

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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ANACOMP INC

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 8, 2004

ANACOMP, INC.

(Exact Name of Registrant as Specified in its Charter)

INDIANA

1-08328

35-112430

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

15378 AVENUE OF SCIENCE, SAN DIEGO, California

92128

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (858) 716-3400

Not Applicable

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Item 1.01 Entry into a Material Definitive Agreement.

(a) On November 8, 2004, Anacomp, Inc. (the "Company") announced that the Company and William R. Pesch have entered into an employment agreement, effective as of November 15, 2004 (the "Employment Agreement"). The initial term of the Employment Agreement is for one year and such term shall automatically renew for successive one-year terms unless and until the Employment Agreement is terminated by either party. Under the Employment Agreement, Mr. Pesch will: (i) serve as President and Chief Operating Officer of the Company and report to Jeffrey R. Cramer, the Company's Chief Executive Officer; (ii) be entitled to an initial annual base salary of \$250,000 and customary Company benefits, (iii) be entitled to participate in the Company's executive incentive program in an amount equal to 50% of his annual base salary, with a guaranteed minimum cash bonus of 25% of his annual base salary during the first year of his employment, pro-rated for such period; (iv) pursuant to an incentive stock option agreement ("Option Agreement") receive incentive stock options representing 32,500 shares of common stock of the Company, which options shall (A) vest in equal portions over the next 4 years at a rate of 25% of the entire option grant on each anniversary of Mr. Pesch's start date and (B) become immediately vested and exercisable in full upon a change of control of the Company; (v) be entitled to reimbursement of relocation expenses not to exceed \$39,000, standard moving expenses and a cost-of-living adjustment of \$3,000/month for the first twelve months of his employment; (vi) subject to his execution of a release in favor of the Company, be entitled to receive certain severance benefits (one year of base salary and insurance benefits) if he is terminated without cause or the Company undergoes a change of control; and (vii) agree to comply with the terms and conditions of the Company's (A) Confidentiality, Non-Competition and Non-Disclosure Agreement, (B) Employee Innovations and Proprietary Rights Assignment Agreement, and (C) Change of Control Severance Agreement.

This description of the material terms of the Employment Agreement (including the Exhibits thereto) and the Option Agreement are qualified in their entirety by reference to the Employment Agreement and the Option Agreement, which are attached hereto as Exhibit 10.15 and Exhibit 10.16, respectively, and incorporated herein by reference.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

(b) Effective as of November 15, 2004, in connection with the simultaneous appointment of Mr. Pesch as President and Chief Operating Officer of the Company, Jeffrey R. Cramer will resign from his position as President of the

Company. Mr. Cramer will continue to serve as Chief Executive Officer and director of the Company.

(c) As described under Item 1.01 above, on November 8, 2004, the Company announced the appointment of Mr. Pesch as President and Chief Operating Officer of the Company, effective as of November 15, 2004. A copy of the related press release is attached hereto as Exhibit 99.1 and incorporated herein by reference. The material terms and conditions of Mr. Pesch's employment with the Company are described under Item 1.01 above, which description is incorporated by reference into this Item 5.02(c).

Mr. Pesch, age 53, served as the founder and president of WRP Associates, Inc., an interim executive leadership business for private equity firms, since 2002. From 1999 to 2001, Mr. Pesch was President of Francotyp-Postalia, Inc., a German company with a U.S. division providing electronic office and mailroom equipment. Prior to that, Mr. Pesch served in senior management positions with companies such as A.B. Dick Company, Maytag Corporation and Siemens Building Technologies. Mr. Pesch has an MBA from Harvard Business School and a Bachelor of Science degree in Electrical Engineering and Computer Science from the University of New Mexico. There are no family relationships between Mr. Pesch and any of the other officers or directors of the Company. There are no related-party transactions between Mr. Pesch and the Company that require disclosure pursuant to SEC Regulation S-K, Item 404(a).

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Description
10.15	Employment Agreement, effective as of November 15, 2004, by and between Anacomp, Inc. and William R. Pesch.
10.16	Incentive Stock Option Agreement, effective as of November 15, 2004, by and between Anacomp, Inc. and William R. Pesch.
99.1	Press Release issued by Anacomp, Inc. on November 8, 2004

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 9, 2004

ANACOMP, INC.

By: /s/ Paul J. Najjar

Name: Paul J. Najjar

Its: Executive Vice President,
General Counsel and Secretary

Exhibit Index

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99.1	Press Release issued by Anacomp, Inc. on November 8, 2004.

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made effective as of November 15, 2004 by and between Anacomp, Inc. ("Employer") and William R. Pesch ("Employee").

The parties agree as follows:

1. Duties.

1.1 Position. Employee is employed in the position of President and Chief Operating Officer. Employee shall faithfully and diligently perform these duties, as well as any other duties as assigned. Employer reserves the right to modify Employee's duties consistent with Employee's position at any time, in its sole and absolute discretion.

1.2 Location of Employment. Employee will be based at Employer's San Diego headquarters facility, and will be required to live within reasonable proximity to this facility.

1.3 Best Efforts/Full-time. Employee will expend Employee's best efforts on behalf of Employer, and will abide by all policies and decisions made by Employer, as well as all applicable federal, state and local laws, regulations or ordinances. Employee shall devote Employee's full business time and efforts to the performance of Employee's duties and will act in the best interests of Employer at all times. It is anticipated that Employee shall generally work on average no less than 40 hours per week. Notwithstanding, Employee may participate in civic, charitable and industry organizations, which do not interfere with his duties. Employee may serve on Boards of Directors subject to Employer's conflict of interest policies and the Company's approval which shall not be unreasonably withheld.

2. Compensation.

2.1 Base Salary. As compensation for the proper and satisfactory performance of all duties to be performed by Employee hereunder, Employee shall earn a base salary of Two Hundred and Fifty Thousand (\$250,000.00). Such salary shall be payable on a biweekly basis in accordance with the normal payroll practices of Employer, less required deductions for state and federal withholding tax, social security and all other employment taxes and payroll deductions. Employee's base salary will be subject to being increased in accordance with Employer's annual salary review process.

2.2 Incentive Compensation. Employee shall also be eligible to earn annual incentive compensation in an amount equal to 50% of the Employee's Base Salary in accordance with the terms and conditions of the executive

incentive plan approved by the Employer's Compensation Committee. In the first year of Employee's employment, Employee shall be guaranteed a minimum cash bonus of Twenty Five Percent (25%) of the Employee's annual base salary, or Sixty Two Thousand Five Hundred Dollars (\$62,500.00) prorated over the first year.

2.3 Stock Options. The Employer will recommend to the Compensation Committee of the Employer's Board of Directors that the Employee be granted an award of 32,500 stock options. This award would be granted effective as of the date the appropriate stock option documents are executed by the Company after the conclusion of Project Ocean. The exercise price for such options would be determined, as provided under the Employer's stock option plan, as of the date of grant of such options. The stock options would vest in equal portions of 25% of the entire option grant on each anniversary the effective date of this Agreement. All of the other terms and conditions of the stock option award will be subject to such provisions as determined by the Compensation Committee of the Employer's Board of Directors.

3. Fringe Benefits. Employee shall be eligible for all customary and usual fringe benefits generally available to executive employees of Employer, such as holidays, vacations and health insurance, subject to the terms and conditions of the applicable benefit plans and provided Employee completes the applicable enrollment forms, if any, on a timely basis. Employer reserves the right to change or terminate the fringe benefits on a prospective basis, at any time, upon written notice to Employee. Employee shall also be eligible for payment of relocation expenses in accordance with the Employer's standard relocation policy, provided, however, that with respect to Paragraph III A, the Employer will reimburse Employee for any expenses incurred up to the amount of Thirty Nine Thousand dollars (\$39,000). Additionally, Employee shall be entitled to a \$3,000/month cost of living (COLA) adjustment for the first twelve (12) months of Employee's employment.

4. Term of Employment. The initial term of this Agreement shall be for a period of one year, from the date that this Agreement is signed by the Employer, unless terminated sooner in accordance with the provisions below. If not terminated at the end of the initial term, the Agreement shall thereafter renew automatically for one year terms. Either party can terminate the Agreement at the end of the initial term or the end of any renewal term by providing the other with written notice of nonrenewal at least 60 days before the expiration date. If this Agreement is terminated by Employer at the end of the initial term or any renewal term, such occurrence will be deemed a termination without cause and Employee will be entitled to receive the severance package set forth in Section 4.2. The Agreement may also be terminated during the initial term or any renewal term, as provided below. In the event employment is extended beyond the initial term, this Agreement shall continue to govern the terms and conditions of employment until termination of the Agreement, or unless the Agreement is modified by mutual agreement, in a writing signed by the parties.

4.1 Termination by Employee. In the event Employee wishes to terminate the employment relationship, Employee agrees to provide a minimum of 60 days notice so that arrangements for a replacement can be made. Employee

shall be paid through the end of the notice period, provided Employee continues working and cooperates fully with Employer during the transition process. Employer may elect to relieve Employee of all duties at any time during the notice period. In such case, no further payment is required by Employer after Employee is relieved of all duties.

4.2 Termination by Employer Without Cause. Employer may terminate Employee's employment at any time without cause or advance notice, provided Employer provides Employee with a severance package that consists of Employee's biweekly base pay for a period of one year from the date of termination, such payments to be made on Employer's regular paydays. The severance package shall also include continuation of Employee's health insurance benefits on Employer's plan pursuant to an election of COBRA by Employee. Employer shall pay the COBRA payments for Employee for the same timeframe Employee is receiving base salary continuation. Thereafter, it shall be Employee's obligation to make the COBRA payments to keep the insurance in effect. Employee shall be entitled to receive the severance package only if Employee executes a general release, releasing to the fullest extent permitted by law all claims, known or unknown, that Employee may have against Employer, including those arising out of or in any way related to Employee's employment or the termination of Employee's employment up to the date of execution of the release. For the purpose of the release, the term "Employer" includes Anacomp, Inc. and all subsidiary and related entities and their employees, officers, directors, shareholders and agents. A termination without cause shall include a transfer of the Employee to another location which is more than 35 miles from the Employer's San Diego headquarters facility.

4.3 Termination by Employer for Cause. Employer may terminate the employment relationship immediately upon written notice to Employee for "cause," without the payment of any severance, unless Employer elects to offer it. If a severance package is offered, it will be contingent upon the execution of a general release, as described above. "Cause" for termination shall be defined as:

4.3.1 Employee's failure to substantially perform the duties of Employee's employment to the satisfaction of Employer, provided Employee has first been notified in writing of any specific deficiencies and been given at least 60 days to correct them. In the event that Employee has not corrected the specific deficiencies within 60 days, Employee will be notified in writing and be given a final 30 days to correct them.

4.3.2 Employee becomes disabled, mentally or physically, and as a result is unable to diligently, expeditiously and competently perform all of the essential functions and duties of his position, with or without reasonable accommodation, on a substantially full time basis in accordance with the provisions of this Agreement and after all applicable leaves of absence required by law and Employer's policies have been exhausted.

4.3.3 Employee's death.

4.3.4 Employee engages in any conduct which has a substantial adverse effect on the name or public image of Employer or is otherwise detrimental to the business interests of Employer.

4.4 Compensation Upon Termination. Upon termination of employment, for whatever reason, Employee will be entitled to receive Employee's base salary, Incentive Compensation and all accrued but unused vacation, prorated to the date of termination.

4.5 Return of Employer's Property. Upon termination of employment for any reason, Employee agrees to immediately return all property of Employer, including but not limited to, all computers, telephones and other equipment that has been issued to Employee, all plans, programs, customer lists, proprietary data and all other data or objects acquired through Employee's employment with Employer.

5. Business Expenses. Employer agrees to reimburse Employee for all reasonable, out-of-pocket business expenses incurred in the performance of Employee's duties on behalf of Employer. To obtain reimbursement, expenses must be submitted promptly with appropriate supporting documentation.

6. Confidential Company Information. Employee shall read, sign and strictly comply with the Confidentiality, Non-Competition and Non-Disclosure Agreement which is attached as Exhibit A and incorporated by reference herein.

7. Employee Innovations and Proprietary Rights Assignment Agreement. Employee shall read, sign and strictly comply with the Employee Innovations and Proprietary Rights Assignment Agreement, which is attached as Exhibit B and incorporated by reference herein.

8. Change of Control Severance Agreement. Employee shall read, sign and strictly comply with the Change of Control Severance Agreement, which is attached as Exhibit C and incorporated by reference herein.

9. Competitive Employment. During the term of Employee's employment with Employer, Employee will not directly or indirectly compete with Employer in any way, and will not directly or indirectly, alone or with others, engage in or have any interest in, any business, firm, partnership or corporation, whether as an employee, officer, director, agent, shareholder (except passive ownership of up to 5% of the securities in a corporation), volunteer, creditor, consultant or otherwise, that engages in any activity that is the same or similar to, or in competition with, any activity engaged in by Employer.

10. Non-Solicitation of Employees. During Employee's employment with Employer and for a period of one year thereafter, Employee will not directly or indirectly solicit any employee of Employer to leave Employer or to accept employment with another company, nor shall Employee otherwise induce or attempt to induce a current employee of Employer to terminate his/her employment with Employer.

11. Agreement to Arbitrate. Employee and Employer agree to arbitrate any controversy, claim or dispute between them arising out of or in any way related to this Agreement, their employment relationship, and any disputes upon termination of employment, except as provided in paragraph 11.1 below, to the fullest extent permitted by law. This method of resolving disputes shall be the sole and exclusive remedy of the parties. Accordingly, the parties understand that, except as provided below or as otherwise required by law, they are giving up their rights to have their disputes decided in a court of law and, if applicable, by a jury, and instead agree that their disputes shall be decided by arbitration.

11.1 Scope of the Agreement. The disputes subject to this agreement to arbitrate include all potential claims between Employee and Employer relating to employment, such as breach of contract, tort, discrimination, harassment, wrongful termination, demotion or discipline, failure to accommodate, family and medical or pregnancy disability leave, compensation or benefits claims, constitutional claims and claims for violation of any local, state or federal law or common law to the fullest extent permitted by law. Claims for workers' compensation or unemployment insurance benefits are expressly excluded. For the purpose of this provision, references to "Employer" include Anacomp, Inc. and all subsidiary and related entities and their employees, supervisors, officers, directors, shareholders, agents, benefit plans, benefit plan sponsors, fiduciaries, administrators, affiliates and all successors and assigns of any of them, and this agreement to arbitrate shall apply to them to the extent Employee's claims arise out of or relate to their actions on behalf of Employer.

11.2 Initiation of Arbitration. Either party may exercise the right to arbitrate by providing the other party with written notice of any and all claims forming the basis of such right in sufficient detail to inform the other party of the substance of such claims. In no event shall the request for arbitration be made after the date when institution of legal or equitable proceedings based on such claims would be barred by the applicable statute of limitations.

11.3 Arbitration Procedure. The arbitration will be conducted before a single neutral arbitrator in San Diego, California. The parties are entitled to representation by an attorney or other representative of their choosing. The arbitrator shall have the power to enter any award that could be entered by a judge of the Superior Court of the State of California, and only such power. The arbitrator's decision shall be final and binding. The parties agree to abide by and perform any award rendered by the arbitrator. Judgment on the award may be entered in any court having jurisdiction thereof.

11.4 Costs of Arbitration. Employer shall pay the costs of the arbitration proceeding, such as the cost of the arbitrator. Each party will bear its own attorneys' fees and the costs incurred in the preparation and presentation of its case, except that the arbitrator may, in his or her discretion, award reasonable attorneys' fees and costs to the prevailing

party.

11.5 Knowing and Voluntary Agreement. Employee acknowledges that at the time of entering this Agreement, Employee was given the option of entering or not entering this agreement to arbitrate. Employee recognizes the potential benefits of arbitration, has read the arbitration provisions of this section, and freely and voluntarily agrees to the same.

12. General Provisions.

12.1 Representations and Warranties by Employee. Employee hereby warrants and represents that (a) the execution of this Agreement will not breach or conflict with any other contract, agreement or understanding between Employee and any other party or parties; and (b) Employee does not have trade secret, confidential or proprietary information of any third party the disclosure of which to Employer would conflict with or violate the rights of any such third party or parties.

12.2 Successors and Assigns. The rights and obligations of Employer under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of Employer. Employer shall have the right to assign its rights and obligations under this Agreement to a third party. Employee shall not be entitled to assign any of Employee's rights or obligations under this Agreement.

12.3 Waiver. Either party's failure to enforce any provision of this Agreement shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Agreement.

12.4 Severability. In the event any provision of this Agreement, in whole or in part, shall be found unenforceable by an arbitrator or, if applicable, a court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefits contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable portion of such provision shall be deemed deleted, and the validity and enforceability of the remainder of this Agreement shall not be affected thereby.

12.5 Interpretation; Construction. This Agreement has been drafted by Employer, but Employee has participated in the negotiation of its terms. Furthermore, Employee has had the opportunity to review and revise the Agreement and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

12.6 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

12.7 Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (a) by personal delivery when delivered personally, (b) by overnight courier upon written verification of receipt, (c) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission, or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Employee at the address set forth below, or such other address as Employee may specify in writing. Notice to Employer shall be given to the General Counsel of Employer.

12.8 Indemnification. Employer will defend and indemnify Employee in accordance with Anacomp's Corporate Bylaws and the laws of the State of California. Employer currently maintains insurance for officers and directors. Insurance and coverages for officers and directors in future years will be reviewed and approved by the Board of Directors.

13. Entire Agreement. This Agreement, including the exhibits to this Agreement, constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether written or oral. This Agreement may be amended or modified only by a written agreement, signed by Employee and the President of Employer. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

THE PARTIES TO THIS AGREEMENT, HAVING READ THE FOREGOING AGREEMENT IN ITS ENTIRETY, FREELY AND VOLUNTARILY EXECUTE THIS AGREEMENT ON THE DATES SHOWN BELOW.

Dated: 11/8/04

/s/ William R. Pesch

William R. Pesch

Home Address

Dated: 11/8/04

ANACOMP, INC.

By: /s/ Jeffrey R. Cramer

Jeffrey R. Cramer

EXHIBIT A

ANACOMP, INC. EMPLOYEE CONFIDENTIALITY AGREEMENT ("Agreement")

In consideration of my employment by Anacomp, Inc. ("Anacomp"), and in consideration of the wages and benefits paid to me by Anacomp in connection with my employment, Anacomp and I agree to the following:

1. Confidential Information Defined. The term "Confidential Information" means all information I receive in connection with, or as a result of, my employment with Anacomp or that is or may be used or useful in the conduct of Anacomp's business, or the business of its customers, which confers or tends to confer a competitive advantage upon Anacomp or its customers over one who does not possess the information and/or which has commercial value in the business in which Anacomp and its customers are engaged. "Confidential Information" includes, but is not limited to, information relative to: Anacomp's trade secrets or inventions; plans and results of research and development; marketing strategies; lists of present or prospective customers; Anacomp's employees' unpublished financial information; all confidential or proprietary information of Anacomp's customers; equipment or configuration used by Anacomp; suppliers' lists; copyrighted material; operating and marketing systems; human resources management systems; software programs and source documents; special techniques of any kind peculiar to the operations of Anacomp; and all concepts, proposals, processes or information related to current, future or proposed business, products, services or sales of Anacomp and its customers which has not been previously released to the general public by authorized representatives of Anacomp, or if applicable, Anacomp's customers, whether or not such information would be enforceable as a trade secret enjoined or restrained by a court as constituting unfair competition. "Confidential Information" also includes all proprietary or confidential information of any third party who may disclose such information to Anacomp or me in the course of conducting Anacomp's business.

2. Proprietary Interests. I acknowledge and agree that all Confidential Information, whether developed by me or others, is and shall remain the exclusive property of Anacomp and, as applicable, its customers. I hereby assign to Anacomp any rights I may have or acquire in such Confidential Information to the fullest extent permitted by law.

3. Nondisclosure/Nonuse. I acknowledge that Confidential Information constitutes valuable and unique assets of Anacomp's business, and the unauthorized disclosure of any Confidential Information to a third party will be highly detrimental to the interests of Anacomp and its clients. I, therefore, agree to hold in strictest confidence and not disclose, or allow to be disclosed, to any third party, other than to persons engaged by Anacomp or its

customers to further the business interests of Anacomp or that customer, any Confidential Information that I have or may acquire during my employment by Anacomp. I will not use, or allow to be used, any Confidential Information, or anything directly relating to it, without the written consent of Anacomp, except as necessary to perform my duties as an employee of Anacomp.

4. Confidentiality Survives Termination. This Agreement will continue to be effective even after I no longer work for Anacomp.

5. No Adverse Use. I will not use any Confidential Information in any way that may directly or indirectly have an adverse effect upon Anacomp's business, or the business of any of Anacomp's customers, nor will I perform any acts that, in Anacomp's sole discretion, would tend to reduce the proprietary value of Confidential Information.

6. Return of Confidential Information. Upon termination of my employment with Anacomp for whatever reason, or at any other time upon Anacomp's request, I will promptly deliver to Anacomp, without retaining copies, all documents, computer files, and other information regarding or containing Confidential Information, including copies, summaries or excerpts thereof, in my possession or control. Should I subsequently discover such items in my possession, I agree to return them promptly to Anacomp without retaining copies.

7. Enforcement. I acknowledge that any unauthorized disclosure of Confidential Information during employment will result in disciplinary action up to and including immediate termination of employment. I further acknowledge that my violation of any provision of this Agreement at any time will cause Anacomp irreparable and continuing harm for which there will be no adequate legal remedy, and Anacomp shall be entitled to injunctive relief and/or a decree for specific performance, and such other proper relief (including monetary damages, if appropriate).

8. No Violation of Rights of Third Parties. I represent and warrant that I am not a party to any agreement that will interfere with my full compliance with this Agreement. I agree not to disclose to Anacomp, or induce Anacomp to use, any confidential or proprietary information of any third party.

9. Successors/Assigns. This Agreement shall inure to the benefit of Anacomp's successors and assigns and is binding upon my heirs and legal representatives. I may not assign any rights or obligations under this Agreement.

10. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements, understandings, negotiations and representations, whether oral or written, on the same subject. No amendment or modification of the terms or conditions of this Agreement shall be valid unless in writing and signed by me and by an authorized representative of Anacomp.

11. Construction and Severability. If any Agreement provision is found unenforceable by a court of law, such provision shall be deemed modified to the

extent necessary to allow enforceability of the provision so that Anacomp shall receive the benefits of the provision to the fullest extent permitted by law. If a deemed modification is not found to be satisfactory by such court, the unenforceable provision shall be deemed deleted, and the remaining Agreement provisions shall remain valid and enforceable.

12. Waiver. Anacomp's failure to enforce any Agreement provision shall neither be construed as a waiver of any such provision nor prevent Anacomp thereafter from enforcing each and every provision of this Agreement.

13. Applicable Law. This Agreement shall be interpreted and enforced in accordance with CA law.

I acknowledge and represent that I have read and understand this Agreement, and I consider the Agreement terms to be fair, reasonable and necessary to protect Anacomp's ongoing business interests.

EMPLOYEE	ANACOMP, INC.
/s/William R. Pesch ----- Signature	/s/Vicki Chuck ----- Signature
William R. Pesch ----- Print Name	Vicki Chuck / VP, Human Resources ----- Name/Title
11/8/04 ----- Date	11/8/04 ----- Date

EXHIBIT B

EMPLOYEE INNOVATIONS AND PROPRIETARY RIGHTS
ASSIGNMENT AGREEMENT

This Agreement is intended to formalize the procedures which have been in effect since my hire date. In return for my employment by Anacomp, Inc. ("Company"), and other good and valuable consideration, I acknowledge and agree that:

1. Prior Work. All previous work done by me for Company relating in any way to the creation, reduction to practice, derivation, design, development, manufacture, sale or support of products or services for Company is the property of Company, and I hereby assign to Company all of my right, title and interest

in and to such previous work.

2. Proprietary Information. My employment creates a relationship of confidence and trust between Company and me with respect to any information which may be disclosed to me during my employment: (a) applicable to the business of Company; or (b) applicable to the business of any client or customer of Company. All such information has commercial value in the business in which Company is engaged and is hereinafter called "Proprietary Information." This includes, but is not limited to, all technical and non-technical information related to the current, future and proposed products and services of Company, including patent, copyright, trade secret, and proprietary information, techniques, drawings, models, inventions, know-how, processes, equipment, software programs, software source documents, research and development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, customer lists, business forecasts, sales and merchandising and marketing plans and information. "Proprietary Information" also includes proprietary or confidential information of any third party who may disclose such information to Company or to me in the course of Company's business.

3. Ownership and Nondisclosure of Proprietary Information. All Proprietary Information is the sole property of Company or its customers or assigns. I hereby do and will assign to Company all rights, title and interest I may have or acquire in the Proprietary Information. At all times, during and after my employment with Company, I will keep in confidence and trust all Proprietary Information, and I will not use or disclose any Proprietary Information or anything directly relating to Proprietary Information without the written consent of Company, except as may be necessary to perform my duties as an employee of Company.

4. Ownership and Return of Materials. All materials (including, without limitation, all Proprietary Information and other documents, designs, lists, and all other tangible media of expression) furnished to me by Company shall remain the property of Company. Upon termination of my employment, or at any time at Company's request, I will promptly (but no later than five (5) days after the earlier of my employment's termination or Company's request) destroy or deliver to Company, at Company's option, (a) all materials furnished to me by Company, (b) all tangible media of expression which are in my possession or control and which incorporate any Proprietary Information including any copies, reproductions, summaries or excerpts, or otherwise relate to Company's business, and (c) written certification of my compliance with my obligations under this sentence.

5. Innovations. As used in this Agreement, the term "Innovations" means all processes, machines, devices, designs, techniques, formulas, methods, uses, products, compositions of matter, improvements, inventions (whether or not protectable under patent laws), works of authorship, information fixed in any tangible medium of expression (whether or not protectable under copyright laws), moral rights, mask works, trademarks, trade names, trade dress, trade secrets, know-how, ideas (whether or not protectable under trade secret laws), and all other subject matter protectable under patent, copyright, moral right, mask

work, trademark, trade secret or other laws. "Innovations" includes "Inventions," which is defined to mean any inventions protected under patent laws.

6. Disclosure of Prior Innovations. I have identified on Exhibit A ("Prior Innovations"), attached hereto, all Innovations which were owned or controlled by me prior to my employment with Company (collectively, the "Prior Innovations"). I represent that such list is complete. If there is no list on Exhibit A or I fail to attach Exhibit A, no Innovations shall be excluded from the scope of this Agreement.

7. Assignment of Innovations; License of Prior Innovations. I agree to promptly disclose and describe to Company, and assign to Company or Company's designee my entire right, title, and interest in and to, (a) each of the Innovations (including Inventions), and any associated intellectual property rights, which I may solely or jointly conceive, reduce to practice, create, derive, develop or make during my employment with Company, which either (i) relate to Company's business or actual or demonstrably anticipated research or development, or (ii) were developed on Company's time or with Company's equipment, supplies, facilities or trade secret information, or (iii) resulted from any work I performed for Company, and (b) each of the Innovations which is not an Invention (as demonstrated by me by clear and convincing evidence), and any associated intellectual property rights, which I may solely or jointly conceive, develop, reduce to practice, create, derive, develop, or make during my employment with Company, which are applicable to the business of Company (collectively, the Innovations identified in clauses (a) and (b) are hereinafter the "Company Innovations").

7.1 To the extent any of the rights, title and interest in and to Company Innovations cannot be assigned by me to Company, I hereby grant to Company an exclusive, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to practice such non-assignable rights, title and interest. If the same can be neither assigned nor licensed by me to Company, I hereby irrevocably waive and agree never to assert such non-assignable and non-licensable rights, title and interest against Company or its successors in interest. I hereby grant to Company or its designees a royalty free, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to practice all applicable patent, copyright, moral right, mask work, trade secret and other intellectual property rights relating to any Prior Innovations which I incorporate, or permit to be incorporated, in any Company Innovations.

7.2 Notwithstanding the foregoing, I agree that I will not incorporate, or permit to be incorporated, any Prior Innovations in any Company Innovations without Company's prior written consent.

8. Future Innovations. I agree that any Innovations and Proprietary Information relating to my activities while working for Company and conceived, reduced to practice, created, derived, developed, or made by me, alone or with others, within three (3) months after termination of my employment shall be

presumed to have been conceived, reduced to practice, created, derived, developed, or made, as applicable, during my employment with Company and are to be promptly assigned to Company, rebuttable only by written evidence satisfying the clear and convincing standard of proof.

9. Cooperation in Perfecting Rights to Proprietary Information and Innovations.

(a) I agree to perform, during and after my employment, all acts deemed necessary or desirable by Company to assist Company, at its expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Proprietary Information and Innovations assigned or licensed to, or whose rights are irrevocably waived and shall not be asserted against, Company under this Agreement.

(b) If Company is unable, for any reason, to secure my signature to any document required to file, prosecute, register, or memorialize the assignment of any patent, copyright, mask work or other applications or to enforce any patent, copyright, mask work, moral right, trade secret or other proprietary right under any Proprietary Information (including improvements thereof) or any Innovations (including derivative works, improvements, renewals, extensions, continuations, divisionals, continuations in part, continuing patent applications, reissues, and reexaminations thereof), I hereby irrevocably designate and appoint Company and its duly authorized officers and agents as my agents and attorneys-in-fact to act for and on my behalf to accomplish the same.

10. No Violation of Rights of Third Parties. I will not disclose to Company, or induce Company to use, any confidential or proprietary information belonging to others. I am not a party to any other agreement which will interfere with my duties as an employee of Company or my full compliance with this Agreement. I agree not to enter into any agreement, whether written or oral, in conflict with the provisions of this Agreement.

11. Survival. This Agreement (a) shall survive my employment by Company; (b) inures to the benefit of successors and assigns of Company; and (c) is binding upon my heirs and legal representatives.

12. Nonassignable Inventions. This Agreement does not apply to an Invention which qualifies fully as a nonassignable invention under the provisions of any applicable state law. I have reviewed the notification in Exhibit B ("Limited Exclusion Notification") and my signature acknowledges my receipt of the notification. However, I agree to disclose promptly in writing to Company all Innovations (including Inventions) conceived, reduced to practice, created, derived, developed, or made by me during the term of my employment and for three (3) months thereafter, whether or not I believe such Innovations are subject to this Agreement, to permit a determination by Company as to whether or not the Innovations should be the property of Company. Any such information will be received in confidence by Company.

13. Injunctive Relief. I agree that a breach of any of the promises or

agreements contained herein will result in irreparable and continuing damage to Company for which there will be no adequate remedy at law, and Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages if appropriate).

14. Governing Law. This Agreement shall be governed by the laws of the United States of America and the state in which you are employed. For the purpose of this provision, the "state in which you are employed" is the state out of which you receive your assignments and compensation; the state in which you are employed does not change when you are temporarily assigned to perform duties in another state. Each of the parties irrevocably consents to the exclusive personal jurisdiction of the federal and state courts located in the state in which you are employed, as applicable, for any matter arising out of or relating to this Agreement, except that in actions seeking to enforce any order or any judgment of such federal or state courts located in the state in which you are employed, such personal jurisdiction shall be nonexclusive.

15. Severability. If any provision of this Agreement is held by a court of law to be illegal, invalid or unenforceable, (i) that provision shall be deemed amended to achieve as nearly as possible the same economic effect as the original provision, and (ii) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

16. Waiver; Amendment; Modification. Any waiver by Company of a term or provision of this Agreement, or of a breach of any provision of this Agreement by me, must be in writing to be effective, and will not constitute a waiver of any subsequent breach unless specified in writing. This Agreement may be amended or modified only with the written consent of both me and Company. No oral waiver, amendment or modification shall be effective under any circumstances.

17. Entire Agreement. This Agreement represents my entire understanding with Company with respect to the subject matter of this Agreement and supersedes all previous understandings, written or oral.

I certify that I have carefully read all of the provisions of this Agreement and that I understand and will fully and faithfully comply with such provisions.

ANACOMP, INC.

EMPLOYEE:

By: /s/Jeffrey R. Cramer

Title: CEO

By: /s/William R. Pesch

Printed Name: William R. Pesch

Dated: 11/8/04

Dated: 11/8/04

Exhibit A

PRIOR INNOVATIONS

This is a complete list of all Innovations, if any, patented or unpatented, copyrighted or not copyrighted, including members of all patents and patent applications filed thereon, and applications for copyright protection and registration filed thereon, and a brief description of all unpatented Innovations which I have made prior to my employment with Company and which are to be excluded from the scope of this Agreement.

Exhibit B

LIMITED EXCLUSION NOTIFICATION

THIS IS TO NOTIFY you that the foregoing Agreement between you and Company does not require you to assign or offer to assign to Company any invention that you developed entirely on your own time without using Company's equipment, supplies, facilities or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to Company's business, or actual or demonstrably anticipated research or development of Company; or

(2) Result from any work performed by you for Company.

To the extent a provision in the foregoing Agreement purports to require you to assign an invention otherwise excluded from the preceding paragraph, the provision is against the public policy of this state and is unenforceable.

This limited exclusion does not apply to any patent or invention covered by a contract between Company and the United States or any of its agencies requiring full title to such patent or invention to be in the United States.

If you are employed in a state that provides greater rights to you in Inventions than are reflected in this notice, the Company will comply with the applicable law of that state.

I ACKNOWLEDGE RECEIPT of a copy of this notification.

By: /s/William R. Pesch

William R. Pesch

(Printed Name of Employee)

Date: 11/8/04

Witnessed by:

/s/Paul Najjar

Paul Najjar

(Printed Name of Company Representative)

Dated: 11/8/04

EXHIBIT C

ANACOMP, INC.

CHANGE OF CONTROL SEVERANCE AGREEMENT

This Change of Control Severance Agreement (the "Agreement") is made and entered into by and between William R. Pesch ("Executive") and Anacomp, Inc., an Indiana corporation ("Company"), effective as of November 15, 2004 (the "Effective Date").

RECITALS

A. It is expected that Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of Company (the "Board") recognizes that such considerations can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of Company and its shareholders to assure that Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein) of Company.

B. The Board believes that it is in the best interests of Company and its shareholders to provide Executive with an incentive to continue his or her employment and to motivate Executive to maximize the value of Company upon a Change of Control for the benefit of its shareholders.

C. The Board believes that it is imperative to provide Executive with certain severance benefits upon Executive's termination of employment following a Change of Control. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with Company notwithstanding the possibility of a Change of Control.

D. Certain capitalized terms used in the Agreement are defined in Section 6 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, except as may otherwise be specifically provided under the terms of any written formal employment agreement between Company and Executive (an "Employment Agreement"). If Executive's employment terminates for any reason, including (without limitation) any termination prior to a Change of Control, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement or under his or her Employment Agreement.

3. Agreement to Remain with Company for 6 Months Following a Change of Control. Executive agrees to remain employed with Company (or its successor corporation) for a period of six months following a "Change of Control" (as defined herein) unless his or her employment terminates due to death, Executive's "Disability" (as defined herein), for "Good Reason" (as defined herein), or is terminated involuntarily by Company during such six month period.

4. Severance Benefits.

(a) Involuntary Termination Other than for Cause or Voluntary Termination for Good Reason Following a Change of Control. If within twelve months following a Change of Control: (i) Executive terminates his or her employment with Company (or any parent or subsidiary of Company) for "Good Reason" (as defined herein); or (ii) Company (or any parent or subsidiary of Company) terminates Executive's employment for other than "Cause" (as defined herein) and Executive signs and does not revoke a standard release of claims with Company in a form reasonably acceptable to Company and

Executive agrees to continue to comply with the surviving provisions of any confidentiality or proprietary rights agreement signed by Executive in connection with his or her employment, then Executive shall receive the following severance from Company:

(i) Severance Payment. Executive shall be entitled to receive a "Severance Payment" (less applicable withholding taxes) equal to 100% of Executive's annual base salary (as in effect immediately prior to (A) the Change of Control, or (B) Executive's termination, whichever is greater) plus 100% of Executive's Average Bonus Payment (as defined herein) for the fiscal year in which the Change of Control or Executive's termination occurs, whichever is greater, less any amount of the bonus that has already been paid out in the year in which Executive's termination occurs.

(ii) Options; Restricted Stock. As provided in Company's existing stock option agreements, all of Executive's then outstanding options to purchase shares of the Company's Common Stock ("Options") shall immediately vest and become exercisable. Additionally, any shares of the Company's Common Stock then held by Executive subject to a Company repurchase right ("Restricted Stock") shall immediately vest and Company's right of repurchase with respect to such shares of Restricted Stock shall lapse. The Options shall remain exercisable following the termination of employment for the period prescribed in the respective option agreements.

(iii) Continued Executive Benefits. Company will pay: (A) the premiums required to continue Executive's group health, dental and vision care coverage at the same ratio of Company's premium payment to Executive as was in effect immediately prior to the Change of Control, under the applicable provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), provided that Executive elects to continue and remains eligible for these benefits under COBRA; and (B) the premiums required to continue Executive's long-term disability and life insurance coverage at the same ratio of Company's premium payment to Executive as was in effect immediately prior to the Change of Control, provided the benefit plans allow Executive to convert these policies to an individual policy (continued coverage under Section 4(a)(iii)(A) & (B) above collectively referred to as "Company-Paid Coverage"). If such coverage included Executive's dependents immediately prior to the Change of Control, such dependents shall also be covered at Company expense. Executive's portion of the premiums shall be deducted from the severance payment described in Section 4(a)(i) above. Company-Paid Coverage shall continue until the earlier of: (i) twelve months from the date of Executive's termination, or (ii) the date upon which Executive and his or her dependents become covered under another employer's group health, dental, vision, long-term disability or life insurance plans that provide Executive and his or her dependents with comparable benefits and levels of coverage.

(b) Timing of Severance Payments. The severance payment described in Section 4(a) (i) above shall be paid by Company to Executive within fifteen business days following a termination covered by Section 4(a) above.

(c) Voluntary Resignation; Termination for Cause. If Executive's employment with Company terminates (i) voluntarily by Executive other than for Good Reason or (ii) for Cause by the Company, then Executive shall not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans and practices or pursuant to other written agreements with Company.

(d) Termination Apart from Change of Control. In the event Executive's employment is terminated for any reason, either prior to the occurrence of a Change of Control or after the twelve month period following a Change of Control, then Executive shall be entitled to receive severance and any other benefits only as may then be established under Company's existing written severance and benefits plans and practices or pursuant to other written agreements with Company.

(e) Exclusive Remedy. In the event of a termination of Executive's employment within twelve months following a Change of Control, the provisions of this Section 4 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. Executive shall be entitled to no benefits, compensation or other payments or rights upon termination of employment following a Change of Control other than those benefits expressly set forth in this Section 4.

(f) No Duplicative Payments. In the event that Executive would be entitled to severance payments under this Agreement and also under any Company policy or any other agreement with Company, then the terms of this Agreement shall control Company's payment obligations, to the exclusion of any other agreement or Company policy.

5. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 5, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 4(a) shall be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits,

notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Unless Company and Executive otherwise agree in writing, any determination required under this Section 5 shall be made in writing by Company's independent public accounts immediately prior to Change of Control (the "Accountants"), whose determination shall be conclusive and binding upon Executive and Company for all purposes. For purposes of making the calculations required by this Section 5, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 5. Notwithstanding anything herein to the contrary, Employee may agree to reduce the amount of payments and/or benefits otherwise owed to him or her if such reduction would increase the after tax benefits to him or her.

6. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Average Bonus Payment. "Average Bonus Payment" means the average of the bonuses paid to the individual over the last three fiscal years prior to the date of determination; except that if the computation is being made as of a date before September 30, 2003, then the Average Bonus Payment is the average of the bonuses paid to the individual over the last two fiscal years.

(b) Cause. "Cause" shall mean (i) an act of personal dishonesty taken by Executive in connection with his or her responsibilities as an Executive and intended to result in substantial personal enrichment of Executive, (ii) Executive being convicted of a felony, (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to Company, (iv) following delivery to Executive of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that Executive has not substantially performed his or her duties, continued violations by Executive of Executive's obligations to Company which are demonstrably willful and deliberate on Executive's part, (v) Executive's death; or (vi) Executive's Disability.

(c) Change of Control. "Change of Control" means the occurrence of any of the following:

(i) Any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of Company representing fifty percent (50%) or more of the total voting power represented by Company's then outstanding voting securities; or

(ii) Any action or event occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either (A) are directors of Company as of the date hereof, or (B) are elected or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors of Company); or

(iii) The consummation of a merger or consolidation of Company with any other corporation, other than a merger or consolidation which would result in the voting securities of Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) The consummation of the sale, lease or other disposition by Company of all or substantially all Company's assets; or

(v) Adoption by the shareholders of a plan of liquidation or approval by shareholders of a proposal to dissolve of the Company.

Notwithstanding the foregoing, if either of the parties who are grandfathered under the Company's Rights Plan (i.e., Tennenbaum Capital Partners (and its affiliates) and Franklin (and its affiliates)) are the parties that trigger the definition of a Change of Control (either as a "person" acquiring shares, through a merger or consolidation or by effecting a change in the composition of the Board of Directors), then the transaction would not be considered to be a "Change of Control" under this Agreement, unless within the six months immediately following the action that would otherwise be a "Change of Control" the grandfathered person transfers a controlling interest in the Company to another party that is not an affiliate of the grandfathered person.

(d) Disability. "Disability" shall mean that Executive has been unable to perform the essential functions of his or her job as the result of his or her incapacity due to physical or mental illness, impairment or medical condition, and such inability, at least twenty-six (26) weeks after its commencement, is determined to be total and permanent by a physician selected by Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least thirty days' written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of his or her duties hereunder before the termination of his or her employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(e) Good Reason. "Good Reason" means without Executive's express written consent: (i) a material reduction of Executive's duties, title, authority or responsibilities, relative to Executive's duties, title, authority or responsibilities as in effect immediately prior to such reduction, or the assignment to Executive of such reduced duties, title, authority or responsibilities, provided, however, that a reduction in duties, title, authority or responsibilities solely by virtue of Company being acquired and made part of a larger entity (as, for example, when the Senior Vice-President of a business unit of Company remains as such following a Change of Control) shall not by itself constitute grounds for a "Voluntary Termination for Good Reason"; (ii) a substantial reduction of the facilities and perquisites (including office space and location) available to Executive immediately prior to such reduction; or (iii) a reduction by Company in the base salary of Executive as in effect immediately prior to such reduction; or (iv) a material reduction by Company in the kind or level of benefits to which Executive was entitled immediately prior to such reduction with the result that such Executive's overall benefits package is significantly reduced. Notwithstanding the above, Executive will not be deemed to have resigned for Good Reason unless Executive has given the Company written notice of the offending conduct and a thirty day opportunity to cure and Company has failed to cure such conduct within the thirty-day period.

7. Successors.

(a) Company's Successors. Any successor to Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to Company's business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given upon receipt or, if earlier, (a) five days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand, (c) one business day after the business day

of deposit with Federal Express or similar overnight courier, freight prepaid or (d) one business day after the business day of facsimile transmission, if delivered by facsimile transmission with copy by first class mail, postage prepaid, and shall be addressed (i) if to Executive, at his or her last known residential address and (ii) if to Company, at the address of its principal corporate offices (attention: Secretary), or in any such case at such other address as a party may designate by ten days' advance written notice to the other party pursuant to the provisions above.

(b) Notice of Termination. Any termination by Company for Cause or by Executive for Good Reason or as a result of a voluntary resignation shall be communicated by a notice of termination to the other party hereto given in accordance with Section 8(b) of this Agreement. Such notice shall indicate the specific termination provision in this Agreement relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated and shall specify the termination date (which shall be not more than thirty days after the giving of such notice). The failure by either party to include in the notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of that party hereunder or preclude that party from asserting such fact or circumstance in enforcing that party's rights hereunder.

9. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive shall not be required to mitigate the amount of any payment contemplated by this Agreement, nor shall any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California. The Superior Court of San Diego County and/or the United States District Court for the Southern District of California shall have exclusive

jurisdiction and venue over all controversies in connection herewith.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

(i) Attorneys Fees. In the event of litigation between the parties over the terms of this Agreement and the performance of their respective obligations hereunder, the prevailing party shall be entitled to receive its reasonable attorney's fees and expenses from the other party.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

ANACOMP, INC.

By: /s/Jeffrey R. Cramer

Title: CEO

EXECUTIVE

/s/William R. Pesch

William R. Pesch

ANACOMP, INC.
INCENTIVE STOCK OPTION AGREEMENT

Anacomp, Inc. has granted to the individual (the "Optionee") named in the Notice of Grant of Stock Option (the "Notice") to which this Stock Option Agreement (the "Option Agreement") is attached an option (the "Option") to purchase certain shares of Stock upon the terms and conditions set forth in the Notice and this Option Agreement. The Option has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Anacomp, Inc. 2001 Stock Option Plan (the "Plan"), as amended to the Date of Option Grant, the provisions of which are incorporated herein by reference. By signing the Notice, the Optionee: (a) represents that the Optionee has received copies of, and has read and is familiar with the terms and conditions of, the Notice, the Plan and this Option Agreement, (b) accepts the Option subject to all of the terms and conditions of the Notice, the Plan and this Option Agreement, and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the Notice, the Plan or this Option Agreement.

1. DEFINITIONS AND CONSTRUCTION.

1.1 Definitions. Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Notice or the Plan.

1.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Option Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

2. TAX CONSEQUENCES.

2.1 Tax Status of Option. This Option is intended to be an Incentive Stock Option within the meaning of Section 422(b) of the Code, but the Company does not represent or warrant that this Option qualifies as such. The Optionee should consult with the Optionee's own tax advisor regarding the tax effects of this Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements. (NOTE TO OPTIONEE: If the Option is exercised more than three (3) months after the date on which you cease to be an Employee (other than by reason of your death or permanent and total disability as defined in Section 22(e)(3) of the Code), the Option will not be treated as an Incentive Stock Option to the extent

required by Section 422 of the Code.)

2.2 ISO Fair Market Value Limitation. No Option may become exercisable by an Optionee for the first time during any calendar year for stock having a Fair Market Value greater than One Hundred Thousand Dollars (\$100,000). For purposes of this Section 5.3, Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Section 5.3, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code.

3. ADMINISTRATION.

All questions of interpretation concerning this Option Agreement shall be determined by the Board. All determinations by the Board shall be final and binding upon all persons having an interest in the Option. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

4. EXERCISE OF THE OPTION.

4.1 Right to Exercise. Except as otherwise provided herein, the Option shall be exercisable on and after the Initial Vesting Date and prior to the termination of the Option (as provided in Section 6) in an amount not to exceed the number of Vested Shares less the number of shares previously acquired upon exercise of the Option. In no event shall the Option be exercisable for more shares than the Number of Option Shares.

4.2 Method of Exercise. Exercise of the Option shall be by written notice to the Company which must state the election to exercise the Option, the number of whole shares of Stock for which the Option is being exercised and such other representations and agreements as to the Optionee's investment intent with respect to such shares as may be required pursuant to the provisions of this Option Agreement. The written notice must be signed by the Optionee and must be delivered in person, by certified or registered mail, return receipt requested, by confirmed facsimile transmission, or by such other means as the Company may permit, to the Chief Financial Officer of the Company, or other authorized representative of the Participating Company Group, prior to the termination of the Option as set forth in Section 6, accompanied by (i) full payment of the aggregate Exercise Price for the number of shares of Stock being purchased and (ii) an executed copy, if required herein, of the then current form of escrow and security agreement referenced below. The Option shall be deemed to be exercised upon receipt by the Company of such written notice, the aggregate Exercise Price, and, if required by the Company, such executed agreements.

4.3 Payment of Exercise Price.

(a) Forms of Consideration Authorized. Except as otherwise provided below, payment of the aggregate Exercise Price for the number of shares of Stock for which the Option is being exercised shall be made (i) in cash, by check, or cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of whole shares of Stock owned by the Optionee having a Fair Market Value not less than the aggregate Exercise Price, (iii) by means of a Cashless Exercise, as defined in Section 4.3(b), or (iv) by any combination of the foregoing.

(b) Limitations on Forms of Consideration.

(i) Tender of Stock. Notwithstanding the foregoing, the Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock to the extent such tender or attestation would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. The Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months (and not used for another option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

(ii) Cashless Exercise. A "Cashless Exercise" means the delivery of a properly executed notice together with irrevocable instructions to a broker in a form acceptable to the Company providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares of Stock acquired upon the exercise of the Option pursuant to a program or procedure approved by the Company (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to decline to approve or terminate any such program or procedure.

4.4 Tax Withholding. At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll and any other amounts payable to the Optionee, and otherwise agrees to make adequate provision for (including by means of a Cashless Exercise to the extent permitted by the Company) any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Participating Company Group, if any, which arise in connection with the Option, including, without limitation, obligations arising upon (i) the exercise, in whole or in part, of the Option, (ii) the transfer, in whole or in part, of any shares acquired upon exercise of the Option, (iii) the operation of any law or regulation providing for the imputation of interest, or (iv) the lapsing of

any restriction with respect to any shares acquired upon exercise of the Option. The Option is not exercisable unless the tax withholding obligations of the Participating Company Group are satisfied. Accordingly, the Company shall have no obligation to deliver shares of Stock or to release shares of Stock from an escrow established pursuant to this Option Agreement until the tax withholding obligations of the Participating Company Group have been satisfied by the Optionee.

4.5 Certificate Registration. Except in the event that the Exercise Price is paid by means of a Cashless Exercise, the certificate for the shares as to which the Option is exercised shall be registered in the name of the Optionee, or, if applicable, in the names of the heirs of the Optionee.

4.6 Restrictions on Grant of the Option and Issuance of Shares. The grant of the Option and the issuance of shares of Stock upon exercise of the Option shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. The Option may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, the Option may not be exercised unless (i) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (ii) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. THE OPTIONEE IS CAUTIONED THAT THE OPTION MAY NOT BE EXERCISED UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE OPTIONEE MAY NOT BE ABLE TO EXERCISE THE OPTION WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Option shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of the Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

4.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise of the Option.

5. NONTRANSFERABILITY OF THE OPTION.

The Option may be exercised during the lifetime of the Optionee only by the Optionee or the Optionee's guardian or legal representative and may not be assigned or transferred in any manner except by will or by the laws of descent

and distribution. Following the death of the Optionee, the Option, to the extent provided in Section 7, may be exercised by the Optionee's legal representative or by any person empowered to do so under the deceased Optionee's will or under the then applicable laws of descent and distribution.

6. TERMINATION OF THE OPTION.

The Option shall terminate and may no longer be exercised after the first to occur of (a) the Option Expiration Date, (b) the last date for exercising the Option following termination of the Optionee's Service as described in Section 7, or (c) a Change in Control to the extent provided in Section 8.

7. EFFECT OF TERMINATION OF SERVICE.

7.1 Option Exercisability.

(a) Disability. If the Optionee's Service terminates because of the Disability of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee (or the Optionee's guardian or legal representative) at any time prior to the expiration of twelve (12) months after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date.

(b) Death. If the Optionee's Service terminates because of the death of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee's legal representative or other person who acquired the right to exercise the Option by reason of the Optionee's death at any time prior to the expiration of twelve (12) months after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date. The Optionee's Service shall be deemed to have terminated on account of death if the Optionee dies within ninety (90) days after the Optionee's termination of Service.

(c) Termination After Change in Control. If the Optionee's Service ceases as a result of Termination After Change in Control, (i) the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee (or the Optionee's guardian or legal representative) at any time prior to the expiration of six (6) months after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date, and (ii) the Option shall become immediately vested and exercisable in full and the Vested Ratio shall be deemed to be 1/1 as of the date on which the Optionee's Service terminated.

(d) Other Termination of Service. If the Optionee's Service terminates for any reason, except Disability, death or Termination After Change in Control, the Option, to the extent unexercised and exercisable by the Optionee on the date on which the Optionee's

Service terminated, may be exercised by the Optionee at any time prior to the expiration of ninety (90) days (or such other longer period of time as determined by the Board, in its discretion) after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date.

7.2 Extension if Exercise Prevented by Law. Notwithstanding the foregoing, if the exercise of the Option within the applicable time periods set forth in Section 7.1 is prevented by the provisions of Section 4.6, the Option shall remain exercisable until three (3) months after the date the Optionee is notified by the Company that the Option is exercisable, but in any event no later than the Option Expiration Date.

7.3 Extension if Optionee Subject to Section 16(b). Notwithstanding the foregoing, if a sale within the applicable time periods set forth in Section 7.1 of shares acquired upon the exercise of the Option would subject the Optionee to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which a sale of such shares by the Optionee would no longer be subject to such suit, (ii) the one hundred and ninetieth (190th) day after the Optionee's termination of Service, or (iii) the Option Expiration Date.

7.4 Certain Definitions.

(a) "Cause" shall mean any of the following: (i) the Optionee's theft, dishonesty, or falsification of any Participating Company documents or records; (ii) the Optionee's improper use or disclosure of a Participating Company's confidential or proprietary information; (iii) any action, disruptive conduct or employment-related misconduct by the Optionee which has a detrimental effect on a Participating Company's reputation or business, including, without limitation, conduct by the Optionee which is intended to adversely affect overall employee morale; (iv) the Optionee's failure or inability to perform any reasonable assigned duties after written notice from a Participating Company of, and a reasonable opportunity to cure, such failure or inability; (v) any material breach by the Optionee of any employment agreement between the Optionee and a Participating Company, which breach is not cured pursuant to the terms of such agreement; or (vi) the Optionee's conviction (including any plea of guilty or nolo contendere) of any criminal act which impairs the Optionee's ability to perform his or her duties with a Participating Company.

(b) "Good Reason" shall mean any one or more of the following:

(i) without the Optionee's express written consent, the assignment to the Optionee of any duties, or any limitation of the Optionee's responsibilities, substantially inconsistent with the Optionee's positions, duties, responsibilities and status with the Participating Company Group immediately prior to the date of the Change in Control;

(ii) without the Optionee's express written consent, the relocation of the principal place of the Optionee's Service to a location that is more than fifty (50) miles from the Optionee's principal place of Service immediately prior to the date of the Change in Control, or the imposition of travel requirements substantially more demanding of the Optionee than such travel requirements existing immediately prior to the date of the Change in Control;

(iii) any failure by the Participating Company Group to pay, or any material reduction by the Participating Company Group of, (1) the Optionee's base salary in effect immediately prior to the date of the Change in Control (unless reductions comparable in amount and duration are concurrently made for all other employees of the Participating Company Group with responsibilities, organizational level and title comparable to the Optionee's), or (2) the Optionee's bonus compensation, if any, in effect immediately prior to the date of the Change in Control (subject to applicable performance requirements with respect to the actual amount of bonus compensation earned by the Optionee); or

(iv) any failure by the Participating Company Group to (1) continue to provide the Optionee with the opportunity to participate, on terms in the aggregate which are similar to those in effect for the benefit of any employee or service provider group which customarily includes a person holding the employment or service provider position or a comparable position with the Participating Company Group then held by the Optionee, in any benefit package or compensation plans and programs, including, but not limited to, the Participating Company Group's life, disability, health, dental, medical, savings, profit sharing, stock purchase and retirement plans, if any, in which the Optionee was participating immediately prior to the date of the Change in Control, or their equivalent, or (2) provide the Optionee with all other fringe benefits (or their equivalent) from time to time in effect for the benefit of any employee or service provider group which customarily includes a person holding the employment or service provider position or a comparable position with the Participating Company Group then held by the Optionee.

(c) "Termination After Change in Control" shall mean either of the following events occurring within twelve (12) months after a Change in Control:

(i) termination by the Participating Company Group of the Optionee's Service with the Participating Company Group for any reason other than for Cause; or

(ii) the Optionee's resignation for Good Reason from all

capacities in which the Optionee is then rendering Service to the Participating Company Group within a reasonable period of time following the event constituting Good Reason.

Notwithstanding any provision herein to the contrary, Termination After Change in Control shall not include any termination of the Optionee's Service with the Participating Company Group which (1) is for Cause; (2) is a result of the Optionee's death or disability; (3) is a result of the Optionee's voluntary termination of Service other than for Good Reason; or (4) occurs prior to the effectiveness of a Change in Control.

8. CHANGE IN CONTROL.

8.1 Definitions.

(a) An "Ownership Change Event" shall be deemed to have occurred if any of the following occurs with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company; (ii) a merger or consolidation in which the Company is a party; (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company; or (iv) a liquidation or dissolution of the Company.

(b) A "Change in Control" shall mean an Ownership Change Event or a series of related Ownership Change Events (collectively, a "Transaction") wherein the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately before the Transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding voting securities of the Company or, in the case of a Transaction described in Section 8.1(a)(iii), the corporation or other business entity to which the assets of the Company were transferred (the "Transferee"), as the case may be. For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company or the Transferee, as the case may be, either directly or through one or more subsidiary corporations or other business entities. The Board shall have the right to determine whether multiple sales or exchanges of the voting securities of the Company or multiple Ownership Change Events are related, and its determination shall be final, binding and conclusive.

8.2 Effect of Change in Control on Option. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiring Corporation"), may, without the consent of the Optionee, either assume the Company's rights and obligations under the Option or substitute for the

Option a substantially equivalent option for the Acquiring Corporation's stock. In the event that the Acquiring Corporation elects not to assume the Company's rights and obligations under the Option or substitute for the Option, and provided that the Optionee's Service has not terminated prior to such date, any unexercised portion of the Option shall be immediately exercisable and vested in full as of the date ten (10) days prior to the Change in Control. Any exercise or vesting of the Option that was permissible solely by reason of this Section 8.2 shall be conditioned upon the consummation of the Change in Control. The Option shall terminate and cease to be outstanding effective as of the date of the Change in Control to the extent that the Option is neither assumed or substituted for by the Acquiring Corporation in connection with the Change in Control nor exercised as of the date of the Change in Control. Notwithstanding the foregoing, shares acquired upon exercise of the Option prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such shares shall continue to be subject to all applicable provisions of this Option Agreement except as otherwise provided herein. Furthermore, notwithstanding the foregoing, if the corporation the stock of which is subject to the Option immediately prior to an Ownership Change Event described in Section 8.1(a)(i) constituting a Change in Control is the surviving or continuing corporation and immediately after such Ownership Change Event less than fifty percent (50%) of the total combined voting power of its voting stock is held by another corporation or by other corporations that are members of an affiliated group within the meaning of Section 1504(a) of the Code without regard to the provisions of Section 1504(b) of the Code, the Option shall not terminate unless the Board otherwise provides in its discretion.

9. ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.

In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification, or similar change in the capital structure of the Company, appropriate adjustments shall be made in the number, Exercise Price and class of shares of stock subject to the Option. If a majority of the shares which are of the same class as the shares that are subject to the Option are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event) shares of another corporation (the "New Shares"), the Board may unilaterally amend the Option to provide that the Option is exercisable for New Shares. In the event of any such amendment, the Number of Option Shares and the Exercise Price shall be adjusted in a fair and equitable manner, as determined by the Board, in its discretion. Notwithstanding the foregoing, any fractional share resulting from an adjustment pursuant to this Section 9 shall be rounded down to the nearest whole number, and in no event may the Exercise Price be decreased to an amount less than the par value, if any, of the stock subject to the Option. The adjustments determined by the Board pursuant to this Section 9 shall be final, binding and conclusive.

10. RIGHTS AS A STOCKHOLDER OR EMPLOYEE.

The Optionee shall have no rights as a stockholder with respect to any

shares covered by the Option until the date of the issuance of a certificate for the shares for which the Option has been exercised (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 9. The Optionee understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Optionee, the Optionee's employment is "at will" and is for no specified term. Nothing in this Option Agreement shall confer upon the Optionee any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Optionee's Service as an Employee at any time.

11. STOCK DISTRIBUTIONS SUBJECT TO OPTION AGREEMENT.

If, from time to time, there is any stock dividend, stock split or other change, as described in Section 9, in the character or amount of any of the outstanding stock of the corporation the stock of which is subject to the provisions of this Option Agreement, then in such event any and all new, substituted or additional securities to which the Optionee is entitled by reason of the Optionee's ownership of the shares acquired upon exercise of the Option shall be immediately subject to any security interest held by the Company with the same force and effect as the shares subject to such security interest immediately before such event.

12. NOTICE OF SALES UPON DISQUALIFYING DISPOSITION.

The Optionee shall dispose of the shares acquired pursuant to the Option only in accordance with the provisions of this Option Agreement. In addition, the Optionee shall (a) promptly notify the Chief Financial Officer of the Company if the Optionee disposes of any of the shares acquired pursuant to the Option within one (1) year after the date the Optionee exercises all or part of the Option or within two (2) years after the Date of Option Grant and (b) provide the Company with a description of the circumstances of such disposition. Until such time as the Optionee disposes of such shares in a manner consistent with the provisions of this Option Agreement, unless otherwise expressly authorized by the Company, the Optionee shall hold all shares acquired pursuant to the Option in the Optionee's name (and not in the name of any nominee) for the one-year period immediately after the exercise of the Option and the two-year period immediately after Date of Option Grant. At any time during the one-year or two-year periods set forth above, the Company may place a legend on any certificate representing shares acquired pursuant to the Option requesting the transfer agent for the Company's stock to notify the Company of any such transfers. The obligation of the Optionee to notify the Company of any such transfer shall continue notwithstanding that a legend has been placed on the certificate pursuant to the preceding sentence.

13. LEGENDS.

The Company may at any time place legends referencing any applicable

federal, state or foreign securities law restrictions on all certificates representing shares of stock subject to the provisions of this Option Agreement. The Optionee shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to the Option in the possession of the Optionee in order to carry out the provisions of this Section. Unless otherwise specified by the Company, legends placed on such certificates may include, but shall not be limited to, the following:

13.1 "THE SHARES EVIDENCED BY THIS CERTIFICATE WERE ISSUED BY THE CORPORATION TO THE REGISTERED HOLDER UPON EXERCISE OF AN INCENTIVE STOCK OPTION AS DEFINED IN SECTION 422 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("ISO"). IN ORDER TO OBTAIN THE PREFERENTIAL TAX TREATMENT AFFORDED TO ISOs, THE SHARES SHOULD NOT BE TRANSFERRED PRIOR TO [INSERT DISQUALIFYING DISPOSITION DATE HERE]. SHOULD THE REGISTERED HOLDER ELECT TO TRANSFER ANY OF THE SHARES PRIOR TO THIS DATE AND FOREGO ISO TAX TREATMENT, THE TRANSFER AGENT FOR THE SHARES SHALL NOTIFY THE CORPORATION IMMEDIATELY. THE REGISTERED HOLDER SHALL HOLD ALL SHARES PURCHASED UNDER THE INCENTIVE STOCK OPTION IN THE REGISTERED HOLDER'S NAME (AND NOT IN THE NAME OF ANY NOMINEE) PRIOR TO THIS DATE OR UNTIL TRANSFERRED AS DESCRIBED ABOVE."

14. RESTRICTIONS ON TRANSFER OF SHARES.

No shares acquired upon exercise of the Option may be sold, exchanged, transferred (including, without limitation, any transfer to a nominee or agent of the Optionee), assigned, pledged, hypothecated or otherwise disposed of, including by operation of law, in any manner which violates any of the provisions of this Option Agreement and any such attempted disposition shall be void. The Company shall not be required (a) to transfer on its books any shares which will have been transferred in violation of any of the provisions set forth in this Option Agreement or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares will have been so transferred.

15. MISCELLANEOUS PROVISIONS.

15.1 Binding Effect. Subject to the restrictions on transfer set forth herein, this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

15.2 Termination or Amendment. The Board may terminate or amend the Plan or the Option at any time; provided, however, that except as provided in Section 8.2 in connection with a Change in Control, no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Optionee unless such termination or amendment is necessary to comply with any applicable law or government regulation or is required to enable the Option to qualify as an Incentive Stock Option. No amendment or addition to this Option Agreement shall be effective unless in writing.

15.3 Notices. Any notice required or permitted hereunder shall be

given in writing and shall be deemed effectively given (except to the extent that this Option Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail, with postage and fees prepaid, addressed to the other party at the address shown below that party's signature on the Notice or at such other address as such party may designate in writing from time to time to the other party.

15.4 Integrated Agreement. The Notice, this Option Agreement and the Plan constitute the entire understanding and agreement of the Optionee and the Participating Company Group with respect to the subject matter contained herein or therein and supersedes any prior agreements, understandings, restrictions, representations, or warranties among the Optionee and the Participating Company Group with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Notice and the Option Agreement shall survive any exercise of the Option and shall remain in full force and effect.

15.5 Applicable Law. This Option Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

15.6 Counterparts. The Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Optionee: /s/ William R. Pesch

Date: 11/8/04

INCENTIVE STOCK OPTION EXERCISE NOTICE

Anacomp, Inc.
Attention: Chief Financial Officer

Ladies and Gentlemen:

1. Option. I was granted an option (the "Option") to purchase shares of the Class A common stock (the "Shares") of Anacomp, Inc. (the "Company") pursuant to

the Company's 2001 Stock Option Plan (the "Plan"), my Notice of Grant of Stock Option (the "Notice") and my Stock Option Agreement (the "Option Agreement") as follows:

Grant Number: _____

Date of Option Grant: _____

Number of Option Shares: _____

Exercise Price per Share: \$ _____

2. Exercise of Option. I hereby elect to exercise the Option to purchase the following number of Shares, all of which are Vested Shares in accordance with the Notice and the Option Agreement:

Total Shares Purchased: _____

Total Exercise Price
(Total Shares X Price per Share) \$ _____

3. Payments. I enclose payment in full of the total exercise price for the Shares in the following form(s), as authorized by my Option Agreement:

TM Cash: \$ _____

TM Check: \$ _____

TM Tender of Company Stock: Contact Plan Administrator

TM Cashless Exercise: Contact Plan Administrator

4. Tax Withholding. I authorize payroll withholding and otherwise will make adequate provision for the federal, state, local and foreign tax withholding obligations of the Company, if any, in connection with the Option.

5. Optionee Information.

My address is: _____

My Social Security Number is: _____

6. Notice of Disqualifying Disposition. I agree that I will promptly notify the Chief Financial Officer of the Company if I transfer any of the Shares within one (1) year from the date I exercise all or part of the Option or within two (2) years of the Date of Option Grant.

7. Binding Effect. I agree that the Shares are being acquired in accordance with and subject to the terms, provisions and conditions of the Option Agreement, to all of which I hereby expressly assent. This Agreement shall inure to the benefit of and be binding upon my heirs, executors, administrators, successors and assigns.

I understand that I am purchasing the Shares pursuant to the terms of the Plan, the Notice and my Option Agreement, copies of which I have received and carefully read and understand.

Very truly yours,

(Signature)

Receipt of the above is hereby acknowledged.

Anacomp, Inc.

By: -----

Title: -----

Dated: -----

Anacomp(R) board of directors NAMES
WILLIAM R. PESCH AS PRESIDENT AND
CHIEF OPERATING OFFICER

SAN DIEGO, CA - November 8, 2004 - Anacomp, Inc. (OTC BB: ANCPA), a leader in comprehensive information management outsourcing and multi-vendor maintenance support, today announced that its Board of Directors has named William R. (Bill) Pesch as President and Chief Operating Officer effective November 15, 2004. Mr. Pesch will report to Anacomp's CEO, Jeffrey R. Cramer, who has held the positions of both President and CEO since October 2002. As a result of Mr. Pesch's appointment, Mr. Cramer will be resigning from his position as President of the Company effective as of November 15, 2004. Mr. Cramer will continue to serve as Chief Executive Officer and a member of the board of directors of the Company.

Mr. Pesch comes to Anacomp as an accomplished executive with demonstrated success leading mid-size global organizations to profitable high growth. Mr. Pesch has extensive experience in many aspects of the document management industry. Prior to joining Anacomp, Mr. Pesch held senior management positions in such firms as A.B. Dick Company, Siemens Building Technologies and Bell & Howell. He also is founder and president of WRP Associates, an interim executive leadership business for private equity firms, and President of a German based company that provides electronic office and mailroom equipment. He has an MBA from Harvard Business School and a BS in Electrical Engineering and Computer Science from the University of New Mexico. "Bill Pesch is a proven executive with enormous breadth and expertise. He will play a pivotal role in the Company's future, as we continue to pursue our revenue growth strategy," Mr. Cramer said. Mr. Pesch said his priorities include expanding the Company's reach as a full service provider of information management outsourcing and maintenance support services to its base of more than 6,000 customers. "I am very excited to be joining Anacomp. The Company has outstanding customers and offers an expanding suite of services ideally suited for their current and future needs."

About Anacomp

Anacomp provides Multi-Vendor Services and Information Management Solutions to thousands of businesses and organizations worldwide. Anacomp Multi-Vendor Services partners with Original Equipment Manufacturers to provide authorized vendor-neutral support of storage equipment, network devices, specialty systems and peripherals. Multi-Vendor Services includes Call Center Support, On-Site Maintenance, Depot Services, Logistics, Training, and Micro-Imaging Resources. Anacomp Information Management Solutions provides secure capture, management, storage/preservation and delivery of critical information. Information

Management Solutions includes docHarbor(R) Web Presentment, Valise(TM) Content Management, Input, Micrographic and Conversion Services. Founded in 1968, Anacomp, Inc. is headquartered in San Diego, USA with international headquarters in Wokingham, UK. For more information, visit Anacomp's web site at www.anacomp.com. Contact: Linster W. Fox, Anacomp Executive Vice-President and Chief Financial Officer, 858-716-3609 or lfox@anacomp.com.

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