agent, the Lease Participant and the Lenders.

(viii) LESSOR'S INCUMBENCY CERTIFICATE. The Agent shall have received a certificate of secretary of the Lessor attaching and certifying as to the incumbency and signatures of persons authorized to execute and deliver such documents on its behalf.

SECTION 3.3 CONDITIONS TO THE OBLIGATIONS OF LESSEES. The obligations of each Lessee to lease from the Lessor are subject to the fulfillment on the related Closing Date to the satisfaction of, or waiver by, the related Lessee, of the following conditions precedent:

(a) GENERAL CONDITIONS. The conditions set forth in SECTIONS 3.1 AND 3.2 that require fulfillment by the Lessor or the Lenders shall have been satisfied.

(b) LEGALITY. In the opinion of such Lessee or its counsel, the transactions contemplated by the Operative Documents shall not violate any Applicable Law, and no change shall have occurred or been proposed in Applicable Law that would make it illegal for such Lessee to participate in any of the transactions contemplated by the Operative Documents.

SECTION 3.4 CONDITIONS TO THE OBLIGATIONS OF THE FUNDING PARTIES ON EACH FUNDING DATE. The obligations of the Lessor and each Lender to carry out their respective obligations under SECTION 2 of this Master Agreement to be performed on each Funding Date shall be subject to the fulfillment to the satisfaction of, or waiver by, each such party hereto (acting directly or through their respective counsel) or prior to each such Funding Date of the following conditions precedent, PROVIDED that the obligations of any Funding Party shall not be subject to any conditions contained in this SECTION 3.4 which are required to be performed by such Funding Party:

(a) FUNDING REQUEST. The Lessor and the Agent shall have received from the related Lessee the Funding Request therefor pursuant to SECTION 2.2(D).

(b) CONDITION FULFILLED. As of such Funding Date, the condition set forth in SECTION 3.1(D) shall have been satisfied.

(c) REPRESENTATIONS. As of such Funding Date, both before and after giving effect to the Funding requested by the related Lessee on such date, the representations and warranties that such Lessee is deemed to make pursuant to SECTION 2.2(E) shall be true and correct in all material respects on and as of such Funding Date as though made on and as of such Funding Date, except to the extent such representations or warranties relate solely to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date.

(d) NO BONDED STOP NOTICE OR FILED MECHANICS LIEN. As of each Funding Date, and as to any Funded Amount requested for any Leased Property on each such Funding Date, (i) neither the Lessor, the Agent, the Lease Participant nor any Lender has received (with respect to such Leased Property) a bonded notice to withhold Loan funds which has not been discharged by the related Lessee, and (ii) no mechanic's liens or materialman's liens have been filed against such Leased Property that have not been discharged by the related Lessee, bonded over in a manner reasonably satisfactory to the Agent or insured by the Title Insurance Company.

SECTION 3.5 COMPLETION DATE CONDITIONS. The occurrence of the Completion Date with respect to any Leased Property shall be subject to the fulfillment to the satisfaction of, or waiver by, each party hereto (acting directly or through its counsel) of the following conditions precedent:

(a) TITLE POLICY ENDORSEMENTS; ARCHITECT'S CERTIFICATE. The related Lessee shall have furnished to each Funding Party (1) the following endorsements to the related Title Policy (each of which shall be subject to no exceptions other than those reasonably acceptable to the Agent): a date-down endorsement (redating and confirming the coverage provided under the Title Policy and each endorsement thereto) and a "Form 9" endorsement, in each case, effective as of a date not earlier than the date of completion of the Construction, and (2) a certificate of the Architect dated at or about the Completion Date, in form and substance reasonably satisfactory to the Agent, the Lessor and the Lenders, and stating that (i) the Building has been completed substantially in accordance with the Plans and Specifications, and the Leased Property is ready for occupancy, (ii) the Plans and Specifications comply in all material respects with all Applicable Laws in effect at such time, and (iii) to the best of the Architect's knowledge, the Leased Property, as so completed, complies in all material respects with all Applicable Laws in effect at such time. The related Lessee shall also

deliver to the Agent true and complete copies of: (A) an "as built" or "record" set of the Plans and Specifications, (B) a plat of survey of the Leased Property "as built" to a standard reasonably acceptable to the Agent showing all easements, paving, driveways, fences and exterior improvements, and (C) copies of a certificate or certificates of occupancy for the Leased Property or other legally equivalent permission to occupy the Leased Property.

(b) CONSTRUCTION COMPLETION. The Construction shall have been completed substantially in accordance with the Plans and Specifications, the related Deed and all Applicable Laws, and the Leased Property shall be ready for occupancy and operation. All fixtures, equipment and other property contemplated under the Plans and Specifications to be incorporated into or installed in the Leased Property shall have been substantially incorporated or installed, free and clear of all Liens except for Permitted Liens.

(c) LESSEE CERTIFICATION. The related Lessee shall have furnished the Lessor, the Agent, the Lease Participant and each Lender with both (1) a certification of such Lessee (substantially in the form of EXHIBIT H)

that:

(i) all amounts owing to third parties for the Construction have been paid in full (other than contingent obligations for which such Lessee has made adequate reserves), and no litigation or proceedings are pending, or to the best of such Lessee's knowledge, are threatened, against the Leased Property or such Lessee which could reasonably be expected to have a Materially Adverse Effect;

(ii) all consents, licenses and permits and other governmental authorizations or approvals required for the Construction and operation of the Leased Property have been obtained and are in full force and effect;

(iii) the Leased Property has available all services of public facilities and other utilities necessary for use and operation of the Leased Property for its intended purposes including, without limitation, adequate water, gas and electrical supply, storm and sanitary sewerage facilities, telephone, other required public utilities and means of access between the Building and public highways for pedestrians and motor vehicles;

(iv) all material agreements, easements and other rights, public or private, which are necessary to permit the lawful use and operation of the Leased Property as such Lessee intends to use the Leased Property under the related Lease and which are necessary to permit the lawful intended

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use and operation of all then intended utilities, driveways, roads and other means of egress and ingress to and from the same have been obtained and are in full force and effect and such Lessee has no knowledge of any pending modification or cancellation of any of the same; and the use of the Leased Property does not depend on any variance, special exception or other municipal approval, permit or consent that has not been obtained and is in full force and effect for its continuing legal use;

(v) all of the requirements and conditions set forth in SECTION 3.5(B) hereof have been completed and fulfilled; and

(vi) the Leased Property is in compliance in all material respects with all applicable zoning laws and regulations; and

(2) copies of all final lien waivers regarding the Construction, together with sworn statements from contractors, subcontractors and material suppliers.

(d) COMPLETION DATE APPRAISAL. Within 90 days after the issuance of the certificate of occupancy for the Building, the Lessor and the Agent shall have received a report of the Appraiser (the "COMPLETION DATE APPRAISAL"), which shall confirm the Appraisal delivered on the Closing Date. The cost of such appraisal shall be paid by the related Lessee.

SECTION 3.6 ADDITION OF LESSEES. After the date hereof, additional Subsidiaries of Cardinal may become Lessees hereunder and under the other Operative Documents upon satisfaction of the following conditions precedent:

(a) such Subsidiary and the Guarantor shall have executed and delivered to the Agent and the Lessor a Joinder Agreement, substantially in the form of EXHIBIT I;

(b) such Subsidiary shall have delivered to each of the Agent and the Lessor (x) a certificate of the Secretary or an Assistant Secretary of such Subsidiary, attaching and certifying as to (i) the Board of Directors' resolution duly authorizing the execution, delivery and performance by it of each Operative Document to which it is or will be a party, (ii) the incumbency and signatures of persons authorized to execute and deliver such documents on its behalf, (iii) its certificate

of incorporation, certified as of a recent date by the Secretary of State of its incorporation and (iv) its by-laws, and (y) good standing certificates from the appropriate offices of the States of such Subsidiary's incorporation and principal place of business;

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(c) such Subsidiary shall have delivered an opinion of Baker & Hostetler, addressed to each of the Lessor, the Agent, the Lease Participant and the Lenders, substantially in the form set forth in EXHIBIT G-1; and

(d) the Agent, the Lessor, the Lease Participant and the Lenders shall have received such other documents, certificates and information as any of them shall have reasonably requested.

SECTION 4 REPRESENTATIONS

SECTION 4.1 REPRESENTATIONS OF LESSEE. Effective as of the date of execution hereof (or of the related Joinder Agreement, as applicable), as of each Closing Date and as of each Funding Date, each Lessee represents and warrants to each of the other parties hereto as follows:

(a) ORGANIZATION; CORPORATE POWERS. Such Lessee (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) is duly qualified as a foreign corporation and in good standing (A) in each jurisdiction where a Leased Property is located and (B) under the laws of each jurisdiction where such qualification is required and where the failure to be duly qualified and in good standing would have a Material Adverse Effect and (iii) has all requisite corporate power and authority to own, operate and encumber its property and assets and to conduct its business as presently conducted and as proposed to be conducted in connection with and following the consummation of the transactions contemplated by the Operative Documents.

(b) AUTHORITY. (i) Such Lessee has the requisite corporate power and authority to execute, deliver and perform the Operative Documents executed by it, or to be executed by it.

(ii) The execution, delivery and performance (or recording or filing, as the case may be) of the Operative Documents, and the consummation of the transactions contemplated thereby, have been duly approved by the Board of Directors of such Lessee and no other corporate proceedings on the part of such Lessee are necessary to consummate the transactions so contemplated.

(c) The Operative Documents executed by such Lessee, have been duly executed and delivered (or recorded or filed, as the case may be) by such Lessee, and constitute its legal, valid and binding obligation, enforceable against it in accordance with their respective terms, except as enforcement may be limited by

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bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally or by equitable principles generally.

(d) NO CONFLICT. The execution, delivery and performance by such Lessee of each Operative Document to which it is a party and each of the transactions contemplated thereby do not and will not (i) violate any Applicable Law or Contractual Obligation of any Person the consequences of which violation, singly or in the aggregate, would have a Material Adverse Effect, (ii) result in or require the creation or imposition of any Lien whatsoever on such Leased Property or upon any of the properties or assets of such Lessee or any of its Subsidiaries (other than Permitted Liens), or (iii) require any approval of stockholders which has not been obtained.

(e) GOVERNMENTAL CONSENTS. Except as have been made, obtained or given, and are in full force and effect, no filing or registration with, consent or approval of, or notice to, with or by any Governmental Authority, is required to authorize, or is required in connection with, the execution, delivery and performance by such Lessee of the Operative Documents, the use of the proceeds of the Fundings made to effect the purchase of the Land and the Construction, or the legality, validity, binding effect or enforceability of any Operative Document.

(f) GOVERNMENTAL REGULATION. Neither such Lessee nor any Subsidiary of such Lessee is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(g) REQUIREMENTS OF LAW. Such Lessee and each Subsidiary of such Lessee and each Person acting on behalf of any of them is in compliance with all Requirements of Law applicable to them and their respective businesses, in each case where the failure to so comply would have a Material Adverse Effect, either individually or together with other such cases.

(h) RIGHTS IN RESPECT OF THE LEASED PROPERTY. Such Lessee is not a party to any contract or agreement to sell any interest in such Leased Property or any part thereof, other than pursuant to this Master Agreement and the related Lease.

(i) HAZARDOUS MATERIALS. (i) To the best knowledge of such Lessee, on the Closing Date for each Leased Property, there are no Hazardous Materials present at, upon, under or within such Leased Property or released or transported to or from such Leased Property (except in full compliance with all Applicable Law).

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(ii) On the related Closing Date, no Governmental Actions have been taken or are in process or have been threatened, which could reasonably be expected to subject such Leased Property, any Lender, the Lease Participant or the Lessor with respect to such Leased Property to any Claims or Liens under any Environmental Law which would have a materially adverse effect on such Lessee, the Lessor, the Lender, the Lease Participant or such Leased Property.

(iii) Such Lessee has, or will obtain on or before the date required by Applicable Law, all Environmental Permits necessary to operate such Leased Property in accordance with Environmental Laws and is complying with and has at all times complied with all such Environmental Permits, except to the extent the failure to so comply would not have a Material Adverse Effect.

(iv) No notice, notification, demand, request for information, citations, summons, complaint or order has been issued or filed to or with respect to such Lessee, no penalty has been assessed on such Lessee and no investigation or review is pending or, to its best knowledge, threatened by any Governmental Authority or other Person in each case relating to the Leased Property with respect to any alleged violation or liability of such Lessee under any Environmental Law. No material notice, notification, demand, request for information, citations, summons, complaint or order has been issued or filed to or with respect to any other Person, no material penalty has been assessed on any other Person and no investigation or review is pending or, to its best knowledge, threatened by any Governmental Authority or other Person relating to such Leased Property with respect to any alleged material violation or liability under any Environmental Law by any other Person.

(v) Such Leased Property and each portion thereof are presently in compliance in all material respects with all Environmental Laws, and there are no present or, to such Lessee's best knowledge, past facts, circumstances, activities, events, conditions or occurrences regarding such Leased Property (including without limitation the release or presence of Hazardous Materials) that could reasonably be anticipated to (A) form the basis of a material Claim against such Leased Property, any Funding Party or such

Lessee, (B) cause such Leased Property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law, (C) require the filing or recording of any notice or restriction relating to the presence of Hazardous Materials in the real estate records in the county or other appropriate municipality in which such Leased Property is located, or (D) prevent or interfere with the continued operation and maintenance of such Leased Property as contemplated by the Operative Documents.

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(j) LEASED PROPERTY. The present condition and use of such Leased Property conforms in all material respects with all conditions or requirements of all existing permits and approvals issued with respect to such Leased Property, and the present use of such Leased Property and such Lessee's future intended use of such Leased Property under the related Lease does not, in any material respect, violate any Applicable Law. No material notices, complaints of orders or violation or non-compliance have been issued or, to such Lessee's best knowledge, threatened or contemplated by any Governmental Authority with respect to such Leased Property or any present or intended future use thereof. All agreements, easements and other rights, public or private, which are necessary to permit the lawful use and operation of such Leased Property as such Lessee intends to use such Leased Property under the related Lease and which are necessary to permit the lawful intended use and operation of all presently intended utilities, driveways, roads and other means of egress and ingress to and from the same have been, or to such Lessee's best knowledge will be, obtained and are in full force and effect, and such Lessee has no knowledge of any pending modification or cancellation of any of the same.

SECTION 4.2 REPRESENTATIONS OF THE LESSOR. Effective as of the date of execution hereof, as of each Closing Date and as of each Funding Date, the Lessor represents and warrants to the Agent, the Lease Participant, the Lenders and the related Lessees as follows:

(a) SECURITIES ACT. The interest being acquired or to be acquired by the Lessor in such Leased Property is being acquired for its own account, without any view to the distribution thereof or any interest therein, PROVIDED that the Lessor shall be entitled to assign, convey or transfer its interest in accordance with SECTION 6.1 and the Lease Participation Agreement.

(b) EMPLOYEE BENEFIT PLANS. The Lessor is not and will not be making its investment hereunder, and is not performing its obligations under the Operative Documents, with the assets of an "employee benefit plan" (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA, or "plan" (as defined in Section 4975(e)(1)) of the Code.

(c) GOVERNMENTAL CONSENTS. Except as have been made, obtained or given, and are in full force and effect, no filing or registration with, consent or approval of, notice to, with or by any Governmental Authority, is required to authorize, or is required in connection with, the execution, delivery and performance by the Lessor of the Operative Documents, or the legality, validity, binding effect or enforceability, in each case, as against the Lessor, of any Operative Documents;

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PROVIDED, HOWEVER, that the Lessor makes no representation or warranty with respect to any such filing, registration, consent, approval or notice with respect to any matter specific to a Leased Property, including, without limitation, the acquisition, ownership, construction, leasing, operation or maintenance thereof or any IDB Documentation related thereto.

SECTION 4.3 REPRESENTATIONS OF EACH LENDER. Effective as of the date of execution hereof, as of each Closing Date and as of each Funding Date, each Lender represents and warrants to the Lessor and to the related Lessee as follows:

(a) SECURITIES ACT. The interest being acquired or to be

acquired by such Lender in the Funded Amounts is being acquired for its own account, without any view to the distribution thereof or any interest therein, PROVIDED that such Lender shall be entitled to assign, convey or transfer its interest in accordance with SECTION 6.2. Such Lender is an accredited investor as that term is defined in Rule 501(a) under the Securities Act.

(b) EMPLOYEE BENEFIT PLANS. Such Lender is not and will not be making its investment hereunder, and is not performing its obligations under the Operative Documents, with the assets of an "employee benefit plan" (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA, or "plan" (as defined in Section 4975(e)(1)) of the Code.

(c) GOVERNMENTAL CONSENTS. Except as have been made, obtained or given, and are in full force and effect, no filing or registration with, consent or approval of, notice to, with or by any Governmental Authority, is required to authorize, or is required in connection with, the execution, delivery and performance by such Lender of the Operative Documents, or the legality, validity, binding effect or enforceability, in each case, as against such Lender, of any Operative Documents; PROVIDED, HOWEVER, that such Lender makes no representation or warranty with respect to any such filing, registration, consent, approval or notice with respect to any matter specific to a Leased Property, including, without limitation, the acquisition, ownership, construction, leasing, operation or maintenance thereof or any IDB Documentation related thereto.

SECTION 5 COVENANTS OF THE LESSEES

SECTION 5.1 QUALIFICATION TO DO BUSINESS. Each Lessee shall remain qualified to do business in the state where its Leased Property is located.

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SECTION 5.2 FURTHER ASSURANCES. Upon the written request of the Lessor or the Agent, each Lessee, at its own cost and expense, will cause all financing statements (including precautionary financing statements), fixture filings and other similar documents, to be recorded or filed at such places and times in such manner, as may be necessary to preserve, protect and perfect the interest of the Lessor, the Agent, the Lease Participant and the Lenders in the related Leased Property as contemplated by the Operative Documents.

SECTION 5.3 INFORMATION. Each Lessee will furnish to the Agent such information relating to the business, affairs and financial condition of such Lessee and its Subsidiaries as the Agent (when requested so to do by the Lease Participant or any Lender) may from time to time reasonably request.

SECTION 5.4 ADDITIONAL REQUIRED APPRAISALS. If, as a result of any change in Applicable Law after the date hereof, an appraisal of all or any of the Leased Property is required during the Lease Term under Applicable Law with respect to any Funding Party's interest therein, such Funding Party's Funded Amount with respect thereto or the Operative Documents, then the related Lessee shall pay the cost of such appraisal.

SECTION 5.5 IDB DOCUMENTATION. Each Lessee shall timely perform its obligations under all IDB Documentation related to the Leased Property leased by such Lessee.

SECTION 6 TRANSFERS BY LESSOR AND LENDERS

SECTION 6.1 LESSOR TRANSFERS. The Lessor shall not assign, convey or otherwise transfer all or any portion of its right, title or interest in, to or under any Leased Property (except pursuant to the Lease Participation Agreement (provided that the Lessor shall not consent to any assignment by the Lease Participant thereunder without the prior written consent of Cardinal, which consent shall not be unreasonably withheld) and ARTICLE V of the Leases) or any of the Operative Documents without the prior written consent of the Lenders and Cardinal, which consent shall not be unreasonably withheld, PROVIDED that the Lessor may make any such assignment, conveyance or transfer (and may permit the

Lease Participant to assign its rights and obligations under the Lease Participation Agreement) to any other Funding Party or any Affiliate of any Funding Party, without such consent. Any proposed transferee of the Lessor shall make the representation set forth in SECTION 4.2(B) to the other parties hereto.

SECTION 6.2 LENDER TRANSFERS. No Lender may grant participations in its Commitment or sell Loans or participations

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in its Loan and Commitment to any Person (other than an Affiliate) without the prior written consent of Guarantor, which consent shall not be unreasonably withheld. Any approved participation buyer shall not receive voting or waiver rights except with respect to postponing maturities, decreasing interest rates, releasing all or substantially all of the collateral or increasing principal amounts. Assignments will be permitted only with the prior written consent of the Guarantor and the Agent, which consent shall not be unreasonably withheld, obtained at least 14 days prior to any proposed assignment, and the payment of a processing fee of \$2,500 to the Agent. Assignments shall be evidenced by an assignment and assumption agreement in substantially the form set forth as EXHIBIT J.

SECTION 7 INDEMNIFICATION

SECTION 7.1 GENERAL INDEMNIFICATION. Each Lessee and the Guarantor jointly and severally agree, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and to indemnify, protect, defend, save and hold harmless each Indemnitee, on an After-Tax Basis, from and against, any and all Claims that may be imposed on, incurred by or asserted, or threatened to be asserted, against such Indemnitee (whether because of action or omission by such Indemnitee or otherwise), whether or not such Indemnitee shall also be indemnified as to any such Claim by any other Person and whether or not such Claim arises or accrues prior to any Closing Date or after the Lease Termination Date, in any way relating to or arising out of:

(a) any of the Operative Documents or any of the transactions contemplated thereby, and any amendment, modification or waiver in respect thereof; or

(b) any Land, any Building or any part thereof or interest therein;

(c) the purchase, design, construction, preparation, installation, inspection, delivery, non-delivery, acceptance, rejection, ownership, management, possession, operation, rental, lease, sublease, repossession, maintenance, repair, alteration, modification, addition, substitution, storage, transfer of title, redelivery, use, financing, refinancing, disposition, operation, condition, sale (including, without limitation, any sale pursuant to any Lease), return or other disposition of all or any part of any interest in any Leased Property or the imposition of any Lien (or incurring of any liability to refund or pay over any amount as a result of any Lien) thereon, including,

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without limitation: (1) Claims or penalties arising from any violation or alleged violation of law or in tort (strict liability or otherwise), (2) latent or other defects, whether or not discoverable, (3) any Claim based upon a violation or alleged violation of the terms of any restriction, easement, condition or covenant or other matter affecting title to any Leased Property or any part thereof, (4) the making of any Alterations in violation of any standards imposed by any insurance policies required to be maintained by the Lessees pursuant to the Leases which are in effect at any time with respect to any Leased

Property or any part thereof, (5) any Claim for patent, trademark or copyright infringement, (6) Claims arising from any public improvements with respect to any Leased Property resulting in any charge or special assessments being levied against any Leased Property or any Claim for utility "tap-in" fees, and (7) Claims for personal injury or real or personal property damage occurring, or allegedly occurring, on any Land, Building or Leased Property;

(d) the offer, issuance, sale or delivery of the Notes by any Lessee or the Guarantor;

(e) the breach or alleged breach by any Lessee or Cardinal of any representation or warranty made by it or deemed made by it in any Operative Document or any certificate required to be delivered by any Operative Document;

(f) the retaining or employment of any broker, finder or financial advisor by any Lessee or Cardinal to act on its behalf in connection with this Master Agreement, or the incurring of any fees or commissions to which any Lessor, the Agent, the Lease Participant or any Lender might be subjected by virtue of their entering into the transactions contemplated by this Master Agreement;

(g) the existence of any Lien on or with respect to any Leased Property, the Construction, any Basic Rent or Supplemental Rent, title thereto, or any interest therein, including any Liens which arise out of the possession, use, occupancy, construction, repair or rebuilding of any Leased Property or by reason of labor or materials furnished or claimed to have been furnished to any Lessee, or any of its contractors or agents or by reason of the financing of any personalty or equipment purchased or leased by any Lessee or Alterations constructed by any Lessee, except in all cases the liens listed as items (a) and (b) in the definition of Permitted Liens;

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(h) the transactions contemplated hereby or by any other Operative Document, in respect of the application of Parts 4 and 5 of Subtitle B of Title I of ERISA and any prohibited transaction described in Section 4975(c) of the Code;

(i) any act or omission by any Lessee or Cardinal under any Purchase Agreement or any other Operative Document, and any breach of any requirement, condition, restriction or limitation in any Deed; or

(j) any of the IDB Documentation or any of the transactions contemplated thereby, and any amendment, modification or waiver in respect thereof;

PROVIDED, HOWEVER, neither any Lessee nor the Guarantor shall be required to indemnify any Indemnitee under this SECTION 7.1 for any of the following: (1) any Claim to the extent that such Claim results from the willful misconduct or gross negligence of such Indemnitee, (2) any Claim resulting from Lessor Liens which the Lessor Indemnitee Group is responsible for discharging under the Operative Documents, (3) without limiting the provisions of SECTION 7.2, any Claim related to any Leased Property to the extent attributable to acts or events occurring after the expiration of the Lease Term and the return of the Leased Property to the Lessor so long as the Lessor, the Agent and the Funding Parties are not exercising remedies against a Lessee or the Guarantor in respect of the Operative Documents, (4) any Claim resulting from the breach by Lessor of any representation or warranty made by it or deemed made by it in any Operative Document and (5) any Claim resulting from the breach of any Lender of any representation or warranty made by any of them or deemed made by any of them in any Operative Document. It is expressly understood and agreed that the indemnity provided for herein shall survive the expiration or termination of, and shall be separate and independent from any other remedy under this Master Agreement, any Lease or any other Operative Document.

SECTION 7.2 ENVIRONMENTAL INDEMNITY. In addition to and without limitation of SECTION 7.1, each Lessee and the Guarantor jointly and severally

agree to indemnify, hold harmless and defend each Indemnitee from and against any and all claims (including without limitation third party claims for personal injury or real or personal property damage), losses (including but not limited to any loss of value of any Leased Property), damages, liabilities, fines, penalties, charges, suits, settlements, demands, administrative and judicial proceedings (including informal proceedings) and orders, judgments, remedial action, requirements, enforcement actions of any kind, and all reasonable costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorneys' and/or

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paralegals' fees and expenses), including, but not limited to, all costs incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work by any federal, state or local government agency, arising directly or indirectly, in whole or in part, out of

(i) the presence on or under any Land of any Hazardous Materials, or any releases or discharges of any Hazardous Materials on, under, from or onto any Land,

(ii) any activity, including, without limitation, construction, carried on or undertaken on or off any Land, and whether by a Lessee, Cardinal or any predecessor in title or any employees, agents, contractors or subcontractors of a Lessee, Cardinal or any predecessor in title, or any other Persons, in connection with the handling, treatment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Materials that at any time are located or present on or under or that at any time migrate, flow, percolate, diffuse or in any way move onto or under any Land,

(iii) loss of or damage to any property or the environment (including, without limitation, clean-up costs, response costs, remediation and removal costs, cost of corrective action, costs of financial assurance, fines and penalties and natural resource damages), or death or injury to any Person, and all expenses associated with the protection of wildlife, aquatic species, vegetation, flora and fauna, and any mitigative action required by or under Environmental Laws,

(iv) any claim concerning lack of compliance with Environmental Laws, or any act or omission causing an environmental condition that requires remediation or would allow any governmental agency to record a lien or encumbrance on the land records, or

(v) any residual contamination on or under any Land, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, storage, transport or disposal of any such Hazardous Materials; in each case irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes and ordinances;

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in any case with respect to the matters described in the foregoing CLAUSES (I) through (V) that arise or occur

(w) prior to or during the Lease Term,

(x) at any time during which a Lessee or any Affiliate thereof owns any interest in or otherwise occupies or possesses any Leased Property or any portion thereof, or

(y) during any period after and during the continuance of any Event of Default;

PROVIDED, HOWEVER, neither any Lessee nor the Guarantor shall be required to indemnify any Indemnitee under this SECTION 7.2 for (1) any Claim to the extent that such Claim results from the willful misconduct or gross negligence of such Indemnitee and (2) any Claim to the extent attributable to acts or events occurring after the expiration of the Lease Term and the return of the Leased Property to the Lessor pursuant to the related Lease. It is expressly understood and agreed that the indemnity provided for herein shall survive the expiration or termination of and shall be separate and independent from any other remedy under this Master Agreement, any Lease or any other Operative Document.

SECTION 7.3 PROCEEDINGS IN RESPECT OF CLAIMS. With respect to any amount that a Lessee or the Guarantor is requested by an Indemnitee to pay by reason of SECTION 7.1 or 7.2, such Indemnitee shall, if so requested by such Lessee or the Guarantor and prior to any payment, submit such additional information to such Lessee or the Guarantor as such Lessee or the Guarantor may reasonably request and which is in the possession of such Indemnitee to substantiate properly the requested payment. In case any action, suit or proceeding shall be brought against any Indemnitee, such Indemnitee shall notify the related Lessee or Cardinal of the commencement thereof, and such Lessee shall be entitled, at its expense, to participate in, and, to the extent that such Lessee desires to, assume and control the defense thereof with counsel reasonably satisfactory to such Indemnitee; PROVIDED, HOWEVER, that such Indemnitee may pursue a motion to dismiss such Indemnitee from such action, suit or proceeding with counsel of such Indemnitee's choice at such Lessee's expense; and PROVIDED FURTHER that the related Lessee and the Guarantor jointly and severally may assume and control the defense of such proceeding only if the related Lessee and the Guarantor shall have acknowledged in writing their obligations to fully indemnify such Indemnitee in respect of such action, suit or proceeding, such Lessee and the Guarantor jointly and severally shall pay all costs and expenses related to such action, suit or proceeding as and when incurred and such Lessee shall keep such Indemnitee fully apprised of the status of such action suit or proceeding and shall provide such Indemnitee with all information with

respect to such action suit or proceeding as such Indemnitee shall reasonably request; and, PROVIDED FURTHER, that such Lessee shall not be entitled to assume and control the defense of any such action, suit or proceeding if and to the extent that, (A) in the reasonable opinion of such Indemnitee, (x) such action, suit or proceeding involves any possibility of imposition of criminal liability or any material risk of material civil liability on such Indemnitee or (y) such action, suit or proceeding will involve a material risk of the sale, forfeiture or loss of, or the creation of any Lien (other than a Permitted Lien) on any Leased Property or any part thereof unless such Lessee shall have posted a bond or other security satisfactory to the relevant Indemnitees in respect to such risk or (z) the control of such action, suit or proceeding would involve an actual or potential conflict of interest, (B) such proceeding involves Claims not fully indemnified by such Lessee which such Lessee and the Indemnitee have been unable to sever from the indemnified claim(s), or (C) an Event of Default has occurred and is continuing. The Indemnitee may participate in a reasonable manner at its own expense and with its own counsel in any proceeding conducted by a Lessee in accordance with the foregoing.

If the related Lessee fails to fulfill the conditions to such Lessee's assuming the defense of any claim on or prior to the date that is 15 days prior to the date that an answer or response is required, the Indemnitee may undertake such defense, at such Lessee's and Guarantor's joint and several expense. No Lessee shall enter into any settlement or other compromise with respect to any Claim which is entitled to be indemnified under SECTION 7.1 or 7.2 without the prior written consent of the related Indemnitee, which consent shall not be unreasonably withheld. Unless an Event of Default shall have occurred and be continuing, no Indemnitee shall enter into any settlement or other compromise with respect to any claim which is entitled to be indemnified under SECTION 7.1 or 7.2 without the prior written consent of the Guarantor, which consent shall not be unreasonably withheld, unless such Indemnitee waives its right to be indemnified under SECTION 7.1 or 7.2 with respect to such Claim.

Upon payment in full of any Claim by a Lessee and the Guarantor pursuant to SECTION 7.1 or 7.2 to or on behalf of an Indemnitee, such Lessee and

the Guarantor, without any further action, shall be subrogated to any and all claims that such Indemnitee may have relating thereto (other than claims in respect of insurance policies maintained by such Indemnitee at its own expense), and such Indemnitee shall execute such instruments of assignment and conveyance, evidence of claims and payment and such other documents, instruments and agreements as may be reasonably necessary to preserve any such claims and otherwise cooperate with such Lessee and the Guarantor and give

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such further assurances as are reasonably necessary or advisable to enable such Lessee and the Guarantor vigorously to pursue such claims.

Any amount payable to an Indemnitee pursuant to SECTION 7.1 or 7.2 shall be paid to such Indemnitee promptly upon, but in no event later than 30 days after, receipt of a written demand therefor from such Indemnitee, accompanied by a written statement describing in reasonable detail the basis for such indemnity and the computation of the amount so payable.

If for any reason the indemnification provided for in SECTION 7.1 or 7.2 is unavailable to an Indemnitee or is insufficient to hold an Indemnitee harmless, then such Lessee and the Guarantor jointly and severally agree to contribute to the amount paid or payable by such Indemnitee as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by such Indemnitee on the one hand and by such Lessee and the Guarantor on the other hand but also the relative fault of such Indemnitee as well as any other relevant equitable considerations. It is expressly understood and agreed that the right to contribution provided for herein shall survive the expiration or termination of and shall be separate and independent from any other remedy under this Master Agreement, the Leases or any other Operative Document.

SECTION 7.4 GENERAL TAX INDEMNITY. (a) TAX INDEMNITY. Except as otherwise provided in this SECTION 7.4, each Lessee and the Guarantor, jointly and severally, shall pay on an After-Tax Basis, and on written demand shall indemnify and hold each Tax Indemnitee harmless from and against, any and all fees (including, without limitation, documentation, recording, license and registration fees), taxes (including, without limitation, income, gross receipts, sales, rental, use, turnover, value-added, property, excise and stamp taxes), levies, imposts, duties, charges, assessments or withholdings of any nature whatsoever, together with any penalties, fines or interest thereon or additions thereto (any of the foregoing being referred to herein as "TAXES" and individually as a "TAX" (for the purposes of this SECTION 7.4, the definition of "Taxes" includes amounts imposed on, incurred by, or asserted against each Tax Indemnitee as the result of any prohibited transaction, within the meaning of Section 406 or 407 of ERISA or Section 4975(c) of the Code, arising out of the transactions contemplated hereby or by any other Operative Document)) imposed on or with respect to any Tax Indemnitee, any Lessee, the Guarantor, any Leased Property or any portion thereof or any Land, or any sublessee or user thereof, by the United States or by any state or local government or other taxing authority in the United States in connection with or in any way relating to (i) the acquisition,

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financing, mortgaging, construction, preparation, installation, inspection, delivery, non-delivery, acceptance, rejection, purchase, ownership, possession, rental, lease, sublease, maintenance, repair, storage, transfer of title, redelivery, use, operation, condition, sale, return or other application or disposition of all or any part of any Leased Property or the imposition of any Lien (or incurrence of any liability to refund or pay over any amount as a result of any Lien) thereon, (ii) Basic Rent or Supplemental Rent or the receipts or earnings arising from or received with respect to any Leased Property or any part thereof, or any interest therein or any applications or dispositions thereof, (iii) any other amount paid or payable pursuant to the Notes, the IDB Documentation, or any other Operative Documents, (iv) any Leased Property, any Land or any part thereof or any interest therein (including,

without limitation, all assessments payable in respect thereof, including, without limitation, all assessments noted on the related Title Policy), (v) all or any of the Operative Documents, any other documents contemplated thereby, any amendments and supplements thereto, and (vi) otherwise with respect to or in connection with the transactions contemplated by the Operative Documents. The Lessor shall promptly notify Cardinal of any change in law of which an officer of Lessor has actual knowledge that will result in a claim pursuant to this SECTION 7.4.

(b) EXCLUSIONS FROM GENERAL TAX INDEMNITY. SECTION 7.4(A) shall not apply to:

(i) Taxes on, based on, or measured by or with respect to net income of the Lessor, the Lease Participant and the Lenders (including, without limitation, minimum Taxes, capital gains Taxes, Taxes on or measured by items of tax preference or alternative minimum Taxes) other than (A) any such Taxes that are, or are in the nature of, sales, use, license, rental or property Taxes, and (B) withholding Taxes imposed by the United States or any state in which Leased Property is located (i) on payments with respect to the Notes, to the extent imposed by reason of a change in Applicable Law occurring after the date on which the holder of such Note became the holder of such Note, or (ii) on Rent, to the extent the net payment of Rent after deduction of such withholding Taxes would be less than amounts currently payable with respect to the Funded Amounts;

(ii) Taxes on, based on, or in the nature of or measured by Taxes on doing business, business privilege, capital, capital stock, net worth, or mercantile license or similar taxes other than (A) any increase in such Taxes imposed on such Tax Indemnitee by any state in which Leased Property is located, net of any decrease in such taxes realized by such Tax Indemnitee, to the extent that such tax

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increase would not have occurred if on each Funding Date the Lessor, the Lease Participant and the Lenders had advanced funds to the related Lessee in the form of loans secured by the Leased Property in an amount equal to the Funded Amounts funded on such Funding Date, with debt service for such loans equal to the Basic Rent payable on each Payment Date and a principal balance at the maturity of such loans in a total amount equal to the Funded Amounts at the end of the Lease Term, or (B) any Taxes that are or are in the nature of sales, use, rental, license or property Taxes;

(iii) Taxes that are based on, or measured by, the fees or other compensation received by a Person acting as Agent (in its individual capacities) or any Affiliate of any thereof for acting as trustee under the Loan Agreement or the Lease Participation Agreement;

(iv) Taxes that result from any act, event or omission, or are attributable to any period of time, that occurs after the earliest of (A) the expiration of the Lease Term with respect to any Leased Property and, if such Leased Property is required to be returned to the Lessor in accordance with the related Lease, such return and (B) the discharge in full of the related Lessee's obligations to pay the Lease Balance, or any amount determined by reference thereto, with respect to any Leased Property and all other amounts due under the related Lease, unless such Taxes relate to acts, events or matters occurring prior to the earliest of such times or are imposed on or with respect to any payments due under the Operative Documents after such expiration or discharge;

(v) Taxes imposed on a Tax Indemnitee that result from any voluntary sale, assignment, transfer or other disposition by such Tax Indemnitee or any related Tax Indemnitee of any interest in any Leased Property or any part thereof, or any interest therein or any interest or obligation arising under the Operative Documents, or from any sale, assignment, transfer or other disposition of any interest in such Tax Indemnitee or any related Tax Indemnitee, it being understood that each of the following shall not be considered a voluntary sale:

(A) any substitution, replacement or removal of any of the property by a Lessee, (B) any sale or transfer resulting from the exercise by a Lessee of any termination option, any purchase option or sale option, (C) any sale or transfer while an Event of Default shall have occurred and be continuing under any Lease, and (D) any sale or transfer resulting from the Lessor's exercise of remedies under any Lease;

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(vi) any Tax which is being contested in accordance with the provisions of SECTION 7.4(C), during the pendency of such contest;

(vii) any Tax that is imposed on a Tax Indemnitee as a result of such Tax Indemnitee's gross negligence or willful misconduct (other than gross negligence or willful misconduct imputed to such Tax Indemnitee solely by reason of its interest in any Leased Property);

(viii) any Tax that results from a Tax Indemnitee engaging, with respect to any Leased Property, in transactions other than those permitted by the Operative Documents;

(ix) to the extent any interest, penalties or additions to tax result in whole or in part from the failure of a Tax Indemnitee to file a return that it is required to file in a proper and timely manner, unless such failure (A) results from the transactions contemplated by the Operative Documents in circumstances where a Lessee did not give timely notice to such Tax Indemnitee (and such Tax Indemnitee otherwise had no actual knowledge) of such filing requirement that would have permitted a proper and timely filing of such return, or (B) results from the failure of any Lessee to supply information necessary for the proper and timely filing of such return that was not in the possession of such Tax Indemnitee; and

(x) any Tax that results from the breach by Lessor of its representation and warranty made in SECTION 4.2(B) or the breach of any Lender of its representation and warranty made in SECTION 4.3(B).

(c) CONTESTS. If any claim shall be made against any Tax Indemnitee or if any proceeding shall be commenced against any Tax Indemnitee (including a written notice of such proceeding) for any Taxes as to which a Lessee and the Guarantor may have an indemnity obligation pursuant to SECTION 7.4, or if any Tax Indemnitee shall determine that any Taxes as to which a Lessee and the Guarantor may have an indemnity obligation pursuant to SECTION 7.4 may be payable, such Tax Indemnitee shall promptly notify the Lessee and the Guarantor. The related Lessee and the Guarantor shall be entitled, at their expense, to participate in, and, to the extent that such Lessee and the Guarantor desire to, assume and control the defense thereof; PROVIDED, HOWEVER, that such Lessee and the Guarantor shall have acknowledged in writing their obligation to fully indemnify such Tax Indemnitee in respect of such action, suit or proceeding if the contest is unsuccessful; and, PROVIDED FURTHER, that such Lessee and the Guarantor shall not be entitled to assume and

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control the defense of any such action, suit or proceeding (but the Tax Indemnitee shall then contest, at the sole cost and expense of such Lessee and the Guarantor, on behalf of such Lessee and the Guarantor with representatives reasonably satisfactory to such Lessee and the Guarantor) if and to the extent that, (A) in the reasonable opinion of such Tax Indemnitee, such action, suit or proceeding (x) involves any meaningful risk of imposition of criminal liability or any material risk of material civil liability on such Tax Indemnitee or (y) will involve a material risk of the sale, forfeiture or loss of, or the creation of any Lien (other than a Permitted Lien) on any Leased Property or any part thereof unless such Lessee shall have posted a bond or other security

satisfactory to the relevant Tax Indemnitees in respect to such risk, (B) such proceeding involves Claims not fully indemnified by such Lessee and the Guarantor which such Lessee and the Guarantor and the Tax Indemnitee have been unable to sever from the indemnified claim(s), (C) an Event of Default has occurred and is continuing, (D) such action, suit or proceeding involves matters which extend beyond or are unrelated to the Transaction and if determined adversely could be materially detrimental to the interests of such Tax Indemnitee notwithstanding indemnification by a Lessee and the Guarantor or (E) such action, suit or proceeding involves the federal or any state income tax liability of the Tax Indemnitee. With respect to any contests controlled by a Tax Indemnitee, (i) if such contest relates to the federal or any state income tax liability of such Tax Indemnitee, such Tax Indemnitee shall be required to conduct such contest only if the related Lessee and the Guarantor shall have provided to such Tax Indemnitee an opinion of independent tax counsel selected by the Tax Indemnitee and reasonably satisfactory to such Lessee and the Guarantor stating that a reasonable basis exists to contest such claim or (ii) in the case of an appeal of an adverse determination of any contest relating to any Taxes, an opinion of such counsel to the effect that such appeal is more likely than not to be successful, PROVIDED, HOWEVER, such Tax Indemnitee shall in no event be required to appeal an adverse determination to the United States Supreme Court. The Tax Indemnitee may participate in a reasonable manner at its own expense and with its own counsel in any proceeding conducted by a Lessee and the Guarantor in accordance with the foregoing.

Each Tax Indemnitee shall at the related Lessee's and the Guarantor's expense supply such Lessee and the Guarantor with such information and documents in such Tax Indemnitee's possession reasonably requested by such Lessee and the Guarantor as are necessary or advisable for such Lessee and the Guarantor to participate in any action, suit or proceeding to the extent permitted by this SECTION 7.4. Unless an Event of Default shall have occurred and be continuing, no Tax Indemnitee shall enter into any settlement or other compromise with respect to any Claim

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which is entitled to be indemnified under this SECTION 7.4 without the prior written consent of the related Lessee and the Guarantor, which consent shall not be unreasonably withheld, unless such Tax Indemnitee waives its right to be indemnified under this SECTION 7.4 with respect to such Claim.

Notwithstanding anything contained herein to the contrary, (a) a Tax Indemnitee will not be required to contest (and neither any Lessee nor the Guarantor shall be permitted to contest) a claim with respect to the imposition of any Tax if such Tax Indemnitee shall waive its right to indemnification under this SECTION 7.4 with respect to such claim (and any related claim with respect to other taxable years the contest of which is precluded as a result of such waiver) and (b) no Tax Indemnitee shall be required to contest any claim if the subject matter thereof shall be of a continuing nature and shall have previously been decided adversely, unless there has been a change in law which in the opinion of Tax Indemnitee's counsel creates substantial authority for the success of such contest. Each Tax Indemnitee and the related Lessee and the Guarantor shall consult in good faith with each other regarding the conduct of such contest controlled by either.

(d) REIMBURSEMENT FOR TAX SAVINGS. If (x) a Tax Indemnitee shall obtain a credit or refund of any Taxes paid by a Lessee and the Guarantor pursuant to this SECTION 7.4 or (y) by reason of the incurrence or imposition of any Tax for which a Tax Indemnitee is indemnified hereunder or any payment made to or for the account of such Tax Indemnitee by a Lessee and the Guarantor pursuant to this SECTION 7.4, such Tax Indemnitee at any time realizes a reduction in any Taxes for which a Lessee is not required to indemnify such Tax Indemnitee pursuant to this SECTION 7.4, which reduction in Taxes was not taken into account in computing such payment by such Lessee and the Guarantor to or for the account of such Tax Indemnitee, then such Tax Indemnitee shall promptly pay to the Guarantor (xx) the amount of such credit or refund, together with the amount of any interest received by such Tax Indemnitee on account of such credit or refund or (yy) an amount equal to such reduction in Taxes, as the case may be; PROVIDED that no such payment shall be made so long as an Event of Default shall have occurred and be continuing and, PROVIDED, FURTHER, that the amount payable to the Guarantor by any Tax Indemnitee pursuant to this SECTION 7.4(D) shall not at any time exceed the aggregate amount of all indemnity payments made

by the Lessees and the Guarantor under this SECTION 7.4 to such Tax Indemnitee with respect to the Taxes which gave rise to the credit or refund or with respect to the Tax which gave rise to the reduction in Taxes less the amount of all prior payments made to the Guarantor by such Tax Indemnitee under this SECTION 7.4(D). Each Tax Indemnitee agrees to act in good faith to claim such refunds and other available Tax benefits, and take such

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other actions as may be reasonable to minimize any payment due from the Lessees and the Guarantor pursuant to this SECTION 7.4. The disallowance or reduction of any credit, refund or other tax savings with respect to which a Tax Indemnitee has made a payment to the Guarantor under this SECTION 7.4(D) shall be treated as a Tax for which the Lessees and the Guarantor are obligated to indemnify such Tax Indemnitee hereunder without regard to SECTION 7.4(B) hereof.

(e) PAYMENTS. Any Tax indemnifiable under this SECTION 7.4 shall be paid directly when due to the applicable taxing authority if direct payment is practicable and permitted. If direct payment to the applicable taxing authority is not permitted or is otherwise not made, any amount payable to a Tax Indemnitee pursuant to SECTION 7.4 shall be paid within thirty (30) days after receipt of a written demand therefor from such Tax Indemnitee accompanied by a written statement describing in reasonable detail the amount so payable, but not before the date that the relevant Taxes are due. Any payments made pursuant to SECTION 7.4 shall be made to the Tax Indemnitee entitled thereto or the Guarantor, as the case may be, in immediately available funds at such bank or to such account as specified by the payee in written directions to the payor, or, if no such direction shall have been given, by check of the payor payable to the order of the payee by certified mail, postage prepaid at its address as set forth in this Master Agreement. Upon the request of any Tax Indemnitee with respect to a Tax that the Lessees and the Guarantor are required to pay, the related Lessee and the Guarantor shall furnish to such Tax Indemnitee the original or a certified copy of a receipt for such Lessee's and the Guarantor's payment of such Tax or such other evidence of payment as is reasonably acceptable to such Tax Indemnitee.

(f) REPORTS. If any Lessee or the Guarantor knows of any report, return or statement required to be filed with respect to any Taxes that are subject to indemnification under this SECTION 7.4, such Lessee or the Guarantor shall, if such Lessee or the Guarantor is permitted by Applicable Law, timely file such report, return or statement (and, to the extent permitted by law, show ownership of the applicable Leased Property in the related Lessee); PROVIDED, HOWEVER, that if the related Lessee and the Guarantor are not permitted by Applicable Law or do not have access to the information required to file any such report, return or statement, such Lessee and the Guarantor will promptly so notify the appropriate Tax Indemnitee, in which case Tax Indemnitee will file such report. In any case in which the Tax Indemnitee will file any such report, return or statement, the related Lessee and the Guarantor shall, upon written request of such Tax Indemnitee, prepare such report, return or statement for filing by such Tax Indemnitee or, if such Tax Indemnitee so

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requests, provide such Tax Indemnitee with such information as is reasonably available to such Lessee and the Guarantor.

(g) VERIFICATION. At a Lessee's or the Guarantor's request, the amount of any indemnity payment by such Lessee or the Guarantor or any payment by a Tax Indemnitee to the Guarantor pursuant to this SECTION 7.4 shall be verified and certified by an independent public accounting firm selected by the Guarantor and reasonably acceptable to the Tax Indemnitee. Unless such verification shall disclose an error in the related Lessee's and the Guarantor's favor of 5% or more, the costs of such verification shall be borne by such Lessee and the Guarantor. In no event shall any Lessee or the Guarantor have the right to review the Tax Indemnitee's tax returns or receive any other confidential information from the Tax Indemnitee in connection with such verification. The Tax Indemnitee agrees to cooperate with the independent public

accounting firm performing the verification and to supply such firm with all information reasonably necessary to permit it to accomplish such verification, PROVIDED that the information provided to such firm by such Tax Indemnatee shall be for its confidential use. The parties agree that the sole responsibility of the independent public accounting firm shall be to verify the amount of a payment pursuant to this Master Agreement and that matters of interpretation of this Master Agreement are not within the scope of the independent accounting firm's responsibilities.

SECTION 7.5 INCREASED COSTS, ETC.

(a) Notwithstanding any other provisions herein, if any requirement of law, regulation, order or decree or any change therein or in the interpretation or application thereof shall make it unlawful for the Funding Parties to make or maintain Funded Amounts at a rate based on the LIBOR Rate as contemplated by the Operative Documents, the Commitments of the Funding Parties hereunder and under the other Operative Documents to fund Lease Participant Amounts or make Funded Amounts at a rate based on the LIBOR Rate shall forthwith be canceled and the Funded Amounts then outstanding, if any, shall, if and when required by such law, be converted automatically to bear interest at a rate reasonably comparable to the LIBOR Rate, plus .44475% per annum or, if such rate is not available, at the Alternative Rate. If any such conversion of the interest or yield rate applicable to the Funded Amounts is made on a day which is not the end of a Rent Period, the Lessees shall pay, on a pro rata basis, to the Agent for the account of the Funding Parties on such conversion date interest at the related LIBOR Rate plus .44475% per annum on the affected Funded Amounts to the date of such automatic conversion and, upon the request of any Funding Party, shall pay to the Agent for the account of such Funding Party such other amount or amounts as may be necessary to compensate such Funding

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Party for any loss or expense which such Funding Party deems to be material as determined by such Funding Party and which has been sustained or incurred by such Funding Party in respect of such Funded Amounts as a result of such conversion. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by a Funding Party to the Guarantor shall be conclusive absent manifest error. As soon as practicable, the Agent or any Funding Party shall notify the Guarantor of any event of which it has knowledge occurring after the date of this Master Agreement, which will cause or is likely to cause a conversion of the interest or yield rate applicable to Funded Amounts pursuant to this SECTION 7.5, and the Agent or such Funding Party shall designate a different funding office or take such other action to avoid the need for, or to reduce the amount of compensation related to, such conversion of the interest or yield rate applicable to Funded Amounts which would not, in the sole opinion of the Agent or such Funding Party, be otherwise disadvantageous to the Agent or the Funding Parties.

(b) If Regulation D of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time, or in the event that at any time or from time to time any change occurring after the date hereof in any requirement of law, regulation, order or decree or in the interpretation or application thereof or compliance by a Funding Party with any request or directive (whether or not having the force of law) occurring after the date hereof from any central bank or monetary authority or other governmental authority:

(1) does or shall impose, modify or hold applicable or change any reserve, special deposit, Federal Deposit Insurance Corporation premium, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Funding Party which are not otherwise included in the determination of the LIBOR Rate under the Operative Documents; or

(2) does or shall impose on such Funding Party any other condition;

and the result of any of the foregoing is to increase the cost to such Funding

Party of making, renewing, converting or maintaining advances or extensions of credit as Funded Amounts bearing interest or Yield at a rate based on the LIBOR Rate or to reduce any amount receivable in respect of such Funded Amounts, then, in any such case, the Lessees shall pay, on a pro rata basis, to such Funding Party, such additional amount which will compensate such Funding Party for such additional cost or reduced amount

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receivable which such Funding Party deems to be material as determined by such Funding Party with respect to the Operative Documents or its Funded Amounts. The Lessees shall pay such amount within thirty (30) days after the Guarantor's receipt of a certificate from such Funding Party identifying the amount to be paid to such Funding Party and the basis for the computation thereof.

(c) If any Funding Party shall have determined that compliance by such Funding Party with any applicable law, governmental rule, regulation or order regarding capital adequacy of banks or bank holding companies, or any interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Funding Party with any request or directive regarding capital adequacy (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Funding Party's capital as a consequence of such Funding Party's obligations hereunder to a level below that which such Funding Party could have achieved but for such compliance (taking into consideration such Funding Party's policies with respect to capital adequacy immediately before such compliance and assuming that such Funding Party's capital was fully utilized prior to such compliance) by an amount deemed by such Funding Party to be material, then, within thirty (30) days after demand on the Guarantor, the Lessees shall pay, on a pro rata basis, to such Funding Party as are so affected such additional amounts as shall be sufficient to compensate such Funding Parties for such reduced return. A certificate of an officer of any such Funding Party setting forth the amount to be paid to it and the basis for computation thereof hereunder shall, in the absence of manifest error, be conclusive. In determining such amount, such Funding Party may use any reasonable averaging and attribution methods.

(d) If a Funding Party becomes entitled to claim any additional amounts pursuant to this SECTION 7.5, it shall promptly notify the Guarantor thereof. A certificate as to any additional amounts payable pursuant to the foregoing submitted by a Funding Party to the Guarantor shall be conclusive absent manifest error. For purposes of the application of this SECTION 7.5, and in calculating the amount necessary to compensate such Funding Party for any imposition of or increase in capital requirements, such Funding Party shall determine the applicability of this provision and calculate the amount payable to it hereunder in a manner consistent with the manner in which it shall apply and calculate similar compensation payable to it by other borrowers having provisions in their credit agreements comparable to this Section.

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(e) If any Funding Party shall, at any time, incur costs associated with reserve requirements pursuant to Regulation D in connection with the making or maintenance of any Funded Amount, then the Lessees shall immediately pay, on a pro rata basis, such costs to such Funding Party in accordance with SECTION 7.5(D).

(f) Each Lessee and the Guarantor, jointly and severally, shall indemnify each Funding Party against any loss, funding cost, expense or loss of earnings, which such Funding Party may, as a consequence of any Lessee's failure to accept Funded Amounts requested by a Lessee at any time, failure to make a payment on the due date thereof or the payment, prepayment or conversion of any Funded Amounts (including pursuant to Article XIV of any Lease) subject to LIBOR Rate options hereunder on a day other than a Payment Date, sustain or

incur in liquidating or employing deposits from third parties acquired to effect, fund or maintain such or any part thereof. If a Funding Party becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify the Agent, which shall promptly notify the Guarantor thereof.

SECTION 7.6 END OF TERM INDEMNITY. In the event that at the end of the Lease Term for a Leased Property: (i) the related Lessee elects the option set forth in Section 14.6 of the related Lease, and (ii) after the Lessor receives the sales proceeds from such Leased Property under Section 14.6 or 14.7 of the related Lease, together with such Lessee's payment of the Recourse Deficiency Amount, the Lessor shall not have received the entire Lease Balance, then, within 60 days after the end of the Lease Term, the Lessor or the Agent may obtain, at the Lessee's sole cost and expense, a report from the Appraiser (or, if the Appraiser is not available, another appraiser reasonably satisfactory to the Lessor or the Agent, as the case may be, and approved by the Guarantor, such approval not to be unreasonably withheld) in form and substance satisfactory to the Lessor and the Agent (the "REPORT") to establish the reason for any decline in value of such Leased Property from the Lease Balance. The related Lessee shall promptly reimburse the Lessor for the amount equal to such decline in value to the extent that the Report indicates that such decline was due to

(w) extraordinary use, failure to maintain, to repair, to restore, to rebuild or to replace, failure to comply with all Applicable Laws, failure to use, workmanship, method of installation or removal or maintenance, repair, rebuilding or replacement, or any other cause or condition within the power of the related Lessee to control or effect resulting in the Building failing to be a warehouse of the type and quality contemplated by the Appraisal (excepting in each case ordinary wear and tear), or

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(x) any Alteration made to, or any rebuilding of, the Leased Property or any part thereof by the related Lessee, or

(y) any restoration or rebuilding carried out by the related Lessee or any condemnation of any portion of the Leased Property pursuant to Article X of the related Lease, or

(z) any use of such Leased Property or any part thereof by the related Lessee other than as permitted by the related Lease, or any act or omission constituting a breach of any requirement, condition, restriction or limitation set forth in the related Deed or the related Purchase Agreement.

SECTION 8 MISCELLANEOUS

SECTION 8.1 SURVIVAL OF AGREEMENTS. The representations, warranties, covenants, indemnities and agreements of the parties provided for in the Operative Documents, and the parties' obligations under any and all thereof, shall survive the execution and delivery and the termination or expiration of this Master Agreement and any of the Operative Documents, the transfer of any Land to the Lessor as provided herein (and shall not be merged into any Deed), any disposition of any interest of the Lessor in any Leased Property, the purchase and sale of the Notes, payment therefor and any disposition thereof and shall be and continue in effect notwithstanding any investigation made by any party hereto or to any of the other Operative Documents and the fact that any such party may waive compliance with any of the other terms, provisions or conditions of any of the Operative Documents.

SECTION 8.2 NOTICES. Unless otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be addressed to such parties at the addresses therefor as set forth in SCHEDULE 8.2, as such other address as any such party shall specify to the other parties hereto, and shall be deemed to have been given (i) the Business Day after being sent, if sent by overnight courier service; (ii) the Business Day sent, if sent by messenger; (iii) the day sent, if sent by facsimile and confirmed electronically or otherwise during business hours of a Business Day

(or on the next Business Day if otherwise sent by facsimile and confirmed electronically or otherwise); or (iv) three Business Days after being sent, if sent by registered or certified mail, postage prepaid.

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SECTION 8.3 COUNTERPARTS. This Master Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 8.4 AMENDMENTS. No Operative Document nor any of the terms thereof may be terminated, amended, supplemented, waived or modified with respect to a Lessee, the Guarantor or any Funding Party, except (a) in the case of a termination, amendment, supplement, waiver or modification to be binding on a Lessee or the Guarantor, with the written agreement or consent of such Lessee or the Guarantor, and (b) in the case of a termination, amendment, supplement, waiver or modification to be binding on the Funding Parties, with the written agreement or consent of the Lessor and the Required Funding Parties; PROVIDED, HOWEVER, that

(x) notwithstanding the foregoing provisions of this SECTION 8.4, the consent of each Funding Party affected thereby shall be required for any amendment, modification or waiver directly:

(i) modifying any of the provisions of this SECTION 8.4, changing the definition of "REQUIRED FUNDING PARTIES", or increasing the Commitment of such Funding Party;

(ii) amending, modifying, waiving or supplementing any of the provisions of Section 3 of the Loan Agreement or Section 3 of the Lease Participation Agreement or the representations of such Funding Party in SECTION 4.2 or 4.3 or the covenants of such Funding Party in SECTION 6 of this Master Agreement;

(iii) reducing any amount payable to such Funding Party under the Operative Documents or extending the time for payment of any such amount, including, without limitation, any Rent, any Funded Amount, any fees, any indemnity, the Leased Property Balance, the Lease Balance, any Funding Party Balance, Recourse Deficiency Amount, interest or Yield; or

(iv) consenting to any assignment of a Lease, releasing any of the collateral assigned to the Agent and the Lenders pursuant to any Mortgage and any Assignment of Lease and Rents (but excluding a release of any rights that the Lenders may have in any Leased Property, or the proceeds thereof as contemplated in the definition of "Release Date"), releasing any Lessee from its obligations in respect of the payments of Rent and the Lease Balance, releasing the

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Guarantor from its obligations under the Guaranty or the other Operative Documents or changing the absolute and unconditional character of any such obligation; and

(y) no such termination, amendment, supplement, waiver or modification shall, without the written agreement or consent of the Lessor, the Lease Participant and the Lenders, be made to a Lease; and

(z) subject to the foregoing CLAUSES (X) and (Y), so long as no Event of Default has occurred and is continuing, the Lessor, the Agent, the Lease Participant and the Lenders may not amend, supplement, waive or modify any terms of the Loan Agreement, the Notes, the Mortgages and the Assignments of Lease and Rents without the consent of the related Lessee (such consent not to be unreasonably withheld or delayed); the Lessor and the related Lessee may not

amend, supplement, waive or modify any terms of any Lease or any Security Agreement and Assignment without the consent of the Agent, the Lease Participant and the Lenders.

SECTION 8.5 HEADINGS, ETC. The Table of Contents and headings of the various Articles and Sections of this Master Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof.

SECTION 8.6 PARTIES IN INTEREST. Except as expressly provided herein, none of the provisions of this Master Agreement is intended for the benefit of any Person except the parties hereto, the Lease Participant, the Authorities and their respective successors and permitted assigns.

SECTION 8.7 GOVERNING LAW. THIS MASTER AGREEMENT HAS BEEN DELIVERED IN, AND SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

SECTION 8.8 EXPENSES. Whether or not the transactions herein contemplated are consummated, the Lessees and the Guarantor, jointly and severally, agree to pay, as Supplemental Rent, all reasonable and documented out-of-pocket costs and expenses of the Lessor, the Lease Participant, the Agent and the Lenders in connection with the preparation, execution and delivery of the Operative Documents and the documents and instruments referred to therein and any amendment, waiver or consent relating thereto (including, without limitation, the fees and disbursements of Mayer, Brown & Platt) and of the Lessor, the Agent, the Lease Participant and the Lenders in connection with

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the enforcement of the Operative Documents and the documents and instruments referred to therein (including, without limitation, the reasonable fees and disbursements of counsel for the Lessor, the Agent, the Lease Participant and the Lenders).

SECTION 8.9 SEVERABILITY. Any provision of this Master Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.10 LIABILITIES OF THE FUNDING PARTIES. No Funding Party shall have any obligation to any other Funding Party, the Guarantor or to any Lessee with respect to the transactions contemplated by the Operative Documents except those obligations of such Funding Party expressly set forth in the Operative Documents or except as set forth in the instruments delivered in connection therewith, and no Funding Party shall be liable for performance by any other party hereto of such other party's obligations under the Operative Documents except as otherwise so set forth. No Lease Participant or Lender shall have any obligation or duty to any Lessee, any other Funding Parties, the Guarantor or any other Person with respect to the transactions contemplated hereby except to the extent expressly set forth in this Master Agreement or the Loan Agreement.

SECTION 8.11 SUBMISSION TO JURISDICTION; WAIVERS. Each party hereto hereby irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Master Agreement or any other Operative Document, or for recognition and

enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of Georgia, the courts of the United States of America for the Northern District of Georgia, and appellate courts from any thereof;

(ii) consents that any such action or proceedings may be brought to such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any

court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to

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such party at its address set forth in SCHEDULE 8.2 or at such other address of which the other parties hereto shall have been notified pursuant to SECTION 8.2; and

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law.

SECTION 8.12 LIABILITIES OF THE AGENT. The Agent shall have no duty, liability or obligation to any party to this Master Agreement with respect to the transactions contemplated hereby except those duties, liabilities or obligations expressly set forth in this Master Agreement, the Lease Participation Agreement or the Loan Agreement, and any such duty, liability or obligations of the Agent shall be as expressly limited by this Master Agreement, the Lease Participation Agreement or the Loan Agreement, as the case may be.

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IN WITNESS WHEREOF, the parties hereto have caused this Master Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

CARDINAL MISSISSIPPI, INC., as a
Lessee

By: /s/ Thomas S. Summer

Title: Vice President-Treasurer

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AGREEMENT

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CARDINAL HEALTH, INC., as
Guarantor

By: /s/ Thomas S. Summer

Title: Vice President-Treasurer

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SUNTRUST BANKS, INC., as Lessor

By: /s/ W. P. O'Halloran

Title: SVP and Controller

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PNC LEASING CORP., as a Lender

By: /s/ David J. Keener

Title: Vice President

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SUNTRUST BANK, ATLANTA, as Agent

By: /s/ Kristina L. Anderson

Title: Asst. Vice President

By: /s/ Ranier Zeck

Title: Vice President

MASTER
AGREEMENT

SCHEDULE 2.2

COMMITMENT AMOUNTS

<TABLE>	
<S>	<C>
Lessor Commitment Percentage:	58.333%
Lender Commitment Percentage:	41.667%
Lessor Commitment:	\$35,000,000
Lender Commitment:	\$25,000,000
</TABLE>	

SCHEDULE 8.2

ADDRESSES FOR NOTICES

Guarantor and Lessees: 5555 Glendon Court
Dublin, Ohio 43016
Attn: Treasurer (with a copy to
General Counsel)
Facsimile: 614/717-8901

Lessor: SunTrust Banks, Inc.
c/o SunTrust Capital Markets, Inc.
25 Park Place, N.E., Suite 500
Atlanta, Georgia 30303
Attn: Todd Shutley
Facsimile: 404/827-6514

Agent: SunTrust Bank, Atlanta
25 Park Place
Atlanta, Georgia 30303
Attn: Center 118/Southeastern Corporate
Facsimile: 404/588-8505

Lender: PNC Leasing Corp.
Two PNC Plaza
620 Liberty Avenue
Pittsburgh, Pennsylvania 15265
Attn: David J. Keener
Facsimile: 412/762-7575

GUARANTY

CARDINAL HEALTH, INC.

Dated as of July 16, 1996

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GUARANTY

THIS GUARANTY, dated as of July 16, 1996, is made by Cardinal Health, Inc., an Ohio corporation ("CARDINAL" or the "GUARANTOR").

W I T N E S S E T H:

WHEREAS, Cardinal Mississippi, Inc., Cardinal, SunTrust Banks, Inc. as Lessor, PNC Leasing Corp., as Lender, and SunTrust Bank, Atlanta, as Agent, have entered into that certain Master Agreement, dated as of July 16, 1996 (as it may be modified, amended or restated from time to time as and to the extent permitted thereby, the "MASTER AGREEMENT"; and, unless otherwise defined herein, terms which are defined or defined by reference in the Master Agreement (including Appendix A thereto) shall have the same meanings when used herein as such terms have therein); and

WHEREAS, it is a condition precedent to the Funding Parties consummating the transactions to be consummated on each Closing Date that the Guarantor execute and deliver this Guaranty; and

WHEREAS, it is in the best interests of the Guarantor that the transactions contemplated by the Master Agreement be consummated on each Closing Date; and

WHEREAS, this Guaranty, and the execution, delivery and performance hereof, have been duly authorized by all necessary corporate action of the Guarantor; and

WHEREAS, this Guaranty is offered by the Guarantor as an inducement to the Funding Parties to consummate the transactions contemplated in the Master Agreement, which transactions, if consummated, will be of benefit to the Guarantor;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

SECTION 1. GUARANTY. The Guarantor hereby unconditionally guarantees the full and prompt payment when due, whether by acceleration or otherwise, and at all times thereafter, and the full and prompt performance, of all of the Liabilities (as hereinafter defined), including interest and earnings on any such Liabilities whether accruing before or after any bankruptcy or insolvency case or proceeding involving Guarantor, any Lessee or any other Person and, if interest or earnings on any portion of

such obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, including such interest and yield as would have accrued on any such portion of such obligations if such case or proceeding had not commenced, and further agrees to pay all expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by each of the Funding Parties in endeavoring to collect the Liabilities, or any part thereof, and in enforcing this Guaranty. The term "LIABILITIES", as used herein, shall mean all of the following, in each case howsoever created, arising or evidenced, whether direct or indirect, joint or several, absolute or contingent, or now or hereafter existing, or due or to become due: (i) all amounts payable by the Lessees under the Leases (including, without limitation, Basic Rent, Supplemental Rent and Recourse Deficiency Amounts), the Master Agreement (including the Commitment Fee) or any other Operative Document, and (ii) all principal of the Notes and interest accrued thereon, Lease Participant Amounts, accrued Yield and all additional amounts and other sums at any time due and owing, and required to be paid, to the Funding Parties under the terms of the Master Agreement, the Lease Participation Agreement, the Loan Agreement, the Assignment of Lease and Rent, the Mortgages, the Notes, or any other Operative Document; PROVIDED, HOWEVER, in no event shall the Guarantor be obligated to pay under this Guaranty any amounts greater than the Lessees would have had to pay, in the aggregate, under the Leases, the Master Agreement and the other Operative Documents assuming that such documents were enforced in accordance with their terms (and without giving effect to any discharge or limitation thereon resulting or arising by reason of the bankruptcy or insolvency of any Lessee), plus all costs of enforcing this Guaranty.

By way of extension but not in limitation of any of its other obligations hereunder, the Guarantor stipulates and agrees that in the event any foreclosure proceedings are commenced and result in the entering of a foreclosure judgment, any such foreclosure judgment, to the extent related to the Liabilities, shall be treated as part of the Liabilities, and the Guarantor unconditionally guarantees the full and prompt payment of such judgment.

SECTION 2. BANKRUPTCY. The Guarantor agrees that, in the event of the dissolution, bankruptcy or insolvency of any of any Lessee or the Guarantor, or any thereof, or the inability or failure of any Lessee or the Guarantor, or any thereof, generally to pay debts as they become due, or an assignment by any Lessee or the Guarantor, or any thereof, for the benefit of creditors, or the commencement of any case or proceeding in respect of any Lessee or the Guarantor, or any thereof, under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Liabilities may not then be due and payable,

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the Guarantor will pay to the Funding Parties forthwith the full amount which would be payable hereunder by the Guarantor if all Liabilities were then due and payable, PROVIDED that if the related Lease has not been terminated, in lieu of making such payment, Guarantor may assume all of the obligations of the affected Lessee so long as (i) the documentation evidencing such assumption is reasonably acceptable to the Agent and the other Funding Parties and (ii) such assumption is permitted by the applicable bankruptcy court.

SECTION 3. RIGHT OF SET-OFF. To secure all obligations of the Guarantor hereunder, each Funding Party shall have a right to set-off, without demand or notice of any kind, at any time and from time to time when any amount shall be due and payable by the Guarantor hereunder against any and all balances, credits, deposits, accounts or moneys of or in the Guarantor's name now or hereafter, for any reason or purpose whatsoever, in the possession or control of, or in transit to, any Funding Party or any agent or bailee for any Funding Party, and apply any such amounts toward the payment of the Liabilities in such order as the Agent may elect in accordance with the Operative Documents.

SECTION 4. CONTINUING GUARANTY. This Guaranty shall in all respects be a continuing, absolute and unconditional guaranty of prompt and complete payment and performance (and not merely of collection), and shall remain in full force and effect (notwithstanding, without limitation, the dissolution of any Lessee or the Guarantor) until the termination of the Commitments and the full and

final payment of all of the Liabilities.

SECTION 5. REINSTATEMENT. The Guarantor further agrees that, if at any time all or any part of any payment theretofore applied to any of the Liabilities is or must be rescinded or returned for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of any Lessee or the Guarantor), such Liabilities shall, for the purposes of this Guaranty, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall continue to be effective or be reinstated, as the case may be, as to such Liabilities, all as though such application had not been made.

SECTION 6. REPRESENTATIONS AND WARRANTIES. The Guarantor represents and warrants that:

Section 6.1 CORPORATE STATUS. It (i) is a duly organized and validly existing corporation in good standing under the laws of the state of its incorporation and has the corporate power and authority to own its property and assets and to transact the business in which it is engaged and (ii) has duly qualified and

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is authorized to do business and is in good standing in all jurisdictions where it is required to be so qualified and where the failure to be so qualified could have a Material Adverse Effect.

Section 6.2 CORPORATE POWER AND AUTHORITY. It has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Operative Documents to which it is or will be a party, has taken all necessary corporate action to authorize the execution, delivery and performance of the Operative Documents to which it is or will be a party, has duly executed and delivered each Operative Document required to be executed and delivered by it and each such Operative Document constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms.

Section 6.3 NO VIOLATION. Neither the execution, delivery and performance by it of the Operative Documents to which it is or will be a party nor compliance with the terms and provisions thereof, nor the consummation of the transactions contemplated therein (i) will contravene any Applicable Law, (ii) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or (other than pursuant to the Operative Documents) result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of its property or assets pursuant to the terms of, any Contractual Obligation, that could have a Material Adverse Effect, or (iii) will violate any provision of its certificate of incorporation or by-laws.

Section 6.4 LITIGATION. There are no actions, suits or proceedings pending or, to its knowledge, threatened that could have a Material Adverse Effect.

Section 6.5 GOVERNMENTAL APPROVALS. No Governmental Action by any Governmental Authority is required to authorize or is required in connection with (i) the execution, delivery and performance of any Operative Document to which it is or will be a party or (ii) the legality, validity, binding effect or enforceability of any Operative Document with respect to it.

Section 6.6 INVESTMENT COMPANY ACT. It is not an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act.

Section 6.7 PUBLIC UTILITY HOLDING COMPANY ACT. It is not a "holding company" or a "subsidiary company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Company Act of 1935, as amended.

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Section 6.8 TRUE AND COMPLETE DISCLOSURE. All factual information heretofore or contemporaneously furnished by it or on its behalf in writing to any Funding Party (including without limitation all information contained in the Operative Documents) for purposes of or in connection with any transaction contemplated by the Master Agreement is, and all other such factual information hereafter furnished by it or on its behalf in writing to any Funding Party will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

Section 6.9 TAXES. All United States Federal income tax returns and all other material tax returns which are required to be filed have been filed by or on behalf of Cardinal and its Subsidiaries and all taxes due with respect to Cardinal and its Subsidiaries pursuant to such returns or pursuant to any assessment received by Cardinal or any Subsidiary have been paid, or are being contested by appropriate proceedings being diligently prosecuted. The charges, accruals and reserves on the books of Cardinal and its Subsidiaries in respect of taxes or other governmental charges are adequate.

Section 6.10 COMPLIANCE WITH ERISA. Cardinal has fulfilled its obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Code with respect to the Plan. Cardinal has not (i) sought a waiver of the minimum funding standard under Section 412 of the Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Code in an aggregate amount in excess of \$5,000,000 or (iii) incurred any liability under Title IV of ERISA in an aggregate amount in excess of \$5,000,000 (other than a liability to the PBGC for premiums under Section 4007 of ERISA).

Section 6.11 FINANCIAL STATEMENTS. The consolidated statement of financial position of Cardinal as of June 30, 1995 and the related statements of income, shareholders' equity and cash flows for the fiscal year then ended, reported on by Deloitte & Touche, and the consolidated statements of financial position of Cardinal as of September 30, 1995, December 31, 1995 and March 31, 1996, respectively, and the related statements of income, shareholders' equity and cash flows for the three months, six months and nine months, respectively, then ended, in each

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case, a copy of which has been delivered to each of the Funding Parties, present fairly in all material respects, in conformity with GAAP, the consolidated financial position of Cardinal and its Subsidiaries as of such date and the results of operations and cash flows of Cardinal and its Subsidiaries for such fiscal year.

Section 6.12 FUNDED DEBT. Cardinal's Funded Debt as of the date of this Guaranty is listed on EXHIBIT I.

SECTION 7. COVENANTS. The covenants set forth in this Section shall be effective until the expiration or prior termination of the Commitments or until payment in full of all Liabilities, whichever is later.

Section 7.1 FINANCIAL STATEMENTS AND INFORMATION. Cardinal will furnish to the Agent:

(a) as soon as available and in any event within 60 days after the end of the first, second and third quarterly accounting periods in each fiscal year of Cardinal, copies of a consolidated balance sheet of Cardinal and its Consolidated Subsidiaries as of the end of such accounting period and of the related consolidated income and retained earnings statements of Cardinal and its Consolidated Subsidiaries for

the elapsed portion of the fiscal year ended with the last day of such accounting period, all in reasonable detail and stating in comparative form the amounts for the corresponding date and period in the previous fiscal year, and all prepared in accordance with GAAP, subject to year end audit adjustments and certified by an authorized financial officer of Cardinal;

(b) as soon as available and in any event within 120 days after the end of each fiscal year of Cardinal, copies of consolidated balance sheets of Cardinal and its Consolidated Subsidiaries as of the end of such fiscal year and consolidated statements of income and retained earnings of Cardinal and its Consolidated Subsidiaries for such fiscal year, in reasonable detail and stating in comparative form the figures as of the end of and for the previous fiscal year prepared in accordance with GAAP and certified by independent public accountants of recognized standing as may be selected by Cardinal and satisfactory to the Agent;

(c) concurrently with each of the financial statements furnished pursuant to the foregoing SUBSECTIONS (a) and (b), a certificate of the Chairman of the Board, President, a Vice President (whose duties are in the finance area), the Treasurer, Assistant Treasurer, or Chief Financial Officer of Cardinal (a "RESPONSIBLE FINANCIAL OFFICER"), showing a

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calculation of the financial covenants contained in this SECTION 7 in reasonable detail and stating that in the opinion of the signer, based upon a review made under his or her supervision, Cardinal has performed and observed all of, and Cardinal is not in default in the performance or observance of any of, the terms and covenants hereof or, if Cardinal shall be in default, specifying all such defaults, and the nature thereof, of which the signer of such certificate may have knowledge;

(d) if requested by the Agent or the Lessor, concurrently with the financial statements furnished pursuant to the foregoing SUBSECTION (B), a certificate of a Responsible Financial Officer setting forth a description of the insurance policies carried by the Lessees as required by the Leases, in reasonable detail;

(e) concurrently with their being filed, mailed or delivered, as applicable, copies of all proxy statements, financial statements and reports which Cardinal shall send or make available generally to its shareholders, and copies of all reports on Forms 10-K, 10-Q and 8-K and all other filings and reports specifically requested by any Funding Party which Cardinal or any Subsidiary may be required to file with the Securities and Exchange Commission or any similar or corresponding governmental commission, department or an agency substituted therefor or with any securities exchange located in the United States of America; and

(f) such other information relating to the business, affairs and financial condition of Cardinal and its Subsidiaries as any Funding Party may from time to time reasonably request.

Section 7.2 FUNDED DEBT TO TOTAL CAPITAL. Cardinal will not permit the ratio of Funded Debt of Cardinal and its Consolidated Subsidiaries to Total Capital to exceed .60 to 1.

Section 7.3 INTEREST RENT COVERAGE RATIO. Cardinal will not permit the ratio of (i) Consolidated EBITR for any four consecutive fiscal quarters to (ii) Consolidated Interest and Rent Expense for such four fiscal quarters to be less than 2.0 to 1.

Section 7.4 EMPLOYEE BENEFIT PLANS. Cardinal will (a) comply in all material respects with the provisions of ERISA to the extent applicable to any Employee Benefit Plan maintained by it and cause all Employee Benefit Plans maintained by it to satisfy the conditions under the Internal Revenue Code of 1986, as amended (the "CODE") for tax qualification of all such plans intended to be tax qualified; and (b) avoid (1) any material

accumulated funding deficiency (within the meaning of ERISA section 302 and Code section 412(a)) (whether or not waived), (2) any act or omission on the basis of which it might incur a material liability to the PBGC (other than for the payment of required premiums), (3) any transaction with a principal purpose described in ERISA section 4069, and (4) any act or omission that might result in the assessment by a Multiemployer Plan of withdrawal liability against Cardinal, but only to the extent that the liability arising from a failure to comply with any covenant set forth in (a) or (b) of this Section could reasonably be expected to result in a liability to Cardinal for any one such event in excess of \$5,000,000.

Section 7.5 SALE OF ASSETS. Cardinal will not, and will not permit any Consolidated Subsidiary to, sell, lease or transfer all or substantially all of its assets unless (i) immediately after giving effect thereto Cardinal is in compliance with the covenants and provisions of the this Guaranty and (ii) immediately after giving effect thereto, such sale, lease or transfer would not have a Material Adverse Effect. Notwithstanding this provision, any Consolidated Subsidiary that is not a Lessee may sell, lease or transfer all or substantially all of its assets to any other Consolidated Subsidiary or to Cardinal, and any Lessee may sell, lease or transfer all or substantially all of its assets to Cardinal.

Section 7.6 MERGERS AND ACQUISITIONS. Cardinal will not merge or consolidate with, or otherwise acquire control of the assets of, any other corporation, unless (i) either Cardinal or any Consolidated Subsidiary is the surviving or parent corporation of any merger or other acquisition or, in the event Cardinal or any Consolidated Subsidiary is not the surviving or parent corporation, the Agent and the Lessor have consented to such merger or acquisition, which consent shall not be unreasonably withheld, and which consent shall be deemed to have been given provided that immediately after the merger or other acquisition a majority of the members of the Board of Directors of the surviving or parent corporation shall be the same individuals as were serving as members of the Board of Directors of Cardinal immediately prior to the merger or acquisition and (ii) Cardinal, any Consolidated Subsidiary or any successor corporation, as the case may be, is in compliance with the Operative Documents prior to, and after giving effect to, such merger or acquisition.

Section 7.7 LIMITATIONS ON LIENS. Cardinal will not create or assume, and will not permit any Consolidated Subsidiary to create or assume, any Indebtedness for money borrowed which is secured by a Lien of or upon any assets, whether now owned or hereafter acquired, of Cardinal or any such Consolidated Subsidiary without equally and ratably securing the Liabilities

by a Lien ranking ratably with and equal to (or at Cardinal's option prior to) such secured Indebtedness. The foregoing restriction, however, will not apply to:

- (a) Liens existing on the date of this Guaranty;
- (b) Liens on any assets of any corporation existing at the time such corporation becomes a Consolidated Subsidiary;
- (c) Liens on any assets existing at the time of acquisition of such assets by Cardinal or a Consolidated Subsidiary, or Liens to secure the payment of all or any part of the purchase price of such assets upon the acquisition of such assets by Cardinal or a Consolidated Subsidiary or to secure any indebtedness incurred or guaranteed by Cardinal or a Consolidated Subsidiary prior to, at the time of, or within 360 days after such acquisition (or in the case of real property, the completion of construction (including any improvements on an existing asset) or commencement of full operation of such asset, whichever is later) which indebtedness is incurred or

guaranteed for the purpose of financing all or any part of the purchase price thereof or, in the case of real property, construction or improvements thereon; PROVIDED, HOWEVER, that in the case of any such acquisition, construction or improvement, the Lien shall not apply to any assets theretofore owned by Cardinal or a Consolidated Subsidiary, other than, in the case of any such construction or improvement, any real property on which the property so constructed, or the improvement, is located;

(d) Liens on any assets to secure indebtedness of a Consolidated Subsidiary to Cardinal or to another wholly-owned domestic Subsidiary;

(e) Liens on any assets of a corporation existing at the time such corporation is merged into or consolidated with Cardinal or a Subsidiary or at the time of a purchase, lease or other acquisition of the assets of a corporation or firm as an entirety or substantially as an entirety by Cardinal or a Subsidiary;

(f) Liens on any assets of Cardinal or a Consolidated Subsidiary in favor of the United States of America or any State thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any State thereof, or in favor of any other country, or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any indebtedness incurred or guaranteed for the purpose of financing all or any part of the purchase

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price) or, in the case of real property, the cost of construction), of the assets subject to such Liens (including, but not limited to, Liens incurred in connection with pollution control, industrial revenue or similar financing);

(g) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing CLAUSES (a) to (f), inclusive; PROVIDED, HOWEVER, that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement shall be limited to all or a part of the assets which secured the Lien so extended, renewed or replaced (plus improvements and construction on such real property);

(h) Liens imposed by law, such as mechanics', worker's, repairmen's, materialmen's, carriers', warehousemen's, vendors' or other similar Liens arising in the ordinary course of business, or governmental (federal, state or municipal) Liens arising out of contracts for the sale of products or services by Cardinal or any Consolidated Subsidiary, or deposits or pledges to obtain the release of any of the foregoing Liens;

(i) pledges, liens, or deposits under worker's compensation laws or similar legislation and liens or judgments thereunder which are not currently dischargeable, or in connection with bids, tenders, contracts (other than for the payment of money) or leases to which Cardinal or any Consolidated Subsidiary is a party, or to secure public or statutory obligations of Cardinal or any Consolidated Subsidiary, or in connection with obtaining or maintaining self-insurance or to obtain the benefits of any law, regulation or arrangement pertaining to unemployment insurance, old age pensions, social security or similar matters, or to secure surety, appeal or customs bonds to which Cardinal or any Consolidated Subsidiary is a party, or in litigation or other proceedings such as, but not limited to, interpleader proceedings, and other similar pledges, liens or deposits made or incurred in the ordinary course of business;

(j) Liens created by or resulting from any litigation or other proceeding which is being contested in good faith by appropriate proceedings, including Liens arising out of judgments or awards against

appeal or proceedings for review or for which the time to make an appeal has not yet expired; or final unappealable judgment Liens which are satisfied within 15 days of the date of judgment; or Liens incurred by Cardinal or any Consolidated Subsidiary for the purpose of obtaining a stay or discharge in the course of any litigation or other proceeding to which Cardinal or such Consolidated Subsidiary is a party; or

(k) Liens for taxes or assessments or governmental charges or levies not yet due or delinquent, or which can thereafter be paid without penalty, or which are being contested in good faith by appropriate proceedings; landlord's liens on property held under lease; and any other Liens or charges incidental to the conduct of the business of Cardinal or any Consolidated Subsidiary or the ownership of the assets of any of them which were not incurred in connection with the borrowing of money or the obtaining of advances of credit and which do not, in the opinion of Cardinal, materially impair the use of such assets in the operation of the business of Cardinal or such Consolidated Subsidiary or the value of such assets for the purposes of such business.

Notwithstanding the restrictions set forth in the preceding paragraph, Cardinal of any Consolidated Subsidiary will be permitted to create or assume any Indebtedness which is secured by a Lien without equally and ratably securing the Liabilities, provided that at the time of such creation or assumption, and after giving effect thereto, Exempted Debt does not exceed 10% of Consolidated Net Tangible Assets.

SECTION 7.8 LIMITATION ON SALE AND LEASE-BACK. Cardinal will not, nor will it permit any Consolidated Subsidiary to, enter into any sale and lease-back transaction with respect to any assets, other than any such transaction involving a lease for a term of not more than three years, unless either (a) Cardinal or such Consolidated Subsidiary would be entitled to incur Indebtedness secured by a Lien on the assets to be leased, in an amount at least equal to the Attributable Debt with respect to such sale and lease-back transaction, without equally and ratably securing the Liabilities, pursuant to CLAUSES (a) through (k) inclusive of SECTION 7.7, or (b) the proceeds of the sale of the assets to be leased are at least equal to the fair value of such assets (as determined by the Board of Directors of Cardinal) and the proceeds are applied to the purchase or acquisition (or, in the case of property, the construction) of assets or to the retirement (other than at maturity or pursuant to a mandatory sinking fund or redemption provision) of Senior Funded Indebtedness. This limitation, however, will not apply if at the time Cardinal or any Consolidated Subsidiary enters into such

sale and lease-back transaction, and after giving effect thereto, Exempted Debt does not exceed 10% of Consolidated Net Tangible Assets.

Section 7.9 REGULATIONS G, T, U AND X. Cardinal will not, and will not permit any Subsidiary, to use Fundings under the Operative Documents in any manner which may cause a violation of or non-compliance with Regulations G, T, U or X of the Board of Governors of the Federal Reserve Board.

Section 7.10 CORPORATE EXISTENCE. Cardinal will maintain its existence and, except as otherwise allowed by SECTION 7.6, the existence of each Subsidiary in good standing as a business corporation under the laws of the jurisdiction of its incorporation, and remain qualified and cause each Subsidiary to remain qualified to do business in all jurisdictions wherein the nature of the business it transacts or the character of the properties owned by it makes such qualification necessary.

Section 7.11 BOOKS AND RECORDS. Cardinal will keep and maintain, and cause each Subsidiary to keep and maintain, satisfactory and adequate books and records of account, in accordance with GAAP and make or cause the same to be made available to the Funding Parties or their agents or nominees at any reasonable time upon reasonable notice for inspection and to make extracts thereof.

Section 7.12 INSURANCE. Cardinal will insure and keep insured, and cause each Subsidiary to insure and keep insured, with reputable insurance companies, so much of their respective properties, to such an extent and against such risks (including liability and fire) as Cardinal reasonably believes prudent, based on sound business judgment; or, in lieu thereof, in the case of itself or of any one or more of its Subsidiaries, maintain or cause to be maintained a system or systems of self-insurance which will be in accord with a practice Cardinal reasonably believes prudent, based on sound business judgment, and, in such cases of self-insurance, maintain or cause to be maintained an insurance reserve or reserves reasonably deemed adequate by Cardinal.

Section 7.13 LITIGATION; EVENT OF DEFAULT. Cardinal will notify the Funding Parties in writing immediately of the institution of any litigation, the commencement of any administrative proceedings, the happening of any event or the assertion or threat of any claim which could have a Material Adverse Effect, or the occurrence of any Event of Default or an event which with the passage of time or the giving of notice or both would constitute an Event of Default.

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Section 7.14 TAXES. Cardinal will pay and discharge all taxes, assessments or other governmental charges or levies imposed on it or any of its property or assets prior to the date on which any material penalty for non-payment or late payment is incurred, unless the same is currently being contested in good faith by appropriate proceedings and reserves in accordance with GAAP are being maintained.

Section 7.15 COMPLIANCE WITH LAWS. Cardinal will comply and cause each Subsidiary to comply in all material respects with all local, state and federal laws and regulations material to its business and operations, including but not limited to: (i) all rules and regulations of the Securities and Exchange Commission, (ii) local, state and federal laws governing the control, removal, spill, release, or discharge of hazardous or toxic wastes, substances or petroleum products, including without limitation all Environmental Laws, and (iii) the provisions and requirements of all franchises, permits and licenses applicable to its business, including, but not limited to, those required by any Environmental Law. Cardinal shall notify the Funding Parties promptly in detail of any actual or alleged failure to comply with or perform, breach, violation or default under any such laws or regulations or if Cardinal receives notice of potential responsibility for the release or threatened release of hazardous substances, or of the occurrence or existence of any facts or circumstances which with the passage of time, the giving of notice or both or otherwise could create such a breach, violation or default or could occasion the termination of any of such franchises or grants of authority or the creation of potential responsibility for releases or threatened releases of hazardous substances, if any of the foregoing would have a Material Adverse Effect.

SECTION 8. CERTAIN ACTIONS. The Funding Parties may, from time to time at their discretion and without notice to the Guarantor, take any or all of the following actions: (a) retain or obtain (i) a security interest in the Lessees' interests in the Leases and (ii) a lien or a security interest hereafter granted by any Person upon or in any property, in each case to secure any of the Liabilities or any obligation hereunder; (b) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantor, with respect to any of the Liabilities; (c) extend or renew for one or more periods (regardless of whether longer than the original period), or release or compromise any obligation of the Guarantor hereunder or any obligation of any nature of any other obligor (including, without limitation, any Lessor) with respect to any of the Liabilities; (d) release or fail to perfect its Lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or

extend or renew for one or more periods (regardless of whether longer than the original period) or release or compromise any obligations of any nature of any obligor with respect to any such property; and (e) resort to the Guarantor for payment of any of the Liabilities, regardless of whether the Agent or any other Person shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other obligor primarily or secondarily obligated with respect to any of the Liabilities (all of the actions referred to in this CLAUSE (e) being hereby expressly waived by the Guarantor).

SECTION 9. APPLICATION. Any amounts received by any Funding Party from whatever source on account of the Liabilities shall be applied by it toward the payment of such of the Liabilities, and in such order of application, as is set forth in the Operative Documents. The Guarantor hereby agrees that no payment made by or for the account of the Guarantor pursuant to this Guaranty shall entitle the Guarantor by subrogation, indemnification, exoneration, contribution, reimbursement or otherwise to any payment by any Lessee or Lessor or from or out of any property of any Lessee or Lessor and the Guarantor hereby expressly waives, to the fullest extent possible, and shall not exercise, any right or remedy against any Lessee or Lessor or any property of any Lessee or Lessor by reason of any performance by the Guarantor of this Guaranty. If, and to the extent that, any such rights or remedies against a Lessee or Lessor may not be waived under Applicable Law, the Guarantor shall be deemed to have contributed any such rights to such Lessee or Lessor effective immediately upon the arising of such rights or remedies, which contribution shall give rise to obligations of such Lessee or Lessor to the Guarantor which are subordinate in all respects to the Liabilities.

SECTION 10. WAIVER. The Guarantor hereby expressly waives: (a) notice of the acceptance of this Guaranty; (b) notice of the existence or creation or non-payment of all or any of the Liabilities; (c) presentment, demand, notice of dishonor, protest, and all other notices whatsoever; and (d) all diligence in collection or protection of or realization upon the Liabilities or any thereof, any obligation hereunder, or any security for or guaranty of any of the foregoing.

SECTION 11. ASSIGNMENT. Subject to Section 6 of the Master Agreement, each Funding Party may, from time to time, whether before or after any discontinuance of this Guaranty, at its sole discretion and without notice to the Guarantor, assign or transfer any or all of its portion of the Liabilities or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Liabilities shall be and remain Liabilities for the purposes of

this Guaranty, and each and every such immediate and successive assignee or transferee of any of the Liabilities or of any interest therein shall, to the extent of such assignee's or transferee's interest in the Liabilities, be entitled to the benefits of this Guaranty to the same extent as if such assignee or transferee were such Funding Party.

SECTION 12. MISCELLANEOUS. No delay in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Guaranty be binding upon any Funding Party except as expressly set forth in a writing duly signed and delivered on its behalf. No action permitted hereunder shall in any way affect or impair any Funding Party's rights or the Guarantor's obligations under this Guaranty. For the purposes of this Guaranty, Liabilities shall include all of the obligations described in the definition thereof, notwithstanding any right or power of any Lessee or the Lessor or anyone else to assert any claim or defense (other than final payment) as to the invalidity or unenforceability of any such obligation, and no such claim or defense shall affect or impair the obligations of the Guarantor

hereunder. The Guarantor's obligations under this Guaranty shall be absolute and unconditional irrespective of any circumstance whatsoever which might constitute a legal or equitable discharge or defense of the Guarantor. The Guarantor hereby acknowledges that there are no conditions to the effectiveness of this Guaranty.

This Guaranty shall be binding upon the Guarantor and upon the Guarantor's successors and permitted assigns; and all references herein to the Guarantor shall be deemed to include any successor or successors, whether immediate or remote, to such Person; PROVIDED that the Guarantor shall not assign its obligations hereunder without the prior written consent of the Funding Parties.

Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Guaranty shall be prohibited by or invalid thereunder, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

The Guarantor: (a) Submits for itself and its property in any legal action or proceeding relating to this Guaranty, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive General Jurisdiction of the Courts of the State of Georgia, the Courts of the United States of America for

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the Northern District of Georgia, and Appellate Courts from any thereof; (b) consents that any such action or proceedings may be brought to such Courts, and waives any objection that it may now or hereafter have to the Venue of any such action or proceeding in any such Court or that such action or proceeding was brought in an inconvenient Court and agrees not to plead or claim the same; (c) agrees that Service of Process in any such action or proceeding may be effected by delivering a copy thereof to it at its address set forth below or at such other address of which the other parties to the Master Agreement shall have been notified pursuant to Section 8.2 of the Master Agreement; and (d) agrees that nothing herein shall affect the right to effect Service of Process in any other manner permitted by law or shall limit the right of the funding parties to sue in any other jurisdiction.

All notices, demands, declarations, consents, directions, approvals, instructions, requests and other communications required or permitted by this Guaranty shall be in writing and shall be deemed to have been duly given when addressed to the appropriate Person and delivered in the manner specified in Section 8.2 of the Master Agreement. The initial address for notices to each Guarantor is set forth below.

THIS GUARANTY SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF GEORGIA, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.

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IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

IMPORTANT: READ BEFORE SIGNING: THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

By: /s/ Thomas S. Summer

Name Printed: Thomas S. Summer

Title: Vice President-Treasurer

Address: 5555 Glendon Ct.

Dublin, OH 43016

GUARANTY

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EXHIBIT I

FUNDED DEBT

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Obligor <S>	Lender <C>	Amount as of July 1, 1996 <C>
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After recordation, this instrument should be returned to:

Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603
Attention: Rex Palmer

=====
=====

LEASE AGREEMENT

Dated as of _____, 1996

between

SUNTRUST BANKS, INC., as Lessor,

and

[Lessee Sub], as Lessee

Warehouses
=====

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APPENDICES AND EXHIBITS

- APPENDIX A Defined Terms
- EXHIBIT A Lease Supplement

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THIS LEASE AGREEMENT (as from time to time amended or supplemented, this "LEASE"), dated as of _____, 1996, is between SUNTRUST BANKS, INC., a Georgia corporation (together with its successors and assigns hereunder, the "LESSOR"), as Lessor, and _____, a _____ corporation (together with its successors and permitted assigns hereunder, the "LESSEE"), as Lessee.

PRELIMINARY STATEMENT

A. Lessor will purchase from one or more third parties designated by Lessee, on each Closing Date, certain parcels of real property to be specified by Lessee, together with any improvements thereon.

B. Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, each such property.

C. The Lessee may construct certain improvements on such parcels of real property which as constructed will be the property of the Lessor and will become part of such property subject to the terms of this Lease.

In consideration of the mutual agreements herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

ARTICLE I.
DEFINITIONS

Terms used herein and not otherwise defined shall have the meanings assigned thereto in APPENDIX A hereto for all purposes hereof.

ARTICLE II.
LEASE OF LEASED PROPERTY

Section 2.1 ACCEPTANCE AND LEASE OF PROPERTY. On each Closing Date, Lessor, subject to the satisfaction or waiver of the conditions set forth in Section 3 of the Master Agreement, hereby agrees to accept delivery on such Closing Date of the Land designated by Lessee to be delivered on such Closing Date pursuant to the terms of the Master Agreement, together with any improvements thereon and simultaneously to lease to Lessee hereunder for the Lease Term, Lessor's interest in such Land and in such improvements together with any Building which thereafter may be constructed thereon pursuant to the Construction Agency

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Agreement, and Lessee hereby agrees, expressly for the direct benefit of Lessor, commencing on such Closing Date for the Lease Term, to lease from Lessor Lessor's interest in such Land to be delivered on such Closing Date together with Lessor's interest in any Building and other improvements thereon or which thereafter may be constructed thereon pursuant to the Construction Agency Agreement.

Section 2.2 ACCEPTANCE PROCEDURE. Lessor hereby authorizes one or more employees of Lessee, to be designated by Lessee, as the authorized representative or representatives of Lessor to accept delivery on behalf of Lessor of that Leased Property identified on the applicable Funding Request. Lessee hereby agrees that such acceptance of delivery by such authorized representative or representatives and the execution and delivery by the Lessee on each Closing Date of this Lease or, if more than one parcel of land is leased hereunder, of a Lease Supplement in the form of EXHIBIT A hereto (appropriately completed) shall, without further act, constitute the irrevocable acceptance by Lessee of that Leased Property which is the subject thereof for all purposes of this Lease and the other Operative Documents on the terms set forth therein and herein, and that such Leased Property, together with any improvements constructed thereon pursuant to the Construction Agency Agreement, shall be deemed to be included in the leasehold estate of this Lease and shall be subject to the terms and conditions of this Lease as of such Closing Date. The demise and lease of each Building pursuant to this SECTION 2.2 shall include any additional right, title or interest in such Building which may at any time be acquired by Lessor, the intent being that all right, title and interest of Lessor in and to such Building shall at all times be demised and leased to Lessee hereunder.

ARTICLE III.
RENT

Section 3.1 BASIC RENT. Beginning with and including the first Payment Date occurring after the Closing Date, Lessee shall pay to the Agent the Basic Rent for the Leased Properties, in installments, payable in arrears on each Payment Date during the Lease Term, subject to Section 2.3(c) of the Master Agreement.

Section 3.2 SUPPLEMENTAL RENT. Lessee shall pay to the Agent, or to whomever shall be entitled thereto as expressly provided herein or in any other Operative Document, any and all

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Supplemental Rent within five (5) Business Days of the date the same shall become due and payable and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Agent shall have all rights, powers and remedies provided for herein or by law or in equity or otherwise in the case of nonpayment of Basic Rent. All Supplemental Rent to be paid pursuant to this SECTION 3.2 shall be payable in the type of funds and in the manner set forth in SECTION 3.3.

Section 3.3 METHOD OF PAYMENT. Basic Rent shall be paid to the Agent, and Supplemental Rent (including amounts due under ARTICLE XIV hereof) shall be paid to the Agent (or to such Person as may be entitled thereto) or, in each case, to such Person as the Agent (or such other Person) shall specify in writing to Lessee, and at such place as the Agent (or such other Person) shall specify in writing to Lessee, which specifications by the Agent shall be given by the Agent at least five (5) Business Days prior to the due date therefor. Each payment of Rent (including payments under ARTICLE XIV hereof) shall be made by Lessee prior to 12:00 p.m. (noon) Atlanta, Georgia time at the place of payment in funds consisting of lawful currency of the United States of America which shall be immediately available on the scheduled date when such payment shall be due, unless such scheduled date shall not be a Business Day, in which case such payment shall be made on the next succeeding Business Day.

Section 3.4 LATE PAYMENT. If any Basic Rent shall not be paid within five (5) days of the date when due, Lessee shall pay to the Agent, as Supplemental Rent, interest (to the maximum extent permitted by law) on such overdue amount from and including the due date thereof to but excluding the Business Day of payment thereof at the Overdue Rate.

Section 3.5 NET LEASE; NO SETOFF, ETC. This Lease is a net lease and notwithstanding any other provision of this Lease, Lessee shall pay all Basic Rent and Supplemental Rent, and all costs, charges, taxes, assessments and other expenses foreseen or unforeseen, for which Lessee or any Indemnitee is or shall become liable by reason of Lessee's or such Indemnitee's estate, right, title or interest in the Leased Properties, or that are connected with or arise out of the acquisition (except the initial costs of purchase by Lessor of its fee simple interest in any Leased Property, which costs, subject to the terms of the Master Agreement, shall be funded by the Funding Parties pursuant to the Master Agreement), installation, possession, use, occupancy, maintenance, ownership, leasing, repairs and rebuilding of, or addition to, the Leased Properties or any portion thereof, and any other amounts payable hereunder and under the other Operative Documents (and, if applicable, any related IDB Documentation) without counterclaim, setoff, deduction or defense and without

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abatement, suspension, deferment, diminution or reduction, and Lessee's obligation to pay all such amounts throughout the Lease Term, including the Construction Term, is absolute and unconditional. The obligations and liabilities of Lessee hereunder shall in no way be released, discharged or otherwise affected for any reason, including without limitation: (a) any defect in the condition, merchantability, design, quality or fitness for use of any Leased Property or any part thereof, or the failure of any Leased Property to comply with all Applicable Law, including any inability to occupy or use any Leased Property by reason of such non-compliance; (b) any damage to, removal, abandonment, salvage, loss, contamination of or Release from, scrapping or destruction of or any requisition or taking of any Leased Property or any part thereof; (c) any restriction, prevention or curtailment of or interference with any use of any Leased Property or any part thereof including eviction; (d) any defect in title to or rights to any Leased Property or any Lien on such title or rights or on any Leased Property; (e) any change, waiver, extension, indulgence

or other action or omission or breach in respect of any obligation or liability of or by Lessor, the Agent, any Lease Participant or any Lender; (f) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings relating to Lessee, Guarantor, Lessor, any Lease Participant, any Lender, the Agent or any other Person, or any action taken with respect to this Lease by any trustee or receiver of Lessee, Guarantor, Lessor, any Lease Participant, any Lender, the Agent or any other Person, or by any court, in any such proceeding; (g) any claim that Lessee has or might have against any Person, including without limitation, Lessor, any vendor, manufacturer, contractor of or for any Building or any part thereof, the Agent, any Lease Participant or any Lender; (h) any failure on the part of Lessor to perform or comply with any of the terms of this Lease, any other Operative Document, any IDB Documentation or of any other agreement; (i) any invalidity or unenforceability or illegality or disaffirmance of this Lease against or by Lessee or any provision hereof or any of the other Operative Documents or any provision of any thereof whether or not related to the Transaction; (j) the impossibility or illegality of performance by Lessee, Lessor or both; (k) any action by any court, administrative agency or other Governmental Authority; (l) any restriction, prevention or curtailment of or interference with the Construction or any use of any Leased Property or any part thereof; or (m) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Lessee shall have notice or knowledge of any of the foregoing. Except as specifically set forth in ARTICLES XIV or X of this Lease, this Lease shall be noncancellable by Lessee in any circumstance whatsoever and Lessee, to the extent permitted by Applicable Law, waives all rights now or hereafter conferred by statute or

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otherwise to quit, terminate or surrender this Lease, or to any diminution, abatement or reduction of Rent payable by Lessee hereunder. Each payment of Rent made by Lessee hereunder shall be final and Lessee shall not seek or have any right to recover all or any part of such payment from Lessor, the Agent, any Lease Participant, any Lender or any party to any agreements related thereto for any reason whatsoever. Lessee assumes the sole responsibility for the condition, use, operation, maintenance, and management of the Leased Properties and Lessor shall have no responsibility in respect thereof and shall have no liability for damage to the property of either Lessee or any subtenant of Lessee on any account or for any reason whatsoever, other than solely by reason of Lessor's willful misconduct or gross negligence.

Section 3.6 CERTAIN TAXES. Without limiting the generality of SECTION 3.5, Lessee agrees to pay when due all real estate taxes, personal property taxes, gross sales taxes, including any sales or lease tax imposed upon the rental payments hereunder or under a sublease, occupational license taxes, water charges, sewer charges, assessments of any nature and all other governmental impositions and charges of every kind and nature whatsoever (the "TAX(ES)"), when the same shall be due and payable without penalty or interest. It is the intention of the parties hereto that, insofar as the same may lawfully be done, Lessor shall be, except as specifically provided for herein, free from all expenses in any way related to the Leased Properties and the use and occupancy thereof. Any tax relating to a fiscal period of any taxing authority falling partially within and partially outside the Lease Term, shall be apportioned and adjusted between Lessor and Lessee. Lessee covenants to furnish Lessor and the Agent, upon the Agent's request, within forty-five (45) days after the last date when any Tax must be paid by Lessee as provided in this SECTION 3.6, official receipts of the appropriate taxing authority or other proof satisfactory to Lessor, evidencing the payment thereof.

With Lessor's consent Lessee may defer payment of a tax so long as the validity or the amount thereof is contested by Lessee with diligence and in good faith; PROVIDED, HOWEVER, that Lessee shall furnish to Lessor and the Agent a bond in an amount and on terms satisfactory to Lessor and the Agent and shall pay the tax in sufficient time to prevent delivery of a tax deed. Such contest shall be at Lessee's sole cost and expense. Lessee covenants to indemnify and save harmless Lessor, the Agent, each Lease Participant and each Lender from any costs or expenses incurred by Lessor, the Agent, any Lease Participant or any Lender as a result of such contest.

Section 3.7 UTILITY CHARGES. Lessee agrees to pay or cause to be paid as and when the same are due and payable all charges for gas, water, sewer, electricity, lights, heat, power, telephone or other communication service and all other utility services used, rendered or supplied to, upon or in connection with the Leased Properties.

ARTICLE IV.
WAIVERS

During the Lease Term, Lessor's interest in the Building(s) (whether or not completed) and the Land is demised and let by Lessor "AS IS" subject to (a) the rights of any parties in possession thereof, (b) the state of the title thereto existing at the time Lessor acquired its interest in the Leased Properties, (c) any state of facts which an accurate survey or physical inspection might show (including the survey delivered on the Closing Date), (d) all Applicable Law, and (e) any violations of Applicable Law which may exist upon or subsequent to the commencement of the Lease Term. LESSEE ACKNOWLEDGES THAT, ALTHOUGH LESSOR MAY OWN AND HOLD TITLE TO THE LEASED PROPERTIES, LESSOR IS NOT RESPONSIBLE FOR THE DESIGN, DEVELOPMENT, BUDGETING AND CONSTRUCTION OF THE BUILDING(S) OR ANY ALTERATIONS. NEITHER LESSOR, THE AGENT, ANY LEASE PARTICIPANT NOR ANY LENDER HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OR SHALL BE DEEMED TO HAVE ANY LIABILITY WHATSOEVER AS TO THE VALUE, MERCHANTABILITY, TITLE, HABITABILITY, CONDITION, DESIGN, OPERATION, OR FITNESS FOR USE OF THE LEASED PROPERTIES (OR ANY PART THEREOF), OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE LEASED PROPERTIES (OR ANY PART THEREOF), ALL SUCH WARRANTIES BEING HEREBY DISCLAIMED, AND NEITHER LESSOR, THE AGENT, ANY LEASE PARTICIPANT NOR ANY LENDER SHALL BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREIN OR THE FAILURE OF ANY LEASED PROPERTY, OR ANY PART THEREOF, TO COMPLY WITH ANY APPLICABLE LAW, except that Lessor hereby represents and warrants that each Leased Property is and shall be free of Lessor Liens. As between Lessor and Lessee, Lessee has been afforded full opportunity to inspect each Leased Property, is satisfied with the results of its inspections of such Leased Property and is entering into this Lease solely on the basis of the results of its own inspections and all risks incident to the matters discussed in the two preceding sentences, as between Lessor, the Agent, the Lease Participants or the Lenders on the one hand, and Lessee, on the other, are to be borne by Lessee. The provisions of this ARTICLE IV have been negotiated, and, except to the extent otherwise expressly stated, the foregoing provisions are intended to be a complete exclusion and negation of any representations or warranties by Lessor, the Agent, the Lease Participants or the

Lenders, express or implied, with respect to the Leased Properties, that may arise pursuant to any law now or hereafter in effect, or otherwise.

ARTICLE V.
LIENS; EASEMENTS; PARTIAL CONVEYANCES

Lessee shall not directly or indirectly create, incur or assume, any Lien on or with respect to any Leased Property, the title thereto, or any interest therein, including any Liens which arise out of or by reason of (i) the possession, use, occupancy, construction, repair or rebuilding of any Leased Property or (ii) labor or materials furnished or claimed to have been furnished to Lessee, or any of its contractors or agents or (iii) the financing of any personalty or equipment purchased or leased by Lessee from third parties and not financed by Lessor or (iv) Alterations constructed by Lessee, except, in all cases, Permitted Liens.

Notwithstanding the foregoing paragraph, at the request of Lessee,

Lessor shall, from time to time during the Lease Term and upon reasonable advance written notice from Lessee, and receipt of the materials specified in the next succeeding sentence, consent to and join in any (i) grant of easements, licenses, rights of way and other rights in the nature of easements, including, without limitation, utility easements to facilitate Lessee's use, development and construction of the Leased Properties, (ii) release or termination of easements, licenses, rights of way or other rights in the nature of easements which are for the benefit of the Land or the Building(s) or any portion thereof, (iii) dedication or transfer of portions of the Land, not improved with a building, for road, highway or other public purposes, (iv) execution of agreements for ingress and egress and amendments to any covenants and restrictions affecting the Land or the Building(s) or any portion thereof and (v) request to any Governmental Authority for platting or subdivision or replatting or resubdivision approval with respect to the Land or any portion thereof or any parcel of land of which the Land or any portion thereof forms a part or a request for any variance from zoning or other governmental requirements. Lessor's obligations pursuant to the preceding sentence shall be subject to the requirements that:

(a) any such action shall be at the sole cost and expense of Lessee and Lessee shall pay all reasonable out-of-pocket costs of Lessor, the Agent, any Lease Participant and any Lender in connection therewith (including, without limitation, the reasonable fees of attorneys, architects, engineers, planners, appraisers and other professionals reasonably retained

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by Lessor, the Agent, any Lease Participant or any Lender in connection with any such action),

(b) Lessee shall have delivered to Lessor and Agent a certificate of a Responsible Officer of Lessee stating that

(1) such action will not cause any Leased Property, the Land or any Building or any portion thereof to fail to comply in any respect with the provisions of the Lease or any other Operative Documents, or in any respect with Applicable Law; and

(2) such action will not materially reduce the Fair Market Sales Value, utility or useful life of any Leased Property, the Land or any Building nor Lessor's interest therein; and

(c) in the case of any release or conveyance, if Lessor, the Agent, any Lease Participant or any Lender so reasonably requests, Lessee will cause to be issued and delivered to Lessor and the Agent by the Title Insurance Company an endorsement to the Title Policy pursuant to which the Title Insurance Company agrees that its liability for the payment of any loss or damage under the terms and provisions of the Title Policy will not be affected by reason of the fact that a portion of the real property referred to in Schedule A of the Title Policy has been released or conveyed by Lessor.

ARTICLE VI.
MAINTENANCE AND REPAIR;
ALTERATIONS, MODIFICATIONS AND ADDITIONS

Section 6.1 MAINTENANCE AND REPAIR; COMPLIANCE WITH LAW. Lessee, at its own expense, shall at all times (a) maintain each Leased Property in good repair and condition (subject to ordinary wear and tear), in accordance with prudent industry standards and, in any event, in no less a manner as other similar office, warehouse and distribution centers owned or leased by Lessee or its Affiliates, (b) make all Alterations in accordance with, and maintain (whether or not such maintenance requires structural modifications or Alterations) and operate and otherwise keep each Leased Property in compliance with, all Applicable Laws, and (c) make all material repairs, replacements and renewals of each Leased Property or any part thereof which may be required to keep such Leased Property in the condition required by the preceding CLAUSES (a) and (b). Lessee shall perform the foregoing maintenance obligations regardless of whether any Leased Property is occupied or unoccupied. Lessee waives any right that it may now have or hereafter acquire to (i) require Lessor, the Agent,

any Lease Participant or any Lender to maintain, repair, replace, alter, remove or rebuild all or any part of any Leased Property or (ii) make repairs at the expense of Lessor, the Agent, any Lease Participant or any Lender pursuant to any Applicable Law or other agreements or otherwise. NEITHER LESSOR, THE AGENT, ANY LEASE PARTICIPANT NOR ANY LENDER SHALL BE LIABLE TO LESSEE OR TO ANY CONTRACTORS, SUBCONTRACTORS, LABORERS, MATERIALMEN, SUPPLIERS OR VENDORS FOR SERVICES PERFORMED OR MATERIAL PROVIDED ON OR IN CONNECTION WITH ANY LEASED PROPERTY OR ANY PART THEREOF. Neither Lessor, the Agent, any Lease Participant nor any Lender shall be required to maintain, alter, repair, rebuild or replace any Leased Property in any way.

Section 6.2 ALTERATIONS. Lessee may, without the consent of Lessor, at Lessee's own cost and expense, make Alterations which do not diminish the value, utility or useful life of any Leased Property.

Section 6.3 TITLE TO ALTERATIONS. Title to all Alterations shall without further act vest in Lessor (subject to Lessee's right to remove trade fixtures, personal property and equipment which were not acquired with funds advanced by Lessor, any Lease Participant or any Lender at a time when no Event of Default has occurred and is continuing) and shall be deemed to constitute a part of the Leased Properties and be subject to this Lease.

ARTICLE VII.

USE

Lessee may use each Leased Property or any part thereof for any lawful purpose, and in a manner consistent with the standards applicable to properties of a similar nature in the geographic area in which such Leased Property is located, PROVIDED that such use does not materially adversely affect the Fair Market Sales Value, utility, remaining useful life or residual value of such Leased Property, and does not violate or conflict with, or constitute or result in a default under, any Applicable Law or any insurance policy required hereunder. In the event Lessee's use substantially changes the character of any Building in a manner or to an extent that, in Lessor's, the Lease Participants' and the Lenders' reasonable opinion, adversely affects the Fair Market Sales Value and/or marketability of such Building, Lessee shall, upon the termination or expiration of this Lease, at Lessor's request, restore such Leased Property to its general character at the Completion Date (ordinary wear and tear excepted). Lessee shall not commit or permit any waste of any Leased Property or any part thereof.

ARTICLE VIII.

INSURANCE

(a) At any time during which any part of any Building or any Alteration is under construction and as to any part of any Building or any Alteration under construction, Lessee shall maintain, or cause to be maintained, at its sole cost and expense, as a part of its blanket policies or otherwise, "all risks" non-reporting completed value form of builder's risk insurance.

(b) During the Lease Term, Lessee shall maintain, at its sole cost and expense, as a part of its blanket policies or otherwise, insurance against loss or damage to any Building by fire and other risks, including comprehensive boiler and machinery coverage, on terms and in amounts no less favorable than insurance covering other similar properties owned or leased by Lessee and that are in accordance with normal industry practice, but in no event less than the replacement cost of such Building from time to time.

(c) During the Lease Term, Lessee shall maintain, at its sole cost and expense, commercial general liability insurance with respect to the Leased Properties, as is ordinarily procured by Persons who own or operate similar properties in the same geographic area. Such insurance shall be on terms and in amounts that are no less favorable than insurance maintained by Lessee or its Affiliates with respect to similar properties that it owns or leases and that are in accordance with normal industry practice, but in no event less than \$5,000,000 per occurrence. Such insurance policies shall also provide that Lessee's insurance shall be considered primary insurance. Nothing in this ARTICLE VIII shall prohibit Lessor, the Agent, any Lease Participant or any Lender from carrying at its own expense other insurance on or with respect to the Leased Properties, PROVIDED that any insurance carried by Lessor, the Agent, any Lease Participant or any Lender shall not prevent Lessee from carrying the insurance required hereby.

(d) Each policy of insurance maintained by Lessee pursuant to CLAUSES (a) and (b) of this ARTICLE IX shall provide that all insurance proceeds in respect of any loss or occurrence shall be adjusted by Lessee, except (a) that with respect to any loss, the estimated cost of restoration of which is in excess of 50% of the Funded Amounts with respect to the related Leased Property, the adjustment thereof shall be subject to the prior written approval of the Agent (or of Lessor if the Funded Amounts have been fully paid) and the insurance proceeds therefor shall be paid to the Agent (or to Lessor if the Funded Amounts have been fully paid) for application in accordance with this Lease,

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and (b) from and after the date on which an Event of Default exists, all losses shall be adjusted solely by, and all insurance proceeds shall be paid solely to, the Agent (or Lessor if the Funded Amounts have been fully paid) for application pursuant to this Lease.

(e) On the Closing Date, on the Completion Date and on each anniversary of the Closing Date, Lessee shall furnish Lessor with certificates showing the insurance required under this ARTICLE VIII to be in effect and naming Lessor, the Agent, the Lease Participants and the Lenders as additional insureds. Such certificates shall include a provision for thirty (30) days' advance written notice by the insurer to Lessor and the Agent in the event of cancellation or expiration or nonpayment of premium with respect to such insurance, and shall include a customary breach of warranty clause.

(f) Each policy of insurance maintained by Lessee pursuant to this ARTICLE VIII shall (1) contain the waiver of any right of subrogation of the insurer against Lessor, the Agent, the Lease Participants and the Lenders, and (2) provide that in respect of the interests of Lessor, the Agent, the Lease Participants and the Lenders, such policies shall not be invalidated by any fraud, action, inaction or misrepresentation of Lessee or any other Person acting on behalf of Lessee.

(g) All insurance policies carried in accordance with this ARTICLE VIII shall be maintained with insurers rated at the inception of such policies at least A by A.M. Best & Company (PROVIDED that if the rating of any such insurer falls below A, Lessee shall replace such insurance policy with a policy issued by an insurer rated at least A within 180 days of such downgrading), and in all cases the insurer shall be qualified to insure risks in the State where such Leased Property is located.

ARTICLE IX.
ASSIGNMENT AND SUBLEASING

Lessee may not assign any of its right, title or interest in, to or under this Lease, except to Cardinal or another Subsidiary of Cardinal pursuant to an assignment agreement reasonably acceptable to the Agent, the Lease Participants, the Lenders and the Lessor. Lessee may sublease all or any portion of any Leased Property, PROVIDED that (a) all obligations of Lessee shall continue in full effect as obligations of a principal and not of a guarantor or surety, as though no sublease had been made; (b) such sublease shall be expressly subject and subordinate to this Lease, the Lease Participation

such sublease shall terminate on or before the Lease Termination Date.

Except pursuant to an Operative Document, this Lease shall not be mortgaged or pledged by Lessee, nor shall Lessee mortgage or pledge any interest in any Leased Property or any portion thereof. Any such mortgage or pledge shall be void.

ARTICLE X.
LOSS, DESTRUCTION, CONDEMNATION OR DAMAGE

Section 10.1 EVENT OF LOSS. Any event (i) which would otherwise constitute a Casualty during the Base Term, and (ii) which, in the good-faith judgment of Lessee, renders repair and restoration of a Leased Property impractical or uneconomical, and (iii) as to which Lessee, within sixty (60) days after the occurrence of such event, delivers to Lessor an Officer's Certificate notifying Lessor of such event and of such judgment, shall constitute an "EVENT OF LOSS". In the case of any other event which constitutes a Casualty, Lessee shall restore such Leased Property pursuant to SECTION 10.3. If an Event of Loss other than an Event of Taking shall occur, Lessee shall pay to Lessor on the next Payment Date following delivery of the Officer's Certificate pursuant to CLAUSE (iii) above an amount equal to the related Leased Property Balance. Upon Lessor's receipt of such Leased Property Balance on such date, Lessor shall cause Lessor's interest in such Leased Property to be conveyed to Lessee in accordance with and subject to the provisions of SECTION 14.5 hereof; upon completion of such purchase, but not prior thereto, this Lease and all obligations hereunder with respect to such Leased Property shall terminate, except with respect to obligations and liabilities hereunder, actual or contingent, that have arisen or relate to events occurring on or prior to such date of purchase, or which are expressly stated herein to survive termination of this Lease.

Upon the consummation of the purchase of any Leased Property pursuant to this SECTION 10.1, any proceeds derived from insurance required to be maintained by Lessee pursuant to this Lease for any Leased Property remaining after payment of such purchase price shall be paid over to, or retained by, Lessee or as it may direct, and Lessor shall assign to Lessee, without warranty, all of Lessor's rights to and interest in insurance required to be maintained by Lessee pursuant to this Lease.

Section 10.2 EVENT OF TAKING. Any event (i) which constitutes a taking of title to all of, or substantially all of, a Leased Property, or (ii) (A) which would otherwise constitute a Condemnation, and (B) which, in the good-faith judgment of

Lessee, renders restoration and rebuilding of a Leased Property impossible, impractical or uneconomical, and (C) as to which Lessee, within sixty (60) days after the occurrence of such event, delivers to Lessor an Officer's Certificate notifying Lessor of such event and of such judgment, shall constitute an "EVENT OF TAKING". In the case of any other event which constitutes a Condemnation, Lessee shall restore and rebuild such Leased Property pursuant to SECTION 10.4. If an Event of Taking shall occur, Lessee shall pay to Lessor (1) on the next Payment Date following the occurrence of such Event of Taking, in the case of an Event of Taking described in CLAUSE (i) above, or (2) on the next Payment Date following delivery of the Officer's Certificate pursuant to CLAUSE (ii) above, in the case of an Event of Taking described in CLAUSE (ii) above, an amount equal to the related Leased Property Balance. Upon Lessor's receipt of such Leased Property Balance on such date, Lessor shall cause Lessor's interest in such Leased Property to be conveyed to Lessee in accordance with and subject to

the provisions of SECTION 14.5 hereof (provided that such conveyance shall be subject to all rights of the condemning authority); upon completion of such purchase, but not prior thereto, this Lease and all obligations hereunder with respect to such Leased Property shall terminate, except with respect to obligations and liabilities hereunder, actual or contingent, that have arisen or relate to events occurring on or prior to such date of purchase, or which are expressly stated herein to survive termination of this Lease.

Upon the consummation of the purchase of such Leased Property pursuant to this SECTION 10.2, all Awards received by Lessor, after deducting any reasonable costs incurred by Lessor in collecting such Awards, received or payable on account of an Event of Taking with respect to such Leased Property during the related Lease Term shall be paid to Lessee, and all rights of Lessor in Awards not then received shall be assigned to Lessee by Lessor.

Section 10.3 CASUALTY. If a Casualty shall occur, Lessee shall rebuild and restore the affected Leased Property, will complete the same prior to the Lease Termination Date, and will cause the condition set forth in SECTION 3.5 (C) of the Master Agreement to be fulfilled with respect to such restoration and rebuilding prior to the Lease Termination Date, regardless of whether insurance proceeds received as a result of such Casualty are sufficient for such purpose.

Section 10.4 CONDEMNATION. If a Condemnation shall occur, Lessee shall rebuild and restore the affected Leased Property, will complete the same prior to the Lease Termination Date, and will cause the condition set forth in SECTION 3.5 (c) of the

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Master Agreement to be fulfilled with respect to such restoration and rebuilding prior to the Lease Termination Date.

Section 10.5 VERIFICATION OF RESTORATION AND REBUILDING. In the event of Casualty or Condemnation, to verify Lessee's compliance with the foregoing SECTIONS 10.3 and 10.4, Lessor, the Agent, the Lease Participants, the Lenders and their respective authorized representatives may, upon five (5) Business Days' notice to Lessee, make inspections of the affected Leased Property with respect to (i) the extent of the Casualty or Condemnation and (ii) the restoration and rebuilding of the related Building and the Land. All reasonable out-of-pocket costs of such inspections incurred by the Lessor, the Agent, any Lease Participant or any Lender will be paid by Lessee promptly after written request. No such inspection shall unreasonably interfere with Lessee's operations or the operations of any other occupant of such Leased Property. None of the inspecting parties shall have any duty to make any such inspection or inquiry and none of the inspecting parties shall incur any liability or obligation by reason of making or not making any such inspection or inquiry.

Section 10.6 APPLICATION OF PAYMENTS. All proceeds (except for payments under insurance policies maintained other than pursuant to ARTICLE VIII of this Lease) received at any time by Lessor, Lessee or the Agent from any Governmental Authority or other Person with respect to any Condemnation or Casualty to any Leased Property or any part thereof or with respect to an Event of Loss or an Event of Taking, PLUS the amount of any payment that would have been due from an insurer but for Lessee's self-insurance or deductibles ("LOSS PROCEEDS"), shall (except to the extent SECTION 10.9 applies) be applied as follows:

(a) In the event Lessee purchases such Leased Property pursuant to SECTION 10.1 or SECTION 10.2, such Loss Proceeds shall be applied as set forth in SECTION 10.1 or SECTION 10.2, as the case may be;

(b) In the event of a Casualty at such time when no Event of Default has occurred and is continuing and Lessee is obligated to repair and rebuild such Leased Property pursuant to SECTION 10.3, Lessee may, in good faith and subsequent to the date of such Casualty, certify to Lessor and to the applicable insurer that no Event of Default has occurred, in which event the applicable insurer shall pay the Loss Proceeds to Lessee, unless the estimated cost of restoration exceeds 50% of the original cost of such Leased Property, in which case the Loss Proceeds shall be paid to the Agent (or Lessor if the Funded Amounts have been paid in full), and shall be promptly released to

certification by Lessee to Lessor and the Agent that Lessee has incurred costs in the amount requested to be released for the repair and rebuilding of such Leased Property;

(c) In the event of a Condemnation at such time when no Event of Default has occurred and is continuing and Lessee is obligated to repair and rebuild such Leased Property pursuant to SECTION 10.4, Lessor shall upon Lessee's request assign to Lessee Lessor's interest in any applicable Awards; and

(d) As provided in SECTION 10.8 if such section is applicable.

During any period of repair or rebuilding pursuant to this ARTICLE X, this Lease will remain in full force and effect and Basic Rent shall continue to accrue and be payable without abatement or reduction. Lessee shall maintain records setting forth information relating to the receipt and application of payments in accordance with this SECTION 10.6. Such records shall be kept on file by Lessee at its offices and shall be made available to Lessor, the Lease Participants, the Lenders and the Agent upon request.

Section 10.7 PROSECUTION OF AWARDS. (a) If, during the continuance of any Event of Default, any Condemnation shall occur, Lessee shall give to Lessor and the Agent promptly, but in any event within thirty (30) days after the occurrence thereof, written notice of such occurrence and the date thereof, generally describing the nature and extent of such Condemnation. With respect to any Event of Taking or any Condemnation, Lessee shall control the negotiations with the relevant Governmental Authority as to any proceeding in respect of which Awards are required, under SECTION 10.6, to be assigned or released to Lessee, unless an Event of Default shall have occurred and be continuing, in which case (1) the Agent (or Lessor if the Funded Amounts have been fully paid) shall control such negotiations; and (2) Lessee hereby irrevocably assigns, transfers and sets over to Lessor all rights of Lessee to any Award made during the continuance of an Event of Default on account of any Event of Taking or any Condemnation and, if there will not be separate Awards to Lessor and Lessee on account of such Event of Taking or Condemnation, irrevocably authorizes and empowers the Agent (or Lessor if the Funded Amounts have been fully paid) during the continuance of an Event of Default, with full power of substitution, in the name of Lessee or otherwise (but without limiting the obligations of Lessee under this ARTICLE X), to file and prosecute what would otherwise be Lessee's claim for any such Award and to collect, receipt for and retain the same; PROVIDED, HOWEVER, that in any event Lessor and the Agent may participate in such negotiations,

and no settlement will be made without the prior consent of the Agent (or Lessor if the Funded Amounts have been fully paid), not to be unreasonably withheld.

(b) Notwithstanding the foregoing, Lessee may prosecute, and Lessor shall have no interest in, any claim with respect to Lessee's personal property and equipment not financed by Lessor and Lessee's relocation expenses.

Section 10.8 APPLICATION OF CERTAIN PAYMENTS NOT RELATING TO AN EVENT OF TAKING. In case of a requisition for temporary use of all or a portion of any Leased Property which is not an Event of Taking, this Lease shall remain in full force and effect with respect to such Leased Property, without any abatement or reduction of Basic Rent, and the Awards for such Leased Property shall, unless an Event of Default has occurred and is continuing, be paid to Lessee.

Section 10.9 OTHER DISPOSITIONS. Notwithstanding the foregoing provisions of this ARTICLE X, so long as an Event of Default shall have occurred and be continuing, any amount that would otherwise be payable to or for the account of, or that would otherwise be retained by, Lessee pursuant to this

ARTICLE X shall be paid to the Agent (or Lessor if the Funded Amounts have been fully paid) as security for the obligations of Lessee under this Lease and, at such time thereafter as no Event of Default shall be continuing, such amount shall be paid promptly to Lessee to the extent not previously applied by Lessor or the Agent in accordance with the terms of this Lease or the other Operative Documents.

Section 10.10 NO RENT ABATEMENT. Rent shall not abate hereunder by reason of any Casualty, any Event of Loss, any Event of Taking or any Condemnation of any Leased Property, and Lessee shall continue to perform and fulfill all of Lessee's obligations, covenants and agreements hereunder notwithstanding such Casualty, Event of Loss, Event of Taking or Condemnation until the Lease Termination Date.

ARTICLE XI.
INTEREST CONVEYED TO LESSEE

Lessor and Lessee intend that this Lease be treated, for accounting purposes, as an operating lease. For all other purposes, Lessee and Lessor intend that the transaction represented by this Lease be treated as a financing transaction; for such purposes, it is the intention of the parties hereto (i) that this Lease be treated as a mortgage or deed of trust (whichever is applicable in the jurisdictions in which the Leased

Properties are located) and security agreement, encumbering the Leased Property, and that Lessee, as grantor, hereby grants to Lessor, as mortgagee or beneficiary and secured party, or any successor thereto, a first and paramount Lien on each Leased Property, (ii) that Lessor shall have, as a result of such determination, all of the rights, powers and remedies of a mortgagee or deed of trust beneficiary available under Applicable Law to take possession of and sell (whether by foreclosure or otherwise) any Leased Property, (iii) that the effective date of such mortgage or deed of trust shall be the effective date of this Lease, (iv) that the recording of this Lease or a Lease Supplement shall be deemed to be the recording of such mortgage or deed of trust, and (v) that the obligations secured by such mortgage or deed of trust shall include the Funded Amounts and all Basic Rent and Supplemental Rent hereunder and all other obligations of and amounts due from Lessee hereunder and under the Operative Documents.

ARTICLE XII.
EVENTS OF DEFAULT

The following events shall constitute Events of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) Lessee shall fail to make any payment of Basic Rent when due, and such failure shall continue for five (5) or more days;

(b) Lessee shall fail to make any payment of Rent (other than Basic Rent) or any other amount payable hereunder or under any of the other Operative Documents (other than Basic Rent and other than as set forth in CLAUSE (c)), or the Guarantor shall fail to make any payment of any amount (other than amounts described in CLAUSE (c) BELOW) payable under the Guaranty or any other Operative Document (including payment of the Commitment Fee), and such failure shall, in either case, continue for a period of ten (10) days after written notice thereof from Lessor (PROVIDED that, if such payment was payable on demand and demand was made, such demand shall constitute notice for purposes of this CLAUSE (b));

(c) Lessee shall fail to pay the Funded Amount or Lease Balance when due pursuant to SECTIONS 10.1, 10.2, 14.1 or 14.2, or Lessee shall fail to pay the Recourse Deficiency Amount when required pursuant to ARTICLE XIV; or the Guarantor shall fail to

make any payment of the Funded Amount, Lease Balance or Recourse Deficiency Amount when due pursuant to Section 1 of the Guaranty or fail to make any payment when due under the Construction Agency Agreement;

(d) Lessee shall fail to maintain insurance as required by ARTICLE VIII hereof, and such failure shall continue until the earlier of (i) 15 days after written notice thereof from Lessor and (ii) the day immediately preceding the date on which any applicable insurance coverage would otherwise lapse or terminate;

(e) the occurrence of any breach under SECTION 7 of the Guaranty and the continuance thereof for a period of thirty (30) days after the earlier of (i) written notice thereof from Lessor and (ii) knowledge of such breach by an officer of Cardinal;

(f) a default shall have occurred and be continuing under any instrument or agreement evidencing, securing or providing for the issuance of indebtedness in excess of \$5,000,000 of, or guaranteed by, Cardinal, Lessee or any Subsidiary of Cardinal, which default is a failure to pay any amount when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), which default continues after the applicable grace period, if any, or any other default which, if unremedied, uncured or unwaived, would permit acceleration of the maturity of such indebtedness;

(g) Lessee or Guarantor shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of its property, (ii) be unable, or admit in writing inability, to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent, (v) file a voluntary petition in bankruptcy, or a petition or answer seeking reorganization or an arrangement with creditors to take advantage of any insolvency law or an answer admitting the material allegations of a bankruptcy, reorganization or insolvency petition filed against it, (vi) take corporate action for the purpose of effecting any of the foregoing, or (vii) have an order for relief entered against it in any proceeding under any bankruptcy law;

(h) An order, judgment or decree shall be entered, without the application, approval or consent of Lessee or Guarantor, by any court of competent jurisdiction, approving a petition seeking reorganization of such entity or appointing a receiver, trustee or liquidator of such entity or of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of 90 consecutive days;

(i) any representation or warranty by Lessee or the Guarantor in any Operative Document or in any certificate or document delivered to Lessor, the Agent, any Lease Participant or any Lender pursuant to any Operative Document shall have been incorrect in any material respect when made;

(j) the Guarantor shall repudiate or terminate the Guaranty, or the Guaranty shall at any time cease to be in full force and effect or cease to be the legal, valid and binding obligation of the Guarantor;

(k) Lessee shall fail in any material respect to timely, perform or observe any covenant, condition or agreement (not included in CLAUSE (a), (b), (c), (d), (e), (f), (g), (h), (i) or (j) of this ARTICLE XII) to be performed or observed by it hereunder or under any other Operative Document and such failure shall continue for a period of 30 days after Lessee's receipt of written notice thereof from Lessor, the Agent, any Lease Participant or any Lender;

(l) a Change in Control shall occur;

(m) One or more judgments, orders, decrees or arbitration awards is entered against Lessee or the Guarantor involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), as to any single or related series of transactions, incidents or conditions, of \$5,000,000 or more, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of 30 days after the entry thereof, or Lessee or the Guarantor shall enter into any agreement to settle or compromise any pending or threatened litigation, as to any single or related series of claims, involving payment by Lessee or the Guarantor of \$5,000,000 or more;

(n) An event shall occur with respect to a Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of Lessee or the Guarantor under Title IV of ERISA to the Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$5,000,000; or a contribution failure shall have occurred with respect to a Plan sufficient to give rise to a Lien under Section 302(f) of ERISA in an aggregate amount in excess of \$5,000,000; or the aggregate amount of unfunded pension liability among all Plans at any time exceeds \$5,000,000; or Lessee or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$5,000,000; and

(o) An "Event of Default" shall occur under any other Lease.

ARTICLE XIII.
ENFORCEMENT

Section 13.1 REMEDIES. Upon the occurrence of any Event of Default and at any time thereafter, Lessor may, so long as such Event of Default is continuing, do one or more of the following as Lessor in its sole discretion shall determine, without limiting any other right or remedy Lessor may have on account of such Event of Default (including, without limitation, the obligation of Lessee to purchase the Leased Properties as set forth in SECTION 14.3):

(a) Lessor may, by notice to Lessee, rescind or terminate this Lease as of the date specified in such notice; however, (A) no reletting, reentry or taking of possession of any Leased Property by Lessor will be construed as an election on Lessor's part to terminate this Lease unless a written notice of such intention is given to Lessee, (B) notwithstanding any reletting, reentry or taking of possession, Lessor may at any time thereafter elect to terminate this Lease for a continuing Event of Default, and (C) no act or thing done by Lessor or any of its agents, representatives or employees and no agreement accepting a surrender of any Leased Property shall be valid unless the same be made in writing and executed by Lessor;

(b) Lessor may (i) demand that Lessee, and Lessee shall upon the written demand of Lessor, return the Leased Properties promptly to Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, ARTICLES VI and XIV hereof as if the Leased Properties were being returned at the end of the Lease Term, and Lessor shall not be liable for the reimbursement of Lessee for any costs and expenses incurred by Lessee in connection therewith and (ii) without prejudice to any other remedy which Lessor may have for possession of the Leased Properties, and to the extent and in the manner permitted by Applicable Law, enter upon any Leased Property and take immediate possession of (to the exclusion of Lessee) any Leased Property or any part thereof and expel or remove Lessee and any other person who may be occupying such Leased Property, by summary proceedings or otherwise, all without liability to Lessee for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise and, in addition to Lessor's other damages, Lessee shall be responsible for the reasonable costs and expenses of reletting, including brokers' fees and the reasonable costs of any alterations or repairs made by Lessor;

(c) Lessor may (i) sell all or any part of any Leased Property at public or private sale, as Lessor may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or any proceeds with respect thereto (except to the extent required by CLAUSE (ii) below if Lessor shall elect to exercise its rights thereunder) in which event Lessee's obligation to pay Basic Rent hereunder for periods commencing after the date of such sale shall be terminated or proportionately reduced, as the case may be; and (ii) if Lessor shall so elect, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (the parties agreeing that Lessor's actual damages would be difficult to predict, but the aforementioned liquidated damages represent a reasonable approximation of such amount) (in lieu of Basic Rent due for periods commencing on or after the Payment Date coinciding with such date of sale (or, if the sale date is not a Payment Date, the Payment Date next preceding the date of such sale)), an amount equal to (a) the excess, if any, of (1) the sum of (A) all Rent due and unpaid to and including such Payment Date and (B) the Funded Amounts with respect to such Leased Property, computed as of such date, over (2) the net proceeds of such sale (that is, after deducting all costs and expenses incurred by Lessor, the Agent, any Lease Participant or any Lender incident to such conveyance (including, without limitation, all costs, expenses, fees, premiums and taxes described in SECTION 14.5(b))); PLUS (b) interest at the Overdue Rate on the foregoing amount from such Payment Date until the date of payment;

(d) Lessor may, at its option, not terminate this Lease, and continue to collect all Basic Rent, Supplemental Rent, and all other amounts (including, without limitation, the Funded Amount) due Lessor (together with all costs of collection) and enforce Lessee's obligations under this Lease as and when the same become due, or are to be performed, and at the option of Lessor, upon any abandonment of any Leased Property by Lessee or re-entry of same by Lessor, Lessor may, in its sole and absolute discretion, elect not to terminate this Lease with respect thereto and may make such reasonable alterations and necessary repairs in order to relet such Leased Property, and relet such Leased Property 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 Lessor in its reasonable discretion may deem advisable; and upon each such reletting all rentals actually received by Lessor from such reletting shall be applied to Lessee's obligations hereunder in such order, proportion and priority as Lessor may elect in Lessor's sole and absolute discretion; it being agreed that under no circumstances shall Lessee benefit from its default

from any increase in market rents. If such rentals received from such reletting during any Rent Period are less than the Rent to be paid during that Rent Period by Lessee hereunder, Lessee shall pay any deficiency, as calculated by Lessor, to Lessor on the Payment Date for such Rent Period;

(e) If any Leased Property has not been sold, Lessor may, whether or not Lessor shall have exercised or shall thereafter at any time exercise any of its rights under PARAGRAPH (b), (c) or (d) of this ARTICLE XIII with respect to such Leased Property, demand, by written notice to Lessee specifying a date (the "FINAL RENT PAYMENT DATE") not earlier than 30 days after the date of such notice, that Lessee purchase, on the Final Rent Payment Date, such Leased Property in accordance with the provisions of SECTIONS 14.2, 14.4 and 14.5; PROVIDED, HOWEVER, that (1) such purchase shall occur on the date set forth in such notice, notwithstanding the provision in SECTION 14.2 calling for such purchase to occur on the Lease Termination Date; and (2) Lessor's obligations under SECTION 14.5(A) shall be limited to delivery of a special warranty deed and quit claim bill of sale of such Leased Property, without recourse or warranty, but free and clear of Lessor Liens;

(f) Lessor may exercise any other right or remedy that may be available to it under Applicable Law, or proceed by appropriate court action (legal or

equitable) to enforce the terms hereof or to recover damages for the breach hereof. Separate suits may be brought to collect any such damages for any Rent Period(s), and such suits shall not in any manner prejudice Lessor's right to collect any such damages for any subsequent Rent Period(s), or Lessor may defer any such suit until after the expiration of the Lease Term, in which event such suit shall be deemed not to have accrued until the expiration of the Lease Term; or

(g) Lessor may retain and apply against Lessor's damages all sums which Lessor would, absent such Event of Default, be required to pay to, or turn over to, Lessee pursuant to the terms of this Lease.

Section 13.2 REMEDIES CUMULATIVE; NO WAIVER; CONSENTS. To the extent permitted by, and subject to the mandatory requirements of, Applicable Law, each and every right, power and remedy herein specifically given to Lessor or otherwise in this Lease shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by Lessor, and

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the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any right, power or remedy. No delay or omission by Lessor in the exercise of any right, power or remedy or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of Lessee or to be an acquiescence therein. Lessor's consent to any request made by Lessee shall not be deemed to constitute or preclude the necessity for obtaining Lessor's consent, in the future, to all similar requests. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Potential Event of Default or Event of Default. To the extent permitted by Applicable Law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise that may require Lessor to sell, lease or otherwise use any Leased Property or part thereof in mitigation of Lessor's damages upon the occurrence of an Event of Default or that may otherwise limit or modify any of Lessor's rights or remedies under this ARTICLE XIII.

ARTICLE XIV.

SALE, RETURN OR PURCHASE OF LEASED PROPERTY; RENEWAL

Section 14.1 LESSEE'S OPTION TO PURCHASE. (a) Subject to the terms and conditions and provisions set forth in this ARTICLE XIV, Lessee shall have the option (the "PURCHASE OPTION"), to be exercised as set forth below at any time, to purchase from Lessor, Lessor's interest in all of the Leased Properties; PROVIDED that, such option must be exercised with respect to all, but not less than all, of the Leased Properties, including those Leased Properties subject to other Leases. Such option must be exercised by (1) written notice to Lessor not later than twelve months prior to the Lease Termination Date that Lessee shall either purchase the Leased Properties or renew this Lease pursuant to SECTION 14.9, which notice shall be irrevocable and (2) written notice to Lessor not later than six months prior to the Lease Termination Date that Lessee shall exercise the Purchase Option, which notice shall be irrevocable and shall specify the date that such purchase shall take place, which date shall be a date occurring not less than thirty (30) days after such notice or the Lease Termination Date (whichever is earlier). If the Purchase Option is exercised pursuant to the foregoing, then, subject to the provisions set forth in this ARTICLE XIV, on the applicable purchase date or the Lease Termination Date, as the case may be, Lessor shall convey to Lessee, without recourse or warranty (other than as to the absence of Lessor Liens) and Lessee shall purchase from Lessor, Lessor's interest in the Leased Properties.

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(b) Notwithstanding the foregoing, Lessee shall have the option (the "PARTIAL PURCHASE OPTION") to purchase any one Leased Property without obligating all of the Lessees to purchase all of the Leased Properties under all of the Leases; PROVIDED that no more than two Leased Properties are purchased pursuant to this SECTION 14.1(B) or under Section 14.1(b) of any other Lease in the aggregate under all of the Leases during the Lease Term (it being understood that no Leased Property purchased pursuant to SECTION 10.1 or 10.2 of any Lease shall be included for purposes of the limitation on the number of purchases pursuant to this SECTION 4.1(b)). Such option must be exercised by written notice to Lessor not later than twelve months prior to the Lease Termination Date, which exercise shall be irrevocable; such notice shall specify the Leased Property to be so purchased, and the date that such purchase shall take place, which date shall be a date occurring not less than thirty (30) days after such notice or the Lease Termination Date (whichever is earlier). If the Partial Purchase Option is exercised pursuant to the foregoing, then, subject to the applicable provisions set forth in this ARTICLE XIV, on the applicable purchase date or the Lease Termination Date, as the case may be, Lessor shall convey to Lessee, without recourse or warranty (other than as to the absence of Lessor Liens) and Lessee shall purchase from Lessor, Lessor's interest in the Leased Property that is the subject of such Partial Purchase Option.

Section 14.2 CONVEYANCE TO LESSEE. Unless (a) Lessee shall have properly exercised the Purchase Option and purchased the Leased Properties pursuant thereto, or (b) Lessee shall have properly exercised the Remarketing Option or the Surrender Option and shall have fulfilled all of the conditions of SECTION 14.6 hereof, then, subject to the terms, conditions and provisions set forth in this ARTICLE XIV, Lessee shall purchase from Lessor, and Lessor shall convey to Lessee, on the Lease Termination Date all of Lessor's interest in the Leased Properties. Lessee may designate, in a notice given to Lessor not less than ten (10) Business Days prior to the closing of such purchase (time being of the essence), the transferee to whom the conveyance shall be made (if other than to Lessee), in which case such conveyance shall (subject to the terms and conditions set forth herein) be made to such designee; PROVIDED, HOWEVER, that such designation of a transferee shall not cause Lessee to be released, fully or partially, from any of its obligations under this Lease.

Section 14.3 ACCELERATION OF PURCHASE OBLIGATION. Lessee shall be obligated to purchase Lessor's interest in the Leased Properties (i) immediately, automatically and without notice upon the occurrence of any Event of Default specified in CLAUSE (g) of ARTICLE XII, and (ii) if any other Lessee exercises its "Purchase Option" pursuant to any other Lease (except as permitted by

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Section 14.1(b) of any Lease), in each case for the purchase price set forth in SECTION 14.4. Upon the occurrence of any other Event of Default, Lessee shall be obligated to purchase Lessor's interest in the Leased Properties upon notice of such obligation from Lessor.

Section 14.4 DETERMINATION OF PURCHASE PRICE. Upon the purchase by Lessee of Lessor's interest in the Leased Properties upon the exercise of the Purchase Option or pursuant to SECTION 14.2 or 14.3, the aggregate purchase price for all of the Leased Properties (including those subject to other Leases) shall be an amount equal to the Lease Balance as of the closing date for such purchase, PLUS any amount due pursuant to Section 7.5(f) of the Master Agreement as a result of such purchase; each Lessee shall be obligated to purchase the Leased Property subject to its Lease for a purchase price equal to the aggregate Leased Property Balance therefor, PLUS any amount due pursuant to Section 7.5(f) of the Master Agreement as a result of such purchase. Upon the purchase by Lessee of Lessor's interest in a Leased Property upon the exercise of a Partial Purchase Option, the purchase price for the Leased Property that is the subject of such Partial Purchase Option shall be the Leased Property Balance therefor, plus any amount due pursuant to Section 7.5(f) of the Master Agreement as a result of such purchase.

Section 14.5 PURCHASE PROCEDURE. (a) If Lessee shall purchase Lessor's interest in a Leased Property pursuant to any provision of this Lease, (i)

Lessee shall accept from Lessor and Lessor shall convey such Leased Property by a duly executed and acknowledged special warranty deed and quit claim bill of sale of such Leased Property in recordable form, (ii) upon the date fixed for any purchase of Lessor's interest in Leased Property hereunder, Lessee shall pay to the order of the Agent (or Lessor if the Lease Participant Amounts and the Loans have been paid in full) the Lease Balance or Leased Property Balance, as applicable, plus any amount due pursuant to Section 7.5(f) of the Master Agreement as a result of such purchase by wire transfer of immediately available funds, and (iii) Lessor will execute and deliver to Lessee, or cause the other Funding Parties to execute and deliver to Lessee, such other documents, including releases, termination agreements and termination statements, as may be legally required or as may be reasonably requested by Lessee in order to effect such conveyance, free and clear of Lessor Liens and the Liens of the Operative Documents.

(b) Lessee shall, at Lessee's sole cost and expense, obtain all required governmental and regulatory approval and consents and shall make such filings as required by Applicable Law; in the event that Lessor is required by Applicable Law to take any action in connection with such purchase and sale, Lessee shall

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pay all costs incurred by Lessor in connection therewith. In addition, all charges incident to such conveyance, including, without limitation, Lessee's attorneys' fees, Lessor's attorneys' fees, commissions, Lessee's and Lessor's escrow fees, recording fees, title insurance premiums and all applicable documentary transfer or other transfer taxes and other taxes required to be paid in order to record the transfer documents that might be imposed by reason of such conveyance and the delivery of such deed shall be borne entirely and paid by Lessee.

(c) Upon expiration or termination of this Lease resulting in conveyance of Lessor's interest in the title to the Leased Properties to Lessee, there shall be no apportionment of rents (including, without limitation, water rents and sewer rents), taxes, insurance, utility charges or other charges payable with respect to the Leased Properties, all of such rents, taxes, insurance, utility or other charges due and payable with respect to the Leased Properties prior to termination being payable by Lessee hereunder and all due after such time being payable by Lessee as the then owner of the Leased Properties.

Section 14.6 OPTION TO REMARKET; SURRENDER OPTION. Subject to the fulfillment of each of the conditions set forth in this SECTION 14.6, Lessee shall have the option to either (i) market all of, but not less than all of, the Leased Properties (except those purchased pursuant to a Partial Purchase Option) for Lessor (the "REMARKETING OPTION") or (ii) surrender all of, but not less than all of, the Leased Properties (except those purchased pursuant to a Partial Purchase Option) to Lessor (the "SURRENDER OPTION").

Lessee's effective exercise and consummation of the Remarketing Option or the Surrender Option, as the case may be, shall be subject to the due and timely fulfillment of each of the following provisions, the failure of any of which shall render the Remarketing Option or the Surrender Option, as the case may be, and Lessee's exercise thereof null and void, in which event, Lessee shall be obligated to perform its obligations under SECTION 14.2.

(a) Not later than twelve months prior to the Lease Termination Date, Lessee shall give to Lessor and the Agent written notice of Lessee's exercise of the Remarketing Option or the Surrender Option, as the case may be, which exercise shall be irrevocable and shall state whether Lessee has exercised the Remarketing Option or the Surrender Option. The exercise by any Lessee under any Lease of the Remarketing Option or Surrender Option in accordance with the terms of such Lease shall be deemed to be the exercise of such option by all Lessees under all of the Leases.

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(b) Not later than ten (10) Business Days prior to the Lease Termination Date, Lessee shall deliver to Lessor and the Agent an environmental assessment of each Leased Property dated not later than forty-five (45) days prior to the Lease Termination Date. Such environmental assessment shall be prepared by an environmental consultant selected by the Required Funding Parties, shall be in form, detail and substance satisfactory to the Required Funding Parties, and shall otherwise indicate the environmental condition of each Leased Property to be the same as described in the related Environmental Audit.

(c) On the date of Lessee's notice to Lessor and the Agent of Lessee's exercise of the Remarketing Option, or the Surrender Option, as the case may be, each of the Construction Conditions shall have been timely satisfied and no Event of Default or Potential Event of Default shall exist, and thereafter, no Event of Default or Potential Event of Default shall exist under this Lease.

(d) Lessee shall have completed all Alterations, restoration and rebuilding of the Leased Properties pursuant to SECTIONS 6.1, 6.2, 10.3 and 10.4 (as the case may be) and shall have fulfilled all of the conditions and requirements in connection therewith pursuant to said SECTIONS, in each case by the date on which Lessor and the Agent receive Lessee's notice of Lessee's exercise of the Remarketing Option or the Surrender Option, as the case may be (time being of the essence), regardless of whether the same shall be within Lessee's control. If any Building is damaged by a Casualty or Condemnation and cannot be restored by the exercise of reasonable diligence by the date of Lessee's notice, Lessee shall have the right to purchase such Building for the Leased Property Balance thereof on the Lease Termination Date, and to exercise the Remarketing or Surrender Option with respect to the other Leased Properties.

(e) Lessee shall promptly provide any maintenance records relating to each Leased Property to Lessor, the Agent and any potential purchaser upon request, and shall otherwise do all things necessary to deliver possession of such Leased Property to the purchaser. Lessee shall allow Lessor, the Agent and any potential purchaser access to any Leased Property for the purpose of inspecting the same.

(f) On the Lease Termination Date, Lessee shall surrender the Leased Properties in accordance with SECTION 14.8 hereof.

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(g) In connection with any such sale of the Leased Properties, Lessee will provide to the purchaser all customary "seller's" indemnities, representations and warranties regarding title, absence of Liens (except Lessor Liens) and the condition of the Leased Properties, including, without limitation, an environmental indemnity (provided that such environmental indemnity is consistent, in scope, duration and form, with environmental indemnities provided for similar types of property). Lessee shall fulfill all of the requirements set forth in CLAUSE (b) of SECTION 14.5, and such requirements are incorporated herein by reference. As to Lessor, any such sale shall be made on an "as is, with all faults" basis without representation or warranty by Lessor, other than the absence of Lessor Liens.

(h) In connection with any such sale of Leased Properties, Lessee shall pay directly, and not from the sale proceeds, all prorations, credits, costs and expenses of the sale of the Leased Properties, whether incurred by Lessor, any Lease Participant, any Lender, the Agent or Lessee, including without limitation, the cost of all title insurance, surveys, environmental reports, appraisals, transfer taxes, Lessor's and the Agent's attorneys' fees, Lessee's attorneys' fees, commissions, escrow fees, recording fees, and all applicable documentary and other transfer taxes.

(i) Lessee shall pay to the Agent on the Lease Termination Date (or to such other Person as Agent shall notify Lessee in writing, or in the case of Supplemental Rent, to the Person entitled thereto) an amount equal to the Recourse Deficiency Amount, PLUS all Basic Rent and Supplemental Rent, and all other amounts hereunder which have accrued prior to or as of such date, in the type of funds specified in SECTION 3.3 hereof.

If Lessee has exercised the Remarketing Option, the following additional provisions shall apply: During the period commencing on the date twelve months prior to the scheduled expiration of the Lease Term, Lessee shall, as nonexclusive agent for Lessor, use commercially reasonable efforts to sell Lessor's interest in the Leased Properties and will attempt to obtain the highest purchase price therefor. All such marketing of the Leased Properties shall be at Lessee's sole expense. Lessee shall submit all bids to Lessor and the Agent and Lessor and the Agent will have the right to review the same and the right to submit any one or more bids. All bids shall be on an all-cash basis. In no event shall such bidder be Lessee, the Guarantor or any Subsidiary or Affiliate of Lessee or the Guarantor. The written offer must specify the Lease Termination Date as the closing

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date. If, and only if, the selling price (net of closing costs and prorations, as reasonably estimated by the Agent) is less than the difference between the Funded Amount with respect to the Leased Properties at such time minus the Recourse Deficiency Amount, then Lessor or the Agent may, in its sole and absolute discretion, by notice to Lessee, reject such offer to purchase, in which event the parties will proceed according to the provisions of SECTION 14.7 [Rejection of Sale] hereof. If neither Lessor nor the Agent rejects such purchase offer as provided above, the closing of such purchase of the Leased Properties by such purchaser shall occur on the Lease Termination Date, contemporaneously with Lessee's surrender of the Leased Properties in accordance with SECTION 14.8 hereof, and the gross proceeds of the sale (i.e., without deduction for any marketing, closing or other costs, prorations or commissions) shall be paid directly to the Agent (or Lessor if the Funded Amounts have been fully paid); PROVIDED, HOWEVER, that if the sum of the gross proceeds from such sale plus the Recourse Deficiency Amount paid by Lessee on the Lease Termination Date pursuant to SECTION 14.6(I), minus any and all costs and expenses (including broker fees, appraisal costs, legal fees and transfer taxes) incurred by the Agent or Lessor in connection with the marketing of the Leased Properties or the sale thereof exceeds the Funded Amount with respect to the Leased Properties as of such date, then the excess shall be paid to Lessee on the Lease Termination Date. Lessee shall have no right, power or authority to bind Lessor in connection with any proposed sale of the Leased Properties.

Section 14.7 REJECTION OF SALE. Notwithstanding anything contained herein to the contrary, if Lessor or the Agent rejects the purchase offer for the Leased Properties as provided in SECTION 14.6, then (a) Lessee shall pay to the Agent the Recourse Deficiency Amount pursuant to SECTION 14.6(I), (b) Lessor shall retain title to the Leased Properties, and (c) in addition to Lessee's other obligations hereunder, Lessee will reimburse Lessor and the Agent, within ten (10) Business Days after written request, for all reasonable costs and expenses incurred by Lessor or Agent during the period ending on the first anniversary of the Lease Termination Date in connection with the marketing, sale, closing or transfer of the Leased Properties, which obligation shall survive the Lease Termination Date and the termination or expiration of this Lease.

Section 14.8 RETURN OF LEASED PROPERTY. If Lessor retains title to any Leased Property pursuant to SECTION 14.7 hereof, Lessee properly exercises the Remarketing Option and fulfills all of the conditions of SECTION 14.6 and no bids are submitted for the Leased Property or Lessee has properly exercised the Surrender Option, then Lessee shall, on the Lease Termination Date, and at its own expense, return possession of such Leased

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Property to Lessor for retention by Lessor or, if Lessee properly exercises the Remarketing Option and fulfills all of the conditions of SECTION 14.6 and neither Lessor nor the Agent rejects such purchase offer pursuant to SECTION 14.6, then Lessee shall, on such Lease Termination Date, and at its own cost, transfer possession of the Leased Property to the independent purchaser thereof, in each case by surrendering the same into the possession of Lessor or such purchaser, as the case may be, free and clear of all Liens other than Lessor Liens, in as good condition as it was on the Completion Date (as modified by Alterations permitted by this Lease), ordinary wear and tear excepted, and in compliance with Applicable Law. Lessee shall, on and within a reasonable time before and after the Lease Termination Date, cooperate with Lessor and the independent purchaser of such Leased Property in order to facilitate the ownership and operation by such purchaser of such Leased Property after the Lease Termination Date, which cooperation shall include the following, all of which Lessee shall do on or before the Lease Termination Date or as soon thereafter as is reasonably practicable: providing all books and records regarding the maintenance and ownership of such Leased Property and all know-how, data and technical information relating thereto, providing a copy of the Plans and Specifications, granting or assigning all licenses (to the extent assignable) necessary for the operation and maintenance of such Leased Property, and cooperating in seeking and obtaining all necessary Governmental Action. Lessee shall have also paid the cost of all Alterations commenced prior to the Lease Termination Date. The obligations of Lessee under this ARTICLE XIV shall survive the expiration or termination of this Lease.

Section 14.9 RENEWAL. Subject to the conditions set forth herein, Lessee may, (1) by written notice to Lessor and the Agent given not later than twelve months and not earlier than sixteen months, prior to the Lease Termination Date then in effect, that Lessee shall either exercise the Purchase Option or renew this Lease and (2) by written notice to Lessor and the Agent given not later than six months and not earlier than sixteen months prior to the Lease Termination Date then in effect that Lessee shall renew this Lease, for up to five years commencing on the date following the Lease Termination Date then in effect, PROVIDED that Lessee may only exercise such renewal option twice. No later than the date that is 45 days after the date the request to renew has been delivered to each of Lessor and the Agent, the Agent will notify Lessee whether or not Lessor, the Lease Participants and the Lenders consent to such renewal request (which consent, in the case of Lessor, the Lease Participants and the Lenders, may be granted or denied in their sole discretion, and may be conditioned on such conditions precedent as may be specified by Lessor, the Lease Participants and the Lenders),

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PROVIDED that if such renewal request is rejected prior to twelve months prior to the Lease Termination Date, Lessee may exercise any of its other options pursuant to, and in accordance with, this ARTICLE XIV. If the Agent fails to respond within such time frame, such failure shall be deemed to be a rejection of such request. If the Agent notifies Lessee of Lessor's, the Lease Participants' and the Lenders' consent to such renewal, such renewal shall be effective. Any renewal of this Lease shall be on the same terms and conditions as are set forth herein for the original Lease Term, except that the amount of Basic Rent to be paid by Lessee shall be as mutually agreed upon among Lessee, Lessor, the Lease Participants and the Lenders prior to such renewal.

ARTICLE XV.
LESSEE'S EQUIPMENT

After any repossession of any Leased Property (whether or not this Lease has been terminated), as a result of the exercise of the Surrender Option or otherwise, Lessee, at its expense and so long as such removal of such Alteration shall not result in a violation of Applicable Law, shall, within a reasonable time after such repossession or within sixty (60) days after Lessee's receipt of Lessor's written request (whichever shall first occur), remove all of Lessee's trade fixtures, personal property and equipment from such Leased Property (to the extent that the same can be readily removed from such Leased Property without causing material damage to such Leased Property); PROVIDED,

HOWEVER, that Lessee shall not remove any such trade fixtures, personal property or equipment that (i) has been financed by Lessor or otherwise constituting Leased Property (or that constitutes a replacement of such property) or (ii) with respect to which Lessor notifies Lessee that it is exercising its purchase option (in which case, Lessor shall pay to Lessee the fair market value of such trade fixture, personal property or equipment on such date of repossession and Lessee shall execute and deliver a bill of sale therefor to Lessor), PROVIDED that the purchase option set forth in this CLAUSE (II) shall not apply to Lessee's inventory. Any of Lessee's trade fixtures, personal property and equipment not so removed by Lessee within such period shall be considered abandoned by Lessee, and title thereto shall without further act vest in Lessor, and may be appropriated, sold, destroyed or otherwise disposed of by Lessor without notice to Lessee and without obligation to account therefor and Lessee will pay Lessor, upon written demand, all reasonable costs and expenses incurred by Lessor in removing, storing or disposing of the same and all costs and expenses incurred by Lessor to repair any damage to such Leased Property caused by such removal. Lessee will immediately repair at its expense all damage to such Leased Property caused by any such

removal (unless such removal is effected by Lessor, in which event Lessee shall pay all reasonable costs and expenses incurred by Lessor for such repairs). Lessor shall have no liability in exercising Lessor's rights under this ARTICLE XV, nor shall Lessor be responsible for any loss of or damage to Lessee's personal property and equipment.

ARTICLE XVI.
RIGHT TO PERFORM FOR LESSEE

If Lessee shall fail to perform or comply with any of its agreements contained herein, Lessor may perform or comply with such agreement, and Lessor shall not thereby be deemed to have waived any default caused by such failure, and the amount of such payment and the amount of the expenses of Lessor (including reasonable attorney's fees and expenses) incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, shall be deemed Supplemental Rent, payable by Lessee to Lessor within thirty (30) days after written demand therefor.

ARTICLE XVII.
MISCELLANEOUS

Section 17.1 REPORTS. To the extent required under Applicable Law and to the extent it is reasonably practical for Lessee to do so, Lessee shall prepare and file in timely fashion, or, where such filing is required to be made by Lessor or it is otherwise not reasonably practical for Lessee to make such filing, Lessee shall prepare and deliver to Lessor (with a copy to the Agent) within a reasonable time prior to the date for filing and Lessor shall file, any material reports with respect to the condition or operation of such Leased Property that shall be required to be filed with any Governmental Authority.

Section 17.2 BINDING EFFECT; SUCCESSORS AND ASSIGNS; SURVIVAL. The terms and provisions of this Lease, and the respective rights and obligations hereunder of Lessor and Lessee, shall be binding upon their respective successors, legal representatives and assigns (including, in the case of Lessor, any Person to whom Lessor may transfer any Leased Property or any interest therein in accordance with the provisions of the Operative Documents), and inure to the benefit of their respective permitted successors and assigns, and the rights hereunder of the Agent, the Lease Participants and the Lenders shall inure (subject to such conditions as are contained herein) to the benefit of their respective permitted successors and assigns. Lessee hereby acknowledges that Lessor has assigned all of its right, title and interest to, in and under this Lease to

the Agent, the Lease Participants and the Lenders, and that all of Lessor's rights hereunder may be exercised by the Agent.

Section 17.3 QUIET ENJOYMENT. Lessor covenants that it will not interfere in Lessee's or any of its permitted sublessees' quiet enjoyment of the Leased Properties in accordance with this Lease during the Lease Term, so long as no Event of Default has occurred and is continuing. Such right of quiet enjoyment is independent of, and shall not affect, Lessor's rights otherwise to initiate legal action to enforce the obligations of Lessee under this Lease.

Section 17.4 NOTICES. Unless otherwise specified herein, all notices, offers, acceptances, rejections, consents, requests, demands or other communications to or upon the respective parties hereto shall be in writing and shall be deemed to have been given as set forth in Section 8.2 of the Master Agreement. All such notices, offers, acceptances, rejections, consents, requests, demands or other communications shall be addressed as follows or to such other address as any of the parties hereto may designate by written notice:

If to Lessor: SunTrust Banks, Inc.
25 Park Place
Atlanta, Georgia 30303

If to Lessee: [Lessee Sub]
5555 Glendon Court
Dublin, Ohio 43016
Attn: Treasurer

with a copy to: General Counsel at same address

If to Agent: SunTrust Bank, Atlanta
c/o SunTrust Capital Markets, Inc.
25 Park Place, N.E., Suite 500
Atlanta, Georgia 30303
Attn: Todd Shutley

If to a Lease Participant or Lender, to the address provided in the Master Agreement.

Section 17.5 SEVERABILITY. Any provision of this Lease that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction,

and Lessee shall remain liable to perform its obligations hereunder except to the extent of such unenforceability. To the extent permitted by Applicable Law, Lessee hereby waives any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

Section 17.6 AMENDMENT; COMPLETE AGREEMENTS. Neither this Lease nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, except by an instrument in writing signed by Lessor and Lessee in accordance with the provisions of Section 8.4 of the Master Agreement. This Lease, together with the other Operative Documents, is intended by the parties as a final expression of their lease agreement and as a complete and exclusive statement of the terms thereof, all negotiations, considerations and representations between the parties having been incorporated herein and therein. No course of prior dealings between the parties or their officers, employees, agents or Affiliates shall be relevant or admissible to supplement, explain, or vary any of the terms of this Lease or any other Operative Document. Acceptance of, or acquiescence in, a course of performance rendered under this or any prior agreement between the parties or their Affiliates shall not be relevant or admissible to determine the meaning of any of the terms of this Lease or any other Operative Document. No representations, undertakings, or agreements have

been made or relied upon in the making of this Lease other than those specifically set forth in the Operative Documents.

Section 17.7 CONSTRUCTION. This Lease shall not be construed more strictly against any one party, it being recognized that both of the parties hereto have contributed substantially and materially to the preparation and negotiation of this Lease.

Section 17.8 HEADINGS. The Table of Contents and headings of the various Articles and Sections of this Lease are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

Section 17.9 COUNTERPARTS. This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 17.10 GOVERNING LAW. THIS LEASE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, EXCEPT AS TO MATTERS RELATING TO THE CREATION OF THE LEASEHOLD ESTATES HEREUNDER, AND

THE EXERCISE OF RIGHTS AND REMEDIES WITH RESPECT THERETO, WHICH SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATES IN WHICH SUCH ESTATES ARE LOCATED.

Section 17.11 DISCHARGE OF LESSEE'S OBLIGATIONS BY ITS AFFILIATES. Lessor agrees that performance of any of Lessee's obligations hereunder by one or more of Lessee's Affiliates or one or more of Lessee's sublessees of the Leased Properties or any part thereof shall constitute performance by Lessee of such obligations to the same extent and with the same effect hereunder as if such obligations were performed by Lessee, but no such performance shall excuse Lessee from any obligation not performed by it or on its behalf under the Operative Documents.

Section 17.12 LIABILITY OF LESSOR LIMITED. Except as otherwise expressly provided below in this SECTION 17.12, it is expressly understood and agreed by and between Lessee, Lessor and their respective successors and assigns that nothing herein contained shall be construed as creating any liability of Lessor or any of its Affiliates or any of their respective officers, directors, employees or agents, individually or personally, to perform any covenant, either express or implied, contained herein, all such liability, if any, being expressly waived by Lessee and by each and every Person now or hereafter claiming by, through or under Lessee, and that, so far as Lessor or any of its Affiliates or any of their respective officers, directors, employees or agents, individually or personally, is concerned, Lessee and any Person claiming by, through or under Lessee shall look solely to the right, title and interest of Lessor in the Leased Properties and any proceeds from Lessor's sale or encumbrance thereof (PROVIDED, HOWEVER, that Lessee shall not be entitled to any double recovery) for the performance of any obligation under this Lease and under the Operative Documents and the satisfaction of any liability arising therefrom.

Section 17.13 ESTOPPEL CERTIFICATES. Each party hereto agrees that at any time and from time to time during the Lease Term, it will promptly, but in no event later than thirty (30) days after request by the other party hereto, execute, acknowledge and deliver to such other party or to any prospective purchaser (if such prospective purchaser has signed a commitment or letter of intent to purchase any Leased Property or any part thereof or any Note or Lease Participation), assignee or mortgagee or third party designated by such other party, a certificate stating (a) that this Lease is unmodified and in force and effect (or if there have been modifications, that this Lease is in force and effect as modified, and identifying the modification agreements); (b) the date to which Basic Rent has been paid; (c) whether or not there is any existing default by Lessee in the payment of Basic Rent or any other sum of money

hereunder, and whether or not there is any other existing default by either party with respect to which a notice of default has been served, and, if there is any such default, specifying the nature and extent thereof; (d) whether or not, to the knowledge of the signer after due inquiry and investigation, there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed hereunder existing in favor of the party executing such certificate and (e) other items that may be reasonably requested; PROVIDED that no such certificate may be requested unless the requesting party has a good faith reason for such request.

Section 17.14 NO JOINT VENTURE. Any intention to create a joint venture or partnership relation between Lessor and Lessee is hereby expressly disclaimed.

Section 17.15 NO ACCORD AND SATISFACTION. The acceptance by Lessor of any sums from Lessee (whether as Basic Rent or otherwise) in amounts which are less than the amounts due and payable by Lessee hereunder is not intended, nor shall be construed, to constitute an accord and satisfaction of any dispute between Lessor and Lessee regarding sums due and payable by Lessee hereunder, unless Lessor specifically deems it as such in writing.

Section 17.16 NO MERGER. In no event shall the leasehold interests, estates or rights of Lessee hereunder, or of the holder of any Notes secured by a security interest in this Lease, or of any Lease Participant, merge with any interests, estates or rights of Lessor in or to the Leased Properties, it being understood that such leasehold interests, estates and rights of Lessee hereunder, and of the holder of any Notes secured by a security interest in this Lease, and of the Lease Participants, shall be deemed to be separate and distinct from Lessor's interests, estates and rights in or to the Leased Properties, notwithstanding that any such interests, estates or rights shall at any time or times be held by or vested in the same person, corporation or other entity.

Section 17.17 SURVIVAL. The obligations of Lessee to be performed under this Lease prior to the Lease Termination Date and the obligations of Lessee pursuant to ARTICLE III, ARTICLES X, XI, XIII, SECTIONS 14.2, 14.3, 14.4, 14.5, 14.8, ARTICLES XIV, XV, and XVI, and SECTIONS 17.10 and 17.12 shall survive the expiration or termination of this Lease. The extension of any applicable statute of limitations by Lessor, Lessee, the Agent or any Indemnitee shall not affect such survival.

Section 17.18 CHATTEL PAPER. To the extent that this Lease constitutes chattel paper (as such term is defined in the Uniform

Commercial Code in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original counterpart, which shall be identified as the original counterpart by the receipt of the Agent.

Section 17.19 TIME OF ESSENCE. Time is of the essence of this Lease.

Section 17.20 RECORDATION OF LEASE. Lessee will, at its expense, cause this Lease or memorandum of lease (if permitted by Applicable Law) to be recorded in the proper office or offices in the States and the municipalities in which the Land is located.

Section 17.21 INVESTMENT OF SECURITY FUNDS. Any amounts not payable to Lessee pursuant to any provision of ARTICLE VIII, X or XIV or this SECTION 17.21 solely because an Event of Default shall have occurred and be continuing shall be held by the Agent (or Lessor if the Funded Amounts have been fully paid) as security for the obligations of Lessee under this Lease and the Master Agreement. At such time as no Event of Default shall be continuing, such amounts, net of any amounts previously applied to Lessee's obligations hereunder

or under the Master Agreement, shall be paid to Lessee. Any such amounts which are held by the Agent (or Lessor if the Funded Amounts have been fully paid) pending payment to Lessee shall until paid to Lessee, as provided hereunder or, as long as the Lease Participation Agreement or the Loan Agreement is in effect, until applied against Lessee's obligations herein and under the Master Agreement and distributed as provided in the Lease Participation Agreement and the Loan Agreement or herein (after the Lease Participation Agreement and the Loan Agreement are no longer in effect) in connection with any exercise of remedies hereunder, be invested by the Agent or Lessor, as the case may be as directed from time to time in writing by Lessee (PROVIDED, HOWEVER, if an Event of Default has occurred and is continuing it will be directed by the Agent or, if the Funded Amounts have been fully paid, Lessor) and at the expense and risk of Lessee, in Permitted Investments. Any gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such investment) shall be applied in the same manner as the principal invested.

Section 17.22 IDB DOCUMENTATION. If any Leased Property is subject to an IDB Lease, this Lease shall be deemed to be a sublease. Lessee hereby agrees to perform all of its obligations and all obligations of Lessor under all IDB Documentation related to any Leased Property.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have each caused this Lease Agreement to be duly executed and delivered and attested by their respective officers thereunto duly authorized as of the day and year first above written.

Witnessed: [Lessee Sub],
as Lessee

By _____
Name:

By _____
Name:
Title:

By _____
Name:

LEASE
AGREEMENT

SUNTRUST BANKS, INC., as
Lessor

Witnessed:

By _____
Name:

By _____
Name:
Title:

By _____
Name:

LEASE
AGREEMENT

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STATE OF)
) ss:
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of July, 1996, by _____, _____ of SunTrust Banks, Inc., a Georgia corporation, on behalf of the corporation, as h____ and its free act and deed.

Notary Public
My Commission Expires:

LEASE
AGREEMENT

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STATE OF)
) ss:
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of July, 1996, by _____, _____ of [Lessee Sub], a _____ corporation, on behalf of the corporation, as h____ and its free act and deed.

Notary Public
My Commission Expires:

LEASE
AGREEMENT

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LEASE SUPPLEMENT NO. ___ AND MEMORANDUM OF LEASE

THIS LEASE SUPPLEMENT NO. ___ (this "LEASE SUPPLEMENT") dated as of
[_____], between SUNTRUST BANKS, INC., as the lessor (the "LESSOR"),
and [Lessee Sub], a _____ corporation, as lessee (the "LESSEE").

WHEREAS Lessor is the owner of the Land described on Schedule I hereto
and wishes to lease the Land together with any Building and other improvements
thereon or which thereafter may be constructed thereon pursuant to the Lease to
Lessee;

NOW, THEREFORE, in consideration of the premises and the mutual
agreements herein contained and other good and valuable consideration, the
receipt and sufficiency of which are hereby acknowledged, the parties hereto
agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION. For purposes of this Lease
Supplement, capitalized terms used herein and not otherwise defined herein shall
have the meanings assigned to them in Appendix A to the Lease Agreement, dated
as of July 16, 1996, between Lessee and Lessor; and the rules of interpretation
set forth in Appendix A to the Lease shall apply to this Lease Supplement.

SECTION 2. THE PROPERTIES. Attached hereto as Schedule I is the
description of certain Land (the "SUBJECT PROPERTY"). Effective upon the
execution and delivery of this Lease Supplement by Lessor and Lessee, such Land,
together with any Building and other improvements thereon or which thereafter
may be constructed thereon pursuant to the Lease shall be subject to the terms
and provisions of the Lease and Lessor hereby grants, conveys, transfers and
assigns to Lessee those interests, rights, titles, estates, powers and
privileges provided for in the Lease with respect to the Subject Property.

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SECTION 3. AMENDMENTS TO LEASE WITH RESPECT TO SUBJECT PROPERTY.
Effective upon the execution and delivery of this Lease Supplement by Lessor and
Lessee, the following terms and provisions shall apply to the Lease with respect
to the Subject Property:

[Insert Applicable Sections per Local Law]

SECTION 4. RATIFICATION; INCORPORATION. Except as specifically modified
hereby, the terms and provisions of the Lease are hereby ratified and confirmed
and remain in full force and effect. The terms of the Lease (as amended by this
Lease Supplement) are by this reference incorporated herein and made a part
hereof.

SECTION 5. ORIGINAL LEASE SUPPLEMENT. The single executed original of
this Lease Supplement marked "THIS COUNTERPART IS THE ORIGINAL EXECUTED
COUNTERPART" on the signature page thereof and containing the receipt of the
Agent therefor on or following the signature page thereof shall be the original
executed counterpart of this Lease Supplement (the "ORIGINAL EXECUTED
COUNTERPART"). To the extent that this Lease Supplement constitutes chattel
paper, as such term is defined in the Uniform Commercial Code as in effect in
any applicable jurisdiction, no security interest in this Lease Supplement may
be created through the transfer or possession of any counterpart other than the
Original Executed Counterpart.

SECTION 6. GOVERNING LAW. THIS LEASE SUPPLEMENT SHALL BE GOVERNED BY

My commission expires: _____

STATE OF _____)
) ss.:
COUNTY OF _____)

The foregoing Lease Supplement was acknowledged before me, the undersigned Notary Public, in the County of _____, _____, this _____ day of _____, _____, by _____, as _____, of [Lessee Sub], a _____ corporation, on behalf of the corporation.

[Notarial Seal]

Notary Public

My commission expires: _____

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Receipt of this original counterpart of the foregoing Lease Supplement is hereby acknowledged as of the date hereof.

SUNTRUST BANK, ATLANTA, as the
Agent

By _____
Name:
Title:

By _____
Name:
Title:

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APPENDIX A
to
Master Agreement, Leases,
Loan Agreement, Construction Agency Agreement
and Lease Participation Agreement

DEFINITIONS AND INTERPRETATION

A. INTERPRETATION. In each Operative Document, unless a clear contrary intention appears:

(i) the singular number includes the plural number and vice versa;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are

permitted by the Operative Documents, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(iii) reference to any gender includes each other gender;

(iv) reference to any agreement (including any Operative Document), document or instrument means such agreement, document or instrument as amended, supplemented or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of the other Operative Documents and reference to any promissory note includes any promissory note which is an extension or renewal thereof or a substitute or replacement therefor;

(v) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;

(vi) reference in any Operative Document to any Article, Section, Appendix, Schedule or Exhibit means such Article or Section thereof or Appendix, Schedule or Exhibit thereto;

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(vii) "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to an Operative Document as a whole and not to any particular ARTICLE, SECTION or other provision hereof;

(viii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(ix) "or" is not exclusive; and

(x) relative to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding".

B. ACCOUNTING TERMS. In each Operative Document, unless expressly otherwise provided, accounting terms shall be construed and interpreted, and accounting determinations and computations shall be made, in accordance with GAAP.

C. CONFLICT IN OPERATIVE DOCUMENTS. If there is any conflict between any Operative Documents, such Operative Document shall be interpreted and construed, if possible, so as to avoid or minimize such conflict but, to the extent (and only to the extent) of such conflict, the Master Agreement shall prevail and control.

D. LEGAL REPRESENTATION OF THE PARTIES. The Operative Documents were negotiated by the parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring the Operative Document to be construed or interpreted against any party shall not apply to any construction or interpretation hereof or thereof.

E. DEFINED TERMS. Unless a clear contrary intention appears, terms defined herein have the respective indicated meanings when used in each Operative Document.

"A LOAN" means the A Percentage of Loans made by Lenders pursuant to the Loan Agreement and the Master Agreement.

"A NOTE" is defined in Section 2.2 of the Loan Agreement.

"A PERCENTAGE" means 84%.

"ACQUISITION" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of

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any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary).

"ADDRESS" means with respect to any Person, its address set forth in Schedule 8.2 to the Master Agreement or such other address as it shall have identified to the parties to the Master Agreement in writing.

"AFFECTED FUNDING PARTY" is defined in Section 7.5 of the Master Agreement.

"AFFILIATE" of any Person shall mean any other Person directly or indirectly controlling, controlled by or under common control with, such Person. For purposes of this definition, the term "CONTROL" (including the correlative meanings of the terms "CONTROLLING," "CONTROLLED BY" and "UNDER COMMON CONTROL WITH"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise, provided (but without limiting the foregoing) that no pledge of voting securities of any Person without the current right to exercise voting rights with respect thereto shall by itself be deemed to constitute control over such Person.

"AFTER-TAX BASIS" means (a) with respect to any payment to be received by an Indemnitee (which, for purposes of this definition, shall include any Tax Indemnitee), the amount of such payment supplemented by a further payment or payments so that, after deducting from such payments the amount of all Taxes (net of any current credits, deductions or other Tax benefits arising from the payment by the Indemnitee of any amount, including Taxes, for which the payment to be received is made) imposed currently on the Indemnitee by any Governmental Authority or taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment to be received and (b) with respect to any payment to be made by any Indemnitee, the amount of such payment supplemented by a further payment or payments so that, after increasing such payment by the amount of any current credits or other Tax benefits realized by the Indemnitee under the laws of any Governmental Authority or taxing authority resulting from the making of such payments, the sum of such payments (net of such credits or benefits) shall be equal to the original payment to be made; PROVIDED, HOWEVER, for the purposes of this definition, and for purposes of any payment to be made to either a Lessee or an Indemnitee on an after-tax basis, it shall be assumed that (i) federal, state and local taxes are payable at the highest combined marginal federal and state statutory income tax rate (taking into account the

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deductibility of state income taxes for federal income tax purposes) applicable to corporations from time to time and (ii) such Indemnitee or Lessee has sufficient income to utilize any deductions, credits (other than foreign tax credits, the use of which shall be determined on an actual basis) and other Tax benefits arising from any payments described in CLAUSE (b) of this definition.

"AGENT" means SunTrust Bank, Atlanta, a Georgia banking corporation, in its capacity as agent under the Master Agreement and the Loan Agreement.

"ALTERATIONS" means, with respect to any Leased Property, fixtures, alterations, improvements, modifications and additions to such Leased Property.

"ALTERNATIVE RATE" means, for any period, an interest rate per annum equal to the rate of interest most recently announced by the Agent in Atlanta, Georgia from time to time as its "prime rate" for calculating interest on certain loans, which need not be the lowest interest rate charged by such bank. If such prime rate or equivalent of such bank changes from time to time after the date hereof, the Alternative Rate shall be automatically increased or decreased, as the case may be, without notice to any Lessee or the Guarantor as of the effective time of each change in such prime rate or equivalent.

"APPLICABLE LAW" means all existing and future applicable laws (including Environmental Laws), rules, regulations (including proposed, temporary and final income tax regulations), statutes, treaties, codes, ordinances, permits, certificates, orders and licenses of and interpretations by, any Governmental Authority, and applicable judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including those pertaining to health, safety or the environment (including, without limitation, wetlands) and those pertaining to the construction, use or occupancy of any Leased Property) and any restrictive covenant or deed restriction or easement of record affecting any Leased Property.

"APPRAISAL" is defined in Section 3.1 of the Master Agreement.

"APPRAISER" means an MAI appraiser satisfactory to the Agent and the Lessor.

"ARCHITECT" means with respect to any Leased Property the architect engaged in connection with the construction of the

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related Building, who may be an employee of the General Contractor for such Leased Property.

"ARCHITECT'S AGREEMENT" means, with respect to any Leased Property, the architectural services agreement, if any, between the related Lessee or Cardinal and the related Architect.

"ASSIGNMENT OF LEASE AND RENTS" means, with respect to any Leased Property, the Assignment of Lease and Rents, dated as of the Closing Date, from the Lessor to the Agent, substantially in the form of Exhibit K to the Master Agreement.

"ATTRIBUTABLE DEBT" when used in connection with a sale and lease-back transaction shall mean, as of any particular time, the lesser of (a) the fair value of the assets subject to such arrangement or (b) the aggregate of present values (discounted at a rate per annum as mutually agreed between Cardinal and the Agent) of the obligations of Cardinal or any Consolidated Subsidiary for net rental payments during the remaining term of all leases (including any period for which such lease has been extended or may, at the option of the lessor, be extended). The term "net rental payments" under any lease of any period shall mean the sum of the rental and other payments required to be paid in such period by the lessee thereunder, not including, however, any amounts required to be paid by such lessee (whether or not designated as rental or additional rental) on account of maintenance and repairs, reconstruction, insurance, taxes, assessments, water rates or similar charges required to be paid by such lessee thereunder or any amounts required to be paid by such lessee thereunder contingent upon the amount of sales, maintenance and repairs, reconstruction, insurance, taxes, assessments, water rates or similar charges.

"AUTHORITY" means a development or similar authority of any state, county or municipality that is an issuer of Bonds.

"AWARDS" means any award or payment received by or payable to the Lessor or Lessee on account of any Condemnation or Event of Taking (less the actual costs, fees and expenses incurred in the collection thereof, for which the Person incurring the same shall be reimbursed from such award or payment).

"B LOAN" means the B Percentage of Loans made by Lender pursuant to the Loan Agreement and the Master Agreement.

"B NOTE" is defined in Section 2.2 of the Loan Agreement.

"B PERCENTAGE" means 16%.

"BANKRUPTCY CODE" means the Bankruptcy Reform Act of 1978, as amended.

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"BASE TERM" means, with respect to any Leased Property, (a) the period commencing on the Initial Closing Date for the first parcel of Land an interest in which is acquired by the Lessor and ending on the sixth (6th) anniversary of such Closing Date or (b) such shorter period as may result from earlier termination of the related Lease as provided therein.

"BASIC RENT" means, for any Lease Term, the rent payable pursuant to Section 3.1 of the related Lease, determined in accordance with the following: each installment of Basic Rent payable on any Payment Date shall be in an amount equal to the sum of (A) the aggregate amount of Lender Basic Rent payable on such Payment Date, PLUS (B) the aggregate amount of Lessor Basic Rent payable on such Payment Date, in each case for the Leased Property or Properties that are subject to such Lease.

"BENEFIT ARRANGEMENT" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by any member of the ERISA Group.

"BOARD OF DIRECTORS", with respect to a corporation, means either the Board of Directors or any duly authorized committee of that Board which pursuant to the by-laws of such corporation has the same authority as that Board as to the matter at issue.

"BONDS" means industrial revenue or development bonds issued by a state, county or municipal authority in connection with any Leased Property.

"BUILDING" means, with respect to any Leased Property, the buildings, structures and improvements located or to be located on the related Land, along with all fixtures used or useful in connection with the operation of such Leased Property, including, without limitation, all furnaces, boilers, compressors, elevators, fittings, pipings, connectives, conduits, ducts, partitions, equipment and apparatus of every kind and description now or hereafter affixed or attached or used or useful in connection with the Building, all equipment financed by the Lessor and/or the Lenders and the Lease Participants and all Alterations (including all restorations, repairs, replacements and rebuilding of such buildings, improvements and structures) thereto (but in each case excluding trade fixtures or equipment financed other than by the Lessor, the Lease Participant or the Lenders).

"BUSINESS DAY" means any day other than a Saturday, Sunday or other day on which banks are required or authorized to be closed for business in Atlanta, Georgia.

"CARDINAL" means Cardinal Health, Inc., an Ohio corporation.

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"CASUALTY" means an event of damage or casualty relating to all or part of any Leased Property that does not constitute an Event of Loss.

"CHANGE IN CONTROL" means a majority of the Board of Directors of Cardinal shall cease for any reason to consist of (A) individuals who on July 15, 1996 were serving as directors of Cardinal and (B) individuals who subsequently become members of the Board if such individuals' nomination for election or election to the Board is recommended or approved by a majority of the Board of Directors of Cardinal.

"CLAIMS" means liabilities, obligations, damages, losses, demands, penalties, fines, claims, actions, suits, judgments, proceedings, settlements, utility charges, costs, expenses and disbursements (including, without limitation, reasonable legal fees and expenses) of any kind and nature whatsoever.

"CLOSING DATE" means, with respect to each parcel of Land or Leased Property, the date on which such Land or Leased Property, as the case may be, is acquired by the Lessor and the initial Funding occurs with respect to such Land or Leased Property, as the case may be, under the Master Agreement.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMITMENT" means as to each Funding Party, its obligation to make Fundings as investments in each Leased Property, or to make Loans to the Lessor, or to fund a Lease Participation as the case may be, in an aggregate amount not to exceed at any one time outstanding the amount set forth for such Funding Party on Schedule 2.2 to the Master Agreement (as it may be adjusted from time to time pursuant to Section 6 of the Master Agreement).

"COMMITMENT FEE" is defined in Section 2.3(d) of the Master Agreement.

"COMMITMENT PERCENTAGE" means as to any Funding Party, at a particular time, the percentage of the aggregate Commitments in effect at such time constituted by such Funding Party's Commitment, as such percentage is shown for such Funding Party on Schedule 2.2 to the Master Agreement (as it may be adjusted from time to time pursuant to Section 6 of the Master Agreement).

"COMPLETION DATE" with respect to any Leased Property means the Business Day on which the conditions specified in Section 3.5 of the Master Agreement have been satisfied with respect to such property.

"COMPLETION DATE APPRAISAL" with respect to any Leased Property means that appraisal, dated as of the Completion Date,

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delivered by the Appraiser pursuant to Section 3.5 of the Master Agreement with respect to such Leased Property.

"CONDEMNATION" means any condemnation, requisition, confiscation, seizure or other taking or sale of the use, occupancy or title to any Leased Property or any part thereof in, by or on account of any actual eminent domain proceeding or other action by any Governmental Authority or other Person under the power of eminent domain or otherwise or any transfer in lieu of or in anticipation thereof, which in any case does not constitute an Event of Taking. A Condemnation shall be deemed to have "occurred" on the earliest of the dates that use, occupancy or title is taken.

"CONSOLIDATED EBITR" means, for any fiscal period of the Guarantor, an amount equal to the sum of its Consolidated Net Income (Loss) plus, to the extent deducted in determining Consolidated Net Income (Loss), (i) provisions for taxes based on income and (ii) Consolidated Interest and Rent Expense, in each case, for such fiscal period.

"CONSOLIDATED INTEREST AND RENT EXPENSE" means, for any fiscal period of the Guarantor, total interest expense (including without limitation, interest expense attributable to capitalized leases in accordance with GAAP) and rent expense of the Guarantor and its Subsidiaries on a consolidated basis, in each case, for such fiscal period.

"CONSOLIDATED NET INCOME (LOSS)" means, for any fiscal period of the Guarantor, the net income (or loss) of the Guarantor and its Subsidiaries on a consolidated basis for such period (taken as a single accounting period) determined in conformity with GAAP; PROVIDED THAT there shall be excluded therefrom (i) the income (or loss) of any party accrued prior to the date such party becomes a Subsidiary of the Guarantor or is merged into or consolidated with the Guarantor or any of its Subsidiaries, or such party's assets are acquired by the Guarantor or any of its Subsidiaries and (ii) any item of gain or loss resulting from sale of assets other than in the ordinary course of business.

"CONSOLIDATED NET TANGIBLE ASSETS" means the aggregate amount of assets after deducting therefrom (a) all current liabilities (excluding any thereof constituting Funded Indebtedness by reason of being renewable or extendible) and (b) all goodwill, tradenames, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the most recent balance sheet of Cardinal and its Consolidated Subsidiaries and computed in accordance with GAAP.

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"CONSOLIDATED SUBSIDIARIES" shall mean all Subsidiaries of Cardinal.

"CONSTRUCTION" means, with respect to any Leased Property, the construction of the related Building pursuant to the related Plans and Specifications.

"CONSTRUCTION AGENCY AGREEMENT" means the Construction Agency Agreement, dated as of July 16, 1996, among Cardinal, the Lessees and the Lessor.

"CONSTRUCTION AGENT" means Cardinal in its capacity as construction agent pursuant to the Construction Agency Agreement.

"CONSTRUCTION COMMENCEMENT DATE" is defined in SECTION 2.3 of the Construction Agency Agreement.

"CONSTRUCTION CONDITIONS" means the conditions set forth in Section 3.5 of the Master Agreement.

"CONSTRUCTION CONTRACT" means, with respect to any Leased Property, that certain construction contract, if any, between the related Lessee or Cardinal and a General Contractor for the construction of the related Building, provided that such contract shall be assigned by such Lessee to the Lessor, and such assignment shall be consented to by such General Contractor, pursuant to an assignment of such construction contract substantially in the form of the Security Agreement and Assignment set forth as Exhibit C to the Master Agreement.

"CONSTRUCTION FORCE MAJEURE EVENT" means, with respect to any Leased Property:

- (a) an act of God arising after the related Closing Date, or
- (b) any change in any state or local law, regulation or other legal requirement arising after such Closing Date and relating to the use of the Land or the construction of a building on the Land, or
- (c) strikes, lockouts, labor troubles, unavailability of materials, riots, insurrections or other causes beyond Cardinal's or the related Lessee's control

which prevents the related Lessee from completing the Construction prior to the Scheduled Construction Termination Date and which could not have been avoided or which cannot be remedied by such Lessee or the Guarantor through the exercise of all commercially reasonable efforts or the expenditure of funds and, in the case of (b) above, the existence or potentiality of which

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was not known to and could not have been discovered prior to such Closing Date through the exercise of due diligence by such Lessee or the Guarantor.

"CONSTRUCTION LAND INTEREST" means each parcel of Land for which the

Completion Date has not yet occurred.

"CONSTRUCTION TERM" means, with respect to any Leased Property, the period commencing on the related Closing Date and ending on the related Construction Term Expiration Date, or such shorter period as may result from earlier termination of the related Lease as provided therein.

"CONSTRUCTION TERM EXPIRATION DATE" means, with respect to any Leased Property, the earlier of the following:

- (a) the related Completion Date, and
- (b) the related Scheduled Construction Termination Date.

"CONTRACTUAL OBLIGATION", as applied to any Person, means any provision of any Securities issued by that Person or any indenture, mortgage, deed of trust, contract, undertaking, agreement, instrument or other document to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject (including, without limitation, any restrictive covenant affecting any of the properties of such Person).

"DEED" means, with respect to any Land, a General Warranty Deed, dated the applicable Closing Date, from the applicable Seller to the Lessor, conveying such Land, in a form reasonably acceptable to the Lessor.

"ENVIRONMENTAL AUDIT" means, with respect to each parcel of Land, a Phase I Environmental Assessment, dated no more than 60 days prior to the related Closing Date, by an environmental services firm satisfactory to the Funding Parties.

"ENVIRONMENTAL LAWS" means and include the Resource Conservation and Recovery Act of 1976, (RCRA) 42 U.S.C. sections 6901-6987, as amended by the Hazardous and Solid Waste Amendments of 1984, the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. sections 9601-9657, (CERCLA), the Hazardous Materials Transportation Act of 1975, 49 U.S.C. sections 1801-1812, the Toxic Substances Control Act, 15 U.S.C. sections 2601-2671, the Clean Air Act, 42 U.S.C. section 7401 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. section 136 et seq., and all similar federal, state and local environmental laws, ordinances, rules, orders, statutes, decrees,

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judgments, injunctions, codes and regulations, and any other federal, state or local laws, ordinances, rules, codes and regulations, and any other federal, state or local laws, ordinances, rules, codes and regulations relating to the environment, human health or natural resources or the regulation or control of or imposing liability or standards of conduct concerning human health, the environment, Hazardous Materials or the clean-up or other remediation of any Leased Property, or any part thereof, as any of the foregoing may have been from time to time amended, supplemented or supplanted.

"ENVIRONMENTAL PERMITS" means all permits, licenses, authorizations, certificates and approvals of Governmental Authorities required by Environmental Laws.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time or any successor federal statute.

"ERISA AFFILIATE" means each entity required to be aggregated with Cardinal pursuant to the requirements of Section 414(b) or (c) of the Code.

"ERISA GROUP" means Cardinal and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under the control of Cardinal which, together with Cardinal, are treated as a single employer under Section 414 of the Code.

"EVENT OF DEFAULT" means any event or condition designated as an "Event of Default" in Article XII of any Lease.

"EVENT OF LOSS" is defined in Section 10.1 of each Lease.

"EVENT OF TAKING" is defined in Section 10.2 of each Lease.

"EXEMPTED DEBT" means the sum of the following items outstanding as of the date Exempted Debt is to be determined: (a) Indebtedness of Cardinal and its Consolidated Subsidiaries incurred after the date of the Guaranty and secured by Liens not permitted to be created or assumed pursuant to Section 7.7 of the Guaranty, and (b) Attributable Debt of Cardinal and its Consolidated Subsidiaries in respect of every sale and lease-back transaction entered into after the date of the Guaranty, other than those leases expressly permitted by Section 7.8 of the Guaranty.

"FAIR MARKET RENTAL VALUE" means, with respect to any Leased Property, the fair market rental value as determined by an independent appraiser chosen by the Lessor that would be obtained in an arm's-length lease between an informed and willing lessee

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and an informed and willing lessor, in either case under no compulsion to lease, and neither of which is related to the Lessor or Lessee for the lease of such Leased Property on the terms set forth, or referred to, in the related Lease. Such fair market rental value shall be calculated as the value for the use of such Leased Property to be leased in place at the Land, assuming, in the determination of such fair market rental value, that such Leased Property is in the condition and repair required to be maintained by the terms of the related Lease (unless such fair market rental value is being determined for the purposes of Section 13.1 of the related Lease and except as otherwise specifically provided in such Lease, in which case this assumption shall not be made).

"FAIR MARKET SALES VALUE" means, with respect to any Leased Property or any portion thereof, the fair market sales value as determined by an independent appraiser chosen by the Lessor or, so long as the Funded Amounts are outstanding, the Agent that would be obtained in an arm's-length transaction between an informed and willing buyer (other than a lessee currently in possession) and an informed and willing seller, under no compulsion, respectively, to buy or sell and neither of which is related to the Lessor or Lessee, for the purchase of such Leased Property. Such fair market sales value shall be calculated as the value for the use of such Leased Property, assuming, in the determination of such fair market sales value, that such Leased Property is in the condition and repair required to be maintained by the terms of the related Lease (unless such fair market sales value is being determined for purposes of Section 13.1 of the related Lease and except as otherwise specifically provided in the related Lease or the Master Agreement, in which case this assumption shall not be made).

"FINAL RENT PAYMENT DATE" with respect to any Leased Property is defined in Section 13.1(e) of the related Lease.

"FISCAL YEAR" means the fiscal year of the Guarantor and its Subsidiaries, which shall be the twelve (12) months ending on June 30.

"FUNDED AMOUNT" means, as to the Lessor, the Lessor's Invested Amounts, and, as to each Lender, the outstanding principal of such Lender's Loans.

"FUNDED DEBT" means, all indebtedness for money borrowed, purchase money mortgages, capitalized leases, conditional sales contracts and similar title retention debt instruments, including any current maturities of such indebtedness. The calculation of Funded Debt shall include all Funded Debt of the Guarantor and its Subsidiaries, plus all Funded Debt of other entities or persons, other than Subsidiaries, which has been guaranteed by

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the Guarantor or any Subsidiary or which is supported by a letter of credit issued for the account of the Guarantor or any Subsidiary. Funded Debt shall also include the redemption amount with respect to any stock of the Guarantor or

its Subsidiaries required to be redeemed within the next twelve months.

"FUNDED INDEBTEDNESS" means all Indebtedness having a maturity of more than 12 months from the date as of which the amount thereof is to be determined or having a maturity of less than 12 months but by its terms being renewable or extendible beyond 12 months from such date at the option of the borrower.

"FUNDING" means any funding by the Funding Parties pursuant to Section 2.2 of the Master Agreement.

"FUNDING DATE" means collectively, each Closing Date and each other date during the Construction Term on which a Funding occurs under Section 2 of the Master Agreement.

"FUNDING PARTIES" means the Lessor, the Agent, the Lease Participant and the Lenders, collectively.

"FUNDING PARTY BALANCE" means, with respect to any Leased Property, (i) for the Lessor as of any date of determination, an amount equal to the sum of the outstanding related Lessor's Invested Amount (less the related Lease Participant Amount), all accrued and unpaid Yield on such outstanding related Lessor's Invested Amount (less the related Lease Participant Amount), all unpaid related fees owing to the Lessor under the Operative Documents, and all other related amounts owing to the Lessor by the related Lessee or the Guarantor under the Operative Documents, (ii) for the Lease Participant as of any date of determination, an amount equal to the sum of the outstanding related Lease Participant Amount, all accrued and unpaid Yield thereon, all unpaid related fees owing to the Lease Participant under the Operative Documents, and all other related amounts owing to the Lease Participant by the related Lessee or the Guarantor under the Operative Documents, and (iii) for any Lender as of any date of determination, an amount equal to the sum of the outstanding related Loans of such Lender, all accrued and unpaid interest thereon, all unpaid related fees owing to such Lender under the Operative Documents, and all other related amounts owing to such Lender by the related Lessee or the Guarantor under the Operative Documents.

"FUNDING REQUEST" is defined in Section 2.2 of the Master Agreement.

"FUNDING TERMINATION DATE" means July 16, 2002.

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"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time.

"GENERAL CONTRACTOR" means with respect to any Leased Property the general contractor under the related Construction Contract as may be selected by the related Lessee or Cardinal.

"GOVERNMENTAL ACTION" means all permits, authorizations, registrations, consents, approvals, waivers, exceptions, variances, orders, judgments, decrees, licenses, exemptions, publications, filings, notices to and declarations of or with, or required by, any Governmental Authority, or required by any Applicable Law and shall include, without limitation, all citings, environmental and operating permits and licenses that are required for the use, occupancy, zoning and operation of any Leased Property.

"GOVERNMENTAL AUTHORITY" means any foreign or domestic federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality, court or any political subdivision thereof.

"GUARANTOR" means Cardinal.

"GUARANTY" means the Guaranty, dated as of July 16, 1996 by the Guarantor in favor of the Funding Parties.

"HAZARDOUS MATERIAL" means any substance, waste or material which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, including petroleum, crude oil or any fraction thereof, petroleum derivatives, by products and other hydrocarbons, or which is

or becomes regulated by any Governmental Authority, including any agency, department, commission, board or instrumentality of the United States, any jurisdiction in which a Leased Property is located or any political subdivision thereof and also including, without limitation, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls ("PCBS") and radon gas.

"IDB DOCUMENTATION" means the Bonds, each IDB Lease and all other agreements, documents, contracts and instruments entered into in connection with any Bonds or IDB Property.

"IDB PROPERTY" means each Leased Property that is the subject of Bonds.

"IDB LEASE" means a lease between the Lessor and an Authority with respect to a Leased Property.

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"INDEBTEDNESS" means all items classified as indebtedness on the most recently available balance sheet of Cardinal and its Consolidated Subsidiaries, in accordance with GAAP.

"INDEMNITEE" means the Agent (in its individual capacity and in its capacity as Agent), the Lease Participant, each Lender, each Authority and the Lessor, and their respective Affiliates, successors, permitted assigns, permitted transferees, employees, officers, directors and agents; PROVIDED, HOWEVER, that in no event shall any Lessee or Guarantor be an Indemnatee.

"INDEMNITEE GROUP" means the respective Affiliates, employees, officers, directors and agents of the Agent (in its individual capacity), the Lease Participant, each Lender, each Authority or the Lessor, as applicable; PROVIDED, HOWEVER, that in no event shall any Lessee or Guarantor be a member of the Indemnatee Group.

"INITIAL CLOSING DATE" means the Closing Date for the first parcel of Land or Leased Property, as the case may be, acquired by the Lessor.

"INVESTMENTS" is defined in Section 7.18 of the Guaranty.

"LAND" means, with respect to any Lease, the land described in Appendix B to the related Lease Supplement or Lease, as applicable.

"LAWS" means all ordinances, statutes, rules, regulations, orders, injunctions, writs, treaties or decrees of any governmental or political subdivision or agency thereof, or of any court or similar entity established by any thereof.

"LEASE" means each Lease Agreement, together with each Lease Supplement thereto, between a Lessee and the Lessor, substantially in the form of Exhibit E to the Master Agreement, with such modifications as are satisfactory to the Lessor and the Agent in conformity with Applicable Law to assure customary remedies in favor of the Funding Parties in the jurisdiction where the Leased Property is located.

"LEASE BALANCE" means, with respect to the Leased Properties, as of any date of determination, an amount equal to the aggregate sum of the outstanding Funded Amounts of all Funding Parties, all accrued and unpaid interest on the Loans, all accrued and unpaid Yield on the Lessor's Invested Amounts, all unpaid fees owing to the Funding Parties under the Operative Documents, including all other amounts owing to the Funding Parties by any Lessee or the Guarantor under the Operative Documents.

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"LEASE PARTICIPANT" means SunTrust Bank, Atlanta and such other

Persons, if any, who may become parties to the Lease Participation Agreement as Lease Participants.

"LEASE PARTICIPATION AGREEMENT" means the Lease Participation Agreement dated as of July 16, 1996, between the Lessor and the Lease Participant.

"LEASE PARTICIPANT AMOUNT" means the amounts funded by the Lease Participant pursuant to Section 2.2 of the Lease Participation Agreement (as increased during the related Construction Term by a amount equal to the Lease Participant's Percentage of the increase in the related Lessor's Invested Amount pursuant to Section 2.3(c) of the Master Agreement), as the purchase price for the Lease Participation.

"LEASE PARTICIPANT COMMITMENT" is defined in Section 2.2 of the Lease Participation Agreement.

"LEASE PARTICIPATION" is defined in Section 2.1 of the Lease Participation Agreement.

"LEASE SUPPLEMENT" is defined in Section 2.1 of each Lease.

"LEASE TERM" with respect to any Lease means (a) the Base Term, as it may be renewed pursuant to Section 14.9 of such Lease or (b) such shorter period as may result from earlier termination of such Lease as provided therein.

"LEASE TERMINATION DATE" means the last day of the Lease Term, as the same may be accelerated pursuant to the Lease.

"LEASED PROPERTY" means Land and the related Building(s). For purpose of any Lease, "Leased Property" means the property subject to such Lease, unless the context provides otherwise.

"LEASED PROPERTY BALANCE" means, with respect to any Leased Property, as of any date of determination, an amount equal to the aggregate sum of the outstanding related Funded Amounts of all Funding Parties, all accrued and unpaid interest on the related Loans, all accrued and unpaid Yield on the related Lease Participant Amounts, all related unpaid fees owing to the Funding Parties under the Operative Documents, including all other amounts owing to the Funding Parties by the related Lessee or the Guarantor under the Operative Documents.

"LENDER BASIC RENT" means, for any Rent Period under any Lease, the aggregate amount of interest accrued on the Loans related to the Leased Property subject to such Lease pursuant to Section 2.5 of the Loan Agreement during such Rent Period, plus

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the amount of principal of such Loans then due pursuant to Section 2.4 of the Loan Agreement.

"LENDERS" means such financial institutions as are, or who may hereafter become, parties to the Loan Agreement as Lenders to the Lessor.

"LESSEE" is defined in the preamble to the Master Agreement.

"LESSOR BASIC RENT" means, for any Rent Period under any Lease, the aggregate amount of Yield accrued on the Lessor's Invested Amounts under any Lease under Section 2.3(a) of the Master Agreement during such Rent Period.

"LESSOR" is defined in the preamble to the Master Agreement.

"LESSOR LIENS" means Liens on or against any Leased Property, any Lease or any payment of Rent (a) which result from any act or omission of, or any Claim against, the Lessor unrelated to the transactions contemplated by the Operative Documents or the IDB Documentation or (b) which result from any Tax owed by the Lessor, except any Tax for which a Lessee is obligated to indemnify (including, without limitation, in the foregoing exception, any assessments with respect to any Leased Property noted on the related Title Policy or assessed in connection with any construction or development by a Lessee or Cardinal).

"LESSOR'S INVESTED AMOUNT" means the amounts funded by the Lessor pursuant to Section 2 of the Master Agreement that are not proceeds of Loans by a Lender, as increased during the related Construction Term pursuant to Section 2.3(c) of the Master Agreement.

"LIBOR RATE" means, with respect to any Rent Period, the rate per annum equal to the quotient of (i) the offered rate for deposits in U.S. Dollars of amounts equal or comparable to the aggregate principal amount of the Lease Participant Amounts and, if any, the Loans offered for a term comparable to such Rent Period (or, in the case of the first Rent Period for any Funding made on a Closing Date, the one, two or three month period beginning on such Closing Date that ends closest to the first Payment Date thereafter), which rates appear on the Reuters Screen LIBO Page as of 11:00 a.m. London time, two (2) Business Days prior to the first day of such Rent Period, PROVIDED that (x) if more than one such offered rate appears on the Reuters Screen LIBO Page, the rate used to determine the LIBOR Rate will be the arithmetic average (rounded upward, if necessary, to the next higher 1/16th of 1%) of such offered rates, or (y) if no such offered rates appear on such page, the rate used for such Rent Period will be the arithmetic average (rounded upward, if

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necessary, to the next higher 1/16th of 1%) of rates quoted by not less than two major banks in New York, New York, selected by the Agent, at approximately 10:00 a.m., New York time, two (2) Business Days prior to the first day of such Rent Period, for deposits in U.S. Dollars offered to leading European banks for a period comparable to such Rent Period in an amount comparable to the principal amount of the Lease Participant Amounts and the Loans, divided by (ii) a number equal to 1.00 minus the LIBOR Reserve Percentage, the rate so determined to be rounded upwards to the nearest multiple of 1/100th of 1%. All determinations of Yield, interest, Lease Participant Basic Rent, Lender Basic Rent, LIBOR Rate, Alternative Rate, and Overdue Rate by the Agent shall, in the absence of demonstrable error, be binding and conclusive upon the Lessees.

"LIBOR RESERVE PERCENTAGE" means, for any Rent Period, the aggregate reserve requirement (including any basic, emergency, supplemental, marginal or other reserve requirement) which is actually imposed on the Agent during such Rent Period (or if more than one such percentage shall be so applicable, the daily average of such percentages) under Regulation D of the Board of Governors of the Federal Reserve System with respect to liabilities or assets consisting of or including "Eurocurrency liabilities" having a term equal to the applicable Rent Period. The LIBOR Rate shall be adjusted automatically on and as of the effective date of any change in the LIBOR Reserve Percentage.

"LIEN" means any mortgage, deed of trust, pledge, security interest, encumbrance, lien, easement, servitude or charge of any kind, including, without limitation, any irrevocable license, conditional sale or other title retention agreement, any lease in the nature thereof, or any other right of or arrangement with any creditor to have its claim satisfied out of any specified property or asset with the proceeds therefrom prior to the satisfaction of the claims of the general creditors of the owner thereof, whether or not filed or recorded, or the filing of, or agreement to execute as "debtor", any financing or continuation statement under the Uniform Commercial Code of any jurisdiction or any federal, state or local lien imposed pursuant to any Environmental Law.

"LOAN" shall have the meaning specified in Section 2.1 of the Loan Agreement.

"LOAN AGREEMENT" means the Loan Agreement, dated as of July 16, 1996, among the Lessor, the Agent and the Lenders.

"LOAN DOCUMENTS" means the Loan Agreement, the Notes, the Assignments of Lease and Rents, the Mortgages and all documents and instruments executed and delivered in connection with each of the foregoing.

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"LOAN EVENT OF DEFAULT" means any of the events specified in Section 5.1 of the Loan Agreement, PROVIDED that any requirement for the giving of notice, the lapse of time, or both, or any other condition, event or act has been satisfied.

"LOAN POTENTIAL EVENT OF DEFAULT" means any event, condition or failure which, with notice or lapse of time or both, would become a Loan Event of Default.

"LOSS PROCEEDS" is defined in Section 10.6 of each Lease.

"MASTER AGREEMENT" means the Master Agreement, dated as of July 16, 1996 among the Lessees, the Guarantor, the Lessor, the Agent and the Lenders.

"MATERIAL ADVERSE EFFECT" means a material adverse effect upon the financial condition, operations, performance or properties of a Lessee or the Guarantor, or the ability of the Guarantor or any Lessee to perform in any material respect under the Operative Documents or the value, utility or useful life of any Leased Property, or the validity, enforceability or legality of any of the Operative Documents, or the priority, perfection or status of any Funding Party's interest in any Leased Property.

"MORTGAGE" means, with respect to any Leased Property, that certain mortgage or deed of trust, dated as of the related Closing Date, by the Lessor to the Agent, in the form of Exhibit D-1 or D-2, as applicable, attached to the Master Agreement, with such modifications as are satisfactory to the Lessor and the Agent in conformity with Applicable Law to assure customary remedies in favor of the Agent in the jurisdiction where the Leased Property is located.

"MULTIEMPLOYER PLAN" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five year period.

"NEW TAXES" is defined in Section 7 of the Master Agreement.

"NOTES" means the A Note and the B Note issued by the Lessor under the Loan Agreement, and any and all notes issued in replacement or exchange therefor in accordance with the provisions thereof.

"OFFICER'S CERTIFICATE" of a Person means a certificate signed by the Chairman of the Board or the President or any Executive Vice President or any Senior Vice President or any

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other Vice President of such Person signing with the Treasurer or any Assistant Treasurer or the Controller or any Assistant Controller or the Secretary or any Assistant Secretary of the such Person, or by any Vice President who is also Controller or Treasurer signing alone.

"OPERATIVE DOCUMENTS" means the Master Agreement, the Guaranty, the Deeds, the Leases, the Lease Participation Agreement, the Security Agreement and Assignment, the Notes, the Joinder Agreements, the Loan Agreement, the Assignments of Lease and Rents, the Mortgages and the other documents delivered in connection with the transactions contemplated by the Master Agreement.

"OVERDUE RATE" means the lesser of (a) the highest interest rate permitted by Applicable Law and (b) an interest rate per annum (calculated on the basis of a 365-day (or 366-day, if appropriate) year equal to 2.0% above the Alternative Rate in effect from time to time.

"PARTIAL PURCHASE OPTION" is defined in Section 14.1(b) of each Lease.

"PARTICIPATION PERCENTAGE" is defined in Section 2.1 of the Lease Participation Agreement.

"PAYMENT DATE" means the first day of each January, April, July and October, or, if such day is not a Business Day, the next Business Day.

"PBGC" means the Pension Benefit Guaranty Corporation, and any successor thereto.

"PERMITTED LIENS" means the following with respect to any Leased Property: (a) the respective rights and interests of the related Lessee, Lessor, the Agent, the Lease Participant and any Lender, as provided in the Operative Documents, (b) Liens for Taxes either not yet due or being contested in good faith and by appropriate proceedings, so long as enforcement thereof is stayed pending such proceedings, (c) materialmen's, mechanics', workers', repairmen's, employees' or other like Liens arising after the related Closing Date in the ordinary course of business for amounts either not yet due or being contested in good faith and by appropriate proceedings, so long as enforcement thereof is stayed pending such proceedings, (d) Liens arising after such Closing Date out of judgments or awards with respect to which at the time an appeal or proceeding for review is being prosecuted in good faith, so long as the enforcement thereof has been stayed pending such appeal or review, (e) easements, rights of way, reservations, servitudes and rights of others against the Land which are listed on Schedule B to the Title Policy,

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(f) assignments, leases and subleases expressly permitted by the Operative Documents and (g) Liens created pursuant to the IDB Documentation.

"PERSON" means an individual, corporation, partnership, joint venture, association, joint-stock company, trust, nonincorporated organization or government or any agency or political subdivision thereof.

"PLAN" means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

"PLANS AND SPECIFICATIONS" means with respect to any Building the final plans and specifications for such Building prepared by the Architect, and referred to by the Appraiser in the Appraisal, as such Plans and Specifications may be hereafter amended, supplemented or otherwise modified from time to time.

"PNC" is defined in the preamble to the Master Agreement.

"POTENTIAL EVENT OF DEFAULT" means any event, condition or failure which, with notice or lapse of time or both, would become an Event of Default.

"PURCHASE AGREEMENT" means with respect to any Land, the purchase agreement with the Seller for the conveyance of such Land to the Lessor.

"PURCHASE OPTION" is defined in Section 14.1 of each Lease.

"RECOURSE DEFICIENCY AMOUNT" means the sum of (i) the aggregate principal amount of the A Loans, PLUS the A Percentage of the Lessor's Invested Amounts, PLUS (ii) all accrued and unpaid Yield on the A Percentage of the Lessor's Invested Amounts and all accrued and unpaid interest on the A Loans.

"REGULATIONS" means the income tax regulations promulgated from time to time under and pursuant to the Code.

"RELEASE" means the release, deposit, disposal or leak of any Hazardous Material into or upon or under any land or water or air, or otherwise into the environment, including, without limitation, by means of burial, disposal, discharge, emission,

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injection, spillage, leakage, seepage, leaching, dumping, pumping, pouring, escaping, emptying, placement and the like.

"RELEASE DATE" means, with respect to any Leased Property, the earlier of (i) the date that the related Leased Property Balance has been paid in full, and (ii) the date on which the Agent gives notice to the Lessor that the Lease Participant and the Lenders release any and all interest they may have in such Leased Property, and all proceeds thereof, and any rights to direct, consent or deny consent to any action by the Lessor with respect to such Leased Property.

"REMARKETING OPTION" is defined in Section 14.6 of each Lease.

"RENT" means Basic Rent and Supplemental Rent, collectively.

"RENT PERIOD" means, with respect to any Leased Property, initially the period commencing on the related Closing Date and ending on the first Payment Date, and thereafter each period from one Payment Date to the next following Payment Date.

"REPORT" is defined in Section 7.5 of the Master Agreement.

"REQUIRED LENDERS" means, at any time, Lenders holding an aggregate outstanding principal amount of Loans equal to at least 66-2/3% of the aggregate outstanding principal amount of all Loans.

"REQUIRED FUNDING PARTIES" means, at any time, Funding Parties holding an aggregate outstanding principal amount of Funded Amounts equal to at least 66-2/3% of the aggregate outstanding principal amount of all Funded Amounts.

"REQUIREMENTS OF LAW" means, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, permit, approval, authorization, license or variance, order or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, including, without limitation, the Securities Act, the Securities Exchange Act, Regulations G, T, U and X, and any building, environmental or land use requirement or permit or occupational safety or health law, rule or regulation.

"RESPONSIBLE FINANCIAL OFFICER" is defined in Section 7.1(c) of the Guaranty.

"RESPONSIBLE OFFICER" means the Chairman or Vice Chairman of the Board of Directors, the Chairman or Vice Chairman of the

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Executive Committee of the Board of Directors, the President, any Senior Vice President or Executive Vice President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, or any Assistant Treasurer.

"SCHEDULED CONSTRUCTION TERMINATION DATE" means with respect to any Building the twenty-four-month anniversary of the Closing Date for the related Land.

"SEC" means the United States Securities and Exchange Commission.

"SECURITIES" means any stock, shares, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities", or any certificates of interest, shares, or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire any of the foregoing.

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

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

"SECURITY AGREEMENT AND ASSIGNMENT" means, with respect to any Leased Property, the Security Agreement and Assignment (Construction Contract, Architect's Agreement, Permits, Licenses and Governmental Approvals, and Plans, Specifications and Drawings) from the related Lessee to the Lessor, substantially in the form of Exhibit C to the Master Agreement.

"SELLER" means as to any Leased Property, the seller thereof to the Lessor or an Authority, as applicable, on the related Closing Date.

"SENIOR FUNDED INDEBTEDNESS" means any Funded Indebtedness of Cardinal that is not subordinated in right of payment to any other Indebtedness of Cardinal.

"SUBSIDIARY" means for any Person any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.

"SUNTRUST" means SunTrust Banks, Inc., a Georgia corporation.

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"SUNTRUST BANK" is defined in the preamble to the Master Agreement.

"SUPPLEMENTAL RENT" means any and all amounts, liabilities and obligations other than Basic Rent which a Lessee assumes or agrees or is otherwise obligated to pay under the related Lease or any other Operative Document (whether or not designated as Supplemental Rent) to the Lessor, the Agent, the Lease Participant, any Lender or any other party, including, without limitation, amounts under Article XVI of such Lease, and indemnities and damages for breach of any covenants, representations, warranties or agreements, and all overdue or late payment charges in respect of any Funded Amount.

"SURRENDER OPTION" is defined in Section 14.6 of each Lease.

"TAX" or "TAXES" is defined in Section 7.4 of the Master Agreement.

"TAX INDEMNITEE" means the Lessor, the Lease Participant, the Agent, any Lender and their respective Affiliates, successors, permitted assigns, permitted transferees, employees, officers, directors and agents thereof, PROVIDED, HOWEVER, that in no event shall any Lessee or the Guarantor be a Tax Indemnitee.

"TITLE INSURANCE COMPANY" means the company that has or will issue the title policies with respect to a Leased Property, which company shall be reasonably acceptable to the Funding Parties.

"TITLE POLICY" is defined in Section 3.1 of the Master Agreement.

"TOTAL CAPITAL" means the sum of Funded Debt, PLUS tangible shareholders' equity (as determined in accordance with GAAP).

"TRANSACTION" means all the transactions and activities referred to in or contemplated by the Operative Documents.

"UCC" means the Uniform Commercial Code of Georgia, as in effect from time to time.

"UNFUNDED BENEFIT LIABILITIES" means with respect to any Plan or Multiemployer Plan at any time, the amount of unfunded benefit liabilities of such Plan or Multiemployer Plan at such time as determined under ERISA Section 4001(a)(18) which shall not be less than the accumulated benefit obligation, as disclosed in accordance with FAS 87, over the fair market value of Plan or Multiemployer Plan assets.

"YIELD" is defined in Section 2.3 of the Master Agreement.

VENDOR PROGRAM AGREEMENT

THIS VENDOR PROGRAM AGREEMENT ("Agreement") is dated as of October 10, 1991 by and between GENERAL ELECTRIC CAPITAL CORPORATION ("GE CAPITAL"), a New York corporation, with an address at 55 Federal Road, POB 3199, Danbury, CT 06813-3199, Attn: Manager of Operations, Vendor Financial Services, and PYXIS CORPORATION, its successors and assigns ("PYXIS"), a Delaware corporation with its principal place of business and address at 11425 Sorrento Valley Road, San Diego, CA 92121, Attn: Chief Financial Officer.

R E C I T A L S

PYXIS and GE CAPITAL are entering into this Agreement with the principal objective of providing a customer financing capability in the form of leases and/or secured financing to support PYXIS's domestic sales (the "Program") of new equipment manufactured and distributed by PYXIS ("Equipment").

PYXIS proposes, from time to time, to sell and/or assign to GE CAPITAL all of its right, title and interest in and to all payments due under certain Rental Agreements ("Rental Agreements") by and between PYXIS and PYXIS's customers ("Customers"). GE CAPITAL may, from time to time, agree to purchase and take assignment of the Rental Agreements upon the terms and conditions described herein.

All capitalized terms are defined in Section 16.

NOW THEREFORE, in consideration of the above premises and of the representations, warranties and agreements contained herein, the parties hereby agree as follows:

1. FINANCING. GE CAPITAL and PYXIS agree that, subject to the terms hereof, and provided that no Default has occurred, GE CAPITAL may from time to time offer to develop certain financing products for use in the Program and make them available to Customers. Nothing contained herein shall require PYXIS to accept such products or to refer any Customers to GE CAPITAL or require GE CAPITAL to develop or make or continue to make available specific products or approve any Customer referred by PYXIS.

2. RENTAL AGREEMENTS. PYXIS shall cause a prospective Customer to complete and deliver to GE CAPITAL an Offer Document Package. Upon receipt thereof, GE CAPITAL shall review and either approve or reject the Offer Document Package and shall notify PYXIS of its determination; provided that GE CAPITAL shall make such determination within two (2) business days from its receipt of a completed Offer Document Package for any Rental Agreement where the Proposed Purchase Price is less than \$500,000. Upon notification, PYXIS shall (a) advise the Customer of the approval of a proposed Rental Agreement, and shall cause the Final Document Package to be delivered to GE CAPITAL or (b) provide the Customer with any required ECOA Notices.

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3. REVOCATION OF APPROVAL. Notwithstanding anything to the contrary contained herein, GE CAPITAL may revoke its agreement to accept assignment of a Rental Agreement, and may transfer to PYXIS any right, title or interest which it may have acquired in such Rental Agreement or the Equipment governed thereby if either (a) GE CAPITAL has not received the Final Document Package within sixty (60) days after the date GE CAPITAL notified PYXIS of the approval of a Rental Agreement, or (b) the Rental Agreement is terminated by the Customer at any time during the Free Use Period or (c) prior to either receipt by GE CAPITAL of the Final Document Package or payment by GE CAPITAL of the Purchase Price, GE CAPITAL determines, in its good faith judgment, that an Event of Cancellation has occurred. Upon revocation of its agreement to accept assignment of a Rental Agreement, GE CAPITAL shall have no further liability to the Customer or to PYXIS in connection with the Rental Agreement.

4. ACQUISITION OF TRANSACTION. Provided that: (a) GE CAPITAL has not revoked its approval of a Rental Agreement, (b) no Default has occurred, (c) GE CAPITAL has received the Final Document Package, (d) the Customer has accepted the Equipment for all purposes under the Rental Agreement, and (e) the Free Use Period has expired, GE CAPITAL shall pay PYXIS the Purchase Price of the Equipment. Title to the Rental Agreement (to be evidenced by documents in form and substance satisfactory to GE CAPITAL) will pass to GE CAPITAL upon the

expiration of the Free Use Period, free of all liens, claims and encumbrances whatsoever except the rights of the Customer thereunder.

5. GRANT OF SECURITY INTEREST. As security for the payment and performance of each obligation of a Customer under each Rental Agreement, whether due or to become due, now existing or hereafter contracted for and any renewals, novations, extensions and modifications thereof, PYXIS hereby gives, grants and assigns to GE CAPITAL, its successors and assigns, a security interest in and against any Equipment governed by such Rental Agreement and in and against any and all additions, accessories, substitutions, replacements or exchanges of such Equipment, and any and all insurance and/or other proceeds thereof (all of which is hereinafter individually and collectively referred to as the "Collateral").

6. STANDARD RATES. GE CAPITAL shall advise PYXIS from time to time (but not more often than quarterly) of the Standard Rates applicable to Rental Agreements. GE CAPITAL shall have no obligation to enter into any Rental Agreement that provides for a rate different from the then current Standard Rate or a special rate previously approved by GE CAPITAL in writing. Standard Rates shall be effective fifteen (15) days after notice to PYXIS. GE CAPITAL shall honor all Standard Rate quotations by PYXIS which predate the effective date of a new Standard Rate, provided that a completed and duly executed Offer Document Package is received by GE CAPITAL within ninety (90) days after the date of such quotation. PYXIS agrees that it shall not submit any Rental Agreements to GE CAPITAL pursuant to which the Customer is charged a rate other than such Standard Rate or other specially approved rate.

7. GENERAL ADMINISTRATIVE SERVICES. (a) GE CAPITAL will provide general administrative services in connection with the Rental Agreements, including but not limited to credit investigation, billing and collecting. GE CAPITAL shall have the right to deal with all Rental Agreements and Customers in the sole exercise of its business judgment. GE CAPITAL's and PYXIS's rights and obligations hereunder shall remain unaffected by any such activity. PYXIS hereby irrevocably appoints GE CAPITAL its attorney-in-fact to act in its name and stead in regard of the Rental Agreements to endorse or

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sign PYXIS's name on all checks, collections, receipts or other documents with regard to the Rental Agreements, as GE CAPITAL deems necessary or appropriate to protect its right and interest in and to the Collateral, the Rental Agreements.

(b) GE CAPITAL shall designate a manager for the Program and shall provide a toll-free telephone number for use in connection with the Program. GE CAPITAL agrees to provide periodic reports to PYXIS showing amounts purchased, delinquency and such other matters as the parties may agree upon.

(c) GE CAPITAL shall provide monthly billing and collection services to PYXIS for maintenance payments provided for pursuant to service agreements with Customers, in such amounts and in connection with such Rental Agreements as PYXIS shall notify GE CAPITAL, using procedures substantially similar to those used by GE CAPITAL for its own accounts. Subject to the provisions of this Agreement, GE CAPITAL shall remit all sums actually collected to PYXIS on a monthly basis, along with a report summarizing the collection activity for the previous month. GE CAPITAL shall have no obligation to undertake any collection activity separate from collection activity on a Rental Agreement with regard to such payments and shall have no liability to any party in connection therewith. In consideration of GE CAPITAL's services pursuant to this paragraph, PYXIS agrees to pay GE CAPITAL a monthly fee of \$8 per applicable Rental Agreement, and agrees that GE CAPITAL may deduct such amount from the amounts remitted to PYXIS.

8. PYXIS REPRESENTATIONS, WARRANTIES AND COVENANTS. PYXIS hereby represents, warrants and covenants to GE CAPITAL, its successors and assigns, as of the date hereof, of the Offer Document Package and of last day of any Free Use Period, that:

(a) PYXIS is a duly organized and validly existing corporation and has full power to enter into this Agreement and to carry out the transactions contemplated hereby and is duly licensed under all applicable federal, state and local statutes and regulations to carry on its business and possesses adequate licenses under the applicable patents, patent applications, copyrights, trademarks and trade names to conduct its business;

(b) the execution and delivery of this Agreement and the performance by PYXIS of the transactions contemplated hereby have been duly authorized by all

necessary corporate action;

(c) this Agreement constitutes a legal, valid and binding obligation of PYXIS enforceable in accordance with its terms;

(d) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will constitute a violation or default of any statute, rule, or decree of any court, administrative agency or governmental body to which PYXIS is or may be subject;

(e) the execution and delivery by PYXIS of this Agreement does not constitute a material default with respect to any indenture, loan agreement or other agreement to which it is bound, and there are no suits or proceedings pending or, to the knowledge of PYXIS, threatened in any court or before any regulatory commission, board or other administrative or governmental agency against or affecting PYXIS which could materially impair PYXIS's ability to perform its obligations hereunder;

(f) the financial statements of PYXIS delivered to GE CAPITAL from time to time fairly present the financial position of PYXIS as of the dates thereof and the results of operations of PYXIS for the periods covered thereby, all in conformity with generally accepted accounting principles

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applied on a consistent basis, and since the date of the latest such financial statements, there has been no Material Adverse Change in the Financial Condition of PYXIS;

(g) PYXIS will promptly deliver to GE CAPITAL such information concerning the financial or other condition of PYXIS as GE CAPITAL may reasonably request from time to time;

(h) all documents relating to any Rental Agreement to which PYXIS is a party or by which it is bound will be genuine, legal, valid, and binding obligations of PYXIS, enforceable in accordance with their terms and PYXIS will not amend, change, settle, or compromise any Rental Agreement or take or agree to any action which would diminish the value of any Collateral or change the number or amount of payments due or to become due under any Rental Agreement without the prior written consent of GE CAPITAL;

(i) all documents relating to any Rental Agreement are the legal, valid and binding obligation of the Customer named therein, enforceable according to their respective terms, and the signature of the named Customer is genuine;

(j) there are and will be no agreements made or express or implied warranties given between PYXIS or its agents and any Customer in connection with any Rental Agreement, except as contained in any purchase or maintenance agreement between such Customer and PYXIS or its agents, a true and correct copy of which has been delivered to GE CAPITAL;

(k) PYXIS has not received and will not receive any rent or other monies from any Customer in respect of any Rental Agreement (other than any required advance rent) and will immediately remit any advance rent or other funds to GE CAPITAL if received;

(l) GE CAPITAL shall have good title to any Rental Agreement and shall have a first priority security interest in all Equipment and other Collateral, in each case free and clear of all liens, claims, security interests and encumbrances on and as of the date the Equipment or other Collateral is accepted by each Customer and on and as of the last day of the Free Use Period;

(m) PYXIS and its agents have not participated in and have no knowledge of any fraudulent act in connection with any Rental Agreement or to any Customer;

(n) the Equipment (and any related application or operating system software) shall have been delivered to and accepted by the named Customer, properly installed at the location indicated in the applicable Offer Document Package, and is, and (if required by any agreement between PYXIS and Customer) shall be, maintained in good working order, condition and repair, conforming to specifications;

(o) all credit or other information reasonably relevant to a credit determination concerning the Customer known to PYXIS will have been disclosed to GE CAPITAL;

(p) all applicable sales, use, or property taxes which may apply to the

Equipment assessed or imposed on or prior to the time GE CAPITAL acquires the Rental Agreement, shall have been paid or will be timely remitted by PYXIS to the appropriate taxing authority and PYXIS will on request provide GE CAPITAL with proof of such payment as promptly as possible;

(q) At all times during the term of any Rental Agreement, PYXIS, through itself or its agents, shall maintain sufficient facilities, personnel and supplies (including without limitation necessary replacement and other component parts) to use, maintain and service the Equipment, and PYXIS shall diligently perform all warranty and contractual maintenance and service obligations (whether or not such obligations are part of a Rental Agreement or of a separate maintenance agreement governing Equipment subject to a Rental

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Agreement). PYXIS shall not transfer or assign its obligation to provide maintenance to Customers or to maintain service capability without the prior written consent of GE CAPITAL, which shall not be unreasonably withheld, provided that this section shall not prohibit the routine subcontracting of maintenance or service obligations;

(r) PYXIS has the right to assign the Rental Agreement to GE CAPITAL without the consent of the Customer or has obtained any required consent; and

(s) At all times during the term of any Rental Agreement, PYXIS shall maintain liability insurance in the amount of \$1,000,000 per occurrence and shall cause GE CAPITAL to be named thereon as additional insured.

9. GE CAPITAL REPRESENTATIONS AND WARRANTIES. GE CAPITAL hereby represents and warrants and covenants to PYXIS, its successors and permitted assigns, as of the date hereof, that:

(a) GE CAPITAL is a corporation duly organized, validly existing and in good standing under the laws of New York and has the corporate power and authority to carry on its business.

(b) The execution and delivery of the Agreement by GE CAPITAL and the performance by GE CAPITAL of its obligations hereunder have been duly authorized by all necessary corporate action on the part of GE CAPITAL and do not and will not violate (i) any provision of the charter documents of GE CAPITAL or constitute default under any statute or law or any judgment of any court or governmental authority to which GE CAPITAL may be subject, or (ii) any contract, indenture, mortgage, loan agreement, or other instrument to which GE CAPITAL may be subject, which violation would have a material adverse effect upon the operation or properties of GE CAPITAL.

(c) This Agreement constitutes the legal, valid and binding obligation of GE CAPITAL enforceable against GE CAPITAL in accordance with its terms, except as the enforcement thereof may be limited by laws now or hereafter in effect relating to creditors' rights generally.

10. INDEMNIFICATION. PYXIS shall indemnify and hold harmless GE CAPITAL, its affiliates, subsidiaries, employees, officers, directors and agents, from and against any and all losses, claims by or against GE CAPITAL, liabilities, demands and expenses whatsoever, including without limitation reasonable attorneys' fees and costs, arising out of or in connection with any breach by PYXIS of its representations, warranties or obligations hereunder or with any act, failure to act, omission, representation or misrepresentation (including but not limited to those in connection with any Rental Agreement, Equipment or other Collateral and any related operating system or application software and agreements and conduct relating thereto or the services rendered by GE CAPITAL in connection with the billing and collection of maintenance payments pursuant hereto, or the sale, use, operation, possession, servicing or maintenance thereof) by PYXIS, its affiliates, subsidiaries or dealers or the employees, officers or agents of any of the foregoing. GE CAPITAL shall not be required as a condition of payment hereunder by PYXIS to contest or permit PYXIS to contest any of the foregoing or to attempt to recover from any Customer through legal proceedings or otherwise. All indemnities and obligations under this Section 10 shall survive the expiration or termination of this Agreement and the expiration or termination of any Rental Agreement.

11. PYXIS AGREEMENTS. (a) PYXIS hereby agrees (i) that GE CAPITAL as assignee shall not be liable for any obligations of a Customer thereunder and

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(ii) that within 10 days of receipt of a notice from GE CAPITAL that a default under a Rental Agreement has been reasonably determined to arise out of the failure of PYXIS to comply with its maintenance or service obligations in regard to any Equipment, PYXIS shall pay GE CAPITAL an amount equal to the sum of (i) all amounts due and owing under such Rental Agreement as of the date of default, including without limitation late charges and penalties, and (ii) all remaining scheduled payments thereunder, discounted to present value at the rate used to calculate the amount of the scheduled payments, as shown on the books and records of GE CAPITAL in regard of such Rental Agreement.

(b) PYXIS agrees that GE CAPITAL may offset any amount then due GE CAPITAL against sums then or thereafter due PYXIS, and further agrees that PYXIS's obligations with respect to a Rental Agreement shall not be conditioned upon, or in any way affected by: notice of debt or obligation of the Customer to GE CAPITAL or of default or breach of such debt or obligation; any requirement that GE CAPITAL exhaust its remedies against the Customer; presentment, protest and demand and notice of protest and demand (or any of them) with respect to such Rental Agreement; any extension of time or performance to, or any settlement or granting of any indulgence to, or any modification of any obligation of Customer; GE CAPITAL'S failure to enforce any provision of the Rental Agreement; the acceptance, alteration, or release of any security provided by Customer; or Customer's voluntary or involuntary bankruptcy, assignment for the benefit of creditors, reorganization or similar proceedings affecting Customer or any of its assets, or the release of Customer from any of its agreements pursuant to the Rental Agreement, by operation of law or otherwise.

12. REMARKETING ASSISTANCE. (a) Following the termination of a Rental Agreement upon the default of a Customer, upon GE CAPITAL'S request and provided that GE CAPITAL has made the Equipment legally available, PYXIS shall use its best efforts to assist GE CAPITAL in de-installation, removal, appraisal, refurbishing, storage (including insurance during storage) and disposition of the Equipment, by sale or re-lease, upon terms and conditions mutually acceptable to GE CAPITAL and such purchaser or new Customer; provided that GE CAPITAL shall reimburse PYXIS for out-of-pocket costs previously approved by GE CAPITAL, including sales commissions, if any, upon presentation of satisfactory evidence thereof. In the performance of its obligations under this Section, PYXIS shall not discriminate between Equipment owned by GE CAPITAL, and equipment owned by PYXIS or any other party to which PYXIS may be bound to provide remarketing assistance. PYXIS will offer its customary warranty and maintenance service on comparable used equipment to the purchaser or lessee of any remarketed Equipment.

(b) PYXIS shall remit the proceeds of remarketing of any Equipment promptly to GE CAPITAL. GE CAPITAL shall apply such proceeds (i) first, to pay its costs incurred in connection with the foreclosure, repossession and remarketing of the Equipment, including without limitation reimbursed costs, attorneys' fees and costs, (ii) second, to any deficiency balance attributable to the defaulted Rental Agreements on its books and records, and (iii) third, unless otherwise required by law, any excess shall be divided equally between PYXIS and GE CAPITAL.

13. FIRST YEAR PAYMENT. In order to induce GE CAPITAL to enter into this Agreement, PYXIS has represented that the average Purchase Price for all Rental Agreements assigned to GE CAPITAL during the twelve month period from the date hereof (the "First Year") shall equal or exceed \$150,000. PYXIS

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agrees that (a) if the average Purchase Price of all such Rental Agreements is between \$50,000 and \$149,999, PYXIS shall pay GE CAPITAL promptly upon receipt of notice an amount equal to \$5,000 for each \$1,000,000 (or portion thereof) aggregate Purchase Price paid by GE CAPITAL to PYXIS during the First Year, and (b) if the average Purchase Price of all such Rental Agreements is less than \$50,000, PYXIS shall pay GE CAPITAL promptly upon receipt of notice an amount equal to \$7,500 for each \$1,000,000 (or portion thereof) aggregate Purchase Price paid by GE CAPITAL to PYXIS during the First Year.

14. TERM AND TERMINATION. This Agreement shall be effective upon execution by GE CAPITAL and PYXIS and shall continue from such effective date until terminated by either party at any time upon sixty (60) days prior written notice; provided that either party may terminate this Agreement immediately upon notice to the other in the event of a breach by the other party. Upon termination or expiration of this Agreement, the obligations of the parties with respect to Rental Agreements not approved by GE CAPITAL shall cease.

15. MISCELLANEOUS. (a) GE CAPITAL and PYXIS acknowledge that they

are separate entities, each of which has entered into this Agreement for independent business reasons. PYXIS shall have no right or authority to, and will not attempt to, accept collections, repossess or consent to the return of the Equipment (other than for repairs or as otherwise consented to in a prior writing by GE CAPITAL) or otherwise modify the terms of any Rental Agreement in any way whatsoever.

(b) The rights and obligations of PYXIS hereunder may not be assigned without the written consent of GE CAPITAL, except that PYXIS may assign its rights to receive money or other payments under this Agreement.

(c) The provisions of this Agreement and the rights and obligations of the parties hereto shall survive the execution and delivery hereof, and except insofar as they relate to entering into further Rental Agreements, shall survive the termination of this Agreement.

(d) Notices of PYXIS or GE CAPITAL under this Agreement shall be deemed to have been given if sent by recognized overnight delivery or registered or certified mail, return receipt requested, to the other party at the address first stated above or such other address as such party may have provided by notice.

(e) The parties agree that this Agreement has been executed and delivered in, and shall be construed in accordance with the laws (other than the choice of law provisions) of, the State of New York. All actions in connection with this Agreement shall be maintained in the federal or state courts of New York.

(f) If any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

(g) This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and incorporates all representations made in connection with negotiation of the same. The terms may not be terminated or amended orally, but only by a writing duly executed by each of the parties hereto. Additional terms of this Agreement may from time to time be set forth in written Riders hereto, all of which are hereby incorporated by reference herein.

(h) This Agreement and any amendments hereto shall be binding on and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

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(i) In the event there is any conflict between this Agreement and any ancillary agreements with respect to any Rental Agreement or Equipment, the terms and conditions of this Agreement shall control.

16. DEFINITIONS.

(a) "Agreement" means this Vendor Program Agreement, as amended from time to time.

(b) "Customer" means a qualified customer of PYXIS who is an obligor under a Rental Agreement or guarantor of the obligations of such Customer.

(c) "Default" means a breach by PYXIS of any representation, warranty, covenant or term of this Agreement or of any documents by which PYXIS is bound in connection with a Rental Agreement or a default by PYXIS under any other agreement by and between PYXIS or any affiliate thereof and GE CAPITAL and any affiliate thereof.

(d) "ECOA" means the federal Equal Credit Opportunity Act.

(e) "ECOA Notice" means a notice to the Customer whose application for credit has been denied or conditionally approved in the form required by the ECOA.

(f) "Event of Cancellation", with respect to a Rental Agreement, means (i) a Material Adverse Change in Financial Condition, business or operations of PYXIS since the date of this Agreement or of the Customer since the date of the related Offer Document Package, the time Equipment related to such Rental Agreement is to be accepted by the Customer or the last day of a Free Use Period, or (ii) a breach of any term of such Rental Agreement or of any related guaranty or credit support agreement, or (iii) any Default, or (iv) the occurrence of an event which causes a representation made by Customer, PYXIS or any other party in connection with the Rental Agreement or under this Agreement to be or become false or misleading in any material respect or, (v) notification by a Customer to PYXIS or to GE CAPITAL of its intent to cancel all or any part of the Rental Agreement or to reject or refuse to accept any Equipment governed thereby.

(g) "Final Document Package" means such other and further documents as GE CAPITAL shall from time to time require in accordance with its standard procedures for the Program (including without limitation evidence of the original cost of any Equipment) in order to complete Rental Agreement and to pay the Purchase Price of Equipment to PYXIS.

(h) "Free Use Period" means the period so named in a Rental Agreement during which a Customer is entitled to use of Equipment without charge and with rights of cancellation.

(i) "Material Adverse Change in Financial Condition" means (i) a significant negative change in any financial condition from the financial condition reflected in the most recent financial statements delivered to GE CAPITAL by PYXIS or a Customer; (ii) insolvency, inability to pay debts as they mature, failure to operate as a going concern, filing under Title II of the United States Code or any successor or similar federal or state statute, assignment for the benefit of creditors, appointment of a receiver, dissolution or change in the corporate structure or in a material portion of stock or asset ownership; or (iii) as to a Customer, the death or incapacity of any principal thereof.

(j) "Offer Document Package" means an application (including credit information concerning the Customer) and any other documents required by GE CAPITAL to initiate its consideration of a proposed Rental Agreement.

(k) "Purchase Price" means the present value of the aggregate rental payments scheduled under a Rental Agreement for the fixed term thereof, discounted at the Standard Rate applicable thereto or such other special rate as may have been previously approved by GE CAPITAL in writing.

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(l) "Rental Agreement" means the PYXIS Rental Agreement in substantially the form attached hereto as Exhibit A, as it may be amended from time to time with the prior written consent of GE CAPITAL, and any renewal, extension and novation, guaranty thereof and any credit enhancement required of a Customer in regard thereto.

(m) "Standard Rates" means the lease or financing rates applicable to Rental Agreements as defined in Section 6.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives on the date set forth below.

PYXIS CORPORATION

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ G.E. Forth

By: /s/ Thomas H. Mann

Title: V.P. & C.F.O

Title: V.P. & Gen. Mgr.

Date: 10/10/91

Date: 10/11/91

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ASSIGNMENT

CUSTOMER LEGAL NAME: _____

CREDIT APPROVAL NO. _____

PURCHASE PRICE: _____

RENTAL AGREEMENT consisting of:

* Rental Agreement Dated: _____

* Notice of Assignment Dated: _____

* Guaranty (Guarantor name and address): _____

* Other (including UCC-1, if applicable): _____

FOR VALUE RECEIVED, PYXIS CORPORATION, a Delaware corporation, as assignor ("Assignor") hereby GRANTS, TRANSFERS, ASSIGNS, SETS OVER and CONVEYS to GENERAL ELECTRIC CAPITAL CORPORATION, its successors and assigns, as

assignee ("Assignee") all of the right, title and interest of Assignor in, to and under the Rental Agreement described above, the true, correct and complete original of which is attached hereto and made a part hereof, all payments due or to become due thereunder, and a first priority security interest in the Equipment described therein, and all present and future accessions, attachments, replacements, substitutions and additions and all proceeds thereof (collectively referred to hereafter as the "Account"), WITHOUT RECOURSE or warranty except as provided herein. Notwithstanding the foregoing, Assignor shall retain all obligations for training, service and maintenance under said Rental Agreement and/or related to said Equipment. Assignor authorizes Assignee to collect any and all installments on the Account and to take action thereunder which Assignor might otherwise take.

To induce Assignee to purchase the Account, Assignor warrants that:

- (a) The Account is a genuine, legal, binding obligation of a bona fide lessee (hereafter called "Customer") enforceable in accordance with its terms for the amount owing thereunder as shown above.
- (b) All information contained therein are true and correct.
- (c) The Equipment has been previously duly delivered or installed, as applicable and accepted by Customer.
- (d) The Account is and will be free from any liens, setoffs, counterclaims and other defenses.
- (e) Assignor has the right to assign the Account and this Assignment conveys good title to the Account and Equipment described therein, free and clear of any other liens and encumbrances whatsoever.

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This Assignment is governed by and subject to the terms of that certain Vendor Program Agreement dated as of October , 1991 by and between Assignor and Assignee.

Dated _____ 19 _____

ASSIGNOR: PYXIS CORPORATION

By: _____

Title: _____

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NOTICE OF ASSIGNMENT

(Insert Date of Transaction) _____

TO: (Insert Customer Legal Name and Address) _____

RE: Rental Agreement No. _____ Dated _____

Dear Customer:

In accordance with your Rental Agreement with Pyxis Corporation ("PYXIS") dated _____, PYXIS has assigned all payments pursuant to the Rental Agreement, beginning with your payment due _____, to GENERAL ELECTRIC CAPITAL CORPORATION ("GE CAPITAL"). GE CAPITAL will invoice you for the _____ remaining payments equal to \$ _____ per payment. Your payments should be sent to GE CAPITAL at [P.O. Box 4485, Canton, Ohio 44760].

PYXIS has not transferred its obligations to provide training or maintenance on the Equipment or any related software. All correspondence, questions and payments regarding training and maintenance relating to Equipment or software should be directed to your PYXIS representative. GE CAPITAL will

have no responsibility for training and maintenance. You are obligated to pay the monthly rental or installment payment required by your Rental Agreement to GE CAPITAL notwithstanding any complaint you may have against PYXIS for service, maintenance or otherwise.

The Rental Agreement is the only agreement you have with PYXIS pertaining to the Equipment or software, except for a service agreement dated _____. Also, you have no claim pertaining to the Equipment or software which has been delivered and accepted by you.

Please acknowledge receipt of this Notice of Assignment ("Notice") in the space provided below and return this Notice to GE CAPITAL at _____. In the event that you do not notify GE CAPITAL in writing to the above address within ten (10) days of the above date of any disagreement with the information stated in this Notice, GE CAPITAL will assume you have read and agreed with the information in this Notice.

Sincerely,

PYXIS CORPORATION

I HAVE READ AND AGREED WITH ALL THE INFORMATION CONTAINED IN THE NOTICE.

By: _____

CUSTOMER: _____

Title: _____

By: _____

Title: _____

Date: _____

cc: All Guarantors
GE CAPITAL

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10/30/91

RIDER #1
TO
VENDOR PROGRAM AGREEMENT
DATED AS OF OCTOBER 10, 1991 BETWEEN
GENERAL ELECTRIC CAPITAL CORPORATION ("GE CAPITAL")
AND PYXIS CORPORATION ("COMPANY")

THIS RIDER is hereby incorporated into and made a part of the above referenced Vendor Program Agreement, as amended from time to time (the "Agreement") and is subject to all of the terms and provisions thereof. All terms used and not defined herein shall have the meanings set forth in the Agreement.

COMPANY and GE CAPITAL wish to amend the Agreement to enhance certain aspects of the Program, to permit GE CAPITAL to execute certain financing statements on behalf of COMPANY and to clarify treatment of certain tax collections.

COMPANY has also requested that GE CAPITAL consider Municipal Transactions consisting of leases or lease-purchases by certain qualified municipalities and other political subdivisions be included in the Program, and GE CAPITAL has agreed to do so, subject to the provisions of this Rider. COMPANY understands that it shall be the lessor in Municipal Transactions, that it shall assign its rights thereunder to GE CAPITAL, and that special documentation shall be required for all Municipal Transactions.

NOW THEREFORE, for the consideration set forth herein and in the Agreement, GE CAPITAL and COMPANY hereby agree that:

A. AMENDMENTS. The following subsection is added at the end of Section 7 of the Agreement:

(d) GE CAPITAL shall provide billing and collection services for sales and use taxes which may be assessed or owing in connection in such amounts and in connection with such Rental Agreements and Service Agreements, as applicable, as PYXIS shall notify GE CAPITAL, using procedures substantially similar to those used by GE CAPITAL for its own accounts. GE CAPITAL shall remit all sums actually collected to the appropriate jurisdictions. GE CAPITAL shall have no obligation to

undertake any collection activity separate from collection activity on a Rental Agreement with regard to such payments and shall have no liability to any party in connection therewith.

B. LIMITED POWER OF ATTORNEY. PYXIS hereby appoints GE CAPITAL as its true and lawful attorney, irrevocably and with power of substitution, with full power (in the name of PYXIS or otherwise) to (a) execute and file all financing statements under the Uniform Commercial Code or any similar regulation or statute and any other instrument necessary or desirable for protection of any security under the Agreement and (b) transfer any rights under any Transaction under the Agreement or any Equipment governed thereby to protect GE CAPITAL's rights therein or thereunder.

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C. MUNICIPAL TRANSACTIONS.

1. The following definitions shall apply to this Rider:

(a) "Municipal Lease" means a lease or lease-purchase agreement and all related documents in the form provided by or acceptable to GE CAPITAL, between COMPANY as lessor and a Municipal Lessee.

(b) "Municipal Lessee" means a Lessee which is a state or a political subdivision of the state in which it is located and which, if the Municipal Lease contemplates that interest income received by GE CAPITAL shall not be included in GE CAPITAL's gross income (any such interest income, "Tax-Exempt Income") under the Internal Revenue Code of 1986, as amended (the "Code"), qualifies as an issuer of a State or local bond for purposes of Section 103 of the Code.

(c) "Municipal Transaction" means a Transaction entered into by COMPANY as lessor and by a Municipal Lessee and documented on a Municipal Lease.

(d) "Repurchase Amount" means a sum equal to the total of the following amounts due or to become due under a Municipal Transaction: (i) all accrued rent or installment payments and other sums due and payable under the Municipal Transaction as of the date the Repurchase Amount is paid, plus (ii) the remaining rental or installment payments due during the remainder of the term of the Municipal Transaction, with each such payment discounted to its net present value at the applicable Standard Rate (or the special rate quotation if one was approved) originally used to calculate such payments, plus (iii) the amount of any purchase option set forth in the Municipal Lease, plus (iv) an amount necessary to compensate GE CAPITAL for federal income taxes payable on such Repurchase Amount because of the loss of any expected tax exemption on applicable interest income.

(e) "RFP" means any Request for Proposal or other purchase or offering document issued from time to time by a Municipal Lessee in connection with a Municipal Transaction.

2. COMPANY hereby represents and warrants to GE CAPITAL, its successors and assigns, in connection with any Municipal Transaction, that:

(a) COMPANY has complied and will comply with all bidding requirements applicable to the Municipal Transaction and with all requirements in the RFP, including without limitation those applicable to (i) the Equipment, (ii) the entity (a "Contractor") submitting a proposal in response to the RFP, and (iii) compliance with all federal and state statutes and regulations governing equal employment opportunity, affirmative action and environmental protection. COMPANY is the Contractor named in and subject to the RFP.

(b) The Lessee under the Municipal Transaction is a Municipal Lessee.

(c) Each scheduled payment under any Municipal Transaction which contemplates that Tax-Exempt Income shall be received by GE CAPITAL constitutes a payment of principal and interest entirely attributable to the use of the Equipment and no portion thereof is attributable to current expenditures by the Municipal Lessee for maintenance, service or license fees.

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(d) The Municipal Lessee has complied fully with all applicable law governing open meetings, public bidding and appropriations in connection with the Municipal Transaction and the execution of all documents relating to the

Municipal Transaction, and has obtained the necessary unrestricted appropriations to pay all its obligations under the Municipal Transaction accruing during its current fiscal year. The Municipal Lessee has consented to the assignment of the rights of COMPANY in the Municipal Transaction to GE CAPITAL.

(e) The Equipment governed by any Municipal Transaction which contemplates that Tax-Exempt Income shall be received by GE CAPITAL will be used solely by the Municipal Lessee in connection with its governmental and proprietary functions and will not be used by or for the benefit of any private entity.

3. (a) COMPANY shall indemnify and hold GE CAPITAL harmless pursuant to Section 10 of the Agreement in connection with any breach of the representations and warranties of COMPANY set forth in this Rider.

(b) If any Municipal Transaction contemplates that Tax-Exempt Income shall be received by GE CAPITAL and any payment or portion thereof under the applicable Municipal Lease is not deemed to be Tax-Exempt Income, COMPANY shall reimburse GE CAPITAL upon demand for any federal income taxes payable on such payment or portion thereof.

(c) Within ten (10) days of demand and the receipt of notice from GE CAPITAL, COMPANY shall repurchase any Municipal Transaction from GE CAPITAL for the Repurchase Amount applicable thereto in the event that:

(i) the Municipal Transaction is terminated for the convenience of the Municipal Lessee, or

(ii) GE CAPITAL is deemed by any third party to be a Contractor or a sub-contractor under the RFP and GE CAPITAL determines in its sole judgment that it does not comply with any provision of the RFP which would be applicable thereto, in which case the repurchase of the Municipal Transaction shall be effective as of the day preceding the date on which GE CAPITAL is deemed to be a Contractor, or

(iii) a Non-Appropriation (as described in the Municipal Lease) occurs and COMPANY agrees to sell, lease, rent or otherwise provide to the Municipal Lessee equipment serving the same purpose and function as the Equipment within one (1) year.

(d) Any such repurchase shall be on an AS-IS, WHERE-IS BASIS, with no recourse to or warranty whatsoever from GE CAPITAL except as to title. COMPANY agrees that GE CAPITAL may offset any Repurchase Amount then due GE CAPITAL against sums then or thereafter due COMPANY.

4. COMPANY agrees to execute and deliver to GE CAPITAL such further documents and instruments as GE CAPITAL may request to protect its interest in any Municipal Transaction and the Equipment governed thereby, including without limitation ancillary agreements concerning document changes or deficiencies in a Municipal Lease.

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5. The parties specifically agree that each and every lease or lease-purchase agreement with an entity purported to be a Municipal Lessee which has been approved or entered into by GE CAPITAL prior to the date hereof shall be deemed to be a Municipal Transaction governed by and subject to the provisions of the Agreement, as amended, and this Rider.

D. NO OTHER AMENDMENTS. The provisions of this Rider shall be in addition to and not in the place of any other provision of the Agreement. Except as specifically amended herein, all other provisions of the Agreement and the obligations of the parties pursuant thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Rider to be executed by their duly authorized representatives on the date of and in connection with the execution of the Agreement.

GENERAL ELECTRICAL CAPITAL CORPORATION

PYXIS CORPORATION

By: /s/ Thomas H. Mann

By: /s/ Stephen M. Foster

Title: VP & GM

Title: VP Contracts

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RIDER NO. 2
 TO
 VENDOR PROGRAM AGREEMENT
 DATED AS OF OCTOBER 10, 1991
 BETWEEN
 GENERAL ELECTRIC CAPITAL CORPORATION ("GE CAPITAL")
 AND
 PYXIS CORPORATION ("PYXIS")

This Rider is hereby incorporated into and made a part of the above referenced Vendor Program Agreement, as amended from time to time (the "Agreement") and is subject to all of the terms and provisions thereof. Capitalized terms used and not defined herein shall have the meanings set forth in the Agreement.

PYXIS and GE CAPITAL wish to amend the Agreement to enhance certain aspects of the Program and to provide for a long-term competitive captive financing relationship in which GE CAPITAL shall provide additional services and financing in exchange for its appointment as PYXIS's primary captive financing partner;

NOW THEREFORE, for the consideration set forth herein and in the Agreement, GE CAPITAL and PYXIS hereby agree as follows:

A. The term "Equipment" in the first sentence of Section 4 of the Agreement is hereby deleted and the term "Rental Agreement" substituted in its place.

B. The terms "renewals" and "extensions" are hereby deleted from Section 5 of the Agreement.

C. The final four words of Section 7(a) of the Agreement are hereby amended to read "Rental Agreements and the Collateral."

D. The term "Rental Agreement" in the final sentence of Section 7(c) is hereby deleted and the term "service agreement" substituted in its place.

E. Section 8(k) is hereby amended in its entirety to read as follows:

"(k) PYXIS has not received and will not receive any rent or other monies from any Customer in respect of any Rental Agreement (other than any required advance rent) and will immediately remit any advance rent or other funds due to GE CAPITAL during the fixed term of such Rental Agreement if received;"

F. The following sentence is hereby added to the end of Section 11(a):

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"Upon receipt of such payment, GE CAPITAL shall assign to PYXIS all of its right, title and interest in and to such Rental Agreement and the Equipment subject thereto on an AS-IS, WHERE-AS basis."

G. Clause (iii) of Section 12(b) is hereby amended in its entirety to read as follows: "(iii) third, any excess shall be paid to PYXIS."

H. The phrase "(including without limitation evidence of the original cost of any Equipment)" is hereby deleted in its entirety from Section 16(g).

I. The terms "renewal" and "extension" are hereby deleted from Section 16(l).

J. Section C(1)(d) of Rider No. 1 to the Agreement is hereby amended in its entirety to read as follows:

"(d) "Repurchase Amount" means a sum equal to the total of the following amounts due or to become due under a Municipal Transaction: (i) all accrued rent or installment payments and other sums due and payable under the Municipal Transaction as of the date the Repurchase Amount is paid, plus (ii) the remaining rental or installment payments due during the remainder of the

term of the Municipal Transaction, with each such payment discounted to its net present value at the applicable Standard Rate (or the special rate quotation if one was approved) originally used to calculate such payments, plus (iii) the amount of any purchase option set forth in the Municipal Lease, if such purchase option was part of the amount funded by GE CAPITAL, plus (iv) an amount necessary to compensate GE CAPITAL for federal income taxes payable on such Repurchase Amount because of the loss of any expected tax exemption of applicable interest income, if such tax exemption was part of the funding calculation made by GE CAPITAL with respect to such Municipal Transaction.

K. GE CAPITAL FUNDING COMMITMENT. Provided that the Rental Agreements which GE CAPITAL is requested to purchase meet the same credit criteria as the Rental Agreements which GE CAPITAL previously purchased under the Program, GE CAPITAL will use its best efforts to provide up to Seventy Five Million Dollars (\$75,000,000) in financing, subject to the terms of this Rider 2. GE CAPITAL will notify PYXIS on a quarterly basis if it has reason to believe that during the next six (6) month period, it will be unable to finance at least one and a-half (1.5) times the amount financed by GE CAPITAL under the program during the previous six (6) month period.

L. PYXIS VOLUME COMMITMENT. PYXIS agrees that during the term of the Agreement, GE CAPITAL shall remain PYXIS's primary captive financing partner, provided that GE CAPITAL elects to purchase the Rental Agreements which PYXIS shall offer from time to time. In the event that GE CAPITAL does not elect to purchase any such Rental Agreement, PYXIS may find a third party purchaser for any such Rental Agreement. PYXIS represents and warrants that it will provide GE CAPITAL with the opportunity to purchase Forty Million Dollars (\$40,000,000) in volume under the Program during the eighteen (18) month period commencing October 15, 1992 through March 15, 1994 (the "Period"). PYXIS will use its best efforts to provide GE CAPITAL with the opportunity to purchase an additional Twenty Million Dollars (\$20,000,000) in volume under the Program during the Period. PYXIS agrees to pay to GE CAPITAL a pro-rata portion of a good faith commitment fee of Two Hundred Thousand Dollars (\$200,000) (the "Commitment Fee") if less than Forty Million Dollars (\$40,000,000) in volume is purchased by GE CAPITAL during the Period.

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The obligation to pay a pro-rata portion of the Commitment Fee shall be subject to Acts of God or an unforeseeable change in the general business environment in which PYXIS operates.

M. ANNUAL LOSS POOL.

1. The following definitions shall apply to this Section M:

(a) "Estimated Remarketing Proceeds" shall refer to PYXIS's estimate of the fair market value of the Equipment governed by a Rental Agreement as to which a Rental Agreement Default has occurred, minus its reasonable remarketing out-of-pocket costs and applicable taxes.

(b) "Loss Pool Balance" shall refer to the aggregate amount recorded in any Loss Pool Account at any time.

(c) "Loss Pool Credit shall be two and a-half percent (2.5%) of the Purchase Price paid by GE CAPITAL for any Rental Agreement.

(d) "Rental Agreement Default" shall refer to (i) the failure of a Customer to make any payment or perform any obligation due under a Rental Agreement for a period of 90 days (except for the reasons set forth in Section 11(a) of the Agreement) or (ii) a Customer's insolvency, inability to pay debts as they mature, failure to operate as a going concern, filing under Title 11 of the United States Code or any successor or similar federal or state statute, assignment for the benefit of creditors, appointment of a receiver, dissolution or change in a material portion of stock or asset ownership.

(e) "Rental Agreement Default Amount" shall refer to (i) all amounts due and owing under a Rental Agreement as of the date of the Rental Agreement Default, including, interest on the unpaid balance and (ii) all remaining scheduled payments thereunder, discounted to their present value at the applicable Standard Rates.

2. GE CAPITAL and PYXIS shall, for accounting purposes only, establish an annual Loss Pool Account for all Rental Agreements purchased by GE CAPITAL in any calendar year (commencing October 15, 1992).

3. Simultaneously with the payment of the Purchase Price for any Rental

Agreement, GE CAPITAL shall record in the applicable Loss Pool Account an amount equal to the Loss Pool Credit applicable to such Rental Agreement. GE CAPITAL shall on a quarterly basis give PYXIS notice of adjustments to each Loss Pool Account and of each Loss Pool Balance.

4. In the event of a Rental Agreement Default, GE CAPITAL shall give PYXIS written notice thereof and of the Rental Agreement Default Amount. Within ten (10) days of receipt of such notice, PYXIS shall (i) pay GE CAPITAL the Rental Agreement Default Amount, but not more than the applicable Loss Pool Balance at such time and (ii) give GE CAPITAL written notice of the Estimated Remarketing Proceeds of the Equipment governed by such Rental

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Agreement, provided that the amount of the Estimated Remarketing Proceeds may be estimated by GE CAPITAL if written notice thereof is not provided by PYXIS in a timely manner.

5. Upon receipt of the Rental Agreement Default Amount (or if the applicable Loss Pool Balance is less than the Rental Agreement Default Amount, upon receipt of the applicable Loss Pool Balance), GE CAPITAL shall (i) subtract an amount equal to the Rental Agreement Default Amount from the applicable Loss Pool Balance (of if the applicable Loss Pool Balance is less than the Rental Agreement Default Amount, shall reduce the applicable Loss Pool Balance to zero) and (ii) add an amount equal to the Estimated Remarketing Proceeds to the applicable Loss Pool Balance. The remarketing proceeds actually received by PYXIS on account of the remarketed Equipment shall be distributed in accordance with Section 12 of the Agreement. GE CAPITAL will adjust the applicable Loss Pool Balance if the remarketing proceeds actually received on account of the remarketed Equipment pursuant to Section 12 of the Agreement are more than ten percent (10%) higher or lower than the Estimated Remarketing Proceeds.

6. In the event that the Rental Agreement Default Amount is greater than the sum of the applicable Loss Pool Balance and the remarketing proceeds related to such Rental Agreement which are retained by GE CAPITAL pursuant to Section 12 of the Agreement, GE CAPITAL shall be entitled to retain any future collections in regard of the Rental Agreement, up to an amount equal to GE CAPITAL's full recovery of the Rental Agreement Default Amount, and any remaining sums received by GE CAPITAL with respect to such Rental Agreement shall be remitted to PYXIS.

7. Provided that (a) GE CAPITAL has received from PYXIS the applicable Rental Agreement Default Amount and (b) the defaulted Rental Agreement is not treated as a true lease for federal income tax purposes on the books and records of GE CAPITAL, GE CAPITAL shall transfer and assign all its rights under and interest in such Rental Agreement and the Equipment governed thereby to PYXIS on an AS-IS, WHERE-IS basis, without recourse or warranty.

N. SERVICED ACCOUNTS. (1) AT PYXIS's request, GE CAPITAL shall provide its customary credit and documentation review and monthly billing and collections services for any Rental Agreement not purchased by GE CAPITAL and related servicing agreement, if any (collectively, the "Serviced Account"), subject to the following terms and conditions. GE CAPITAL shall provide monthly billing and collection services to PYXIS for Serviced Accounts. GE CAPITAL shall remit all sums actually collected to PYXIS on a monthly basis, along with a report summarizing the collection activity for the previous month. GE CAPITAL shall have no obligation to undertake any separate collection activity with respect to any Serviced Account. In consideration of GE CAPITAL's services pursuant to this Section N, PYXIS agrees to pay GE CAPITAL the following servicing fees ("Servicing Fees") for each Serviced Account and agrees that GE CAPITAL may deduct such Servicing Fees from the amounts remitted to PYXIS: (i) an initial charge for credit and documentation review and systems booking in the amount of One Hundred and Fifty Dollars (\$150); (ii) an initial charge for all subsequent schedules to a Serviced Account which do not require independent credit review in the amount of Fifty Dollars (\$50.00); and (iii) a monthly fee for billing and collections services in the amount of Twelve Dollars (\$12.00) for each invoice delivered by GE CAPITAL. GE CAPITAL will bill and collect sales and use tax on Pyxis's behalf and remit all sums collected to Pyxis.

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(2) GE CAPITAL and PYXIS will negotiate new Servicing Fees in the event the Volume Commitment set forth in the second sentence of Section L of this Rider 2 is not satisfied.

(3) Notwithstanding any termination of the Agreement pursuant to Section 14, GE CAPITAL will continue to service for their initial terms any Serviced Accounts previously serviced by GE CAPITAL. In the event that GE CAPITAL determines that it no longer desires to provide billing and collections services for Rental Agreements it has not purchased and related service agreements, GE CAPITAL shall provide PYXIS with a twenty-four (24) month written notice before declining to provide such services for new Rental Agreements and related service agreements.

O. FUTURE PORTFOLIO PURCHASES. At PYXIS's request, GE CAPITAL will purchase any Rental Agreement described in Section N, provided the applicable Customer (i) was credit approved by GE CAPITAL pursuant to Section (D) above, (ii) has made prompt payment under such Rental Agreement for the prior six (6) months, (iii) has fulfilled all other obligations under such Rental Agreement, and (iv) has not suffered a Material Adverse Change in Financial Condition. In determining the Purchase Price which it is willing to pay for such Rental Agreement, GE CAPITAL will utilize Standard Rates which are no higher than those used in the Program at such time. If any such Rental Agreement contains a remaining term of more than thirty (30) months and less than thirty-six (36) months, GE CAPITAL will utilize the Standard Rates applicable to a thirty-six (36) month transaction to calculate the Purchase Price. GE CAPITAL may, in its sole discretion, approve the use of rates lower than the Standard Rates in calculating the Purchase Price of significant portfolios of Rental Agreements. Any Servicing Fees (other than the monthly billing and collections fees (unless prepaid)) previously received by GE CAPITAL with respect to any Rental Agreement comprising part of a portfolio purchase shall be refunded to PYXIS on the date of the portfolio purchase.

P. STANDARD RATES. Standard Rates will extend from the fifteenth (15th) day of each calendar month through the fourteenth (14th) day of the following calendar month. Subject to the establishment of Loss Pool Accounts and based upon the Volume Commitment set forth in the second sentence of Section L, GE CAPITAL will reduce the Standard Rates in accordance with Schedule A to this Rider 2.

Q. AUTOMATED DOCUMENT SUPPORT. GE CAPITAL will cooperate with PYXIS to ensure that PYXIS is able to take advantage of any improvements in GE CAPITAL's Management Information Systems (MIS) which are programmed to produce automated Rental Agreements.

R. CUSTOM SYSTEMS SUPPORT. GE CAPITAL will use its best efforts to develop an automated tracking system for PYXIS and its Customers which may be used to forecast future Equipment sales. GE CAPITAL will train PYXIS personnel to operate any such automated tracking system it may develop.

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S. DOCUMENTATION DEFICIENCIES. If any Final Document Package contains documentation deficiencies, GE CAPITAL may, in its sole discretion, approve and purchase the applicable Rental Agreement, provided that PYXIS agrees to promptly correct such documentation deficiencies. GE CAPITAL and PYXIS shall jointly establish procedures for correcting such documentation deficiencies.

T. PRIVATE LABEL PROGRAM. Section 7(b) of the Agreement is hereby amended to read as follows:

"GE CAPITAL shall designate a manager for the Program and shall provide a toll-free telephone number for use in connection with the Program. All Rental Agreements and all Serviced Accounts shall be administered under the name PYXIS FINANCIAL SERVICES. GE CAPITAL shall cooperate with PYXIS to develop the necessary documentation and other identification materials for use in the Program and shall provide to PYXIS periodic reports showing amounts purchased, delinquencies and such other matters as the parties may agree upon. In the event of a Default under, or termination of, the Agreement or a default under any Rental Agreement purchased by GE CAPITAL, GE CAPITAL shall have the right to distribute a notification to the applicable Customer executed by PYXIS FINANCIAL SERVICES of the assignment to GE CAPITAL of such Rental Agreement and proceed to administer each Rental Agreement purchased by GE CAPITAL in its own name and shall continue to administer all Serviced Accounts in the name of PYXIS FINANCIAL SERVICES."

U. NO OTHER AMENDMENTS. The provisions of this Rider 2 shall be in addition to and not in the place of any other provision of the Agreement. Except as specifically amended herein, all other provisions of the Agreement and the obligations of the parties pursuant thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Rider 2 to be executed by their duly authorized representatives as of the dates set forth below.

PYXIS CORPORATION

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ G.E. Forth

By: /s/ Thomas H. Mann

Title: VP & CFO

Title: Vice President & General Manager

Date: 1/12/93

Date: 1/15/93

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EXHIBIT A

<TABLE>
<CAPTION>

Transaction Term (Months)	Standard Rates for Transactions				
	12	24	36	48	60
Spread to Like-Term Treasuries in Basis Points	782	574	363	352	346

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RIDER NO. 3
TO
VENDOR PROGRAM AGREEMENT
DATED AS OF OCTOBER 10, 1991
BETWEEN
GENERAL ELECTRIC CAPITAL CORPORATION ("GE CAPITAL")
AND
PYXIS CORPORATION ("PYXIS")

THIS RIDER is hereby incorporated into and made apart of the above referenced Vendor Program Agreement, as amended from time to time (the "Agreement") and is subject to all of the terms and provisions thereof. Capitalized terms used and not defined herein shall have the meanings set forth in the Agreement.

PYXIS and GE CAPITAL wish to amend the Agreement to provide for an enhanced captive financing alliance pursuant to which GE CAPITAL will provide additional financing and administrative services in exchange for its appointment as PYXIS's exclusive captive financing partner.

PYXIS and GE CAPITAL desire that the Program operate for the mutual benefit of the parties and wish to agree upon the means and manner of achieving the foregoing.

NOW THEREFORE, for the consideration set forth herein and in the Agreement, GE CAPITAL and PYXIS hereby agree as follows:

A. GE CAPITAL FUNDING COMMITMENT. Section K of Rider No. 2 to the Agreement ("Rider No. 2") is hereby amended in its entirety to read as follows:

"GE CAPITAL will provide a minimum of Five Hundred Million Dollars (\$500,000,000) in financing from the date of this Rider No. 3 through the end of the term of the Agreement provided that the total amount of all financings which are outstanding under the Agreement at any one time shall not exceed Three Hundred and Fifty Million Dollars (\$350,000,000) and provided further that the Rental Agreements which GE CAPITAL is requested to purchase meet the credit criteria established by GE CAPITAL for the purchase of Rental Agreements under the Program and have a term which is greater than thirty-six (36) months."

B. PYXIS VOLUME COMMITMENTS. Section L of Rider No. 2 is hereby amended in its entirety to read as follows:

"PYXIS agrees that during the term of the Agreement, GE CAPITAL shall

remain PYXIS's exclusive captive financing partner. PYXIS represents and warrants that it will provide GE CAPITAL with the opportunity to purchase on a quarterly basis a minimum of fifty percent (50%) of the aggregate dollar amount of Rental Agreements having a term which is greater than thirty six (36) months entered into by PYXIS during such calendar quarter. Each of the Rental Agreements purchased by GE CAPITAL shall meet the credit criteria ESTABLISHED by GE CAPITAL for the purchase of Rental Agreements under the Program. PYXIS further agrees that during the term of the Agreement, PYXIS shall offer to GE CAPITAL a right of first refusal to purchase all portfolios of Rental Agreements offered for sale by PYXIS from time to time. In the event that GE CAPITAL does not notify PYXIS of its decision to purchase any such portfolio of Rental Agreements within ten (10) business days of receipt of PYXIS' offer, PYXIS may sell such portfolio of Rental Agreements."

C. COMMITMENT TO CONSULT. GE CAPITAL shall give PYXIS prior written notice ("Consultation Notice") of the intention of the Vendor Financial Services division of GE CAPITAL ("VFS") to enter into a Vendor Program Agreement or Operating Agreement with any company which competes directly with PYXIS in the sale of drug or supply dispensing products. If PYXIS opposes the entry by VFS into such an agreement, then the issue shall be referred to VFS' General Manager and PYXIS' Chief Operating

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days notice to GE CAPITAL agrees that it will not enter into such an agreement for a period of one hundred and twenty (120) days following the giving of the Consultation Notice to PYXIS.

D. STANDARD RATES. Section 6 of the Agreement and Section P of Rider No. 2 are hereby amended in their entirety to read as follows:

"GE CAPITAL shall advise PYXIS on the first business day of each calendar month of the Standard Rates applicable to each Rental Agreement. Standard Rates shall be comprised of (i) the cost of capital to GE CAPITAL for the purchase of such Rental Agreement (the "Capital Rate") and (ii) a service rate for administration of such Rental Agreement pursuant to Section I hereof (the "Service Rate"). Capital Rates will be based on a blend of Treasury Bills ("Treasury") and London Interbank Offered Rates ("Libor"), as published in The Wall Street Journal on the last business day of the preceding calendar month. Capital Rates for a forty-eight (48) month Rental Agreement shall be equal to two hundred and forty (240) basis points over the following blended rate: (i) twenty-two percent (22%) of a one year Libor; plus (ii) twenty three (23%) of a two year Treasury; plus (iii) twenty six percent (26%) of a three year Treasury; plus (iv) twenty nine percent (29%) of a four year Treasury. Capital Rates for a sixty (60) month Rental Agreement shall be equal to two hundred and twenty-five (225) basis points over the following blended rate: (i) sixteen percent (16%) of a one year Libor, plus (ii) eighteen percent (18%) of a two year Treasury, plus (iii) nineteen percent (19%) of a three year Treasury; plus (iv) twenty two percent (22%) of a four year Treasury; plus (v) twenty five percent (25%) of a five year Treasury. GE CAPITAL shall have no obligation to calculate the Purchase Price of any Rental Agreement at a rate other than the then current Standard Rate as described above. The Standard Rates quoted to PYXIS on a monthly basis shall extend from the fifth (5th) day of each calendar month through the fourth (4th) day of the following calendar month."

E. AUTOMATED DOCUMENT SUPPORT. Section Q of Rider No. 2 is hereby amended in its entirety to read as follows:

"GE CAPITAL will cooperate with PYXIS to ensure that PYXIS is able to take advantage of any improvements in GE CAPITAL's Management Information Systems (MIS) which are programmed to produce automated Rental Agreements of any other applicable information system improvements as they become available at VFS."

F. RELATIONSHIP MANAGERS.

(i) GE CAPITAL and PYXIS will each appoint a Relationship Manager (subject to the approval of GE CAPITAL, in the case of the appointment of the PYXIS Relationship Manager) and PYXIS (in the case of the appointment of the GE CAPITAL Relationship Manager) (which approval will in any case not be unreasonably withheld) who will serve as the primary management contact between PYXIS and GE CAPITAL under the Program. The Relationship Managers will be charged with the regular and ongoing monitoring and management of the relationship between PYXIS and GE CAPITAL under the Program, including

compliance by the parties with the specific provisions of the Agreement. The Relationship Managers will be available to each other in person or by telephone on a daily basis (consistent with regular work schedules and vacation time) to perform the following functions:

- (a) review, analyze and recommend changes to the transaction flow in order to continuously improve performance. GE CAPITAL's Relationship Manager will utilize GE CAPITAL management tools like work-out and process mapping as well as other GE CAPITAL resources to achieve these improvements;
- (b) facilitate the day to day interactions between the parties;
- (c) assess and resolve disputes between the parties arising from the day to day operations of the Program;

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- (d) report to members of the Management Committee appointed by GE CAPITAL and PYXIS, respectively, with respect to material disputes and all other matters which are likely to materially affect the mutual goals and relationship of the parties;
- (e) review from time to time the documents required to be used under the Program; and
- (f) perform such other functions required of each from time to time pursuant to the terms of the Agreement.

(ii) Each Relationship Manager will be vested with the authority to bind his or her respective employer with respect to the specific matters falling within the scope of his or her responsibilities hereunder. Neither Relationship Manager will have the authority to amend the Agreement or bind his or her respective employer with respect to matters falling outside the scope of his or her responsibilities under the Agreement.

(iii) The Relationship Managers will serve at the pleasure of their respective employers.

G. MANAGEMENT COMMITTEE.

(i) MEMBERS. The overall management of the Program will be subject to the review and direction of the Management Committee, which will consist of six (6) members. Three (3) members will be designated by PYXIS and three (3) members will be designated by GE CAPITAL.

(ii) QUORUM AND MAJORITY. At least two (2) members of the Management Committee designated by PYXIS and two (2) members of the Management Committee designated by GE CAPITAL, present either in person or by proxy, will be required for a quorum for the transaction of business at any meeting of the Management Committee, which may be held in person or by means of telephonic conference call in which all parties can communicate with each other. The approval of at least a majority of the members of the Management Committee who participate in the meeting will constitute the act of the Management Committee.

(iii) MEETINGS. The Management Committee will meet at least semi-annually, provided that PYXIS and GE CAPITAL will be permitted to call meetings of the Management Committee at any time during the term of the Agreement by delivery of at least ten (10) business days prior written notice to the other party, which notice will be deemed waived by attendance at such meeting by the members of the Management Committee.

(iv) TERM OF OFFICE. Each member of the Management Committee will serve until his or her successor is appointed by the party that appointed that person. Upon the resignation or inability to serve of any member of the Management Committee, the party that originally appointed such member will appoint a successor.

(v) REPORTS. At each semi-annual meeting of the Management Committee, GE CAPITAL representatives will provide PYXIS representatives with a report on (i) all finance activity under the Program for the previous six months (including submittals, approvals and backlogs); (ii) levels of delinquency; (iii) collections activity; (iv) the Loss Pool Accounts; and (v) issues of customer service and quality control. At each semi-annual meeting of the Management Committee, PYXIS representatives will provide GE CAPITAL representatives with a report on (i) the satisfaction of the volume commitment set forth in Section B of this Rider No. 3, including the aggregate dollar

amount of Rental Agreements entered into by PYXIS during the previous six months and the status of all sales and proposed sales of portfolios of Rental Agreements during the previous six months; (ii) status of remarketing pursuant to Section 12 of the Agreement and Section M of Rider No. 2 during the previous six months; (iii) product planning pertinent to the operation of PYXIS Financial Services, and (iv) sales and promotion plans pertinent to the operation of PYXIS Financial Services.

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(vi) REVIEW. Members of the Management Committee will review on a semi-annual basis (i) the Program's financing penetration levels and portfolio performance; (ii) level of customer service and Program services described in Section H of this Rider No. 3; (iii) the financial performance of the Program, including the satisfaction of gross income growth objectives and the return on equity to GE CAPITAL; (iv) any adjustments to be made to the Standard Rates as a result of (iii) to meet the parties' objectives on a going-forward basis; and (v) any other issues which the parties wish to discuss. If the review reveals a decline in financing penetration levels, portfolio performance or customer service, the Management Committee will identify and recommend to PYXIS and GE CAPITAL methods to reverse the decline and to promote their respective goals. Members of the Management Committee will also review all other areas of the Program's performance, including the continuous improvement of transaction flow and the exploitation of new business opportunities, and will recommend the appropriate action to be taken by PYXIS and GE CAPITAL respectively.

(vii) MEDIATION OF DISPUTES. Members of the Management Committee will mediate and resolve any disputes between the parties which have not previously been resolved by the Relationship Managers, and will review proposals for amendments to the Agreement or changes to any policies implemented pursuant to the Agreement. Following any necessary discussion, the Management Committee will either accept or reject such proposed amendments or changes. If the Management Committee cannot resolve any disputes between the parties, such matter shall, at the option of GE CAPITAL or PYXIS, be referred to VFS' General Manager and PYXIS' Chief Operating Officer. The resolution of such dispute by such officers shall be binding on GE CAPITAL and PYXIS.

(viii) STRATEGIC ALLIANCE. PYXIS and GE CAPITAL have joined in a strategic alliance to promote their mutual business goals. Nothing contained herein shall be construed to constitute the creation of a partnership entity for legal purposes, nor to characterize PYXIS and GE CAPITAL as joint venturers. PYXIS and GE CAPITAL will at all times remain independent contractors with respect to the Agreement and otherwise.

H. PROGRAM SERVICES.

(i) GE CAPITAL will, through the term of this Agreement, remain familiar with the business of PYXIS and will devise and propose to PYXIS financial products deemed useful and suitable for the promotion of the Equipment. Such proposals will be considered by the Management Committee, and if approved, will be implemented by means of documentation proposed by GE CAPITAL.

(ii) GE CAPITAL will perform annual customer surveys which measure customer satisfaction with the financial services provided by PYXIS Financial Services and will share the results of such surveys with PYXIS at the next meeting of the Management Committee. Any changes in the provision of customer service which the surveys indicate is necessary will be implemented following a discussion of the Management Committee.

I. ADMINISTRATION OF SERVICED AND OWNED ACCOUNTS. Section N of Rider No. 2 is hereby amended in its entirety to read as follows:

"(i) In addition to providing billing and collections services for all Rental Agreements acquired by GE CAPITAL pursuant to the Program and any related service agreements (collectively, the "Owned Accounts"), GE CAPITAL shall provide its customary credit and documentation review and monthly billing and collections services for all Rental Agreements and any related service agreements entered into by PYXIS and the end-user of the applicable Equipment during the term of the Agreement but not acquired by GE CAPITAL (collectively, the "Serviced Accounts"), subject to the following terms and conditions. GE CAPITAL shall remit to PYXIS all sums actually collected on a monthly basis with respect to (A) any service agreements which comprise part of the Owned Accounts (the "Owned Service Agreements") and (B) the Serviced Accounts, together with a report which summarizes the collection activity for the previous month. GE CAPITAL shall utilize procedures which are substantially similar to those procedures utilized by GE

CAPITAL for its own accounts in providing billing and collecting services for any Owned Service Agreement or any Serviced Account.

(ii) With respect to Serviced Accounts administered by GE CAPITAL prior to the date of this Rider No. 3, PYXIS shall continue to remit to GE CAPITAL during the term thereof: (A) an initial charge for credit and documentation review and systems booking in the amount of One Hundred and Fifty Dollars (\$150.00); (B) an initial charge for all subsequent schedules to each such Serviced Account which do not require independent credit review in the amount of Fifty Dollars (\$50.00); and (C) a monthly fee for billing and collections services in the amount of Twelve Dollars (\$12.00) for each invoice delivered by GE CAPITAL. With respect to Owned Service Agreements administered by GE CAPITAL prior to the date of this Rider No. 3, PYXIS shall continue to remit to GE CAPITAL the monthly fee set forth in Section 7(c) of the Agreement.

(iii) With respect to each Owned Account entered into by PYXIS on or after the date of this Rider No. 3, the Service Rate shall be included in the applicable Standard Rate. With respect to each Serviced Account, PYXIS shall remit to GE CAPITAL a one-time Service Rate payment which shall be equal to the net present value of the rental payments under the related Rental Agreement discounted at the applicable Standard Rate, less the net present value of the rental payments under the related Rental Agreement discounted at the applicable Capital Rate. PYXIS shall remit to GE CAPITAL the one-time Service Rate payment for each Serviced Account within thirty (30) days following the receipt of invoice from GE CAPITAL. The Service Rate established pursuant to this Rider No. 3 shall initially be two and one-half percent (2.5%) and shall not be increased above two and one-half percent (2.5%) by more than .125% per year without the written consent of PYXIS and GE CAPITAL. Any decrease in the Service Rate shall be made at the discretion of the Management Committee. The Service Rate payment may be made by check or by set-off or reduction of any amounts which GE CAPITAL owes to PYXIS pursuant to the Agreement.

(iv) PYXIS agrees to give GE CAPITAL the right to bid on providing the administrative services described in paragraph (i) above for all Rental Agreements (or similar agreements) entered into by PYXIS and a party who is not the end-user of the applicable Equipment during the term of the Agreement. PYXIS may, in its sole discretion, decide whether or not to accept such bid."

J. TERM AND TERMINATION. Section 14 of the Agreement is hereby amended in its entirety to read as follows:

"The Agreement will be effective upon execution by GE CAPITAL and PYXIS and will continue from such effective date for a period of five (5) years from the date of execution of this Rider No. 3 (the "Term"), unless sooner terminated by either party as provided herein. Upon termination or expiration of the Agreement, the obligations of the parties under the Agreement with respect to Rental Agreements not purchased by GE CAPITAL will cease, except as otherwise provided herein. All obligations of the parties under the Agreement with respect to Rental Agreements which have been purchased by GE CAPITAL shall continue for the term of such Rental Agreements. Notwithstanding any termination of the Agreement, GE CAPITAL will, unless otherwise directed by PYXIS, continue to service for their initial terms in accordance with Section I of this Rider No. 3 all Owned Accounts and Serviced Accounts then in existence and shall receive for each such Owned Service Agreement and each Serviced Account, as applicable, the applicable monthly fee set forth in Section I(ii) of this Rider No. 3 or the unpaid Service Rate payment set forth in Section I(iii) of this Rider No. 3. If PYXIS elects following a termination of the Agreement for GE CAPITAL to discontinue servicing for its initial term any Serviced Account entered into by PYXIS on or after the date of this Rider No. 3, GE CAPITAL shall remit to PYXIS the pro-rata portion of the paid Service Rate payment which relates to the remainder of the initial term of such Serviced Account. During the Term, PYXIS may terminate this Agreement for cause upon ten (10) days prior written notice if any of the following events occur: (i) all or substantially all of the assets of the Vendor Financial Services division of GE CAPITAL are sold or otherwise transferred to a party who is not wholly-owned by General Electric Capital Services, Inc. without the consent of PYXIS, or (ii) a default by

GE CAPITAL of its obligations under the Agreement occurs which GE CAPITAL fails to cure following sixty (60) days written notice or (iii)

a Material Adverse Change in Condition of GE CAPITAL occurs. If PYXIS exercises its rights of termination under the immediately preceding sentence, PYXIS may elect to purchase all Rental Agreements previously purchased by GE CAPITAL for a purchase price equal to the value of (i) the remaining unbilled rental payments under such Rental Agreements discounted at the Standard Rate such Rental Agreements were originally booked at, plus (ii) the billed but uncollected rental payments due under such Rental Agreements, as reflected on GE CAPITAL's books and records, together with the reasonable cost to GE CAPITAL of consummating such sale. Should PYXIS exercise its right to purchase all Rental Agreements, unless PYXIS elects to have GE CAPITAL continue to bill and collect on all Serviced Accounts in accordance with Section I of this Rider No. 3, all obligations of GE CAPITAL with respect to such Rental Agreements shall cease as of such date of purchase, provided that GE CAPITAL executes and delivers such documents as are necessary to effect such purchase. During the Term, GE CAPITAL may also elect to terminate this Agreement for cause upon ten (10) days prior written notice if (i) all or substantially all of the assets of PYXIS are sold or otherwise transferred without the consent of GE CAPITAL, or (ii) a Default occurs which PYXIS fails to cure following sixty (60) days written notice, or (iii) a Material Adverse Change in Condition of PYXIS occurs."

K. CONFIDENTIALITY. From time to time GE CAPITAL or PYXIS may provide confidential information to the other party. GE CAPITAL and PYXIS will take reasonable steps to preserve the confidential nature of such information and to prevent its disclosure to third parties. GE CAPITAL and PYXIS will be deemed to have fulfilled their obligations hereunder if they exercise the same degree of care to preserve and safeguard such confidential information as they use to preserve and safeguard their own confidential information. Any such confidential information shall be used solely in connection with the transactions contemplated by the Agreement. No other use of such confidential information may occur without the prior written consent of the other party.

L. DEFINITIONS.

(i) The definition of Material Adverse Change in Financial Condition set forth in Section 16(i) of the Agreement is hereby amended in its entirety to read as follows:

"Material Adverse Change in Condition of GE CAPITAL means (i) a significant negative change in (A) any financial or other condition from the condition reflected in the most recent financial statements of GE CAPITAL, or (B) the properties, assets, business or operations of GE CAPITAL; or (ii) GE CAPITAL's insolvency, inability to pay debts as they mature, failure to operate as a going concern, filing under Title 11 of the United States Code or any successor or similar federal or state statute or any applicable foreign law, assignment for the benefit of creditors, appointment of a receiver, or dissolution or material change in the corporate structure or in a material portion of stock or asset ownership."

"Material Adverse Change in Condition of PYXIS or Customer means (i) a significant negative change in (A) any financial or other condition from the condition reflected in the most recent financial statements delivered to GE CAPITAL by PYXIS or a Customer or (B) the properties, assets, business, operations or customer base of PYXIS or a Customer, (ii) as to PYXIS or a Customer, its insolvency, inability to pay debts as they mature, failure to operate as a going concern, filing under Title 11 of the United States Code or any successor or similar federal or state statute or any applicable foreign law, assignment for the benefit of creditors, appointment of a receiver, or dissolution or material change in the corporate structure or in a material portion of stock or asset ownership; or (iii) as to a Customer, the death or incapacity of any principal thereof."

(ii) The definition of Municipal Transaction set forth in Section C(1)(c) of Rider No. 1 to the Agreement is hereby amended in its entirety to read as follows:

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"Municipal Transaction means a Rental Agreement entered into by COMPANY as lessor and by a Municipal Lessee and documented on a Municipal Lease."

M. NO OTHER AMENDMENTS. Except as otherwise specifically provided herein, the provisions of this Rider No. 3 shall be in addition to and not in

the place of any other provision of the Agreement. Except as specifically amended hereby, all provisions of the Agreement and the obligations of the parties pursuant thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have cause this Rider No. 3 to be executed by their duly authorized representatives as of this ___ day of March, 1994.

PYXIS CORPORATION

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ G.E. Forth

By: /s/ Thomas H. Mann

Title: VP, CFO

Title: Vice President and General Manager

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RIDER NO. 4
TO
VENDOR PROGRAM AGREEMENT
DATED AS OF OCTOBER 10, 1991
BETWEEN
GENERAL ELECTRIC CAPITAL CORPORATION ("GE CAPITAL")
AND
PYXIS CORPORATION ("PYXIS")

THIS RIDER is hereby incorporated into and made a part of the above referenced Vendor Program Agreement, as amended from time to time (the "Agreement") and is subject to all of the terms and provisions thereof. Capitalized terms used and not defined herein shall have the meanings set forth in the Agreement.

PYXIS AND GE CAPITAL wish to amend the Agreement to provide for the automatic assignment by PYXIS to GE CAPITAL of those Rental Agreements which PYXIS has agreed to sell to GE CAPITAL and GE CAPITAL has agreed to purchase and to take assignment of in accordance with the terms and conditions of the Agreement.

PYXIS and GE CAPITAL further wish to amend the Agreement to provide for the making of cure payments by PYXIS under a Rental Agreement in the event that the applicable Customer declines to make scheduled payments under such Rental Agreement as a result of any agreement between PYXIS and such Customer that such payments may be deferred until the occurrence of a particular event.

PYXIS and GE CAPITAL further wish to amend the Agreement to redefine the establishment of Standard Rates.

NOW THEREFORE, for the consideration set forth herein and in the Agreement, GE CAPITAL and PYXIS hereby agree as follows:

1. Subsection 4(c) of the Agreement is hereby amended to read as follows:
"(c) GE CAPITAL has received the Final Document Package, including the sole original copy of each Rental Agreement assigned to GE CAPITAL pursuant to this Agreement."

2. The following sentence is hereby added to the end of Section 4 of the Agreement. "The designation by PYXIS of a Rental Agreement as available for assignment to GE CAPITAL and the delivery of the Final Document Package for such Rental Agreement to GE CAPITAL shall be sufficient evidence of the assignment and transfer to GE CAPITAL of title to such Rental Agreement and all of PYXIS' right, title and interest in and to the rental payments due under such Rental Agreement."

3. A new Section 11(c) is hereby added to the Agreement which shall read as follows:

"(c) In the event that the applicable Customer declines to make scheduled payments under any Rental Agreement as a result of an agreement between PYXIS and such Customer, which agreement is confirmed by PYXIS, that such payments may be deferred until the occurrence of a particular event, including an improvement in the performance of the applicable Equipment, then PYXIS shall make up to six (6) cure payments to GE CAPITAL on the scheduled payment dates set forth on such Rental Agreement. Each cure payment shall consist of the monthly payment due under such Rental Agreement, together with any interest accrued thereon. Upon receipt of the final cure payment, if the Customer does not commence making the scheduled monthly payments under such Rental Agreement, then GE CAPITAL may declare a default under such Rental Agreement and the Equipment shall be remarketed

in accordance with Section 12 of the Agreement. In the event that GE CAPITAL receives any scheduled payment under such Rental Agreement from the applicable Customer following the making of a cure payment by PYXIS, then GE CAPITAL shall promptly remit to PYXIS the applicable cure payment collected during that month."

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4. The definition of "Final Document Package" set forth in Section 16(g) of the Agreement is hereby amended to read as follows: "Final Document Package" means such other and further documents as GE CAPITAL shall from time to time require in accordance with its standard procedures for the Program in order accept assignment of a Rental Agreement and to pay to PYXIS the Purchase Price under such Rental Agreement."

5. Section D of Rider No. 3 to the Agreement is hereby amended in its entirety to read as follows:

"GE CAPITAL shall advise PYXIS on the twentieth (20th) day of each calendar month (or if such day is not a business day, then on the next succeeding business day) of the Standard Rates applicable to each Rental Agreement. Standard Rates shall be comprised of (i) the cost of capital to GE CAPITAL for the purchase of such Rental Agreement (the "Capital Rate") and (ii) a service rate for administration of such Rental Agreement pursuant to Section I of Rider No. 3 to the Agreement (the "Service Rate"). Capital Rates will be based on a blend of U.S. Treasury Notes ("Treasury") and London Interbank Offered Rates ("Libor"), as published in The Wall Street Journal on the twentieth (20th) day of each calendar month (or if such day is not a business day, then on the next succeeding business day). Capital Rates for a forty-eight (48) month Rental Agreement shall be equal to two hundred and forty (240) basis points over the following blended rate: (i) twenty-two percent (22%) of a one year Libor; plus (ii) twenty three percent (23%) of a two year Treasury; plus (iii) twenty six percent (26%) of a three year Treasury; plus (iv) twenty nine percent (29%) of a four year Treasury. Capital Rates for a sixty (60) month Rental Agreement shall be equal to two hundred and twenty-five (225) basis points over the following blended rate: (i) sixteen percent (16%) of a one year Libor; plus (ii) eighteen percent (18%) of a two year Treasury; plus (iii) nineteen percent (19%) of a three year Treasury; plus (iv) twenty two percent (22%) of a four year Treasury; plus (v) twenty five percent (25%) of a five year Treasury. GE CAPITAL shall have no obligation to calculate the Purchase Price of any Rental Agreement at a rate other than the then current Standard Rate as described above. The Standard Rates quoted to PYXIS on a monthly basis shall extend from the twenty-fifth (25th) day of each calendar month through the twenty-fourth (24th) day of the following calendar month."

6. The provisions of this Rider No. 4 shall be in addition to and not in the place of any other provisions of the Agreement. Except as specifically amended herein, all other provisions of the Agreement and the obligations of the parties pursuant thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have cause this Rider No. 4 to be executed by their duly authorized representatives as of the dates set forth below.

PYXIS CORPORATION

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ G.E. Forth

By: /s/ Thomas H. Mann

Title: VP, CFO

Title: Vice President and General Manager

Date: 3/20/95

Date: 4/1/95

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[GE Letterhead]

January 11, 1996

Mr. Scott R. Peterson
Controller and Principal Accounting Officer
Pyxis Corporation
9380 Carroll Park Drive
San Diego, CA 92191

Dear Scott:

This letter will serve to document our mutual understanding of the 1996 "Capital Rate" that GE Capital proposes charging Pyxis for taking assignment of Pyxis Rental Agreement payment streams. The "Capital Rate" mentioned below only applies to the transactions listed below and does not amend the Vendor Program Agreement dated October 10, 1991 and its subsequent Riders except as to the 1996 volume commitment under the agreement.

- * GE Capital's "Capital Rate" for sixty (60) month deals will be one hundred ninety-two (192) basis points over a blended rate of treasuries as agreed upon in Rider #3, and amended in Rider #4, to the Vendor Program Agreement dated October 10, 1991.
 - * Pyxis agrees to assign Rental Agreement payment streams to GE Capital in the net amount of \$78.5MM (i.e., after loss on sale to Pyxis) during 1996.
 - * Pyxis agrees to increase the \$78.5 million dollar commitment:
 - In July of 1996 if the first half of 1996 GE Capital's funding to Pyxis represents less than 50% of Pyxis Sales Type Lease revenue after loss on sale, then Pyxis' commitment would increase to 50% of the actual Sales Type Lease revenue after loss on sale.
 - In the fourth quarter of 1996, Pyxis agrees that if the estimated 1996 total year Sales Type Lease Revenue after loss on sale, based upon actual results through September 1996 plus an estimate for the fourth quarter of 1996, is greater than the \$78.5 million commitment, then Pyxis agrees to increase the commitment to the higher amount and fund the difference in the fourth quarter of 1996.
 - * GE Capital agrees to guarantee Pyxis a "Standard Rate" as defined in Rider #3 and amended in Rider #4 for \$39.25 million dollars of the \$78.5 million dollars to be funded in 1996 after the receipt of:
 - A detail by month of the \$39.25 million to be funded and
 - Execution of this letter by Pyxis
- Note: If the above two requirements are not met by end of day January 12, 1996, this commitment will be deemed to have expired.
- * In the event Pyxis elects to break the \$39.25 million dollar guarantee commitment mentioned above they will be subject to the following break charge:
 - for every basis point movement in rate, a charge as defined in appendix A.
- Note: Each monthly guarantee is an individual contract which if broken does not impact the other commitments.
- * GE Capital agrees to provide Pyxis with a facility to guarantee Pyxis a "Standard Rate" as mentioned above (192 basis point Capital Rate plus 250 basis point Service Rate) at any time during 1996 for whatever amount Pyxis requires. GE Capital is willing to bear up to 15 basis point of the cost of the guaranty with Pyxis paying the incremental portion of the cost of the guaranty.
 - * GE Capital acknowledges that the reduction in the "Capital Rate", as defined above, will not effect the Service Rate charged to Pyxis going forward.

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Please acknowledge your concurrence with the above by signing below and faxing back to me at 203-731-6002. If you have any questions, please feel free to give me a call.

Respectfully yours,

/s/ Daniel A. Mahoney

Daniel A. Mahoney
Pyxis Alliance Manager
Vendor Financial Services

Acknowledged and Agreed To: /s/ Scott R. Peterson 1/11/96

Mr. Scott R. Peterson
Controller and Principal Accounting Officer
Pyxis Corporation

CC: R. Bestercy
S. Feiner
J. Gioia
V. Streufert

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APPENDIX A
1996 CAPITAL RATE
JANUARY 11, 1996

Standard Rate = 9.76%
Capital Rate = 7.26%
Cost of Funds Rate = 5.34%

1 Year Libor 5.375%
2 Year Treasury 5.19%
3 Year Treasury 5.28%
4 Year Treasury 5.37%
5 Year Treasury 5.46%

Funding Schedule - 1996

January \$ 3,047,767.00
February \$ 3,047,767.00
March \$ 3,047,767.00
April \$ 3,271,018.00
May \$ 3,271,018.00
June \$ 3,271,019.00
July \$ 3,322,187.00
August \$ 3,322,187.00
September \$ 3,322,187.00
October \$ 3,442,361.00
November \$ 3,442,361.00
December \$ 3,442,361.00

Total \$39,250,000.00

Breakage Costs - per every basis point (1) in movements in rates, up or down

January \$ 595.00
February \$ 700.00
March \$ 725.00
April \$ 827.00
May \$ 884.00
June \$ 894.00
July \$ 935.00
August \$ 939.00
September \$ 967.00
October \$1,038.00
November \$1,084.00
December \$1,135.00

Acknowledged and Agreed To: /s/ Daniel A. Mahoney

Mr. Daniel A. Mahoney
 Pyxis Alliance Manager
 Vendor Financial Services
 GE Capital

Acknowledged and Agreed To: /s/ Scott R. Peterson

 Mr. Scott R. Peterson
 Controller and Principal Accounting Officer
 Pyxis Corporation

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PYXIS DISCOUNT RATES
 AS OF 1/11/95
 1996 RATE FOR \$39.25MM

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	Libor	Treasury			Cost of		Capital	Service	Standard		
	Year 1	Year 2	Year 3	Year 4	Year 5	Funds Rate	Adder	Rates	Fee	Rates	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
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1/11/95	5.375%	5.190%	5.280%	5.370%	5.460%						
60 Months Deals	Weighted %	16%	18%	19%	22%	25%					
	Rate	0.86%	0.93%	1.00%	1.18%	1.37%	= 5.34%	+ 1.92%	= 7.26%	+ 2.50%	= 9.76%

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CARDINAL HEALTH, INC. AND SUBSIDIARIES
 COMPUTATION OF PER SHARE EARNINGS
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

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	FISCAL YEAR ENDED		
	JUNE 30, 1996	JUNE 30, 1995	JUNE 30, 1994
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PRIMARY:			
Net earnings available for Common Shares	\$111,864	\$137,534	\$ 79,825
	=====	=====	=====
Average shares outstanding	63,503	62,141	56,508
Dilutive effect of stock options	1,166	1,978	4,872
	-----	-----	-----
Weighted average number of Common Shares outstanding	64,669	64,119	61,380
	=====	=====	=====
Primary earnings per Common Share	\$ 1.73	\$ 2.14	\$ 1.30
	=====	=====	=====
FULLY DILUTED:			
Net earnings available for Common Shares	\$111,864	\$137,534	\$ 79,825
	=====	=====	=====
Average shares outstanding	63,503	62,141	56,508
Dilutive effect of stock options	1,240	2,029	4,891
	-----	-----	-----
Weighted average number of Common Shares outstanding	64,743	64,170	61,399
	=====	=====	=====
Fully diluted earnings per Common Share	\$ 1.73	\$ 2.14	\$ 1.30
	=====	=====	=====

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SUBSIDIARIES OF THE REGISTRANT

STATE OF INCORPORATION

-----	-----
Allied Pharmacy Service, Inc.	Texas
Bailey Drug Company	Delaware
Behrens Inc.	Texas
Cardal, Inc.	Ohio
Cardinal Florida, Inc.	Florida
Cardinal Health Systems, Inc.	Ohio
Cardinal Mississippi, Inc.	Mississippi
Cardinal Syracuse, Inc.	New York
Cardinal West, Inc.	Nevada
CDI Investments, Inc.	Delaware
CORD Logistics, Inc.	Ohio
Chapman Drug Company	Tennessee
James W. Daly, Inc.	Massachusetts
Ellicott Drug Company	New York
Humiston-Keeling, Inc.	Illinois
Leader Drugstores, Inc.	Delaware
Managed Pharmacy Benefits, Inc.	Missouri
Marmac Distributors, Inc.	Connecticut
Medical Strategies, Inc.	Massachusetts
Medicine Shoppe International, Inc.	Delaware
National Pharmpak Services, Inc.	Ohio
National Specialty Services, Inc.	Tennessee

Ohio Valley-Clarksburg, Inc.

Delaware

Phillipi Holdings, Inc.

Ohio

Pyxis Corporation

Delaware

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SUBSIDIARIES OF THE REGISTRANT

STATE OF INCORPORATION

Renlar Systems, Inc.

Kentucky

Solomons Company

Georgia

Whitmire Distribution Corporation

Delaware

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-57223 of Cardinal Health, Inc. on Form S-3 and Registration Statements No. 33-20895, No. 33-38021, No. 33-38022, No. 33-42357, No. 33-52535, No. 33-52537, No. 33-52539, No. 33-63283-01, No. 33-64337 and No. 333-01927-01 of Cardinal Health, Inc. on Form S-8 of our report dated August 13, 1996, appearing in this Annual Report on Form 10-K of Cardinal Health, Inc., for the year ended June 30, 1996.

DELOITTE & TOUCHE LLP

Columbus, Ohio
August 22, 1996

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement No. 33-57223 of Cardinal Health, Inc. on Form S-3 and Registration Statements No. 33-20895, No. 33-38021, No. 33-38022, No. 33-42357, No. 33-52535, No. 33-52537, No. 33-52539, No. 33-63283-01, No. 33-64337 and No. 333-01927-01 of Cardinal Health, Inc. on Form S-8 of our report dated August 2, 1996 with respect to the financial statements of Pyxis Corporation, appearing in this Annual Report on Form 10-K of Cardinal Health, Inc., for the year ended June 30, 1996.

ERNST & YOUNG LLP

San Diego, California
August 22, 1996

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<INCOME-PRETAX>	47,970
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<EPS-PRIMARY>	0.45
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<FISCAL-YEAR-END>	JUN-30-1994
<PERIOD-START>	JUL-01-1993
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<CASH>	74,430
<SECURITIES>	74,805
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<ALLOWANCES>	(24,876)
<INVENTORY>	873,286
<CURRENT-ASSETS>	1,429,870
<PP&E>	131,959
<DEPRECIATION>	(65,492)
<TOTAL-ASSETS>	1,636,382
<CURRENT-LIABILITIES>	826,444
<BONDS>	210,196
<PREFERRED-MANDATORY>	0
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<COMMON>	357,488
<OTHER-SE>	209,857
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<SALES>	5,963,280
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<CGS>	5,476,361
<TOTAL-COSTS>	5,476,361
<OTHER-EXPENSES>	291,975
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	(18,316)
<INCOME-PRETAX>	146,908
<INCOME-TAX>	65,878
<INCOME-CONTINUING>	79,825
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