

REGISTRATION NO. 333-29879

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

FIRST INDUSTRIAL REALTY TRUST, INC.  
(Exact name of registrant as specified in its charter)  
MARYLAND  
(State or other jurisdiction of incorporation or  
organization)  
36-3935116  
(I.R.S. Employer Identification Number)

FIRST INDUSTRIAL, L.P.  
(Exact name of registrant as specified in its charter)  
DELAWARE  
(State or other jurisdiction of incorporation or  
organization)  
36-3924586  
(I.R.S. Employer Identification Number)

311 S. WACKER DRIVE, SUITE 4000  
CHICAGO, ILLINOIS 60606  
(312) 344-4300

(Address, including zip code, and telephone number, including area code, of  
registrants' principal executive offices)

MICHAEL T. TOMASZ  
PRESIDENT AND CHIEF EXECUTIVE OFFICER  
FIRST INDUSTRIAL REALTY TRUST, INC.  
311 S. WACKER DRIVE, SUITE 4000  
CHICAGO, ILLINOIS 60606  
(312) 344-4300

(Name, address, including zip code, and telephone number, including area code,  
of agent for service)

Copies to:

GERALD S. TANENBAUM, ESQ.  
ROGER ANDRUS, ESQ.  
CAHILL GORDON & REINDEL  
80 PINE STREET  
NEW YORK, NEW YORK 10005  
(212) 701-3000

ROBERT E. KING, JR., ESQ.  
ROGERS & WELLS  
200 PARK AVENUE  
NEW YORK, NEW YORK 10166  
(212) 878-8000

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Approximate date of commencement of proposed sale to the public: From time  
to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered  
pursuant to dividend or interest reinvestment plans, please check the following  
box: / /

If any of the securities being registered on this Form are to be offered on  
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, other than securities offered only in connection with dividend or interest  
reinvestment plans, check the following box: /X/

If this Form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act, please check the following box  
and list the Securities Act registration statement number of the earlier  
effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c)  
under the Securities Act, check the following box and list the Securities Act  
registration statement number of the earlier effective registration statement  
for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434,  
please check the following box. / /

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CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES BEING REGISTERED(1)(2)	AMOUNT TO BE REGISTERED(3)(4)(5)(6)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(7)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(3)(4)(5)(7)(8)	AMOUNT OF REGISTRATION FEE(9)(10)
First Industrial Realty Trust, Inc. Common Stock(11).....				
Preferred Stock.....	\$300,000,000	N.A.	\$300,000,000	
Depositary Shares.....				\$151,515
First Industrial, L.P. Debt Securities.....	\$200,000,000	N.A.	\$200,000,000	

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- (1) This Registration Statement also covers securities which may be issued by the Registrants under contracts pursuant to which the counterparty may be required to purchase Common Stock, Preferred Stock, Depositary Shares or Debt Securities.
  - (2) Subject to footnotes (4) and (5), there is being registered hereunder (a) an indeterminate amount of Preferred Stock, Depositary Shares and Common Stock as may be sold, from time to time, by First Industrial Realty Trust, Inc. and (b) an indeterminate amount of Debt Securities as may be sold, from time to time, by First Industrial, L.P. There is also being registered hereunder up to \$300,000,000 of Common Stock that may be issued upon conversion of an aggregate of up to \$300,000,000 of Preferred Stock and Depositary Shares registered hereunder.
  - (3) In no event will the aggregate maximum offering price of all securities registered under this Registration Statement exceed \$500,000,000. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder.
  - (4) In no event will the aggregate maximum offering price of Common Stock, Preferred Stock and Depositary Shares registered under this Registration Statement exceed \$300,000,000.
  - (5) In no event will the aggregate maximum offering price of Debt Securities registered under this Registration Statement exceed \$200,000,000.
  - (6) \$69,525,320 of Common Stock registered on Form S-3, File No. 333-13225 and \$100,000,000 of Debt Securities registered on Form S-3, File No. 333-21873, as to which filing fees of \$19,708 and \$30,303, respectively, were previously paid and are being applied to this Registration Statement with respect to such shares and Debt Securities, respectively, are being carried forward pursuant to Rule 429 of the rules and regulations under the Securities Act of 1933, as amended.
  - (7) The proposed maximum offering price per unit (a) has been omitted pursuant to instruction II.D. of Form S-3 and (b) will be determined, from time to time, by the Registrants in connection with the issuance by the Registrants of the securities registered hereunder.
  - (8) In U.S. dollars or, the equivalent thereof, denominated in one or more foreign currencies or units of two or more foreign currencies or composite currencies (such as European Currency Units).
  - (9) Calculated pursuant to Rule 457(o) of the rules and regulations under the Securities Act of 1933, as amended.
  - (10) Previously paid.
  - (11) Includes rights to purchase Junior Participating Preferred Stock of the Company (the "Rights"). Since no separate consideration is paid for the Rights, the registration fee therefor is included in the fee for the Common Stock.

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

PURSUANT TO RULE 429 UNDER THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT CONTAINS A COMBINED PROSPECTUS THAT ALSO RELATES TO \$69,525,320 OF COMMON STOCK REGISTERED ON FORM S-3, FILE NO. 333-13225, WHICH WAS DECLARED EFFECTIVE ON OCTOBER 4, 1996 (THE "PREVIOUSLY REGISTERED COMMON STOCK"), AND \$100,000,000 OF DEBT SECURITIES REGISTERED ON FORM S-3, FILE NO. 333-21873, WHICH WAS DECLARED EFFECTIVE ON APRIL 30, 1997 (THE "PREVIOUSLY REGISTERED DEBT SECURITIES"), WHICH HAVE NOT BEEN OFFERED OR SOLD AS OF THE DATE OF THE FILING OF THIS AMENDMENT NO. 1 TO THE REGISTRATION STATEMENT. THIS REGISTRATION STATEMENT CONSTITUTES POST-EFFECTIVE AMENDMENT NO. 2 TO REGISTRATION STATEMENT FILE NO. 333-13225 AND CONSTITUTES POST-EFFECTIVE AMENDMENT NO. 1 TO REGISTRATION STATEMENT FILE NO. 333-21873, PURSUANT TO WHICH THE TOTAL AMOUNT OF UNSOLD PREVIOUSLY REGISTERED COMMON STOCK AND PREVIOUSLY REGISTERED DEBT SECURITIES, REGISTERED ON REGISTRATION STATEMENT FILE NO. 333-13225 AND REGISTRATION STATEMENT FILE NO. 333-21873, RESPECTIVELY, MAY BE OFFERED AND SOLD BY THE COMPANY AS COMMON STOCK OR DEBT SECURITIES, AS THE CASE MAY BE.

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EXPLANATORY NOTE

This Registration Statement relates to securities which may be offered from time to time by First Industrial Realty Trust, Inc. (the "Company") and First Industrial, L.P., a majority-owned subsidiary of the Company (the "Operating Partnership"). This Registration Statement contains a form of base prospectus (the "Base Prospectus") relating to both the Company and the Operating Partnership which will be used in connection with an offering of securities by the Company or the Operating Partnership. The specific terms of the securities to be offered will be set forth in a Prospectus Supplement relating to such securities. To the extent securities of the Operating Partnership, which are limited to unsecured non-convertible investment grade debt securities, are offered pursuant to the enclosed Base Prospectus, the Base Prospectus will include the financial statements and other information listed on the Index to Financial Statements and Other Information set forth on page F-1 of the Base Prospectus.

SUBJECT TO COMPLETION, DATED SEPTEMBER 23, 1997

PROSPECTUS

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

\$669,525,320

FIRST INDUSTRIAL REALTY TRUST, INC.  
Common Stock, Preferred Stock and Depositary Shares

FIRST INDUSTRIAL, L.P.  
Debt Securities

First Industrial Realty Trust, Inc. (the "Company") may from time to time offer in one or more series (i) shares of common stock, par value \$.01 per share ("Common Stock"), (ii) shares of preferred stock, par value \$.01 per share ("Preferred Stock"), and (iii) shares of Preferred Stock represented by depositary shares ("Depositary Shares"), with an aggregate public offering price of up to \$669,525,320, in amounts, at prices and on terms to be determined at the time of offering. First Industrial, L.P. (the "Operating Partnership") may from time to time offer in one or more series unsecured non-convertible investment grade debt securities ("Debt Securities"), with an aggregate public offering price of up to \$300,000,000, in amounts, at prices and on terms to be determined at the time of offering. The Common Stock, Preferred Stock, Depositary Shares and Debt Securities (collectively, the "Securities") may be offered, separately or together, in separate series in amounts, at prices and on terms to be set forth in one or more supplements to this Prospectus (each a "Prospectus Supplement").

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in the applicable Prospectus Supplement and will include, where applicable: (i) in the case of Common Stock, any initial public offering price; (ii) in the case of Preferred Stock, the specific title and stated value, any dividend, liquidation, redemption, conversion, voting and other rights, and any initial public offering price; (iii) in the case of Depositary Shares, the fractional share of Preferred Stock represented by each such Depositary Share; and (iv) in the case of Debt Securities, the specific title, aggregate principal amount, currency, form (which may be registered or bearer, or certificated or global), authorized denominations, maturity, rate (or manner of calculation thereof) and time of payment of interest, terms for redemption at the option of the Operating Partnership or repayment at the option of the holder, terms for sinking fund payments, covenants and any initial public offering price. In addition, such specific terms may include limitations on direct or beneficial ownership and restrictions on transfer of the Securities, in each case as may be consistent with the Company's Amended and Restated Articles of Incorporation (the "Articles of Incorporation") or otherwise appropriate to preserve the status of the Company as a real estate investment trust ("REIT") for federal income tax purposes. See "Description of Preferred Stock--Restrictions on Ownership" and "Restrictions on Transfers of Capital Stock."

The applicable Prospectus Supplement will also contain information, where applicable, about certain United States federal income tax considerations relating to, and any listing on a securities exchange of, the Securities covered by such Prospectus Supplement, not contained in this Prospectus.

The Securities may be offered directly to one or more purchasers, through agents designated from time to time by the Company or the Operating Partnership or to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of the Securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth, or will be calculable from the information set forth, in an accompanying Prospectus Supplement. No Securities may be sold by the Company or the Operating Partnership without delivery of a Prospectus Supplement describing the method and terms of the offering of such series of Securities. See "Plan of Distribution."

FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SECURITIES, SEE "RISK FACTORS" COMMENCING ON PAGE 4.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.  
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The date of this Prospectus is \_\_\_\_\_, 1997

AVAILABLE INFORMATION

The Company and the Operating Partnership are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, the Company files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission") and the Operating Partnership files reports and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at prescribed rates at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the Commission at 7 World Trade Center, 13th Floor, New York, New York 10048 and at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material also can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission at <http://www.sec.gov>. Securities of the Company are listed on the New York Stock Exchange (the "NYSE"), and all such material filed by the Company with the NYSE also can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The Company and the Operating Partnership have filed with the Commission a registration statement on Form S-3 (together with all amendments and exhibits, the "Registration Statement"), of which this Prospectus is a part, under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Securities. This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information concerning the Company, the Operating Partnership and the Securities, reference is made to the Registration Statement. Statements contained in this Prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance, reference is made to the copy of such contract or document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by the Company (File No. 1-13102) and the Operating Partnership (File No. 333-21873) with the Commission are incorporated herein by reference:

(a) the Company's Annual Report on Form 10-K for the year ended December 31, 1996;

(b) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 filed May 30, 1997;

(c) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, as amended by Form 10-Q/A No. 1 filed August 26, 1997;

(d) the Company's Current Report on Form 8-K filed February 12, 1997, as amended by Form 8-K/A No. 1 filed April 10, 1997;

(e) the Company's Current Report on Form 8-K filed May 13, 1997;

(f) the Company's Current Report on Form 8-K filed June 6, 1997;

(g) the Company's Current Report on Form 8-K filed July 15, 1997, as amended by Form 8-K/A No. 1 filed September 4, 1997;

(h) the Company's Current Report on Form 8-K filed September 11, 1997;

(i) the Company's Current Report on Form 8-K filed September 19, 1997;



(j) the description of the Common Stock included in the Company's Registration Statement on Form 8-A dated June 23, 1994;

(k) the Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997;

(l) the Operating Partnership's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, as amended by Form 10-Q/A No. 1 filed August 26, 1997;

(m) the Operating Partnership's Current Report on Form 8-K filed May 13, 1997;

(n) the Operating Partnership's Current Report on Form 8-K filed May 15, 1997;

(o) the Operating Partnership's Current Report on Form 8-K filed June 13, 1997; and

(p) the Operating Partnership's Current Report on Form 8-K filed July 15, 1997, as amended by Form 8-K/A No. 1 filed September 4, 1997.

All documents filed by the Company or the Operating Partnership pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Securities offered hereby shall be deemed to be incorporated by reference in this Prospectus and made a part hereof from the date of the filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other document subsequently filed with the Commission which also is incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company and the Operating Partnership will provide without charge to each person, including any beneficial owner, to whom this Prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the information incorporated by reference herein (not including the exhibits to the information that is incorporated by reference herein, unless such exhibits are specifically incorporated by reference into the information that is incorporated by reference herein). Requests for such copies should be directed to: First Industrial Realty Trust, Inc., Attn: Investor Relations, 311 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606, telephone (312) 344-4300.

Certain information, including, but not limited to, information relating to the Operating Partnership's principal security holders, management, executive compensation, certain relationships and related transactions and legal proceedings that would be required to be disclosed in a prospectus included in a registration statement on Form S-11 has been omitted from this Prospectus, because such information is not materially different from the information contained in the Company's periodic reports, proxy statements and other information filed by the Company with the Commission.

## THE COMPANY AND THE OPERATING PARTNERSHIP

UNLESS THE CONTEXT OTHERWISE REQUIRES, ALL REFERENCES IN THIS PROSPECTUS TO THE "COMPANY" REFER TO FIRST INDUSTRIAL REALTY TRUST, INC. AND ITS SUBSIDIARIES, INCLUDING FIRST INDUSTRIAL, L.P. (THE "OPERATING PARTNERSHIP"), AND ALL REFERENCES IN THIS PROSPECTUS TO THE "OTHER REAL ESTATE PARTNERSHIPS" REFER TO ALL PARTNERSHIP SUBSIDIARIES OF FIRST INDUSTRIAL REALTY TRUST, INC. OTHER THAN THE OPERATING PARTNERSHIP. UNLESS OTHERWISE INDICATED, ALL INFORMATION REGARDING PROPERTIES RELATES TO PROPERTIES OWNED AND IN SERVICE AS OF JUNE 30, 1997.

The Company is a REIT which owns, manages, acquires and develops bulk warehouse and light industrial properties. Markets in which the Company operates include the following metropolitan areas: Atlanta, Georgia; Chicago, Illinois; Cincinnati, Ohio; Cleveland, Ohio; Columbus, Ohio; Dayton, Ohio; Des Moines, Iowa; Detroit, Michigan; Grand Rapids, Michigan; Indianapolis, Indiana; Milwaukee, Wisconsin; Minneapolis/St. Paul, Minnesota; Nashville, Tennessee; and St. Louis, Missouri, as well as the regional areas of Central Pennsylvania, Long Island, New York and New Jersey. As of June 30, 1997, the Company owned 453 in-service properties containing an aggregate of approximately 39.1 million square feet of gross leasable area ("GLA") which was approximately 96% leased to over 1,300 tenants. The Company is a self-administered and fully integrated industrial real estate company.

The Company is the sole general partner of, and, as of June 30, 1997, held approximately 88.0% of the outstanding units of partnership interest ("Units") in, the Operating Partnership. As of such date, approximately 12.0% of the outstanding Units were held by outside investors, including certain members of the Company's management. Each Unit, other than those held by the Company, may be exchanged by the holder thereof for one share (subject to certain adjustments) of Common Stock. With each such exchange, the number of Units owned by the Company, and, therefore, the Company's percentage interest in the Operating Partnership, will increase.

Substantially all of the Company's assets are held through the Operating Partnership and the Other Real Estate Partnerships. The Operating Partnership owns a 99% limited partnership interest, and wholly owned subsidiaries of First Industrial Realty Trust, Inc. own a 1% general partnership interest, in each of the Other Real Estate Partnerships, except that in the case of one Other Real Estate Partnership, First Industrial Securities L.P. ("Securities L.P."), the general partner thereof also owns a preferred limited partnership interest the terms of which mirror the terms of the Company's outstanding 9 1/2% Series A Preferred Stock, par value \$.01 per share ("Series A Preferred Stock"). See "Description of Preferred Stock--Outstanding Preferred Stock."

The Company was incorporated in Maryland in August 1993. The Operating Partnership was formed in Delaware in November 1993. The Company's and the Operating Partnership's executive offices are located at 311 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606, and their telephone number is (312) 344-4300.

### RISK FACTORS

In evaluating an investment in the Securities, investors should consider the following factors, in addition to other matters set forth or incorporated in this Prospectus and in any applicable Prospectus Supplement.

### REAL ESTATE INVESTMENT CONSIDERATIONS

#### GENERAL

Income from real property investments, and the Company's resulting ability to make expected distributions to stockholders, may be adversely affected by the general economic climate, local conditions such as oversupply or a reduction in demand in the area, the attractiveness of the properties to tenants, tenant defaults, zoning or other regulatory restrictions, competition from other available real estate, the ability of the Company to provide adequate maintenance and insurance and increased operating costs (including insurance premiums and real estate taxes). The Company's income would also be adversely

affected if tenants were unable to pay rent or the Company were unable to rent properties on favorable terms. In addition, certain expenditures associated with real estate investment (such as real estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in income from the investment. Furthermore, real estate investments are relatively illiquid and, therefore, will tend to limit the ability of the Company to vary its portfolio promptly in response to changes in economic or other conditions.

#### RENEWAL OF LEASES AND RELETTING OF SPACE

The Company will be subject to the risks that, upon expiration of leases, the leases may not be renewed, the space subject to such leases may not be relet or the terms of renewal or reletting (including the cost of required renovations) may be less favorable than expiring lease terms. If the Company were unable promptly to renew a significant number of expiring leases or promptly to relet the space covered by such leases, or if the rental rates upon such renewal or reletting were significantly lower than the then current rates, the Company's funds from operations and ability to make expected distributions to stockholders might be adversely affected. Leases with respect to approximately 3.4 million, 6.6 million and 7.0 million square feet of GLA expire in 1997, 1998 and 1999, respectively.

#### POTENTIAL ENVIRONMENTAL LIABILITY

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate may be liable for the costs of clean-up of certain conditions relating to the presence of hazardous or toxic materials on, in or emanating from the property, and any related damages to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of hazardous or toxic materials. The presence of such materials, or the failure to address such conditions properly, may adversely affect the ability to rent or sell the property or to borrow using the property as collateral. Persons who dispose of or arrange for the disposal or treatment of hazardous or toxic materials may also be liable for the costs of clean-up of such materials, or for related natural resource damages, at or from an off-site disposal or treatment facility, whether or not such facility is owned or operated by such persons. No assurance can be given that existing environmental assessments with respect to any of the Company's properties reveal all environmental liabilities, that any prior owner or operator of any of the properties did not create any material environmental condition not known to the Company or that a material environmental condition does not otherwise exist as to any one or more properties.

#### LIMITED GEOGRAPHIC CONCENTRATION

Approximately 68% of the Properties owned by the Company as of June 30, 1997 are located in the midwest region of the United States. A fundamental element of the Company's growth strategy is to acquire additional properties in its current markets. Consequently, the Company may be dependent upon the demand for industrial space in those markets. The Company's revenues and the value of its properties may be affected by a number of factors in its current markets, including the local economic climate (which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors) and local real estate conditions (such as oversupply of, or reduced demand for, properties). Therefore, the Company's performance and its ability to make distributions to stockholders will likely be dependent, to a significant extent, on the economic conditions in its current markets.

#### TAX RISKS

##### CONSEQUENCES OF FAILURE TO QUALIFY AS A REIT

The Company intends to operate so as to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). Although the Company believes that it is organized and will operate in a manner so as to qualify as a REIT, qualification as a REIT involves the satisfaction of numerous requirements (some of which must be met on a recurring basis) established under highly technical and

complex Code provisions of which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within the Company's control. If the Company were to fail to qualify as a REIT in any taxable year, the Company would be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at corporate rates and, unless entitled to relief under certain statutory provisions, the Company also would be disqualified from treatment as a REIT for the four taxable years that follow. See "Federal Income Tax Considerations."

#### EFFECT OF DISTRIBUTION REQUIREMENTS

The Company could, in certain instances, have taxable income without sufficient cash to enable the Company to meet the distribution requirements of the REIT provisions of the Code. Accordingly, the Company could be required to borrow funds or sell properties on adverse terms in order to meet such distribution requirements. In addition, because the Company must distribute to its stockholders at least 95% of its REIT taxable income each year, the Company's ability to accumulate capital may be limited. Thus, it may be more dependent on outside sources of financing, such as debt financing or issuances of additional capital stock, in connection with future acquisitions. See "Federal Income Tax Considerations."

#### RESTRICTIONS ON TRANSFER OF SHARES

As noted below under "Description of Preferred Stock--Restrictions on Ownership" and "Restrictions on Transfers of Capital Stock," in order to maintain its qualification as a REIT under the Code, no more than 50% in value of the outstanding capital stock of the Company may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year. Accordingly, the Company's Articles of Incorporation contain, and the Designating Amendment for each series of Preferred Stock may contain, provisions restricting the ownership and transfer of the Company's capital stock.

#### RISKS ASSOCIATED WITH DEBT FINANCING AND LEVERAGE; COLLATERALIZATION AND CROSS-COLLATERALIZATION

##### GENERAL

Where possible, the Company intends to continue to use leverage to increase the rate of return on its investments and to allow the Company to make more investments than it otherwise could. Such use of leverage presents an additional element of risk in the event that the cash flow from the Company's properties is insufficient to meet both debt payment obligations and the distribution requirements of the REIT provisions of the Code. To the extent the Operating Partnership determines to obtain additional debt financing in the future, it may do so through mortgages on some or all of its properties. These mortgages may be on recourse, non-recourse or crossed-collateralized bases. Holders of indebtedness which is so secured will have a claim against these properties which is senior to the claim of holders of Debt Securities. In addition, to the extent indebtedness is crossed-collateralized, lenders may seek to foreclose upon properties which are not the primary collateral for their loan, which may, in turn, result in acceleration of other indebtedness secured by properties. Foreclosure of properties would result in a loss of income and asset value to the Operating Partnership and the Company.

##### BALLOON PAYMENTS

The Operating Partnership is required to make lump-sum or "balloon" payments pursuant to the terms of certain of its indebtedness, including the Operating Partnership's \$100,000,000 aggregate principal amount 7.15% Notes due 2027 (the "2027 Notes"), the Operating Partnership's \$100,000,000 aggregate principal amount 7 3/8% Notes due 2011 (the "Trust Notes"), the Operating Partnership's \$150,000,000 aggregate principal amount 7.60% Notes due 2007 (the "2007 Notes") and a \$200,000,000 unsecured revolving credit facility (the "Acquisition Facility") under which the Company, through the Operating

Partnership, may borrow to finance the acquisition of additional properties and for other corporate purposes, including working capital. The holders of the 2027 Notes have the right to require the Operating Partnership to redeem their 2027 Notes, in whole or in part, on May 15, 2002. The trust to which the Trust Notes were issued must exercise its right to require the Operating Partnership to redeem the Trust Notes on May 15, 2004 if the holder of a call option with respect to the Trust Notes fails to give written notice on or before May 1, 2004 that it intends to exercise such option. The Acquisition Facility provides for the repayment of principal in a lump-sum or "balloon" payment at maturity in 2000 (subject to successive one-year extensions at the Operating Partnership's option, subject to certain conditions). The Company's ability to make required payments of principal on outstanding indebtedness, whether at maturity or otherwise, may depend on its ability either to refinance the applicable indebtedness or to sell properties. The Company has no commitments to refinance the 2027 Notes, the Trust Notes, the 2007 Notes or the Acquisition Facility. Certain other existing debt obligations of the Company are secured by its properties, and therefore such obligations will permit the lender to foreclose on those properties in the event of a default.

#### NO LIMITATION ON DEBT IN ORGANIZATIONAL DOCUMENTS

The Operating Partnership has no separate policy regarding the amount of debt it may incur, but rather is encompassed by the Company's policy in this regard. The Company currently has a policy of maintaining a ratio of debt to total market capitalization (I.E., total consolidated debt of the Company (excluding the Company's \$300 million mortgage loan (the "1994 Defeased Mortgage Loan") which was defeased in April 1997) as a percentage of the aggregate market value of all outstanding shares of Common Stock, assuming the exchange of all Units for Common Stock, plus the aggregate stated value of all outstanding shares of preferred stock, plus total consolidated debt (excluding 1994 Defeased Mortgage Loan)) which generally will not exceed 50% and a coverage ratio (computed as total revenues (excluding interest income on U.S. government securities collateralizing the 1994 Defeased Mortgage Loan) minus property expenses and general and administrative expenses divided by interest expense (excluding interest on the 1994 Defeased Mortgage Loan accruing after the date of defeasance) plus dividends on preferred stock) of at least 2.0:1. As of June 30, 1997, the Company's ratio of debt to total market capitalization was 29.6%, and for the twelve months ended June 30, 1997, the Company's coverage ratio was 3.12. However, the organizational documents of the Company do not contain any limitation on the amount or percentage of indebtedness the Company may incur and the Company's Board of Directors has the power to alter the current policy. Accordingly, the Company could become more highly leveraged, resulting in an increase in debt service that could adversely affect the Company's ability to make expected distributions to stockholders and in an increased risk of default on its obligations. In addition, except as may be set forth in any Prospectus Supplement, the Debt Securities will not contain any provision that would afford holders of Debt Securities protection in the event of a highly leveraged transaction or change in control of the Operating Partnership or the Company.

#### RISING INTEREST RATES

The Acquisition Facility bears interest at a floating rate. Increases in the interest rate payable on balances outstanding under the Acquisition Facility would have an adverse effect on the Company's cash available for distribution.

#### LIMITS ON CHANGES IN CONTROL

##### GENERAL

Certain provisions of the Articles of Incorporation may have the effect of delaying, deferring or preventing a third party from making an acquisition proposal for the Company and thus inhibit a change in control of the Company and limit the opportunity for stockholders to receive a premium for their Common Stock over then-prevailing market prices. See "Certain Provisions of Maryland Law and the Company's Articles of Incorporation and Bylaws." These provisions include the following:

## RISKS ASSOCIATED WITH PREFERRED STOCK

Under its Articles of Incorporation, the Company has authority to issue up to 10,000,000 shares of Preferred Stock, par value \$.01 per share (of which 1,650,000 shares of Series A Preferred Stock, 40,000 shares of the Company's 8 3/4% Series B Preferred Stock (the "Series B Preferred Stock") and 20,000 shares of the Company's 8 5/8% Series C Preferred Stock ( the "Series C Preferred Stock") were outstanding on September 19, 1997), on such terms as may be authorized by the Board of Directors of the Company. The Board of Directors has also reserved 1,000,000 shares of Junior Participating Preferred Stock, par value \$.01 per share (the "Junior Participating Preferred Stock"), of the Company for issuance pursuant to a shareholder rights plan adopted by the Board of Directors. The shareholder rights plan may discourage a third party from making an acquisition proposal and thus inhibit a change in control of the Company. See "Description of Common Stock--Shareholder Rights Plan."

## MARYLAND BUSINESS COMBINATION LAW

Under the Maryland General Corporation Law, as amended ("MGCL"), certain "business combinations" (including certain issuances of equity securities) between a Maryland corporation, such as the Company, and any person who beneficially owns 10% or more of the voting power of the corporation's shares (an "Interested Stockholder") or, in certain circumstances, an associate or an affiliate thereof (as defined in the MGCL) are prohibited for five years after the most recent date on which the Interested Stockholder becomes an Interested Stockholder. Thereafter, any such business combination must be recommended by the board of directors and approved by two super-majority stockholder votes unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares, in cash or in the same form as previously paid by the Interested Stockholder for its shares. The provisions of the MGCL do not apply to business combinations that are approved or exempted by the Board of Directors prior to the time that the Interested Stockholder becomes an Interested Stockholder. In addition, the Company's Articles of Incorporation exempt from these provisions of the MGCL any business combination in which there is no Interested Stockholder other than Jay H. Shidler, the Chairman of the Board of Directors of the Company, or any entity controlled by Mr. Shidler, unless Mr. Shidler is an Interested Stockholder without taking into account Mr. Shidler's ownership of shares of Common Stock of the Company and the right to acquire shares in an aggregate amount which does not exceed the number of shares which Mr. Shidler owned and had the right to acquire (including through the exchange of Units) at the time of the consummation of the Company's initial public offering.

## MARYLAND CONTROL SHARE ACQUISITION STATUTE

The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights, except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquiror, by officers of the corporation and by directors who are also employees of the corporation. If voting rights with respect to control shares have not been approved at a meeting of stockholders, then, subject to certain conditions and limitations, the issuer may redeem any or all of such control shares for fair value. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The Company's Bylaws contain a provision exempting any and all acquisitions of the Company's shares of capital stock from the control shares provisions of the MGCL. There can be no assurance that this provision will not be amended or eliminated in the future.

## CLASSIFIED BOARD OF DIRECTORS

The Company's directors are divided into three classes by its Articles of Incorporation, with terms expiring over a three year period. The classified board provision could make it more difficult and time

consuming to remove the incumbent directors, thus discouraging a third party from attempting to take control of the Company.

#### RISKS ASSOCIATED WITH DILUTION

To the extent the Company issues Common Stock, the ownership interest of existing stockholders would be diluted.

#### RISKS ASSOCIATED WITH POSSIBLE CONFLICTS OF INTEREST

#### COMPETITION FROM OTHER BUSINESS INTERESTS OF CERTAIN OFFICERS AND DIRECTORS

Entities affiliated with or controlled by certain officers and directors of the Company hold equity interests in industrial properties not owned by the Company. Some of these properties may compete with properties owned by the Company. There can be no assurance that decisions by officers and directors of the Company will fully represent the interests of stockholders of the Company rather than such individuals and their affiliates.

#### TAX CONSEQUENCES TO CERTAIN OFFICERS AND DIRECTORS

Certain officers and directors of the Company own Units which may be exchanged for Common Stock. Prior to the exchange of Units for Common Stock, officers and directors of the Company who own Units may suffer different and more adverse tax consequences than holders of Common Stock upon the sale of certain of the Company's properties, the refinancing of debt associated with those properties or in connection with a proposed tender offer or merger involving the Company and, therefore, such individuals and the Company, as partners in the Operating Partnership, may have different objectives regarding the appropriate terms of any such transaction.

#### USE OF PROCEEDS

Unless otherwise described in the applicable Prospectus Supplement, the Company and the Operating Partnership intend to use the net proceeds from the sale of Securities offered by this Prospectus and the applicable Prospectus Supplement for general corporate purposes, which may include the acquisition of additional properties, the repayment of outstanding debt or the improvement of certain properties already in the Company's portfolio. Any proceeds from the sale of Common Stock, Preferred Stock or Depositary Shares by the Company will be invested in the Operating Partnership, which will use such proceeds for the above-described purposes.

#### RATIOS OF EARNINGS TO FIXED CHARGES

The Company's ratios of earnings to fixed charges plus preferred dividend requirements for the years ended December 31, 1996, 1995 and 1994 and the six months ended June 30, 1997 and 1996 were 1.88, 1.56 and 1.33 and 2.11 and 1.77, respectively. The Operating Partnership's ratios of earnings to fixed charges for the years ended December 31, 1996, 1995 and 1994 and the six months ended June 30, 1997 and 1996 were 6.96, 2.68 and 1.65 and 2.55 and 7.82, respectively.

For purposes of computing the ratios of earnings to fixed charges, earnings have been calculated by adding fixed charges (excluding capitalized interest) to income (loss) (excluding interest income on securities collateralizing the defeasance of the 1994 Mortgage Loan) before disposition of interest rate protection agreement, gain on sales of properties, minority interest and extraordinary items. Fixed charges consist of interest costs (excluding interest on the defeased 1994 Mortgage Loan accruing after the date of defeasance), whether expensed or capitalized, and amortization of interest rate protection agreements and deferred financing costs.

With respect to the Company and the Operating Partnership, earnings were inadequate to cover fixed charges by approximately \$3.4 million and \$4.3 million for the years ended December 31, 1993 and 1992,

respectively, which periods were prior to the Company's initial public offering. No preferred stock of the Company was outstanding during such years.

#### DESCRIPTION OF DEBT SECURITIES

The Debt Securities will be issued under an indenture (the "Indenture"), dated as of May 13, 1997, between the Operating Partnership and First Trust National Association, as trustee (the "Trustee"), which has been incorporated by reference as an exhibit to the Registration Statement of which this Prospectus is a part, subject to such amendments or supplements as may be adopted from time to time. The Indenture is subject to and governed by the Trust Indenture Act of 1939, as amended (the "TIA"). The statements made under this heading relating to the Debt Securities and the Indenture are summaries of certain provisions thereof, do not purport to be complete and are qualified in their entirety by reference to the Indenture and such Debt Securities. All material terms of the Debt Securities and the Indenture, other than those disclosed in the applicable Prospectus Supplement, are described in this Prospectus.

Capitalized terms used herein and not defined shall have the meanings assigned to them in the Indenture.

The Debt Securities to be offered hereby and in any applicable Prospectus Supplement will be "investment grade" securities, meaning at the time of the offering of such Debt Securities, at least one nationally recognized statistical rating organization (as defined in the Exchange Act) will have rated such Debt Securities in one of its generic rating categories which signifies investment grade (typically the four highest rating categories, within which there may be sub-categories or gradations indicating relative standing, signify investment grades). An investment grade rating is not a recommendation to buy, sell or hold securities, is subject to revision or withdrawal at any time by the assigning entity and should be evaluated independently of any other rating.

#### TERMS

**GENERAL.** The Debt Securities will be direct unsecured obligations of the Operating Partnership. The indebtedness represented by the Debt Securities will rank equally with all other unsecured and unsubordinated indebtedness of the Operating Partnership. No partner (whether limited or general, including the Company) of the Operating Partnership has any obligation for the payment of principal of (or premium, if any) or interest, if any, on, or any other amount with respect to, the Debt Securities. The particular terms of the Debt Securities offered by a Prospectus Supplement will be described in the applicable Prospectus Supplement, along with any applicable modifications of or additions to the general terms of the Debt Securities as described herein and in the Indenture and any applicable federal income tax considerations. Accordingly, for a description of the terms of any series of Debt Securities, reference must be made to both the Prospectus Supplement relating thereto and the description of the Debt Securities set forth in this Prospectus.

Except as set forth in any Prospectus Supplement, the Debt Securities may be issued without limit as to aggregate principal amount, in one or more series, in each case as established from time to time by the Operating Partnership or as set forth in the Indenture or in one or more indentures supplemental to the Indenture. All Debt Securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the holders of the Debt Securities of such series, for issuance of additional Debt Securities of such series.

The Indenture provides that the Operating Partnership may, but need not, designate more than one Trustee thereunder, each with respect to one or more series of Debt Securities. Any Trustee under the Indenture may resign or be removed with respect to one or more series of Debt Securities, and a successor Trustee may be appointed to act with respect to such series. In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities, each such Trustee shall be a Trustee of a trust under the Indenture separate and apart from the trust administered by any other Trustee, and, except as otherwise indicated herein, any action described herein to be taken by each Trustee may be taken



by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee under the Indenture.

The following summaries set forth certain general terms and provisions of the Indenture and the Debt Securities. The Prospectus Supplement relating to the series of Debt Securities being offered will contain further terms of such Debt Securities, including the following specific terms:

- (1) The title of such Debt Securities;
- (2) The aggregate principal amount of such Debt Securities and any limit on such aggregate principal amount;
- (3) The price (expressed as a percentage of the principal amount thereof) at which such Debt Securities will be issued and, if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof;
- (4) The date or dates, or the method for determining such date or dates, on which the principal of such Debt Securities will be payable;
- (5) The rate or rates (which may be fixed or variable), or the method by which such rate or rates shall be determined, at which such Debt Securities will bear interest, if any;
- (6) The date or dates, or the method for determining such date or dates, from which any such interest will accrue, the dates on which any such interest will be payable, the record dates for such interest payment dates, or the method by which such dates shall be determined, the persons to whom such interest shall be payable, and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months;
- (7) The place or places where the principal of (and premium or Make-Whole Amount, if any) and interest, if any, on such Debt Securities will be payable, where such Debt Securities may be surrendered for registration of transfer or exchange and where notices or demands to or upon the Operating Partnership in respect of such Debt Securities and the Indenture may be served;
- (8) The period or periods, if any, within which, the price or prices at which and the other terms and conditions upon which such Debt Securities may, pursuant to any optional or mandatory redemption provisions, be redeemed, as a whole or in part, at the option of the Operating Partnership;
- (9) The obligation, if any, of the Operating Partnership to redeem, repay or purchase such Debt Securities pursuant to any sinking fund or analogous provision or at the option of a holder thereof, and the period or periods within which, the price or prices at which and the other terms and conditions upon which such Debt Securities will be redeemed, repaid or purchased, as a whole or in part, pursuant to such obligation;
- (10) If other than U.S. dollars, the currency or currencies in which such Debt Securities are denominated and payable, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating thereto;
- (11) Whether the amount of payments of principal of (and premium or Make-Whole Amount, if any, including any amount due upon redemption, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may, but need not be, based on the yield on or trading price of other securities, including United States Treasury securities, or on a currency, currencies, currency unit or units, or composite currency or currencies) and the manner in which such amounts shall be determined;
- (12) Whether the principal of (and premium or Make-Whole Amount, if any) or interest on the Debt Securities of the series are to be payable, at the election of the Operating Partnership or a holder thereof, in a currency or currencies, currency unit or units or composite currency or currencies other than that in which such Debt Securities are denominated or stated to be payable, the

- period or periods within which, and the terms and conditions upon which, such election may be made, and the time and manner of, and identity of the exchange rate agent with responsibility for, determining the exchange rate between the currency or currencies, currency unit or units or composite currency or currencies in which such Debt Securities are denominated or stated to be payable and the currency or currencies, currency unit or units or composite currency or currencies in which such Debt Securities are to be so payable;
- (13) Provisions, if any, granting special rights to the holders of Debt Securities of the series upon the occurrence of such events as may be specified;
- (14) Any deletions from, modifications of or additions to the Events of Default or covenants of the Operating Partnership with respect to Debt Securities of the series, whether or not such Events of Default or covenants are consistent with the Events of Default or covenants described herein;
- (15) Whether and under what circumstances the Operating Partnership will pay any additional amounts on such Debt Securities in respect of any tax, assessment or governmental charge and, if so, whether the Operating Partnership will have the option to redeem such Debt Securities in lieu of making such payment;
- (16) Whether Debt Securities of the series are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether any Debt Securities of the series are to be issuable initially in temporary global form and whether any Debt Securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global Security may exchange such interests for Debt Securities of such series and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if Registered Securities of the series are to be issuable as a Global Security, the identity of the depository for such series;
- (17) The date as of which any Bearer Securities of the series and any temporary Global Security representing outstanding Debt Securities of the series shall be dated if other than the date of original issuance of the first Security of the series to be issued;
- (18) The Person to whom any interest on any Registered Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary Global Security on an Interest Payment Date will be paid if other than in the manner provided in the Indenture;
- (19) Whether such Debt Securities will be issued in certificated or book entry form;
- (20) The applicability, if any, of the defeasance and covenant defeasance provisions of the Indenture to the Debt Securities of the series;
- (21) If the Debt Securities of such series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and/or terms of such certificates, documents or conditions; and
- (22) Any other terms of the series (which terms shall not be inconsistent with the provisions of the Indenture).

If so provided in the applicable Prospectus Supplement, the Debt Securities may be issued at a discount below their principal amount and provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). In such cases, all material U.S. federal income tax, accounting and other considerations applicable to Original Issue Discount Securities will be described in the applicable Prospectus Supplement.

Except as may be set forth in any Prospectus Supplement, the Indenture does not contain any provisions that would limit the ability of the Operating Partnership to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction involving the Operating Partnership or in the event of a change of control. Restrictions on ownership and transfers of the Common Stock and Preferred Stock are designed to preserve the Company's status as a REIT and, therefore, may act to prevent or hinder a change of control. See "Restrictions on Transfers of Capital Stock." Reference is made to the applicable Prospectus Supplement for information with respect to any deletions from, modifications of, or additions to, the Events of Default or covenants of the Operating Partnership that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

#### DENOMINATION, INTEREST, REGISTRATION AND TRANSFER

Unless otherwise described in the applicable Prospectus Supplement, the Debt Securities of any series will be issuable in denominations of \$1,000 and integral multiples thereof. Where Debt Securities of any series are issued in bearer form, the special restrictions and considerations, including special offering restrictions and special federal income tax considerations, applicable to any such Debt Securities and to payment on and transfer and exchange of such Debt Securities will be described in the applicable Prospectus Supplement. Bearer Debt Securities will be transferable by delivery.

Unless otherwise specified in the applicable Prospectus Supplement, the principal of (and applicable premium or Make-Whole Amount, if any) and interest on any series of Debt Securities will be payable at the corporate trust office of the applicable Trustee, the address of which will be stated in the applicable Prospectus Supplement; provided that, at the option of the Operating Partnership, payment of interest may be made by check mailed to the address of the person entitled thereto as it appears in the applicable register for such Debt Securities or by wire transfer of funds to such person at an account maintained within the United States.

Unless otherwise specified in the applicable Prospectus Supplement, any interest not punctually paid or duly provided for on any Interest Payment Date with respect to a Debt Security in registered form ("Defaulted Interest") will forthwith cease to be payable to the holder on the applicable Regular Record Date and may either be paid to the Person in whose name such Debt Security is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee, in which case notice thereof shall be given to the holder of such Debt Security not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more completely described in the Indenture.

Subject to certain limitations imposed upon Debt Securities issued in book-entry form, the Debt Securities of any series will be exchangeable for any authorized denomination of other Debt Securities of the same series and of a like aggregate principal amount and tenor upon surrender of such Debt Securities at the corporate trust office of the applicable Trustee or at the office of any transfer agent designated by the Operating Partnership for such purpose. In addition, subject to certain limitations imposed upon Debt Securities issued in book-entry form, the Debt Securities of any series may be surrendered for registration of transfer or exchange thereof at the corporate trust office of the applicable Trustee or at the office of any transfer agent designated by the Operating Partnership for such purpose. Every Debt Security in registered form surrendered for registration of transfer or exchange must be duly endorsed or accompanied by a written instrument of transfer, and the person requesting such action must provide evidence of title and identity satisfactory to the applicable Trustee or transfer agent. No service charge will be made for any

registration of transfer or exchange of any Debt Securities, but the Operating Partnership may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. If the applicable Prospectus Supplement refers to any transfer agent (in addition to the applicable Trustee) initially designated by the Operating Partnership with respect to any series of Debt Securities, the Operating Partnership may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that the Operating Partnership will be required to maintain a transfer agent in each place of payment for such series. The Operating Partnership may at any time designate additional transfer agents with respect to any series of Debt Securities.

Neither the Operating Partnership nor any Trustee shall be required to (a) issue, register the transfer of or exchange Debt Securities of any series during a period beginning at the opening of business 15 days before the selection of any Debt Securities for redemption and ending at the close of business on (i) if such Debt Securities are issuable only as Registered Securities, the day of the mailing of the relevant notice of redemption and (ii) if such Debt Securities are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption or, if such Debt Securities are also issuable as Registered Securities and there is no publication, the mailing of the relevant notice of redemption; (b) register the transfer of or exchange any Debt Security, or portion thereof, so selected for redemption, in whole or in part, except the unredeemed portion of any Debt Security being redeemed in part; (c) exchange any Bearer Security so selected for redemption except that, to the extent provided with respect to such Bearer Security, such Bearer Security may be exchanged for a Registered Security of that series and of like tenor, PROVIDED that such Registered Security shall be simultaneously surrendered for redemption; or (d) issue, register the transfer of or exchange any Debt Security that has been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Security not to be so repaid.

Payment in respect of Debt Securities in bearer form will be made in the currency and in the manner designated in the applicable Prospectus Supplement, subject to any applicable laws and regulations, at such paying agencies outside the United States as the Operating Partnership may appoint from time to time. The paying agents outside the United States, if any, initially appointed by the Operating Partnership for a series of Debt Securities will be named in the applicable Prospectus Supplement. Unless otherwise provided in the applicable Prospectus Supplement, the Operating Partnership may at any time designate additional paying agents or rescind the designation of any paying agents, except that, if Debt Securities of a series are issuable in registered form, the Operating Partnership will be required to maintain at least one paying agent in each place of payment for such series and if Debt Securities of a series are issuable in bearer form, the Operating Partnership will be required to maintain at least one paying agent in a place of payment outside the United States where Debt Securities of such series and any coupons appertaining thereto may be presented and surrendered for payment.

#### MERGER, CONSOLIDATION OR SALE OF ASSETS

The Indenture provides that the Operating Partnership may, without the consent of the holders of any outstanding Debt Securities, consolidate with, or sell, lease or convey all or substantially all of its assets to, or merge with or into, any other entity provided that (a) either the Operating Partnership shall be the continuing entity, or the successor entity (if other than the Operating Partnership) formed by or resulting from any such consolidation or merger or which shall have received the transfer of such assets is organized under the laws of any domestic jurisdiction and expressly assumes the Operating Partnership's obligations to pay principal of (and premium or Make-Whole Amount, if any) and interest on all of the Debt Securities and the due and punctual performance and observance of all of the covenants and conditions contained in the Indenture; (b) immediately after giving effect to such transaction and treating any indebtedness that becomes an obligation of the Operating Partnership or any subsidiary as a result thereof as having been incurred by the Operating Partnership or such subsidiary at the time of such transaction, no Event of Default under the Indenture, and no event which, after notice or the lapse of time, or both, would become such an Event of Default, shall have occurred and be continuing; and (c) an officers' certificate and legal opinion covering such conditions shall be delivered to each Trustee.

## CERTAIN COVENANTS

The applicable Prospectus Supplement will describe any material covenants in respect of a series of Debt Securities that are not described in this Prospectus. Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities will include the following covenants of the Operating Partnership:

**EXISTENCE.** Except as permitted under "--Merger, Consolidation or Sale of Assets," the Indenture requires the Operating Partnership to do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights and franchises; PROVIDED, HOWEVER, that the Operating Partnership shall not be required to preserve any right or franchise if it determines that the preservation thereof is no longer desirable in the conduct of its business.

**MAINTENANCE OF PROPERTIES.** The Indenture requires the Operating Partnership to cause all of its material properties used or useful in the conduct of its business or the business of any subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Operating Partnership may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; PROVIDED, HOWEVER, that the Operating Partnership and its subsidiaries shall not be prevented from selling or otherwise disposing of their properties for value in the ordinary course of business.

**INSURANCE.** The Indenture requires the Operating Partnership to cause each of its and its subsidiaries' insurable properties to be insured against loss or damage at least equal to their then full insurable value with insurers of recognized responsibility and, if described in the applicable Prospectus Supplement, having a specified rating from a recognized insurance rating service.

**PAYMENT OF TAXES AND OTHER CLAIMS.** The Indenture requires the Operating Partnership to pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all taxes, assessments and governmental charges levied or imposed upon it or any subsidiary or upon the income, profits or property of the Operating Partnership or any subsidiary and (ii) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Operating Partnership or any subsidiary; PROVIDED, HOWEVER, that the Operating Partnership shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith.

## EVENTS OF DEFAULT, NOTICE AND WAIVER

Unless otherwise provided in the applicable Prospectus Supplement, the Indenture provides that the following events are "Events of Default" with respect to any series of Debt Securities issued thereunder: (a) default in the payment of any interest on any Debt Security of such series when such interest becomes due and payable that continues for a period of 30 days; (b) default in the payment of the principal of (or premium or Make-Whole Amount, if any, on) any Debt Security of such series when due and payable; (c) default in making any sinking fund payment as required for any Debt Security of such series; (d) default in the performance, or breach, of any other covenant or warranty of the Operating Partnership in the Indenture with respect to the Debt Securities of such series and continuance of such default or breach for a period of 60 days after written notice as provided in the Indenture; (e) default under any bond, debenture, note, mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Operating Partnership (or by any subsidiary the repayment of which the Operating Partnership has guaranteed or for which the Operating Partnership is directly responsible or liable as obligor or guarantor) having an aggregate principal amount outstanding of at least \$10,000,000, whether such indebtedness now exists or shall hereafter be created, which default shall have resulted in such indebtedness becoming or being declared due and payable prior

to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 10 days after written notice to the Operating Partnership as provided in the Indenture; (f) certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of the Operating Partnership or any Significant Subsidiary; and (g) any other event of default provided with respect to a particular series of Debt Securities. The term "Significant Subsidiary" has the meaning ascribed to such term in Regulation S-X promulgated under the Securities Act.

If an Event of Default under the Indenture with respect to Debt Securities of any series at the time outstanding occurs and is continuing, then in every such case the applicable Trustee or the holders of not less than 25% in principal amount of the Debt Securities of that series will have the right to declare the principal amount (or, if the Debt Securities of that series are Original Issue Discount Securities or indexed securities, such portion of the principal amount as may be specified in the terms thereof) of, and premium or Make-Whole Amount, if any, on, all the Debt Securities of that series to be due and payable immediately by written notice thereof to the Operating Partnership (and to the applicable Trustee if given by the holders); PROVIDED, that in the case of an Event of Default described under clause (f) of the preceding paragraph, acceleration is automatic. However, at any time after such a declaration of acceleration with respect to Debt Securities of such series has been made, but before a judgment or decree for payment of the money due has been obtained by the applicable Trustee, the holders of not less than a majority in principal amount of outstanding Debt Securities of such series may rescind and annul such declaration and its consequences if (a) the Operating Partnership shall have deposited with the applicable Trustee all required payments of the principal of (and premium or Make-Whole Amount, if any) and interest on the Debt Securities of such series, plus certain fees, expenses, disbursements and advances of the applicable Trustee, and (b) all Events of Default, other than the non-payment of accelerated principal (or specified portion thereof and the premium or Make-Whole Amount, if any), with respect to Debt Securities of such series have been cured or waived as provided in the Indenture. The Indenture will also provide that the holders of not less than a majority in principal amount of the outstanding Debt Securities of any series may waive any past default with respect to such series and its consequences, except a default (i) in the payment of the principal of (or premium or Make-Whole Amount, if any) or interest on any Debt Security of such series or (ii) in respect of a covenant or provision contained in the Indenture that cannot be modified or amended without the consent of the holder of each outstanding Debt Security affected thereby.

The Indenture requires each Trustee to give notice to the holders of Debt Securities within 90 days of a default under the Indenture unless such default shall have been cured or waived; PROVIDED, HOWEVER, that such Trustee may withhold notice to the holders of any series of Debt Securities of any default with respect to such series (except a default in the payment of the principal of (or premium or Make-Whole Amount, if any) or interest on any Debt Security of such series or in the payment of any sinking fund installment in respect of any Debt Security of such series) if specified responsible officers of such Trustee consider such withholding to be in the interest of such holders.

The Indenture provides that no holders of Debt Securities of any series may institute any proceedings, judicial or otherwise, with respect to the Indenture or for any remedy thereunder, except in the case of failure of the applicable Trustee, for 60 days, to act after it has received a written request to institute proceedings in respect of an Event of Default from the holders of not less than 25% in principal amount of the outstanding Debt Securities of such series, as well as an offer of indemnity reasonably satisfactory to it. This provision will not prevent, however, any holder of Debt Securities from instituting suit for the enforcement of payment of the principal of (and premium or Make-Whole Amount, if any) and interest on such Debt Securities at the respective due dates or redemption dates thereof.

The Indenture provides that, subject to provisions in the Indenture relating to its duties in case of default, a Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any holders of any series of Debt Securities then outstanding under the

Indenture, unless such holders shall have offered to the Trustee thereunder reasonable security or indemnity. The holders of not less than a majority in principal amount of the outstanding Debt Securities of any series (or of all Debt Securities then outstanding under the Indenture, as the case may be) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the applicable Trustee, or of exercising any trust or power conferred upon such Trustee. However, a Trustee may refuse to follow any direction which is in conflict with any law or the Indenture, which may involve such Trustee in personal liability or which may be unduly prejudicial to the holders of Debt Securities of such series not joining therein.

Within 120 days after the close of each fiscal year, the Operating Partnership will be required to deliver to each Trustee a certificate, signed by one of several specified officers of the Company, stating whether or not such officer has knowledge of any default under the Indenture and, if so, specifying each such default and the nature and status thereof.

#### MODIFICATION OF THE INDENTURE

Modifications and amendments of the Indenture are permitted to be made only with the consent of the holders of not less than a majority in principal amount of all outstanding Debt Securities issued under the Indenture affected by such modification or amendment; PROVIDED, HOWEVER, that no such modification or amendment may, without the consent of the holder of each such Debt Security affected thereby, (a) change the stated maturity of the principal of, or any installment of interest (or premium or Make-Whole Amount, if any) on, any such Debt Security; (b) reduce the principal amount of, or the rate or amount of interest on, or any premium or Make-Whole Amount payable on redemption of, any such Debt Security, or reduce the amount of principal of an Original Issue Discount Security that would be due and payable upon declaration of acceleration of the maturity thereof or would be provable in bankruptcy, or adversely affect any right of repayment of the holder of any such Debt Security; (c) change the place of payment, or the coin or currency, for payment of principal of (or premium or Make-Whole Amount, if any) or interest on any such Debt Security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any such Debt Security; (e) reduce the above-stated percentage of outstanding Debt Securities of any series necessary to modify or amend the Indenture, to waive compliance with certain provisions thereof or certain defaults and consequences thereunder or to reduce the quorum or voting requirements set forth in the Indenture; or (f) modify any of the foregoing provisions or any of the provisions relating to the waiver of certain past defaults or certain covenants, except to increase the required percentage to effect such action or to provide that certain other provisions may not be modified or waived without the consent of the holder of such Debt Security.

The holders of a majority in aggregate principal amount of the outstanding Debt Securities of each series may, on behalf of all holders of Debt Securities of that series, waive, insofar as that series is concerned, compliance by the Operating Partnership with certain restrictive covenants of the Indenture.

Modifications and amendments of the Indenture are permitted to be made by the Operating Partnership and the respective Trustee thereunder without the consent of any holder of Debt Securities for any of the following purposes: (a) to evidence the succession of another person to the Operating Partnership as obligor under the Indenture; (b) to add to the covenants of the Operating Partnership for the benefit of the holders of all or any series of Debt Securities or to surrender any right or power conferred upon the Operating Partnership in the Indenture; (c) to add events of default for the benefit of the holders of all or any series of Debt Securities; (d) to add or change any provisions of the Indenture to facilitate the issuance of, or to liberalize certain terms of, Debt Securities in bearer form, or to permit or facilitate the issuance of Debt Securities in uncertificated form, PROVIDED that such action shall not adversely affect the interests of the holders of the Debt Securities of any series in any material respect; (e) to change or eliminate any provisions of the Indenture, PROVIDED that any such change or elimination shall become effective only when there are no Debt Securities outstanding of any series created prior thereto which are entitled to the benefit of such provision; (f) to secure the Debt Securities; (g) to establish

the form or terms of Debt Securities of any series; (h) to provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee; (i) to cure any ambiguity, defect or inconsistency in the Indenture, provided that such action shall not adversely affect the interests of holders of Debt Securities of any series issued under the Indenture in any material respect; or (j) to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of such Debt Securities, PROVIDED that such action shall not adversely affect the interests of the holders of the outstanding Debt Securities of any series in any material respect.

The Indenture provides that in determining whether the holders of the requisite principal amount of outstanding Debt Securities of a series have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of holders of Debt Securities, (a) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon declaration of acceleration of the maturity thereof, (b) the principal amount of any Debt Security denominated in a foreign currency that shall be deemed Outstanding shall be the U.S. dollar equivalent, determined on the issue date for such Debt Security, of the principal amount of such Debt Security (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the issue date of such Debt Security of the amount determined as provided in (a) above), (c) the principal amount of an indexed security that shall be deemed Outstanding shall be the principal face amount of such indexed security at original issuance, unless otherwise provided with respect to such indexed security pursuant to the Indenture, and (d) Debt Securities owned by the Operating Partnership or any other obligor upon the Debt Securities or any affiliate of the Operating Partnership or of such other obligor shall be disregarded.

The Indenture contains provisions for convening meetings of the holders of Debt Securities of a series. A meeting will be permitted to be called at any time by the applicable Trustee, and also, upon request, by the Operating Partnership or the holders of at least 25% in principal amount of the outstanding Debt Securities of such series, in any such case upon notice given as provided in the Indenture. Except for any consent that must be given by the holder of each Debt Security affected by certain modifications and amendments of the Indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding Debt Securities of that series; PROVIDED, HOWEVER, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of the outstanding Debt Securities of a series may be adopted at a meeting or adjourned meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of holders of Debt Securities of any series duly held in accordance with the Indenture will be binding on all holders of Debt Securities of that series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in principal amount of the outstanding Debt Securities of a series; PROVIDED, HOWEVER, that if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding Debt Securities of a series, the persons holding or representing such specified percentage in principal amount of the outstanding Debt Securities of such series will constitute a quorum.

Notwithstanding the foregoing provisions, the Indenture provides that if any action is to be taken at a meeting of holders of Debt Securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver and other action that the Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all outstanding Debt Securities affected thereby, or of the holders of such series and one or more additional series: (a) there



shall be no minimum quorum requirement for such meeting, and (b) the principal amount of the outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture.

#### DISCHARGE, DEFEASANCE AND COVENANT DEFEASANCE

Unless otherwise indicated in the applicable Prospectus Supplement, the Operating Partnership will be permitted, at its option, to discharge certain obligations to holders of any series of Debt Securities issued under the Indenture that have not already been delivered to the applicable Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable Trustee, in trust, funds in such currency or currencies, currency unit or units or composite currency or currencies in which such Debt Securities are payable in an amount sufficient to pay the entire indebtedness on such Debt Securities in respect of principal (and premium or Make-Whole Amount, if any) and interest to the date of such deposit (if such Debt Securities have become due and payable) or to the stated maturity or redemption date, as the case may be.

The Indenture provides that, unless otherwise indicated in the applicable Prospectus Supplement, the Operating Partnership may elect either (a) to defease and be discharged from any and all obligations with respect to such Debt Securities (except for the obligation to pay additional amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities, to maintain an office or agency in respect of such Debt Securities, and to hold moneys for payment in trust) ("defeasance") or (b) to be released from certain obligations with respect to such Debt Securities under the Indenture (including the restrictions described under "--Certain Covenants") or, if provided in the applicable Prospectus Supplement, its obligations with respect to any other covenant, and any omission to comply with such obligations shall not constitute an Event of Default with respect to such Debt Securities ("covenant defeasance"), in either case upon the irrevocable deposit by the Operating Partnership with the applicable Trustee, in trust, of an amount, in such currency or currencies, currency unit or units or composite currency or currencies in which such Debt Securities are payable at stated maturity, or Government Obligations (as defined below), or both, applicable to such Debt Securities, which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal of (and premium or Make-Whole Amount, if any) and interest on such Debt Securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust will only be permitted to be established if, among other things, the Operating Partnership has delivered to the applicable Trustee an opinion of counsel (as specified in the Indenture) to the effect that the holders of such Debt Securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such opinion of counsel, in the case of defeasance, will be required to refer to and be based upon a ruling received from the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture. In the event of such defeasance, the holders of such Debt Securities would thereafter be able to look only to such trust fund for payment of principal (and premium or Make-Whole Amount, if any) and interest.

"Government Obligations" means securities that are (a) direct obligations of the United States of America or the government which issued the foreign currency in which the Debt Securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (b) obligations of a person

controlled or supervised by and acting as an agency or instrumentality of the United States of America or such government which issued the foreign currency in which the Debt Securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America or such other government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt.

Unless otherwise provided in the applicable Prospectus Supplement, if after the Operating Partnership has deposited funds and/or Government Obligations to effect defeasance or covenant defeasance with respect to Debt Securities of any series, (a) the holder of a Debt Security of such series is entitled to, and does, elect pursuant to the Indenture or the terms of such Debt Security to receive payment in a currency, currency unit or composite currency other than that in which such deposit has been made in respect of such Debt Security, or (b) a Conversion Event (as defined below) occurs in respect of the currency, currency unit or composite currency in which such deposit has been made, the indebtedness represented by such Debt Security will be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium or Make-Whole Amount, if any) and interest on such Debt Security as they become due out of the proceeds yielded by converting the amount so deposited in respect of such Debt Security into the currency, currency unit or composite currency in which such Debt Security becomes payable as a result of such election or such cessation of usage based on the applicable market exchange rate. "Conversion Event" means the cessation of use of (i) a currency, currency unit or composite currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the ECU both within the European Monetary System and for the settlement of transactions by public institutions of or within the European Communities or (iii) any currency unit or composite currency other than the ECU for the purposes for which it was established. Unless otherwise provided in the applicable Prospectus Supplement, all payments of principal of (and premium or Make-Whole Amount, if any) and interest on any Debt Security that is payable in a foreign currency that ceases to be used by its government of issuance shall be made in U.S. dollars.

In the event the Operating Partnership effects covenant defeasance with respect to any Debt Securities and such Debt Securities are declared due and payable because of the occurrence of any Event of Default other than the Event of Default described in clause (d) under "--Events of Default, Notice and Waiver" with respect to specified sections of the Indenture (which sections would no longer be applicable to such Debt Securities) or described in clause (g) under "--Events of Default, Notice and Waiver" with respect to any other covenant as to which there has been covenant defeasance, the amount in such currency, currency unit or composite currency in which such Debt Securities are payable, and Government Obligations on deposit with the applicable Trustee, will be sufficient to pay amounts due on such Debt Securities at the time of their stated maturity but may not be sufficient to pay amounts due on such Debt Securities at the time of the acceleration resulting from such Event of Default. However, the Operating Partnership would remain liable to make payment of such amounts due at the time of acceleration.

The applicable Prospectus Supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series.

## NO CONVERSION RIGHTS

The Debt Securities will not be convertible into or exchangeable for any capital stock of the Company or equity interest in the Operating Partnership.

## GLOBAL SECURITIES

The Debt Securities of a series may be issued in whole or in part in book-entry form consisting of one or more global securities (the "Global Securities") that will be deposited with, or on behalf of, a depository (the "Depository") identified in the applicable Prospectus Supplement relating to such series. Global Securities may be issued in either registered or bearer form and in either temporary or permanent form. The specific terms of the depository arrangement with respect to a series of Debt Securities will be described in the applicable Prospectus Supplement relating to such series.

## PAYMENT AND PAYING AGENTS

Unless otherwise specified in the applicable Prospectus Supplement, the principal of (and applicable premium or Make-Whole Amount, if any) and interest on any series of Debt Securities will be payable at the corporate trust office of the Trustee, the address of which will be stated in the applicable Prospectus Supplement; provided that, at the option of the Operating Partnership, payment of interest may be made by check mailed to the address of the person entitled thereto as it appears in the applicable register for such Debt Securities or by wire transfer of funds to such person at an account maintained within the United States.

All moneys paid by the Operating Partnership to a paying agent or a Trustee for the payment of the principal of or any premium, Make-Whole Amount or interest on any Debt Security which remain unclaimed at the end of two years after such principal, premium, Make-Whole Amount or interest has become due and payable will be repaid to the Operating Partnership, and the holder of such Debt Security thereafter may look only to the Operating Partnership for payment thereof.

## DESCRIPTION OF PREFERRED STOCK

The description of the Preferred Stock set forth below does not purport to be complete and is qualified in its entirety by reference to the Company's Amended and Restated Articles of Incorporation, as amended (the "Articles of Incorporation"), and Amended and Restated Bylaws (the "Bylaws"). All material terms of the Preferred Shares, except those disclosed in the applicable Prospectus Supplement, are described in this Prospectus.

## GENERAL

Under the Articles of Incorporation, the Company has authority to issue 10 million shares of Preferred Stock, par value \$.01 per share. The Preferred Stock may be issued from time to time, in one or more series, as authorized by the Board of Directors of the Company. Prior to issuance of shares of each series, the Board of Directors is required by the Maryland General Corporation Law ("MGCL") and the Articles of Incorporation to fix for each series, subject to the provisions of the Articles of Incorporation regarding excess stock, par value \$.01 per share ("Excess Stock"), the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption of such shares as may be permitted by Maryland law. Such rights, powers, restrictions and limitations could include the right to receive specified dividend payments and payments on liquidation prior to any such payments to holders of Common Stock or other capital stock of the Company ranking junior to the Preferred Stock. The outstanding shares of Preferred Stock are, and additional shares of Preferred Stock will be, when issued, fully paid and nonassessable and will have no preemptive rights. The Board of Directors could authorize the issuance of shares of Preferred Stock with terms and conditions that could have the effect of discouraging a takeover or other transaction that holders

of Common Stock might believe to be in their best interests or in which holders of some, or a majority, of the shares of Common Stock might receive a premium for their shares over the then market price of such shares of Common Stock.

#### OUTSTANDING PREFERRED STOCK

At September 19, 1997, the Company had outstanding 1,650,000 shares of Series A Preferred Stock, 40,000 shares of Series B Preferred Stock and 20,000 shares of Series C Preferred Stock, constituting all of the Company's then outstanding Preferred Stock. The terms of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock provide for a preference as to the payment of dividends over shares of Common Stock and any other capital stock ranking junior to the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, and for cumulative quarterly dividends at the rate of \$2.375, \$218.75 and \$215.625, respectively, per share per year. On and after November 17, 2000, May 14, 2002 and June 6, 2007, the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, respectively, are subject to redemption, in each case in whole or in part, at the option of the Company, at a cash redemption price of \$25.00 per share, \$2,500.00 per share and \$2,500.00 per share, respectively, plus accrued and unpaid dividends. The Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock rank on a parity as to payment of dividends and amounts upon liquidation, however, the Series A Preferred Stock has the benefit of the Guarantee Agreement, as described below.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock will be entitled to receive out of the Company's assets available for distribution to stockholders, before any distribution of assets is made to holders of Common Stock or any other shares of capital stock ranking as to such distributions junior to the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, liquidating distributions in the amount of \$25.00 per share, \$2,500.00 per share and \$2,500.00 per share, respectively, plus all accrued and unpaid dividends.

The Series A Preferred Stock is entitled to the benefits of a Guarantee and Payment Agreement between Securities L.P. and its general partner, First Industrial Securities Corporation (each a subsidiary of the Company), for the benefit of American National Bank and Trust Company of Chicago as Guarantee Agent thereunder (the "Guarantee Agreement") pursuant to which Securities L.P. has guaranteed, subject to the terms of the Guarantee Agreement, dividends on, and redemption and liquidation payments with respect to, the Series A Preferred Stock. No other Preferred Stock of the Company is or will be entitled to the benefits of the Guarantee Agreement and the Series B Preferred Stock and Series C Preferred Stock do not have the benefit of any such guarantee.

Except as expressly required by law and in certain other limited circumstances, the holders of the Preferred Stock are not entitled to vote. The consent of holders of at least 66% of the outstanding Preferred Stock and any other series of Preferred Stock ranking on a parity therewith (collectively, "Parity Preferred Stock"), voting as a single class, is required to authorize another class of shares senior to such Parity Preferred Stock. The affirmative vote or consent of the holders of at least 66% of the outstanding shares of each series of Preferred Stock is required to amend or repeal any provision of, or add any provision to, the Articles of Incorporation, including the Articles Supplementary relating to such series of Preferred Stock, if such action would materially and adversely alter or change the rights, preferences or privileges of such series of Preferred Stock.

#### FUTURE SERIES OF PREFERRED STOCK

The following description of the Preferred Stock sets forth certain general terms and provisions of the Preferred Stock to which any Prospectus Supplement may relate. The statements below describing the Preferred Stock are in all respects subject to and qualified in their entirety by reference to the applicable

provisions of the Articles of Incorporation and Bylaws and any applicable amendment to the Articles of Incorporation designating terms of a series of Preferred Stock (a "Designating Amendment").

Reference is made to the Prospectus Supplement relating to the Preferred Stock offered thereby for specific terms, including:

- (1) The title and stated value of such Preferred Stock;
- (2) The number of shares of such Preferred Stock offered, the liquidation preference per share and the offering price of such Preferred Stock;
- (3) The dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation thereof applicable to such Preferred Stock;
- (4) The date from which dividends on such Preferred Stock shall accumulate, if applicable;
- (5) The procedures for any auction and remarketing, if any, for such Preferred Stock;
- (6) The provision for a sinking fund, if any, for such Preferred Stock;
- (7) The provision for redemption, if applicable, of such Preferred Stock;
- (8) Any listing of such Preferred Stock on any securities exchange;
- (9) The terms and conditions, if applicable, upon which such Preferred Stock will be convertible into Common Stock, including the conversion price (or manner of calculation thereof);
- (10) Any other specific terms, preferences, rights, limitations or restrictions of such Preferred Stock;
- (11) A discussion of federal income tax considerations applicable to such Preferred Stock;
- (12) The relative ranking and preference of such Preferred Stock as to dividend rights and rights upon liquidation, dissolution or winding up of the affairs of the Company;
- (13) Any limitations on issuance of any series of Preferred Stock ranking senior to or on a parity with such series of Preferred Stock as to dividend rights and rights upon liquidation, dissolution or winding up of the affairs of the Company; and
- (14) Any limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve the status of the Company as a REIT.

#### RANK

Unless otherwise specified in the Prospectus Supplement, the Preferred Stock will, with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company, rank (i) senior to all classes or series of Common Stock, and to all equity securities ranking junior to such Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Company; (ii) on a parity with all equity securities issued by the Company the terms of which specifically provide that such equity securities rank on a parity with the Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Company; and (iii) junior to all equity securities issued by the Company the terms of which specifically provide that such equity securities rank senior to the Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Company. The term "equity securities" does not include convertible debt securities.

#### DIVIDENDS

Holder of the Preferred Stock of each series will be entitled to receive, when, as and if declared by the Board of Directors of the Company, out of assets of the Company legally available for payment, cash dividends at such rates and on such dates as will be set forth in the applicable Prospectus Supplement.

Each such dividend shall be payable to holders of record as they appear on the share transfer books of the Company on such record dates as shall be fixed by the Board of Directors of the Company.

Dividends on any series of the Preferred Stock may be cumulative or non-cumulative, as provided in the applicable Prospectus Supplement. Dividends, if cumulative, will be cumulative from and after the date set forth in the applicable Prospectus Supplement. If the Board of Directors of the Company fails to declare a dividend payable on a dividend payment date on any series of the Preferred Stock for which dividends are non-cumulative, then the holders of such series of the Preferred Stock will have no right to receive a dividend in respect of the dividend period ending on such dividend payment date, and the Company will have no obligation to pay the dividend accrued for such period, whether or not dividends on such series are declared payable on any future dividend payment date.

If Preferred Stock of any series is outstanding, no dividends will be declared or paid or set apart for payment on any capital stock of the Company of any other series ranking, as to dividends, on a parity with or junior to the Preferred Stock of such series for any period unless (i) if such series of Preferred Stock has a cumulative dividend, full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Preferred Stock of such series for all past dividend periods and the then current dividend period or (ii) if such series of Preferred Stock does not have a cumulative dividend, full dividends for the then current dividend period have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Preferred Stock of such series. When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon Preferred Stock of any series and the shares of any other series of Preferred Stock ranking on a parity as to dividends with the Preferred Stock of such series, all dividends declared upon Preferred Stock of such series and any other series of Preferred Stock ranking on a parity as to dividends with such Preferred Stock shall be declared PRO RATA so that the amount of dividends declared per share of Preferred Stock of such series and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Preferred Stock of such series (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such Preferred Stock does not have a cumulative dividend) and such other series of Preferred Stock bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on Preferred Stock of such series which may be in arrears.

Except as provided in the immediately preceding paragraph, unless (i) if such series of Preferred Stock has a cumulative dividend, full cumulative dividends on the Preferred Stock of such series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods and the then current dividend period, and (ii) if such series of Preferred Stock does not have a cumulative dividend, full dividends on the Preferred Stock of such series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for the then current dividend period, no dividends (other than in shares of Common Stock or other shares of capital stock ranking junior to the Preferred Stock of such series as to dividends and upon liquidation) shall be declared or paid or set aside for payment nor shall any other distribution be declared or made upon the Common Stock, or any other capital stock of the Company ranking junior to or on a parity with the Preferred Stock of such series as to dividends or upon liquidation, nor shall any shares of Common Stock, or any other shares of capital stock of the Company ranking junior to or on a parity with the Preferred Stock of such series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Company (except by conversion into or exchange for other capital stock of the Company ranking junior to the Preferred Stock of such series as to dividends and upon liquidation).

Any dividend payment made on shares of a series of Preferred Stock shall first be credited against the earliest accrued but unpaid dividend due with respect to shares of such series which remains payable.

## REDEMPTION

If so provided in the applicable Prospectus Supplement, the Preferred Stock will be subject to mandatory redemption or redemption at the option of the Company, as a whole or in part, in each case upon the terms, at the times and at the redemption prices set forth in such Prospectus Supplement.

The Prospectus Supplement relating to a series of Preferred Stock that is subject to mandatory redemption will specify the number of shares of such Preferred Stock that shall be redeemed by the Company in each year commencing after a date to be specified, at a redemption price per share to be specified, together with an amount equal to all accrued and unpaid dividends thereon (which shall not, if such Preferred Stock does not have a cumulative dividend, include any accumulation in respect of unpaid dividends for prior dividend periods) to the date of redemption. The redemption price may be payable in cash or other property, as specified in the applicable Prospectus Supplement. If the redemption price for Preferred Stock of any series is payable only from the net proceeds of the issuance of shares of capital stock of the Company, the terms of such Preferred Stock may provide that, if no such shares of capital stock shall have been issued or to the extent the net proceeds from any issuance are insufficient to pay in full the aggregate redemption price then due, such Preferred Stock shall automatically and mandatorily be converted into the applicable shares of capital stock of the Company pursuant to conversion provisions specified in the applicable Prospectus Supplement.

Notwithstanding the foregoing, unless (i) if a series of Preferred Stock has a cumulative dividend, full cumulative dividends on all shares of such series of Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, and (ii) if a series of Preferred Stock does not have a cumulative dividend, full dividends on all shares of the Preferred Stock of such series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for the then current dividend period, no shares of such series of Preferred Stock shall be redeemed unless all outstanding shares of Preferred Stock of such series are simultaneously redeemed; PROVIDED, HOWEVER, that the foregoing shall not prevent the purchase or acquisition of Preferred Stock of such series to preserve the REIT status of the Company or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Preferred Stock of such series. In addition, unless (i) if such series of Preferred Stock has a cumulative dividend, full cumulative dividends on all outstanding shares of such series of Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, and (ii) if such series of Preferred Stock does not have a cumulative dividend, full dividends on the Preferred stock of such series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for the then current dividend period, the Company shall not purchase or otherwise acquire directly or indirectly any shares of Preferred Stock of such series (except by conversion into or exchange for capital shares of the Company ranking junior to the Preferred Stock of such series as to dividends and upon liquidation); PROVIDED, HOWEVER, that the foregoing shall not prevent the purchase or acquisition of shares of Preferred Stock of such series to preserve the REIT status of the Company or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Preferred Stock of such series.

If fewer than all of the outstanding shares of Preferred Stock of any series are to be redeemed, the number of shares to be redeemed will be determined by the Company and such shares may be redeemed pro rata from the holders of record of such shares in proportion to the number of such shares held or for which redemption is requested by such holder (with adjustments to avoid redemption of fractional shares) or by any other equitable manner determined by the Company.

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of record of Preferred Stock of any series to be redeemed at the address shown on the stock transfer books of the Company. Each notice shall state: (i) the redemption date; (ii) the number of

shares and series of the Preferred Stock to be redeemed; (iii) the redemption price; (iv) the place or places where certificates for such Preferred Stock are to be surrendered for payment of the redemption price; (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vi) the date upon which the holder's conversion rights, if any, as to such shares shall terminate. If fewer than all the shares of Preferred Stock of any series are to be redeemed, the notice mailed to each such holder thereof shall also specify the number of shares of Preferred Stock to be redeemed from each such holder. If notice of redemption of any Preferred Stock has been given and if the funds necessary for such redemption have been set aside by the Company in trust for the benefit of the holders of any Preferred Stock so called for redemption, then from and after the redemption date dividends will cease to accrue on such Preferred Stock, and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

#### LIQUIDATION PREFERENCE

Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, then, before any distribution or payment shall be made to the holders of any Common Stock or any other class or series of capital stock of the Company ranking junior to the Preferred Stock in the distribution of assets upon any liquidation, dissolution or winding up of the Company, the holders of each series of Preferred Stock shall be entitled to receive out of assets of the Company legally available for distribution to stockholders liquidating distributions in the amount of the liquidation preference per share, if any, set forth in the applicable Prospectus Supplement, plus an amount equal to all dividends accrued and unpaid thereon (which shall not include any accumulation in respect of unpaid noncumulative dividends for prior dividend periods). After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Preferred Stock will have no right or claim to any of the remaining assets of the Company. In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, the available assets of the Company are insufficient to pay the amount of the liquidating distributions on all outstanding shares of Preferred Stock and the corresponding amounts payable on all shares of other classes or series of capital stock of the Company ranking on a parity with the Preferred Stock in the distribution of assets, then the holders of the Preferred Stock and all other such classes or series of capital stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

If liquidating distributions shall have been made in full to all holders of Preferred Stock, the remaining assets of the Company shall be distributed among the holders of any other classes or series of capital stock ranking junior to the Preferred Stock upon liquidation, dissolution or winding up, according to their respective rights and preferences and in each case according to their respective number of shares. For such purposes, the consolidation or merger of the Company with or into any other corporation, trust or entity, or the sale, lease or conveyance of all or substantially all of the property or business of the Company, shall not be deemed to constitute a liquidation, dissolution or winding up of the Company.

#### VOTING RIGHTS

Holders of the Preferred Stock will not have any voting rights, except as set forth below or as otherwise from time to time required by law or as indicated in the applicable Prospectus Supplement.

Unless provided otherwise for any series of Preferred Stock, so long as any shares of Preferred Stock of a series remain outstanding, the Company will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of such series of Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (such series voting separately as a class), (i) authorize or create, or increase the authorized or issued amount of, any class or series of capital stock ranking prior to such series of Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up or reclassify any authorized capital stock of the Company into such shares, or create, authorize or issue any obligation or security convertible into or



evidencing the right to purchase any such shares; or (ii) amend, alter or repeal the provisions of the Company's Articles of Incorporation or the Designating Amendment for such series of Preferred Stock, whether by merger, consolidation or otherwise (an "Event"), so as to materially and adversely affect any right, preference, privilege or voting power of such series of Preferred Stock or the holders thereof; PROVIDED, HOWEVER, with respect to the occurrence of any of the Events set forth in (ii) above, so long as the Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that upon the occurrence of an Event the Company may not be the surviving entity, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of Preferred Stock, and PROVIDED FURTHER that (x) any increase in the amount of the authorized Preferred Stock or the creation or issuance of any other series of Preferred Stock, or (y) any increase in the amount of authorized shares of such series or any other series of Preferred Stock, in each case ranking on a parity with or junior to the Preferred Stock of such series with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of such series of Preferred Stock shall have been redeemed or called for redemption and sufficient funds shall have been deposited in trust to effect such redemption.

#### CONVERSION RIGHTS

The terms and conditions, if any, upon which any series of Preferred Stock is convertible into Common Stock will be set forth in the applicable Prospectus Supplement relating thereto. Such terms will include the number of shares of Common Stock into which the shares of Preferred Stock are convertible, the conversion price (or manner of calculation thereof), the conversion period, provisions as to whether conversion will be at the option of the holders of the Preferred Stock or the Company, the events requiring an adjustment of the conversion price and provisions affecting conversion in the event of the redemption of such series of Preferred Stock.

#### RESTRICTIONS ON OWNERSHIP

For the Company to qualify as a REIT under the Code, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year. To assist the Company in meeting this requirement, the Company may take certain actions to limit the beneficial ownership, directly or indirectly, by individuals of the Company's outstanding equity securities, including any Preferred Stock. Therefore, the Designating Amendment for each series of Preferred Stock may contain provisions restricting the ownership and transfer of the Preferred Stock. The applicable Prospectus Supplement will specify any additional ownership limitation relating to a series of Preferred Stock. See "Restrictions on Transfers of Capital Stock."

#### TRANSFER AGENT

The transfer agent and registrar for the Preferred Stock will be set forth in the applicable Prospectus Supplement.

#### DESCRIPTION OF DEPOSITARY SHARES

The Company may, at its option, elect to offer Depositary Shares rather than full shares of Preferred Stock. In the event such option is exercised, each of the Depositary Shares will represent ownership of and entitlement to all rights and preferences of a fraction of a share of Preferred Stock of a specified series (including dividend, voting, redemption and liquidation rights). The applicable fraction will be specified in

the Prospectus Supplement. The shares of Preferred Stock represented by the Depositary Shares will be deposited with a Depositary (the "Depositary") named in the applicable Prospectus Supplement, under a Deposit Agreement (the "Deposit Agreement"), among the Company, the Depositary and the holders of the Depositary Receipts. Certificates evidencing Depositary Shares ("Depositary Receipts") will be delivered to those persons purchasing Depositary Shares in the offering. The Depositary will be the transfer agent, registrar and dividend disbursing agent for the Depositary Shares. Holders of Depositary Receipts agree to be bound by the Deposit Agreement, which requires holders to take certain actions such as filing proof of residence and paying certain charges.

The summary of terms of the Depositary Shares contained in this Prospectus does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the Deposit Agreement, the Articles of Incorporation and the form of Designating Amendment for the applicable series of Preferred Stock. All material terms of the Depositary Shares, except those disclosed in the applicable Prospectus Supplement, are described in this Prospectus.

#### DIVIDENDS

The Depositary will distribute all cash dividends or other cash distributions received in respect of the series of Preferred Stock represented by the Depositary Shares to the record holders of Depositary Receipts in proportion to the number of Depositary Shares owned by such holders on the relevant record date, which will be the same date as the record date fixed by the Company for the applicable series of Preferred Stock. The Depositary, however, will distribute only such amount as can be distributed without attributing to any Depositary Share a fraction of one cent, and any balance not so distributed will be added to and treated as part of the next sum received by the Depositary for distribution to record holders of Depositary Receipts then outstanding.

In the event of a distribution other than in cash, the Depositary will distribute property received by it to the record holders of Depositary Receipts entitled thereto, in proportion, as nearly as may be practicable, to the number of Depositary Shares owned by such holders on the relevant record date, unless the Depositary determines (after consultation with the Company) that it is not feasible to make such distribution, in which case the Depositary may (with the approval of the Company) adopt any other method for such distribution as it deems equitable and appropriate, including the sale of such property (at such place or places and upon such terms as it may deem equitable and appropriate) and distribution of the net proceeds from such sale to such holders.

No distribution will be made in respect of any Depositary Share to the extent that it represents any Preferred Stock converted into Excess Stock.

#### LIQUIDATION PREFERENCE

In the event of the liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, the holders of each Depositary Share will be entitled to the fraction of the liquidation preference accorded each share of the applicable series of Preferred Stock, as set forth in the Prospectus Supplement.

#### REDEMPTION

If the series of Preferred Stock represented by the applicable series of Depositary Shares is redeemable, such Depositary Shares will be redeemed from the proceeds received by the Depositary resulting from the redemption, in whole or in part, of Preferred Stock held by the Depositary. Whenever the Company redeems any Preferred Stock held by the Depositary, the Depositary will redeem as of the same redemption date the number of Depositary Shares representing the Preferred Stock so redeemed. The Depositary will mail the notice of redemption promptly upon receipt of such notice from the Company and not less than 30 nor more than 60 days prior to the date fixed for redemption of the Preferred Stock and the Depositary Shares to the record holders of the Depositary Receipts.

## VOTING

Promptly upon receipt of notice of any meeting at which the holders of the series of Preferred Stock represented by the applicable series of Depositary Shares are entitled to vote, the Depositary will mail the information contained in such notice of meeting to the record holders of the Depositary Receipts as of the record date for such meeting. Each such record holder of Depositary Receipts will be entitled to instruct the Depositary as to the exercise of the voting rights pertaining to the number of shares of Preferred Stock represented by such record holder's Depositary Shares. The Depositary will endeavor, insofar as practicable, to vote such Preferred Stock represented by such Depositary Shares in accordance with such instructions, and the Company will agree to take all action which may be deemed necessary by the Depositary in order to enable the Depositary to do so. The Depositary will abstain from voting any of the Preferred Stock to the extent that it does not receive specific instructions from the holders of Depositary Receipts.

## WITHDRAWAL OF PREFERRED STOCK

Upon surrender of Depositary Receipts at the principal office of the Depositary, upon payment of any unpaid amount due the Depositary, and subject to the terms of the Deposit Agreement, the owner of the Depositary Shares evidenced thereby is entitled to delivery of the number of whole shares of Preferred Stock and all money and other property, if any, represented by such Depositary Shares. Partial shares of Preferred Stock will not be issued. If the Depositary Receipts delivered by the holder evidence a number of Depositary Shares in excess of the number of Depositary Shares representing the number of whole shares of Preferred Stock to be withdrawn, the Depositary will deliver to such holder at the same time a new Depositary Receipt evidencing such excess number of Depositary Shares. Holders of Preferred Stock thus withdrawn will not thereafter be entitled to deposit such shares under the Deposit Agreement or to receive Depositary Receipts evidencing Depositary Shares therefor.

## AMENDMENT AND TERMINATION OF DEPOSIT AGREEMENT

The form of Depositary Receipt evidencing the Depositary Shares and any provision of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary. However, any amendment which materially and adversely alters the rights of the holders (other than any change in fees) of Depositary Shares will not be effective unless such amendment has been approved by at least a majority of the Depositary Shares then outstanding. No such amendment may impair the right, subject to the terms of the Deposit Agreement, of any owner of any Depositary Shares to surrender the Depositary Receipt evidencing such Depositary Shares with instructions to the Depositary to deliver to the holder the Preferred Stock and all money and other property, if any, represented thereby, except in order to comply with mandatory provisions of applicable law.

The Deposit Agreement will be permitted to be terminated by the Company upon not less than 30 days prior written notice to the applicable Depositary if (i) such termination is necessary to preserve the Company's status as a REIT or (ii) a majority of each series of Preferred Stock affected by such termination consents to such termination, whereupon such Depositary will be required to deliver or make available to each holder of Depositary Receipts, upon surrender of the Depositary Receipts held by such holder, such number of whole or fractional shares of Preferred Stock as are represented by the Depositary Shares evidenced by such Depositary Receipts together with any other property held by such Depositary with respect to such Depositary Receipts. The Company will agree that if the Deposit Agreement is terminated to preserve the Company's status as a REIT, then the Company will use its best efforts to list the Preferred Stock issued upon surrender of the related Depositary Shares on a national securities exchange. In addition, the Deposit Agreement will automatically terminate if (i) all outstanding Depositary Shares thereunder shall have been redeemed, (ii) there shall have been a final distribution in respect of the related Preferred Stock in connection with any liquidation, dissolution or winding up of the Company and such distribution shall have been distributed to the holders of Depositary Receipts evidencing the

Depository Shares representing such Preferred Stock or (iii) each share of the related Preferred Stock shall have been converted into stock of the Company not so represented by Depository Shares.

#### CHARGES OF DEPOSITARY

The Company will pay all transfer and other taxes and governmental charges arising solely from the existence of the depository arrangements. The Company will pay charges of the Depository in connection with the initial deposit of the Preferred Stock and initial issuance of the Depository Shares, and redemption of the Preferred Stock and all withdrawals of Preferred Stock by owners of Depository Shares. Holders of Depository Receipts will pay transfer, income and other taxes and governmental charges and certain other charges as are provided in the Deposit Agreement to be for their accounts. In certain circumstances, the Depository may refuse to transfer Depository Shares, may withhold dividends and distributions and sell the Depository Shares evidenced by such Depository Receipt if such charges are not paid.

#### MISCELLANEOUS

The Depository will forward to the holders of Depository Receipts all reports and communications from the Company which are delivered to the Depository and which the Company is required to furnish to the holders of the Preferred Stock. In addition, the Depository will make available for inspection by holders of Depository Receipts at the principal office of the Depository, and at such other places as it may from time to time deem advisable, any reports and communications received from the Company which are received by the Depository as the holder of Preferred Stock.

Neither the Depository nor the Company assumes any obligation or will be subject to any liability under the Deposit Agreement to holders of Depository Receipts other than for its negligence or willful misconduct. Neither the Depository nor the Company will be liable if it is prevented or delayed by law or any circumstance beyond its control in performing its obligations under the Deposit Agreement. The obligations of the Company and the Depository under the Deposit Agreement will be limited to performance in good faith of their duties thereunder, and they will not be obligated to prosecute or defend any legal proceeding in respect of any Depository Shares or Preferred Stock unless satisfactory indemnity is furnished. The Company and the Depository may rely on written advice of counsel or accountants, on information provided by holders of the Depository Receipts or other persons believed in good faith to be competent to give such information and on documents believed to be genuine and to have been signed or presented by the proper party or parties.

In the event the Depository shall receive conflicting claims, requests or instructions from any holders of Depository Receipts, on the one hand, and the Company, on the other hand, the Depository shall be entitled to act on such claims, requests or instructions received from the Company.

#### RESIGNATION AND REMOVAL OF DEPOSITARY

The Depository may resign at any time by delivering to the Company notice of its election to do so, and the Company may at any time remove the Depository, any such resignation or removal to take effect upon the appointment of a successor Depository and its acceptance of such appointment. Such successor Depository must be appointed within 60 days after delivery of the notice for resignation or removal and must be a bank or trust company having its principal office in the United States of America and having a combined capital and surplus of at least \$150,000,000.

#### FEDERAL INCOME TAX CONSEQUENCES

Owners of Depository Shares will be treated for Federal income tax purposes as if they were owners of the Preferred Stock represented by such Depository Shares. Accordingly, such owners will be entitled to

take into account, for Federal income tax purposes, income and deductions to which they would be entitled if they were holders of such Preferred Stock. In addition, (i) no gain or loss will be recognized for Federal income tax purposes upon the withdrawal of Preferred Stock in exchange for Depositary Shares, (ii) the tax basis of each share of Preferred Stock to an exchanging owner of Depositary Shares will, upon such exchange, be the same as the aggregate tax basis of the Depositary Shares exchanged therefor, and (iii) the holding period for Preferred Stock in the hands of an exchanging owner of Depositary Shares will include the period during which such person owned such Depositary Shares.

#### DESCRIPTION OF COMMON STOCK

The description of the Company's Common Stock set forth below does not purport to be complete and is qualified in its entirety by reference to the Articles of Incorporation and the Bylaws. All material terms of the Company's Common Stock are included in this Prospectus.

#### GENERAL

Under the Articles of Incorporation, the Company has authority to issue 100 million shares of Common Stock, par value \$.01 per share. Under Maryland law, stockholders generally are not responsible for the corporation's debts or obligations. At September 19, 1997, the Company had outstanding 30,824,783 shares of Common Stock.

#### TERMS

Subject to the preferential rights of any other shares or series of stock (including Preferred Stock outstanding from time to time) and to the provisions of the Articles of Incorporation regarding Excess Stock, holders of shares of Common Stock will be entitled to receive dividends on shares of Common Stock if, as and when authorized and declared by the Board of Directors of the Company out of assets legally available therefor and to share ratably in the assets of the Company legally available for distribution to its stockholders in the event of its liquidation, dissolution or winding up after payment of, or adequate provision for, all known debts and liabilities of the Company.

Subject to the provisions of the Articles of Incorporation regarding Excess Stock, each outstanding share of Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of Directors, and, except as otherwise required by law or except as provided with respect to any other class or series of stock, the holders of Common Stock will possess the exclusive voting power. There is no cumulative voting in the election of Directors, which means that the holders of a majority of the outstanding shares of Common Stock can elect all of the Directors then standing for election, and the holders of the remaining shares of Common Stock will not be able to elect any Directors.

Holders of Common Stock have no conversion, sinking fund or redemption rights, or preemptive rights to subscribe for any securities of the Company.

Subject to the provisions of the Articles of Incorporation regarding Excess Stock, all shares of Common Stock will have equal dividend, distribution, liquidation and other rights, and will have no preference, appraisal or exchange rights.

Pursuant to the MGCL, a corporation generally cannot dissolve, amend its Articles of Incorporation, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all of the votes to be cast on the matter) is set forth in the corporation's Articles of Incorporation. The Articles of Incorporation do not provide for a lesser percentage in such situations.

## RESTRICTIONS ON OWNERSHIP

For the Company to qualify as a REIT under the Code, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year. To assist the Company in meeting this requirement, the Company may take certain actions to limit the beneficial ownership, directly or indirectly, by individuals of the Company's outstanding equity securities. See "Restrictions on Transfers of Capital Stock."

## TRANSFER AGENT

The transfer agent and registrar for the Common Stock is First Chicago Trust Company of New York, New York.

## SHAREHOLDER RIGHTS PLAN

On September 4, 1997, the Board of Directors adopted a shareholder rights plan (the "Shareholder Rights Plan"). Under such plan, one right will be attached to each outstanding share of Common Stock at the close of business on October 19, 1997, and one right will be attached to each share of Common Stock thereafter issued. Each right entitles the holder to purchase, under certain conditions, one one-hundredth of a share of Junior Participating Preferred Stock of the Company for \$125.00. The rights may also, under certain conditions, entitle the holders to receive Common Stock, or common stock of an entity acquiring the Company, or other consideration, each having a value equal to twice the exercise price of each right (\$250.00). The Company has designated 1,000,000 shares as Junior Participating Preferred Stock and has reserved such shares for issuance under the Shareholder Rights Plan. The rights are redeemable by the Company at a price of \$.001 per right. If not exercised or redeemed, all rights expire on October 20, 2007. The description and terms of the rights are set forth in a Shareholder Rights Agreement between the Company and First Chicago Trust Company of New York.

## CERTAIN PROVISIONS OF MARYLAND LAW AND THE COMPANY'S ARTICLES OF INCORPORATION AND BYLAWS

The following summary of certain provisions of Maryland law and the Company's Articles of Incorporation and Bylaws does not purport to be complete and is qualified by reference to Maryland law and the Company's Articles of Incorporation and Bylaws.

## BUSINESS COMBINATIONS

Under the MGCL, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an Interested Stockholder or in certain circumstances, an associate or an affiliate thereof are prohibited for five years after the most recent date on which the Interested Stockholder became an Interested Stockholder. Thereafter, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least (a) 80% of the vote entitled to be cast by holders of outstanding voting shares of the corporation and (b) two-thirds of the vote entitled to be cast by holders of outstanding voting shares of the corporation other than shares held by the Interested Stockholder with whom the business combination is to be effected, unless, among other things, the corporation's stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Stockholder for its shares. These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the Interested Stockholder becomes an Interested Stockholder. The Articles of Incorporation exempt from these provisions of the MGCL any business combination in which there is no Interested

Stockholder other than Mr. Shidler or any entity controlled by Mr. Shidler unless Mr. Shidler is an Interested Stockholder without taking into account Mr. Shidler's ownership of shares of the Company's Common Stock and the right to acquire shares of the Company's Common Stock in an aggregate amount which does not exceed the number of shares of the Company's Common Stock which Mr. Shidler owned and had the right to acquire (including through the exchange of Units) at the time of the consummation of the Company's initial public offering.

#### CONTROL SHARE ACQUISITIONS

The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock owned by the acquiror or by officers or directors who are employees of the corporation. "Control shares" are voting shares of stock that, if aggregated, with all other shares of stock previously acquired by that person, would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power; (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors, upon satisfaction of certain conditions (including an undertaking to pay expenses), to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by statute, then subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to voting rights, as of the date of the last control share acquisition or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of the appraisal rights may not be less than the highest price per share paid in the control share acquisition. Certain limitations and restrictions otherwise applicable to the exercise of dissenters' rights do not apply in the context of a control share acquisition.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or to acquisitions approved or exempted by the Company's Articles of Incorporation or Bylaws.

The Company's Bylaws contain a provision exempting any and all acquisitions of the Company's shares of capital stock from the control shares provisions of the MGCL. There can be no assurance that this provision will not be amended or eliminated in the future.

#### AMENDMENT OF ARTICLES OF INCORPORATION

The Company's Articles of Incorporation, including its provisions on classification of the Board of Directors (discussed below), may be amended only by the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter.

## MEETINGS OF STOCKHOLDERS

The Company's Bylaws provide for annual meetings of stockholders to be held on the third Wednesday in April or on any other day as may be established from time to time by the Board of Directors. Special meetings of stockholders may be called by (i) the Company's Chairman of the Board or the Company's President, (ii) a majority of the Board of Directors or (iii) stockholders holding at least 25% of the outstanding capital stock of the Company entitled to vote at the meeting.

The Company's Bylaws provide that any stockholder of record wishing to nominate a director or have a stockholder proposal considered at an annual meeting must provide written notice and certain supporting documentation to the Company relating to the nomination or proposal not less than 75 days nor more than 180 days prior to the anniversary date of the prior year's annual meeting or special meeting in lieu thereof (the "Anniversary Date"). In the event that the annual meeting is called for a date more than seven calendar days before the Anniversary Date, stockholders generally must provide written notice within 20 calendar days after the date on which notice of the meeting is mailed to stockholders or the date of the meeting is publicly disclosed.

The purpose of requiring stockholders to give the Company advance notice of nominations and other business is to afford the Board of Directors a meaningful opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposed business and, to the extent deemed necessary or desirable by the Board of Directors, to inform stockholders and make recommendations about the qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although the Company's Bylaws do not give the Board of Directors any power to disapprove stockholder nominations for the election of directors or proposals for action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if the proper procedures are not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal, without regard to whether consideration of the nominees or proposal might be harmful or beneficial to the Company and its stockholders.

## CLASSIFICATION OF THE BOARD OF DIRECTORS

The Company's Bylaws provide that the number of directors of the Company may be established by the Board of Directors but may not be fewer than the minimum number required by Maryland law nor more than nine. Any vacancy will be filled, at any regular meeting or at any special meeting called for that purpose, by a majority of the remaining directors, except that a vacancy resulting from an increase in the number of directors will be filled by a majority of the entire Board of Directors. Pursuant to the terms of the Articles of Incorporation, the directors are divided into three classes. One class holds office for a term expiring at the annual meeting of stockholders to be held in 1998, and the other two classes hold office for terms expiring at the annual meetings of stockholders to be held in 1999 and 2000, respectively. As the term of each class expires, directors in that class will be elected for a term of three years and until their successors are duly elected and qualified. The Company believes that classification of the Board of Directors will help to assure the continuity and stability of the Company's business strategies and policies as determined by the Board of Directors.

The classified board provision could have the effect of making the removal of incumbent directors more time-consuming and difficult, which could discourage a third party from making a tender offer or otherwise attempting to obtain control of the Company, even though such an attempt might be beneficial to the Company and its stockholders. At least two annual meetings of stockholders, instead of one, will generally be required to effect a change in a majority of the Board of Directors. Thus, the classified board provision could increase the likelihood that incumbent directors will retain their positions. Holders of



shares of Common Stock will have no right to cumulative voting for the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the shares of Common Stock will be able to elect all of the successors of the class of directors whose term expires at that meeting.

#### RESTRICTIONS ON TRANSFERS OF CAPITAL STOCK

For the Company to qualify as a REIT under the Code, among other things, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year, and such capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter tax year. See "Certain Federal Income Tax Considerations." To ensure that the Company remains a qualified REIT, the Articles of Incorporation, subject to certain exceptions, provide that no holder may own, or be deemed to own by virtue of the attribution provisions of the Code, more than an aggregate of 9.9% in value of the Company's capital stock. Any transfer of capital stock or any security convertible into capital stock that would create a direct or indirect ownership of capital stock in excess of the ownership limit or that would result in the disqualification of the Company as a REIT, including any transfer that results in the capital stock being owned by fewer than 100 persons or results in the Company being "closely held" within the meaning of Section 856(h) of the Code, shall be null and void, and the intended transferee will acquire no rights to the capital stock. Capital stock owned, or deemed to be owned, or transferred to a stockholder in excess of the ownership limit will automatically be exchanged for shares of Excess Stock that will be transferred, by operation of law, to the Company as trustee of a trust for the exclusive benefit of the transferees to whom such capital stock may be ultimately transferred without violating the ownership limit. While the Excess Stock is held in trust, it will not be entitled to vote, it will not be considered for purposes of any stockholder vote or the determination of a quorum for such vote, and it will not be entitled to participate in the accumulation or payment of dividends or other distributions. A transferee of Excess Stock may, at any time such Excess Stock is held by the Company in trust, designate as beneficiary of the transferee stockholder's interest in the trust representing the Excess Stock any individual whose ownership of the capital stock exchanged into such Excess Stock would be permitted under the ownership limit, and may transfer such interest to such beneficiary at a price not in excess of the price paid by the original transferee-stockholder for the capital stock that was exchanged into Excess Stock. Immediately upon the transfer to the permitted beneficiary, the Excess Stock will automatically be exchanged for capital stock of the class from which it was converted. In addition, the Company will have the right, for a period of 90 days during the time any Excess Stock is held by the Company in trust, and, with respect to Excess Stock resulting from the attempted transfer of Preferred Stock, at any time when any outstanding shares of Preferred Stock of such series are being redeemed, to purchase all or any portion of the Excess Stock from the original transferee-stockholder at the lesser of the price paid for the capital stock by the original transferee-stockholder and the market price (as determined in the manner set forth in the Articles of Incorporation) of the capital stock on the date the Company exercises its option to purchase or, in the case of a purchase of Excess Stock attributed to Preferred Stock which has been called for redemption, at its stated value, plus all accumulated and unpaid dividends to the date of redemption. The 90-day period begins on the date of the violative transfer if the original transferee-stockholder gives notice to the Company of the transfer or, if no such notice is given, the date the Board of Directors determines that a violative transfer has been made.

#### POLICIES WITH RESPECT TO CERTAIN ACTIVITIES OF THE OPERATING PARTNERSHIP

The following is a discussion of certain investment, financing, conflicts of interest and other policies of the Operating Partnership. These policies have been determined by the Board of Directors of the Company, which is the General Partner of the Operating Partnership, and generally may be amended or revised from time to time by the Board of Directors without a vote of stockholders.

## INVESTMENT POLICIES

It is the Company's policy that First Industrial Realty Trust, Inc. ("First Industrial") will only engage in business activities through the Operating Partnership and its subsidiaries. For the purpose of these policies, the term "subsidiaries" when used with respect to the Operating Partnership includes partnerships in which the Operating Partnership owns a majority of the economic interests and Securities L.P.

**INVESTMENTS IN REAL ESTATE OR INTERESTS IN REAL ESTATE.** The Operating Partnership's investment objectives are to increase cash flow and the value of its properties, to acquire established income-producing industrial properties with cash flow growth potential and, in limited circumstances, to develop build-to-suit properties or undertake redevelopment projects. Additionally, where prudent and possible, the Operating Partnership will seek to expand and upgrade both its existing properties and any newly acquired properties. The Operating Partnership's business will be focused solely on industrial properties. The Operating Partnership's policy is to acquire assets primarily for generation of current income and long-term value appreciation; however, where appropriate, the Operating Partnership may sell certain properties.

The Operating Partnership expects to pursue its investment objectives through the direct and indirect ownership of properties and the ownership of interests in other entities. The Operating Partnership currently expects that it will make further investments in the Company's current markets and will expand into other markets within the Company's operating region as investment opportunities the Operating Partnership considers attractive become available. The Operating Partnership believes that opportunities exist to acquire, on attractive terms, established properties which do not pose the risks of development.

The Operating Partnership also may participate with other entities in property ownership through joint ventures or other types of co-ownership. Equity investments may be subject to existing mortgage financing and other indebtedness, or such financing or indebtedness may be incurred in connection with acquiring investments. Any such financing or indebtedness will have priority over the Company's equity interest in such property.

**INVESTMENTS IN REAL ESTATE MORTGAGES.** While the Operating Partnership will emphasize equity real estate investments in industrial properties, it may, in its discretion, invest in mortgage loans and other interests related to industrial properties. The Operating Partnership does not presently intend to invest to a significant extent in mortgage loans, but may do so subject to the investment restrictions applicable to REITs. The mortgage loans in which the Operating Partnership may invest may be either first mortgage loans or junior mortgage loans, and may or may not be insured by a government agency.

**SECURITIES OF OR INTERESTS IN PERSONS PRIMARILY ENGAGED IN REAL ESTATE ACTIVITIES AND OTHER ISSUERS.** Subject to the ownership limitations and gross income tests necessary for REIT qualification, the Operating Partnership also may invest in securities of entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. The Operating Partnership may acquire all or substantially all of the securities or assets of other REITs or similar entities where such investments would be consistent with the Operating Partnership's investment policies. In any event, the Operating Partnership does not intend that its investments in securities will require it to register as an "investment company" under the Investment Company Act of 1940, and the Operating Partnership would intend to divest securities before any such registration would be required.

## FINANCING POLICIES

It is the Company's policy that First Industrial shall not incur indebtedness other than short-term trade, employee compensation, dividends payable or similar indebtedness that will be paid in the ordinary course of business, and that indebtedness shall instead be incurred by the Operating Partnership to the extent necessary to fund the business activities conducted by the Operating Partnership and its subsidiaries.

The Operating Partnership has no separate policy regarding the amount of debt it may incur, but rather is encompassed by the Company's policy in this regard. The Company currently has a policy of maintaining a ratio of debt to total market capitalization (I.E., total consolidated debt of the Company (excluding the 1994 Defeased Mortgage Loan which was defeased in April 1997) as a percentage of the aggregate market value of all outstanding shares of Common Stock, assuming the exchange of all Units for Common Stock, plus the aggregate stated value of all outstanding shares of preferred stock, plus total consolidated debt (excluding the 1994 Defeased Mortgage Loan)) which generally will not exceed 50% and a coverage ratio (computed as total revenues (excluding interest income on U.S. government securities collateralizing the 1994 Defeased Mortgage Loan) minus property expenses and general and administrative expenses divided by interest expense (excluding interest on the 1994 Defeased Mortgage Loan accruing after the date of defeasance) plus dividends on preferred stock) of at least 2.0:1. As of June 30, 1997, the Company's ratio of debt to total market capitalization was 29.6%, and for the twelve months ended June 30, 1997, the Company's coverage ratio was 3.12. However, the organizational documents of the Company do not contain any limitation on the amount or percentage of indebtedness the Company may incur and the Company's Board of Directors has the power to alter the current policy. Accordingly, the Company could become more highly leveraged, resulting in an increase in debt service that could adversely affect the Company's ability to make expected distributions to stockholders and in an increased risk of default on its obligations. In addition, except as may be set forth in any Prospectus Supplement, the Debt Securities will not contain any provision that would afford holders of Debt Securities protection in the event of a highly leveraged transaction or change in control of the Operating Partnership or the Company.

To the extent that the Board of Directors determines to obtain additional debt financing, the Company intends to do so generally through mortgages on its properties and lines of credit, but also may do so through the issuance of debt securities. These mortgages may be recourse, non-recourse or cross-collateralized and may contain cross-default provisions. The Company does not have a policy limiting the number or amount of mortgages that may be placed on any particular property, but mortgage financing instruments usually limit additional indebtedness on such properties. Future credit facilities and lines of credit may be used for the purpose of making acquisitions or capital improvements or providing working capital to the Company or meeting the taxable income distribution requirements for REITs under the Code if the Company has taxable income without receipt of cash sufficient to enable the Company to meet such distribution requirements.

In the future, the Company may seek to extend, expand, reduce or renew its acquisition facility, or obtain new credit facilities or lines of credit or issue debt securities, subject to its general policy on debt capitalization.

#### POLICIES WITH RESPECT TO OTHER ACTIVITIES

The Operating Partnership may, but does not presently intend to, make investments other than as previously described. The Operating Partnership has authority to offer Units and other equity or debt securities in exchange for property and to repurchase or otherwise reacquire Units or any other securities and may engage in such activities in the future. The Operating Partnership also may make loans to joint ventures in which it participates. The Operating Partnership will not engage in trading, underwriting or the agency distribution or sale of securities of other issuers. At all times, the Operating Partnership intends to make investments in such a manner as to be consistent with the requirements of the Code for the Company to qualify as a REIT unless, because of circumstances or changes in the Code (or the regulations promulgated thereunder), the Company's Board of Directors determines that it is no longer in the best interests of the Company to continue to have the Company qualify as a REIT. The Company's policies with respect to such activities may be reviewed and modified from time to time by the Company's directors without notice to or the vote of the stockholders.

PROPERTIES OF THE OPERATING PARTNERSHIP  
AND THE OTHER REAL ESTATE PARTNERSHIPS

GENERAL

The Operating Partnership and the Other Real Estate Partnerships collectively owned, as of June 30, 1997, 453 in service properties (208 of which were owned by the Operating Partnership and 245 of which were owned by the Other Real Estate Partnerships) containing an aggregate of approximately 39.1 million square feet of GLA in 16 states (18.1 million square feet of which comprised the properties owned by the Operating Partnership and 21.0 million square feet of which comprised the properties owned by the Other Real Estate Partnerships) with a diverse base of 1,340 tenants (742 of which were tenants of the Operating Partnership and 598 of which were tenants of the Other Real Estate Partnerships) engaged in a wide variety of businesses, including manufacturing, retailing, wholesale trade, distribution and professional services. The properties are generally located in business parks which have convenient access to interstate highways and rail and air transportation. The median age of the properties is approximately 14 years. The Operating Partnership and the Other Real Estate Partnerships maintain insurance coverage on their respective properties which the Operating Partnership believes to be adequate.

The Operating Partnership and the Other Real Estate Partnerships classify their properties into two industrial categories: bulk warehouse and light industrial. The bulk warehouse properties are generally used for bulk storage of materials and manufactured goods and the light industrial properties are generally used for the design, assembly, packaging and distribution of goods and, in some cases, the provision of services.

The Operating Partnership and the Other Real Estate Partnerships compete with numerous commercial developers, real estate companies and other owners of real estate in seeking properties for acquisition and land for development. In addition, many of the properties owned by the Operating Partnership and the Other Real Estate Partnerships are located in areas that include other bulk warehouse and light industrial properties which compete for the same tenants as the Operating Partnership and the Other Real Estate Partnerships.

The following table summarizes certain information as of June 30, 1997 with respect to properties owned by the Operating Partnership. Information in the table excludes properties under development at June 30, 1997.

METROPOLITAN AREA	BULK WAREHOUSE		LIGHT INDUSTRIAL		TOTAL		GLA AS A % OF TOTAL PORTFOLIO	
	GLA	NUMBER OF PROPERTIES	GLA	NUMBER OF PROPERTIES	GLA	NUMBER OF PROPERTIES		AVERAGE OCCUPANCY
Atlanta.....	2,338,856	8	294,264	4	2,633,120	12	92%	15%
Chicago.....	1,632,052	7	898,541	8	2,530,593	15	100%	14%
Cincinnati.....	951,080	3	111,375	5	1,062,455	8	85%	6%
Cleveland.....	--	--	102,500	1	102,500	1	100%	(2)
Columbus.....	1,353,334	3	56,849	1	1,410,183	4	100%	8%
Dayton.....	--	--	322,746	6	322,746	6	100%	2%
Detroit.....	959,215	24	499,076	13	1,458,291	37	96%	8%
Indianapolis.....	1,169,586	6	1,073,780	26	2,243,366	32	89%	12%
Long Island.....	924,385	8	1,703,182	30	2,627,567	38	95%	15%
Milwaukee.....	--	--	331,155	7	331,155	7	95%	2%
Minneapolis/St. Paul.....	534,527	6	1,275,015	19	1,809,542	25	91%	10%
Nashville.....	538,811	3	--	--	538,811	3	100%	3%
New Jersey.....	344,176	3	459,786	13	803,962	16	96%	4%
St. Louis.....	198,413	3	--	--	198,413	3	38%	1%
Other(1).....	--	--	25,254	1	25,254	1	0%	(2)
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	10,944,435	74	7,153,523	134	18,097,958	208	94%	100%
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(1) Green Bay, WI.

(2) Less than 1%.

The following table summarizes certain information as of June 30, 1997 with respect to properties owned by the Other Real Estate Partnerships. Information in the table excludes properties under development at June 30, 1997.

METROPOLITAN AREA	BULK WAREHOUSE		LIGHT INDUSTRIAL		TOTAL			GLA AS A % OF TOTAL PORTFOLIO
	GLA	NUMBER OF PROPERTIES	GLA	NUMBER OF PROPERTIES	GLA	NUMBER OF PROPERTIES	AVERAGE OCCUPANCY	
Atlanta.....	985,501	9	213,467	5	1,198,968	14	97%	6%
Central Pennsylvania(1) ..	2,773,519	17	843,508	14	3,617,027	31	99%	17%
Chicago.....	1,602,121	13	528,740	8	2,130,861	21	97%	10%
Des Moines.....	878,992	5	--	--	878,992	5	100%	4%
Detroit.....	1,533,058	34	2,034,239	47	3,567,297	81	99%	17%
Grand Rapids.....	2,786,591	22	40,400	3	2,826,991	25	96%	13%
Indianapolis.....	976,273	1	--	--	976,273	1	98%	5%
Milwaukee.....	--	--	133,173	3	133,173	3	100%	(3)
Minneapolis/St. Paul.....	1,330,460	10	1,877,406	25	3,207,866	35	97%	15%
Nashville.....	760,229	4	--	--	760,229	4	100%	4%
St. Louis.....	674,682	12	385,713	3	1,060,395	15	99%	5%
Other(2).....	301,355	4	378,603	6	679,958	10	100%	3%
	14,602,781	131	6,435,249	114	21,038,030	245	98%	100%

(1) Includes the Harrisburg, Allentown and Reading markets.

(2) Includes Denton, TX; Wichita, KS; West Lebanon, NH and Abilene, TX.

(3) Less than 1%.

As of June 30, 1997, 25 properties owned by the Operating Partnership were subject to encumbrances securing indebtedness thereof and 219 properties owned by the Other Real Estate Partnerships, including 192 properties encumbered by a \$300 million mortgage loan which was defeased in April 1997, were subject to encumbrances securing indebtedness thereof.

#### TENANT AND LEASE INFORMATION

As of June 30, 1997, the Operating Partnership and the Other Real Estate Partnerships had a diverse base of 1,340 tenants (742 of which were tenants of the Operating Partnership and 598 of which were tenants of the Other Real Estate Partnerships), engaged in a wide variety of businesses including manufacturing, retailing, wholesale trade, distribution and professional services. Most leases have an initial term of between three and five years and provide for periodic rental increases that are either fixed or based on changes in the Consumer Price Index. Industrial tenants typically have net or semi-net leases and pay as additional rent their percentage of the property's operating costs, including the costs of common area maintenance, property taxes and insurance. As of June 30, 1997, approximately 94% and 98% of the GLA of the properties owned by the Operating Partnership and the Other Real Estate Partnerships, respectively, was leased, and no single tenant or group of related tenants accounted for more than 2.4% of the Operating Partnership's rent revenues or more than 2.8% of the Other Real Estate Partnerships' rent revenues, nor did any single tenant or group of related tenants occupy more than 3.9% of the total GLA of the Operating Partnership or more than 3.7% of the total GLA of the Other Real Estate Partnerships.

The following table shows scheduled lease expirations for all leases for the properties owned by the Operating Partnership as of June 30, 1997.

YEAR OF EXPIRATION(1)	NUMBER OF LEASES EXPIRING	GLA SUBJECT TO EXPIRING LEASES(2)	PERCENTAGE OF GLA REPRESENTED BY EXPIRING LEASES	ANNUAL BASE RENT UNDER EXPIRING LEASES(3)	PERCENTAGE OF TOTAL ANNUAL BASE RENT REPRESENTED BY EXPIRING LEASES
1997.....	121	1,639,593	9.7%	\$ 7,303	9.7%
1998.....	191	2,574,474	15.2%	11,730	15.5%
1999.....	166	3,829,447	22.6%	19,869	26.3%
2000.....	122	2,723,832	16.1%	10,859	14.4%
2001.....	79	1,977,695	11.7%	8,230	10.9%
2002.....	52	935,566	5.5%	4,842	6.4%
2003.....	14	457,154	2.7%	1,590	2.1%
2004.....	13	868,776	5.1%	2,803	3.7%
2005.....	7	324,838	1.9%	2,317	3.1%
2006.....	8	325,111	1.9%	1,217	1.6%
Thereafter.....	10	1,287,105	7.6%	4,770	6.3%
Total.....	783	16,943,591	100.0%	\$ 75,530	100.0%

(1) Lease expirations as of June 30, 1997, assuming tenants do not exercise existing renewal, termination or purchase options.

(2) Does not include existing vacancies of 1,154,367 aggregate square feet.

(3) In thousands, reflects monthly base rent provided for under the terms of each expiring lease as in effect at June 30, 1997, multiplied by 12, and does not take into account contractual rent escalations.

The following table shows scheduled lease expirations for all leases for the properties owned by the Other Real Estate Partnerships as of June 30, 1997.

YEAR OF EXPIRATION(1)	NUMBER OF LEASES EXPIRING	GLA SUBJECT TO EXPIRING LEASES(2)	PERCENTAGE OF GLA REPRESENTED BY EXPIRING LEASES	ANNUAL BASE RENT UNDER EXPIRING LEASES(3)	PERCENTAGE OF TOTAL ANNUAL BASE RENT REPRESENTED BY EXPIRING LEASES
1997.....	79	1,765,600	8.6%	\$ 6,803	8.0%
1998.....	150	4,069,147	19.7%	17,287	20.3%
1999.....	123	3,206,603	15.6%	13,965	16.4%
2000.....	106	3,571,364	17.3%	15,764	18.5%
2001.....	65	3,352,695	16.2%	11,793	13.8%
2002.....	35	1,515,855	7.3%	6,300	7.4%
2003.....	17	1,215,330	5.9%	4,877	5.7%
2004.....	7	472,983	2.3%	1,852	2.2%
2005.....	7	759,013	3.7%	3,130	3.7%
2006.....	6	272,980	1.3%	1,354	1.6%
Thereafter.....	9	433,163	2.1%	2,027	2.4%
Total.....	604	20,634,733	100.0%	\$ 85,152	100.0%

(1) Lease expirations as of June 30, 1997, assuming tenants do not exercise existing renewal, termination or purchase options.

(2) Does not include existing vacancies of 403,297 aggregate square feet.

(3) In thousands, reflects monthly base rent provided for under the terms of each expiring lease as in effect at June 30, 1997, multiplied by 12, and does not take into account contractual rent escalations.

## FEDERAL INCOME TAX CONSIDERATIONS

This section is a summary of the material federal income tax matters of general application pertaining to REITs under the Code. The discussion is based on current law and does not purport to deal with all aspects of federal income taxation that may be relevant to investors subject to special treatment under the federal income tax laws, such as tax-exempt investors, dealers in securities or foreign persons. The

provisions of the Code pertaining to REITs are highly technical and complex and sometimes involve mixed questions of fact and law. In addition, this section does not discuss foreign, state or local taxation. In the opinion of Cahill Gordon & Reindel, the conclusions of law expressed in this summary are correct in all material respects. Prospective investors should consult their own tax advisors regarding the federal, state, local, foreign and other tax consequences specific to them of holding and disposing of the Securities.

#### TAXATION OF THE COMPANY

In the opinion of Cahill Gordon & Reindel, commencing with its taxable year ended December 31, 1994, the Company has been organized in conformity with the requirements for qualification as a REIT under the Code, the Company's method of operation has enabled it to meet the requirements for qualification as a REIT under the Code, and, provided that the Company continues to satisfy the various requirements applicable under the Code to REITs, as described herein, it will continue to so qualify. Cahill Gordon & Reindel's opinion is based on various assumptions and is conditioned upon certain representations as to factual matters made by the Company and, the Operating Partnership and the Other Real Estate Partnerships (such partnerships being hereinafter collectively referred to as the "Partnerships"). Moreover, such qualification and taxation as a REIT depend upon the Company's ability to meet, as a matter of fact, through actual annual operating results, distribution levels, diversity of stock ownership and various other qualification tests imposed under the Code discussed below, the results of which will not be reviewed by Cahill Gordon & Reindel. Accordingly, no assurance can be given that the actual results of the Company's operation for any one taxable year will satisfy such requirements.

To qualify as a REIT under the Code for a taxable year, the Company must meet certain organizational and operational requirements, which generally require it to be a passive investor in operating real estate and to avoid excessive concentration of ownership of its capital stock. Initially, its principal activities must be real estate related. Generally, at least 75% of the value of the total assets of the Company at the end of each calendar quarter must consist of real estate assets, cash or governmental securities. The Company may not own more than 10% of the outstanding voting securities of any corporation and the value of any one issuer's securities may not exceed 5% of the Company's gross assets; shares of qualified REITs, qualified temporary investments and shares of certain wholly owned subsidiary corporations are exempt from these prohibitions. The Company holds assets through certain wholly owned subsidiary corporations and holds Preferred Stock interests in certain corporations that provide property management services to third parties; in the opinion of Cahill Gordon & Reindel, based on certain factual representations, these holdings do not violate the prohibition on ownership of voting securities. Additionally, gross income from the sale or other disposition of stock and securities held for less than one year and of real property held for less than four years must constitute less than 30% of the gross income for each taxable year of a REIT. For each taxable year, at least 75% of a REIT's gross income must be derived from specified real estate sources and 95% must be derived from such real estate sources plus certain other permitted sources. Real estate income for purposes of these requirements includes gain from the sale of real property not held primarily for sale to customers in the ordinary course of business, dividends on REIT shares, interest on loans secured by mortgages on real property, certain rents from real property and income from foreclosure property. For rents to qualify, they may not be based on the income or profits of any person, except that they may be based on a percentage or percentages of gross income or receipts and, subject to certain limited exceptions, the REIT may not manage the property or furnish services to tenants except through an independent contractor which is paid an arm's-length fee and from which the REIT derives no income. Substantially all of the Company's assets are held through the Partnerships. In general, in the case of a REIT that is a partner in a partnership, applicable regulations treat the REIT as holding directly its proportionate share of the assets of the partnership and as being entitled to the income of the partnership attributable to such share.

The Company must satisfy certain ownership restrictions that limit (i) concentration of ownership of the Company's capital stock by a few individuals and (ii) ownership by the Company of its tenants. The



outstanding capital stock of the Company must be held by at least 100 stockholders. No more than 50% in value of the outstanding capital stock, including in some circumstances capital stock into which outstanding securities might be converted, may be owned actually or constructively by five or fewer individuals or certain other entities at any time during the last half of the Company's taxable year. Accordingly, the Articles of Incorporation contain certain restrictions regarding the transfer of Common Stock, Preferred Stock and any other outstanding securities convertible into Common Stock when necessary to maintain the Company's qualification as a REIT under the Code. However, because the Code imposes broad attribution rules in determining constructive ownership, no assurance can be given that the restrictions contained in the Articles of Incorporation will be effective in maintaining the Company's REIT status. See "Restrictions on Transfers of Capital Stock."

So long as the Company qualifies for taxation as a REIT and distributes at least 95% of its REIT taxable income (computed without regard to net capital gain or the dividends paid deduction) for its taxable year to its stockholders annually, the Company itself will not be subject to federal income tax on that portion of such income distributed to stockholders. The Company will be taxed at regular corporate rates on all income not distributed to stockholders. The Company's policy is to distribute at least 95% of its taxable income. REITs also may incur taxes for certain other activities or to the extent distributions do not satisfy certain other requirements.

Failure of the Company to qualify during any taxable year as a REIT could, unless certain relief provisions were available, have a material adverse effect upon its stockholders. If disqualified for taxation as a REIT for a taxable year, the Company also would be disqualified for taxation as a REIT for the next four taxable years, unless the failure were considered to be due to reasonable cause and not willful neglect. The Company would be subject to federal income tax at corporate rates on all of its taxable income and would not be able to deduct the dividends paid, which could result in a discontinuation of or substantial reduction in dividends to stockholders. Dividends also would be subject to the regular tax rules applicable to dividends received by stockholders of corporations. Should the failure to qualify as a REIT be determined to have occurred retroactively in an earlier tax year of the Company, the imposition of a substantial federal income tax liability on the Company attributable to any nonqualifying tax years may adversely affect the Company's ability to pay dividends. In the event that the Company fails to meet certain income tests applicable to REITs, it may, generally, nonetheless retain its qualification as a REIT if it pays a 100% tax on the amount by which it failed to meet the relevant income test so long as such failure was considered to be due to reasonable cause and not willful neglect. Any such taxes would adversely affect the Company's ability to pay dividends and distributions.

The Taxpayer Relief Act of 1997 (the "1997 Act") which was recently signed into law by President Clinton on August 5, 1997, modified many of the provisions relating to the requirements for qualification as, and the taxation of, a REIT. Among other things, the 1997 Act (i) replaced the rule that disqualifies a REIT for any year in which the REIT fails to comply with Treasury regulations to ascertain its ownership with an intermediate penalty for failing to do so; (ii) permits a REIT to render a de minimis amount of impermissible services to tenants, or in connection with the management of property, and still treat amounts received with respect to that property as rents from real property; (iii) permits a REIT to elect to retain and pay income tax on net long-term capital gains; (iv) repealed a rule that required that less than 30% of a REIT's gross income be derived from gain from the sale or other disposition of stock or securities held for less than one year, certain real property held for less than four years, and property that is sold or disposed of in a prohibited transaction; (v) lengthened the original grace period for foreclosure property from two years after the REIT acquired the property to a period ending on the last day of the third full taxable year following the election; (vi) treat income from all hedges that reduce the interest rate risk of REIT liabilities, not just interest rate swaps and caps, as qualifying income under the 95% gross income test; and (vii) permits any corporation wholly-owned by a REIT to be treated as a qualified subsidiary, regardless of whether the corporation has always been owned by a REIT. The changes are effective for taxable years beginning after the date of enactment.

## PLAN OF DISTRIBUTION

The Company and the Operating Partnership may sell Securities through underwriters or dealers, directly to one or more purchasers, through agents or through a combination of any such methods of sale. Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable Prospectus Supplement.

The distribution of the Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices, or at negotiated prices.

In connection with the sale of Securities, underwriters or agents may receive compensation from the Company, from the Operating Partnership or from purchasers of Securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of Securities may be deemed to be underwriters under the Securities Act, and any discounts or commissions they receive from the Company or the Operating Partnership and any profit on the resale of Securities they realize may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified, and any such compensation received from the Company or the Operating Partnership will be described, in the applicable Prospectus Supplement.

Unless otherwise specified in the applicable Prospectus Supplement, each series of Securities will be a new issue with no established trading market, other than the Common Stock, which is listed on the NYSE. Any shares of Common Stock sold pursuant to a Prospectus Supplement will be listed on the NYSE, subject to official notice of issuance. The Company or the Operating Partnership may elect to list any series of Debt Securities, Preferred Stock or Depositary Shares on an exchange, but neither is obligated to do so. It is possible that one or more underwriters may make a market in a series of Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. Therefore, no assurance can be given as to the liquidity of the trading market for the Securities.

Under agreements into which the Company or the Operating Partnership may enter, underwriters, dealers and agents who participate in the distribution of Securities may be entitled to indemnification by the Company or the Operating Partnership against certain liabilities, including liabilities under the Securities Act.

Underwriters, dealers and agents may engage in transactions with, or perform services for, or be tenants of, the Company or the Operating Partnership in the ordinary course of business.

If so indicated in the applicable Prospectus Supplement, the Company or the Operating Partnership will authorize underwriters or other persons acting as the Company's or the Operating Partnership's agents to solicit offers by certain institutions to purchase Securities from the Company or the Operating Partnership pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by the Company or the Operating Partnership, as the case may be. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of the Securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts.

In order to comply with the securities laws of certain states, if applicable, the Securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states Securities may not be sold unless they have been registered or qualified for sale in the

applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of Securities offered hereby may not engage in market making activities with respect to the Securities for a period of two business days prior to the commencement of such distribution.

#### LEGAL MATTERS

Certain legal matters, including the legality of the Securities covered by this Prospectus and certain tax matters, will be passed upon for the Company by Cahill Gordon & Reindel (a partnership including a professional corporation), New York, New York, and for any underwriters, dealers or agents by Rogers & Wells, New York, New York. Cahill Gordon & Reindel and Rogers & Wells will rely as to all matters of Maryland law on the opinion of McGuire Woods Battle & Boothe LLP, Baltimore, Maryland.

#### EXPERTS

The financial statements and schedule thereto of the Company and the Contributing Businesses, the financial statements of the Acquisition Properties (as defined in the Company's Current Report on Form 8-K filed February 12, 1997), the financial statements of the Lazarus Burman Properties (as defined in the Company's Current Report on Form 8-K filed February 12, 1997, as amended by Form 8-K/A No. 1 filed April 10, 1997) and the financial statements of the Punia Acquisition Properties (as defined in each of the Company's and the Operating Partnership's Current Report on Form 8-K filed July 15, 1997 as amended by Form 8-K/A No. 1 each filed September 4, 1997), each incorporated by reference in this Prospectus or elsewhere in the Registration Statement, and the financial statements and schedule thereto of the Operating Partnership and the Contributing Businesses and the financial statements of the Other Real Estate Partnerships included in this Prospectus, to the extent and for the periods indicated in their reports, have been audited by Coopers & Lybrand L.L.P., independent accountants, and are included or incorporated herein in reliance upon the authority of said firm as experts in giving said reports.

FIRST INDUSTRIAL, L.P. AND CONTRIBUTING BUSINESSES  
AND  
OTHER REAL ESTATE PARTNERSHIPS

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners of First Industrial, L.P.

We have audited the financial statements and the financial statement schedule of First Industrial, L.P. (the "Operating Partnership") and the combined financial statements of the Contributing Businesses as listed on page F-1 of this Prospectus. These financial statements and the financial statement schedule are the responsibility of the Operating Partnership's and the Contributing Businesses' (as defined in Note 2 hereof) management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Operating Partnership as of December 31, 1996 and 1995, and the results of its operations and its cash flows for the years ended December 31, 1996 and 1995 and for the period July 1, 1994 through December 31, 1994 and of the Contributing Businesses for the period January 1, 1994 to June 30, 1994, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Chicago, Illinois  
February 12, 1997

FIRST INDUSTRIAL, L.P.  
BALANCE SHEETS  
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1996	DECEMBER 31, 1995
ASSETS		
Assets:		
Investment in Real Estate:		
Land.....	\$ 55,425	\$ 14,253
Buildings and Improvements.....	291,942	81,384
Furniture, Fixtures and Equipment.....	--	362
Construction in Progress.....	6,414	393
Less: Accumulated Depreciation.....	(8,133)	(4,852)
	345,648	91,540
Net Investment in Real Estate.....		
Investment in Other Real Estate Partnerships.....	258,411	241,918
Cash and Cash Equivalents.....	4,295	6,493
Restricted Cash.....	--	2,557
Tenant Accounts Receivable, Net.....	1,021	533
Deferred Rent Receivable.....	1,280	676
Interest Rate Protection Agreements, Net.....	1,723	664
Deferred Financing Costs, Net.....	1,140	2,269
Prepaid Expenses and Other Assets, Net.....	8,604	9,410
	\$ 622,122	\$ 356,060
Total Assets.....		
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Mortgage Loans Payable.....	\$ 45,578	\$ --
Construction Loans Payable.....	--	4,873
Acquisition Facilities Payable.....	4,400	48,235
Promissory Notes Payable.....	9,919	--
Accounts Payable and Accrued Expenses.....	8,770	5,735
Rents Received in Advance and Security Deposits.....	1,942	494
Distributions Payable.....	16,281	9,954
	86,890	69,291
Total Liabilities.....		
Commitments and Contingencies.....	--	--
Partners' Capital:		
General Partner.....	496,169	269,357
Limited Partners.....	39,063	17,412
	535,232	286,769
Total Partners' Capital.....		
Total Liabilities and Partners' Capital.....	\$ 622,122	\$ 356,060

The accompanying notes are an integral part of the financial statements.

FIRST INDUSTRIAL, L.P.  
STATEMENTS OF OPERATIONS  
AND CONTRIBUTING BUSINESSES  
COMBINED STATEMENT OF OPERATIONS  
(DOLLARS IN THOUSANDS)

	THE OPERATING PARTNERSHIP			CONTRIBUTING BUSINESSES
	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED DECEMBER 31, 1994	SIX MONTHS ENDED JUNE 30, 1994
Revenues:				
Rental Income.....	\$ 29,166	\$ 22,094	\$ 7,731	\$ 18,041
Tenant Recoveries and Other Income.....	8,421	5,348	1,873	4,775
Total Revenues.....	37,587	27,442	9,604	22,816
Expenses:				
Real Estate Taxes.....	6,109	4,863	1,485	3,273
Repairs and Maintenance.....	1,071	848	213	1,225
Property Management.....	1,153	904	195	677
Utilities.....	1,047	235	82	570
Insurance.....	271	279	81	184
Other.....	284	349	64	107
General and Administrative.....	4,014	3,792	1,047	795
Interest.....	4,685	6,581	807	9,868
Interest (affiliated).....	--	--	--	1,905
Amortization of Interest Rate Protection Agreements and Deferred Financing Costs.....	196	222	187	858
Depreciation and Other Amortization.....	6,310	5,087	1,916	4,744
Total Expenses.....	25,140	23,160	6,077	24,206
Income (Loss) Before Gain on Sales of Properties, Management and Construction Loss, Equity in Income of Other Real Estate Partnerships and Extraordinary Item.....	12,447	4,282	3,527	(1,390)
Gain on Sales of Properties.....	4,344	--	--	--
Income (Loss) Before Management and Construction Loss, Equity in Income of Other Real Estate Partnerships and Extraordinary Item.....	16,791	4,282	3,527	(1,390)
Management and Construction Loss.....	--	--	--	(81)
Income (Loss) Before Equity in Income of Other Real Estate Partnerships and Extraordinary Item.....	16,791	4,282	3,527	(1,471)
Equity in Income of Other Real Estate Partnerships.....	20,130	7,841	6,767	--
Income (Loss) Before Extraordinary Item.....	36,921	12,123	10,294	(1,471)
Extraordinary Loss.....	(2,273)	--	--	(1,449)
Net Income (Loss).....	\$ 34,648	\$ 12,123	\$ 10,294	\$ (2,920)

The accompanying notes are an integral part of the financial statements.

FIRST INDUSTRIAL, L.P.  
STATEMENTS OF CHANGES IN PARTNERS' CAPITAL  
AND CONTRIBUTING BUSINESSES  
COMBINED STATEMENT OF CHANGES  
IN NET DEFICIT  
(DOLLARS IN THOUSANDS)

	TOTAL	THE OPERATING PARTNERSHIP		CONTRIBUTING BUSINESSES
		GENERAL PARTNER	LIMITED PARTNERS	NET DEFICIT
Balance at December 31, 1993.....	\$ (37,548)	\$ 216	\$ --	\$ (37,764)
Contributions.....	343,501	324,705	--	18,796
Distributions.....	(29,011)	--	--	(29,011)
Net Loss.....	(2,920)	--	--	(2,920)
Acquisition and Contribution of Contributing Businesses' Interests.....	18,112	(53,869)	21,082	50,899
Balance at June 30, 1994.....	292,134	271,052	21,082	--
Contributions.....	30,412	30,412	--	--
Distributions.....	(19,296)	(17,843)	(1,453)	--
Net Income.....	10,294	9,519	775	--
Balance at December 31, 1994.....	313,544	293,140	20,404	--
Distributions.....	(38,898)	(36,003)	(2,895)	--
Unit Conversions.....	--	1,005	(1,005)	--
Net Income.....	12,123	11,215	908	--
Balance at December 31, 1995.....	286,769	269,357	17,412	--
Contributions.....	268,133	244,269	23,864	--
Distributions.....	(54,318)	(50,418)	(3,900)	--
Unit Conversions.....	--	943	(943)	--
Net Income.....	34,648	32,018	2,630	--
Balance at December 31, 1996.....	\$ 535,232	\$ 496,169	\$ 39,063	\$ --

The accompanying notes are an integral part of the financial statements.



FIRST INDUSTRIAL, L.P.  
STATEMENTS OF CASH FLOWS  
AND CONTRIBUTING BUSINESSES  
COMBINED STATEMENT OF CASH FLOWS  
(DOLLARS IN THOUSANDS)

	THE OPERATING PARTNERSHIP			CONTRIBUTING BUSINESSES
	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED DECEMBER 31, 1994	SIX MONTHS ENDED JUNE 30, 1994
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net Income (Loss).....	\$ 34,648	\$ 12,123	\$ 10,294	\$ (2,920)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation.....	5,115	4,092	1,532	4,661
Amortization of Interest Rate Protection Agreements and Deferred Financing Costs.....	196	222	187	858
Other Amortization.....	1,195	995	384	83
Equity in Income of Other Real Estate Partnerships.....	(20,130)	(7,841)	(6,767)	--
Provision for Bad Debts.....	35	158	--	--
Gain on Sales of Properties.....	(4,344)	--	--	--
Extraordinary Items.....	2,273	--	--	1,449
(Increase) Decrease in Accounts Receivable and Other Assets.....	(965)	(3,903)	1,223	(4,544)
Increase in Deferred Rent Receivable.....	(1,179)	(606)	(457)	(92)
Increase (Decrease) in Accounts Payable, Accrued Expenses, Rents Received in Advance and Security Deposits.....	(498)	2,295	(16,695)	7,692
Increase in Organization Costs.....	(32)	(115)	--	(1,466)
(Increase) Decrease in Restricted Cash.....	2,557	(3,238)	--	(810)
Net Cash Provided by Operating Activities.....	18,871	4,182	(10,299)	4,911
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of and Additions to Investment in Real Estate.....	(221,282)	(67,605)	(62,449)	(367,257)
Proceeds from Sale of Investment in Real Estate.....	14,972	--	--	--
(Increase) Decrease in Restricted Cash.....	--	--	--	(7,500)
Contributions to Investment in Other Real Estate Partnerships.....	(25,473)	(6,664)	(4,051)	--
Distributions from Investment in Other Real Estate Partnerships.....	29,110	33,363	5,148	--
Net Cash Used in Investing Activities.....	(202,673)	(40,906)	(61,352)	(374,757)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Contributions.....	244,269	--	30,412	348,243
Distributions.....	(47,991)	(38,592)	(9,648)	(29,011)
Proceeds from Mortgage Loans Payable.....	36,750	--	--	381,743
Repayments on Mortgage Loans Payable.....	(589)	--	--	(268,935)
Proceeds from Acquisition Facilities Payable.....	103,523	83,943	48,700	5,000
Repayments on Acquisition Facilities Payable.....	(147,358)	(2,958)	--	--
Proceeds from Construction Loans Payable.....	--	4,873	--	--
Repayment of Construction Loans Payable.....	(4,873)	--	--	--
Repayment of Notes Payable.....	--	--	--	(34,553)
Cost of Debt Issuance and Interest Rate Protection Agreements.....	(1,768)	(4,084)	(3,232)	(28,335)
Prepayment Fee.....	(359)	--	--	--
Net Cash Provided by Financing Activities.....	181,604	43,182	66,232	374,152
Net Increase (Decrease) in Cash and Cash Equivalents.....	(2,198)	6,458	(5,419)	4,306
Cash and Cash Equivalents, Beginning of Period.....	6,493	35	5,454	2,812
Cash and Cash Equivalents, End of Period.....	\$ 4,295	\$ 6,493	\$ 35	\$ 7,118

The accompanying notes are an integral part of the financial statements.

FIRST INDUSTRIAL, L.P.  
NOTES TO FINANCIAL STATEMENTS  
AND CONTRIBUTING BUSINESSES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
(Dollars in thousands, except per share data)

1. ORGANIZATION AND FORMATION

First Industrial, L.P. (the "Operating Partnership") was organized as a limited partnership in the state of Delaware on November 23, 1993. The sole general partner is First Industrial Realty Trust, Inc. (the "Company") with an approximate 92.4% ownership interest at December 31, 1996. The limited partners owned approximately a 7.6% aggregate ownership interest at December 31, 1996. The Company is a real estate investment trust (REIT) as defined in the Internal Revenue Code. The Company's operations are conducted primarily through the Operating Partnership. As of December 31, 1996, the Operating Partnership directly owned 137 in-service properties, containing an aggregate of approximately 12.7 million square feet (unaudited) of gross leasable area ("GLA"), as well as a 99% limited partnership interest (subject in one case as described below to a preferred limited partnership interest) in First Industrial Financing Partnership, L.P. (the "Financing Partnership"), First Industrial Securities, L.P. (the "Securities Partnership"), First Industrial Mortgage Partnership, L.P. (the "Mortgage Partnership"), First Industrial Pennsylvania Partnership, L.P. (the "Pennsylvania Partnership"), First Industrial Harrisburg, L.P. (the "Harrisburg Partnership"), First Industrial Indianapolis, L.P. (the "Indianapolis Partnership") and First Industrial Development Services Group, L.P. (together, the "Other Real Estate Partnerships"). On a combined basis, as of December 31, 1996, the Other Real Estate Partnerships owned 242 in-service properties containing an aggregate of approximately 20.0 million square feet (unaudited) of GLA. Of the 242 properties owned by the Other Real Estate Partnerships, 195 were owned by the Financing Partnership, 19 were owned by the Securities Partnership, 23 were owned by the Mortgage Partnership, one was owned by the Pennsylvania Partnership, three were owned by the Harrisburg Partnership and one was owned by the Indianapolis Partnership.

The general partners of the Other Real Estate Partnerships are separate corporations, each with a one percent general partnership interest. Each general partner of the Other Real Estate Partnerships is a wholly owned subsidiary of the Company. The general partner of the Securities Partnership, First Industrial Securities Corporation, also owns a preferred limited partnership interest which entitles it to receive a fixed quarterly distribution, and results in it being allocated income in the same amount, equal to the fixed quarterly dividend the Company pays on its 9.5% Series A Preferred Stock.

Profits, losses and distributions of the Operating Partnership are allocated to the general partner and the limited partners in accordance with the provisions contained within its restated and amended partnership agreement.

On June 30, 1994, the Company completed its initial public offering of 15,175,000 shares of \$.01 par value common stock (the "Initial Offering") and, in July 1994, issued an additional 1,400,000 shares pursuant to an over-allotment option. The proceeds per share in the Initial Offering and the over-allotment option was \$23.50, resulting in gross offering proceeds of approximately \$389,512. Net of underwriters' discount and total offering expenses, the Company received approximately \$355,217 in proceeds from the Initial Offering and the over-allotment option. The net proceeds received from the Initial Offering and subsequent equity offerings (See Note 6) are reflected in the Operating Partnership's financial statements as contributions. On June 30, 1994, the Company (through the Financing Partnership) borrowed \$300,000 (the "1994 Mortgage Loan") from an institutional lender. The net proceeds from the Initial Offering and the 1994 Mortgage Loan were used primarily to acquire properties, repay indebtedness and pay certain fees and expenses. The Company and the Operating Partnership began operations on July 1, 1994.

FIRST INDUSTRIAL, L.P.  
NOTES TO FINANCIAL STATEMENTS  
AND CONTRIBUTING BUSINESSES  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

2. BASIS OF PRESENTATION

The accompanying financial statements as of December 31, 1996 and 1995 and for the years ended December 31, 1996 and 1995 and for the six month period ended December 31, 1994 present the ownership and operating results of the properties owned directly by the Operating Partnership. Such financial statements present the Operating Partnership's limited partnership interests in each of the Other Real Estate Partnerships under the equity method of accounting.

The combined statements of operations, changes in partners' capital and net deficit and cash flows for the six months ended June 30, 1994 reflect the operations, equity and deficit and cash flows of the properties and business contributed by The Shidler Group and the properties and business contributed by three other contributing businesses (together, the "Contributing Businesses") at or prior to the consummation of the Initial Offering.

Purchase accounting has been applied when ownership interests in properties were acquired for cash. The historical cost basis of properties has been carried over when the Contributing Businesses ownership interests were exchanged for units in the Operating Partnership (the "Units") and purchase accounting has been used for all other properties that were acquired for Units.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to conform with generally accepted accounting principles, management, in preparation of the Operating Partnership's financial statements, is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of December 31, 1996 and 1995, and the reported amounts of revenues and expenses for the years ended December 31, 1996 and 1995 and the six months ended December 31, 1994 and June 30, 1994. Actual results could differ from those estimates.

REVENUE RECOGNITION:

Rental income is recognized on a straight-line method under which contractual rent increases are recognized evenly over the lease term. Tenant recovery income includes payments from tenants for taxes, insurance and other property operating expenses and is recognized as revenues in the same period the related expenses are incurred by the Operating Partnership.

The Operating Partnership provides an allowance for doubtful accounts against the portion of tenant accounts receivable which is estimated to be uncollectible. Accounts receivable in the consolidated balance sheets are shown net of an allowance for doubtful accounts of \$221 and \$186 as of December 31, 1996 and December 31, 1995, respectively.

INVESTMENT IN REAL ESTATE AND DEPRECIATION:

Effective January 1, 1995, the Operating Partnership adopted Financial Accounting Standards Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Real estate assets are carried at the lower of depreciated cost or fair value as determined by the Operating Partnership. The Operating Partnership reviews its properties on a quarterly basis for impairment and provides a provision if impairments are determined. First, to determine if impairment may exist, the Operating Partnership reviews its properties and identifies those which have had either an event

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of change or event of circumstances warranting further assessment of recoverability. Then, the Operating Partnership estimates the fair value of those properties on an individual basis by capitalizing the expected net operating income and discounting the expected cash flows of the properties. Such amounts are then compared to the property's depreciated cost to determine whether an impairment exists.

Interest expense, real estate taxes and other directly related expenses incurred during construction periods are capitalized and depreciated commencing with the date placed in service, on the same basis as the related assets. Depreciation expense is computed using the straight-line method based on the following useful lives:

	YEARS
	-----
Buildings and Improvements.....	31.5 to 40
Land Improvements.....	15
Furniture, Fixtures and Equipment.....	5 to 10

Construction expenditures for tenant improvements and leasing commissions are capitalized and amortized over the terms of each specific lease. Maintenance and repairs are charged to expense when incurred. Expenditures for improvements are capitalized.

When assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts with the resulting gains or losses reflected in net income or loss.

INVESTMENT IN OTHER REAL ESTATE PARTNERSHIPS:

Investment in Other Real Estate Partnerships represents the Operating Partnership's limited partnership interests in the Other Real Estate Partnerships. The Operating Partnership accounts for its Investment in Other Real Estate Partnerships under the equity method of accounting. Under the equity method of accounting, the Operating Partnership's share of earnings or losses of the Other Real Estate Partnerships is reflected in income as earned and contributions or distributions increase or decrease, respectively, the Operating Partnership's Investment in Other Real Estate Partnerships as paid or received, respectively.

CASH AND CASH EQUIVALENTS:

Cash and Cash Equivalents include all cash and liquid investments with an initial maturity of three months or less. The carrying amount approximates fair value due to the short maturity of these investments.

INCOME TAXES:

In accordance with partnership taxation, each of the partners are responsible for reporting their shares of taxable income or loss.

The Operating Partnership is subject to certain state and local income, excise and franchise taxes. The provision for such state and local taxes has been reflected in general and administrative expense in the statement of operations and has not been separately stated due to its insignificance.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)  
FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Operating Partnership's financial instruments include short-term investments, tenant accounts receivable, accounts payable, other accrued expenses, construction loans payable, acquisition facilities payable and promissory notes payable. The fair values of these financial instruments were not materially different from their carrying or contract values. The Operating Partnership's financial instruments also include mortgage loans for which the fair value was not materially different from its carrying value. The determination of the fair value of the mortgage loans was made using available market information and appropriate valuation techniques. The Operating Partnership's financial instruments also include interest rate protection agreements as described in the next paragraph.

DERIVATIVE FINANCIAL INSTRUMENTS:

The Operating Partnership's interest rate protection agreements (together, the "Agreements") are used to hedge the interest rate on the 1994 Mortgage Loan. As such, receipts or payments resulting from the Agreements are recognized as adjustments to equity in income of Other Real Estate Partnerships (specifically, the Financing Partnership). The credit risks associated with the Agreements are controlled through the evaluation and monitoring of the creditworthiness of the counterparty. In the event that the counterparty fails to meet the terms of the Agreements, the Operating Partnership's exposure is limited to the current value of the interest rate differential, not the notional amount, and the Operating Partnership's carrying balance of the Agreements on the balance sheet. The Agreements have been executed with a creditworthy financial institution. As such, the Operating Partnership considers the risk of nonperformance to be remote. In the event that the Operating Partnership terminates the Agreements, the Operating Partnership would recognize a gain (loss) from the disposition of the Agreements equal to the amount of cash received or paid at termination less the carrying balance of the Agreements on the Operating Partnership's balance sheet.

At December 31, 1996, the fair market value of the Agreements was approximately \$3.8 million, which was greater than the \$1.7 million net book value by approximately \$2.1 million. The fair market value was determined by a third party evaluation and is based on estimated discounted future cash flows.

DEFERRED FINANCING COSTS:

Deferred financing costs include fees and costs incurred to obtain long-term financing. These fees and costs are being amortized over the terms of the respective loans. Accumulated amortization of deferred financing costs was \$32 and \$957 at December 31, 1996 and 1995, respectively. Unamortized deferred financing fees are written-off when debt is retired before the maturity date (see Note 12).

4. INVESTMENT IN OTHER REAL ESTATE PARTNERSHIPS

The Investment in Other Real Estate Partnerships reflects the Operating Partnership's 99% limited partnership equity interest in the entities described in Note 1 to these financial statements.

Summarized financial information as derived from the audited financial statements of the Other Real Estate Partnerships is shown below.

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4. INVESTMENT IN OTHER REAL ESTATE PARTNERSHIPS (CONTINUED)  
Combined Balance Sheets:

	DECEMBER 31, 1996	DECEMBER 31, 1995
-----		
ASSETS		
Assets:		
Investment in Real Estate, Net.....	\$ 613,685	\$ 597,227
Other Assets.....	48,602	45,938
-----		
Total Assets.....	\$ 662,287	\$ 643,165
-----		
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Mortgage Loans Payable.....	\$ 346,504	\$ 346,850
Other Liabilities.....	13,326	10,714
-----		
Total Liabilities.....	359,830	357,564
-----		
Partners' Capital.....	302,457	285,601
-----		
Total Liabilities and Partners' Capital.....	\$ 662,287	\$ 643,165
-----		

Combined Statements of Operations:

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	SIX MONTH PERIOD ENDED DECEMBER 31, 1994
-----			
Total Revenues.....	\$ 102,322	\$ 79,032	\$ 36,953
-----			
Property Expenses.....	28,933	20,824	9,733
Interest Expense.....	24,268	22,010	9,781
Amortization of Interest Rate Protection Agreements and Deferred Financing Costs.....	3,090	4,216	2,717
Depreciation and Other Amortization.....	21,737	17,177	7,886
Disposition of Interest Rate Protection Agreement.....	--	6,410	--
-----			
Net Income.....	\$ 24,294	\$ 8,395	\$ 6,836
-----			

5. MORTGAGE LOANS, ACQUISITION FACILITIES, CONSTRUCTION LOANS AND PROMISSORY  
NOTES PAYABLE

MORTGAGE LOANS:

On March 20, 1996, the Operating Partnership entered into a \$36,750 mortgage loan (the "CIGNA Loan") that is collateralized by seven properties in Indianapolis, Indiana and three properties in Cincinnati, Ohio. The CIGNA Loan bears interest at a fixed interest rate of 7.5% and provides for monthly principal and interest payments based on a 25-year amortization schedule. The CIGNA Loan will mature on April 1, 2003. The outstanding mortgage loan balance at December 31, 1996 was approximately \$36,363. Interest payable related to the CIGNA Loan was \$0 at December 31, 1996.

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5. MORTGAGE LOANS, ACQUISITION FACILITIES, CONSTRUCTION LOANS AND PROMISSORY NOTES PAYABLE (CONTINUED)

On March 20, 1996, the Operating Partnership assumed a \$6,424 mortgage loan and a \$2,993 mortgage loan (together, the "Assumed Loans") that are collateralized by 13 properties in Indianapolis, Indiana and one property in Indianapolis, Indiana, respectively. The Assumed Loans bear interest at a fixed rate of 9.25% and provide for monthly principal and interest payments based on a 16.75-year amortization schedule. The Assumed Loans will mature on January 1, 2013. At December 31, 1996, the outstanding mortgage loan balances under the \$6,424 mortgage loan and \$2,993 mortgage loan were approximately \$6,286 and \$2,929, respectively. Interest payable related to the Assumed Loans was \$0 at December 31, 1996.

ACQUISITION FACILITIES:

On June 30, 1994, the Operating Partnership entered into a three-year, \$100,000 collateralized revolving credit facility (the "1994 Acquisition Facility"). During the quarter ended June 30, 1995, the capacity of the 1994 Acquisition Facility was increased to \$150,000. The Operating Partnership could borrow under the facility to finance the acquisition of additional properties and for other purposes, including to obtain additional working capital. The Company had guaranteed repayment of the 1994 Acquisition Facility. Borrowings under the 1994 Acquisition Facility bore interest at a floating rate equal to LIBOR plus 2.0% or a "Corporate Base Rate" plus .5%, at the Operating Partnership's election. Effective July 12, 1996, the lenders reduced the interest rate to LIBOR plus 1.75%. Under the 1994 Acquisition Facility, LIBOR contracts were entered into by the Operating Partnership as draws were made. Borrowings under the 1994 Acquisition Facility at December 31, 1995 were \$36,941. Interest payable related to the 1994 Acquisition Facility was \$488 at December 31, 1995. In December 1996, the Operating Partnership terminated the 1994 Acquisition Facility (see Note 12) and entered into a \$200 million unsecured revolving credit facility (the "1996 Unsecured Acquisition Facility") which initially bears interest at LIBOR plus 1.10% or a "Corporate Base Rate" plus .25% and provides for interest only payments until the maturity date. At December 31, 1996, borrowings under the 1996 Acquisition Facility bore interest at a weighted average interest rate of 8.25%. The borrowings under the 1996 Unsecured Acquisition Facility were converted to an interest rate of 6.6% on January 7, 1997. The Operating Partnership may borrow under the facility to finance the acquisition of additional properties and for other purposes, including to obtain additional working capital. The 1996 Unsecured Acquisition Facility matures in April 2000. Borrowings under the 1996 Unsecured Acquisition Facility at December 31, 1996 were \$4,400. Interest payable related to the 1996 Unsecured Acquisition Facility was \$3 at December 31, 1996. The 1996 Unsecured Acquisition Facility contains certain financial covenants relating to debt service coverage, market value net worth, distribution payout ratio and total funded indebtedness.

In December 1995, the Operating Partnership entered into a \$24,219 collateralized revolving credit facility (the "1995 Acquisition Facility"). The 1995 Acquisition Facility was paid off in full and retired in February 1996 with a portion of the proceeds of the February 1996 Equity Offering (hereinafter defined). The 1995 Acquisition Facility was collateralized by six properties and bore interest at a floating rate of LIBOR plus 2.45%. As of December 31, 1995, borrowings under the 1995 Acquisition Facility were \$11,294 and bore interest at a rate of 8.3%. Interest payable related to the 1995 Acquisition Facility was \$27 at December 31, 1995. The Operating Partnership terminated the 1995 Acquisition Facility in February 1996 (See Note 12).

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5. MORTGAGE LOANS, ACQUISITION FACILITIES, CONSTRUCTION LOANS AND PROMISSORY NOTES PAYABLE (CONTINUED)

In May 1996, the Operating Partnership entered into a \$10,000 collateralized revolving credit facility (the "1996 Credit Line"). The 1996 Credit Line was collateralized by three properties. The Company had guaranteed repayment of the 1996 Credit Line. Borrowings under the 1996 Credit Line bore interest at a floating rate from LIBOR plus 2.45% to LIBOR plus 2.75%, depending on the term of the interest rate option. The 1996 Credit Line would have matured on December 14, 1998. The Operating Partnership terminated the 1996 Credit Line in November 1996 (See Note 12).

In September 1996, the Operating Partnership entered into a \$40,000 revolving credit facility (the "1996 Acquisition Facility"). The Operating Partnership could have borrowed under the facility to finance the acquisition of additional properties and for other purposes, including to obtain additional working capital. The Company had guaranteed the repayment of the 1996 Acquisition Facility. The 1996 Acquisition Facility would have matured on March 31, 1997. Borrowings under the 1996 Acquisition Facility bore interest at a floating rate equal to LIBOR plus 2.0% or a "Corporate Base Rate" plus .5%, at the Operating Partnership's election. The Operating Partnership terminated the 1996 Acquisition Facility in November 1996 (See Note 12).

CONSTRUCTION LOANS:

In 1995, the Operating Partnership entered into two construction loans (together, the "Construction Loans") with commercial banks providing total funding commitments of \$5,860. Both construction loans were paid off in full and retired in February 1996 with a portion of the proceeds of the February 1996 Equity Offering (hereinafter defined) (See Note 12). At December 31, 1995, the Operating Partnership had borrowed \$4,873 under such construction loans which were collateralized by two properties held by the Operating Partnership. Such borrowings bore interest at LIBOR plus 2.0% and provided for interest only payments.

PROMISSORY NOTES PAYABLE:

On September 30, 1996, the Operating Partnership entered into a \$6,489 promissory note and a \$3,430 promissory note (together, the "Promissory Notes") as partial consideration for the purchase of two properties in Columbus, Ohio. The \$6,489 promissory note was collateralized by a letter of credit pledged by the Operating Partnership in the amount of \$2,715. The \$3,430 promissory note was collateralized by a letter of credit pledged by the Operating Partnership in the amount of \$967. Both promissory notes bore interest at 8% and matured on January 6, 1997, at which time they were repaid and the letters of credit were released. Interest payable related to both promissory notes was \$68 at December 31, 1996.



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5. MORTGAGE LOANS, ACQUISITION FACILITIES, CONSTRUCTION LOANS AND PROMISSORY NOTES PAYABLE (CONTINUED)

The following is a schedule of mortgage principal payments and maturities of the mortgage loans, acquisition facilities and promissory notes for the next five years ending December 31, and thereafter:

	AMOUNT
	-----
1997.....	\$ 10,663
1998.....	877
1999.....	950
2000.....	5,430
2001.....	1,117
Thereafter.....	40,860
	-----
Total	\$ 59,897
	-----
	-----

6. PARTNERS' CAPITAL

On February 2, 1996, the Company issued 5,175,000 shares of \$.01 par value common stock (the "February 1996 Equity Offering"). The net proceeds of \$106,343 received from the February 1996 Equity Offering are reflected in the Operating Partnership's financial statements as contributions.

On October 25, 1996, the Company issued 5,750,000 shares of \$.01 par value common stock (the "October 1996 Equity Offering"). The net proceeds of \$137,697 received from the October 1996 Equity Offering are reflected in the Operating Partnership's financial statements as contributions.

7. SALES OF REAL ESTATE

In 1996, the Operating Partnership sold a property located in suburban Detroit, Michigan, three properties located in Huntsville, Alabama, one property located in Grand Rapids, Michigan, and one property located in Atlanta, Georgia. Gross proceeds from these sales were approximately \$15.0 million. The gain on sales was approximately \$4.3 million.

8. RELATED PARTY TRANSACTIONS

The Operating Partnership leases office space in Chicago, Illinois from an affiliate of The Shidler Group at an aggregate annual cost of approximately \$131.

On December 5, 1994, the Operating Partnership purchased for approximately \$.9 million, five acres of land from a partnership in which an officer and director of the Company owns approximately a 2.5% general partner interest.

The Operating Partnership often obtains title insurance coverage for its properties from an entity which an independent director of the Company became the President, Chief Executive Officer and a director of in 1996.

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9. EMPLOYEE BENEFIT PLANS

In September 1994, the Board of Directors approved and the Company adopted a 401(k)/Profit Sharing Plan on behalf of the employees of the Operating Partnership. Under the Company's 401(k)/Profit Sharing Plan, all eligible employees may participate by making voluntary contributions. The Operating Partnership may make, but is not required to make, matching contributions. For the years ended December 31, 1996 and 1995, the Operating Partnership did not make any matching contributions. In March 1996, the Board of Directors approved and the Company adopted a Deferred Income Plan (the "Plan") on behalf of the employees of the Operating Partnership. Under the Plan, 138,500 unit awards were granted, providing the recipients with deferred income benefits which vest over three years in quarterly installments. The expense related to these deferred income benefits is included in general and administrative expenses in the statements of operations. In the first quarter of 1997, approximately \$141 was paid to the recipients under the Plan.

10. FUTURE RENTAL REVENUES

The Operating Partnership's properties are leased to tenants under net and semi-net operating leases. Minimum lease payments receivable, excluding tenant reimbursements of expenses, under noncancelable operating leases in effect as of December 31, 1996 are approximately as follows:

1997.....	\$ 36,864
1998.....	31,207
1999.....	25,706
2000.....	17,384
2001.....	13,020
Thereafter.....	35,684
	-----
Total	\$ 159,865
	-----
	-----

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NOTES TO FINANCIAL STATEMENTS  
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NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
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11. SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS

Supplemental disclosure of cash flow information:

	THE OPERATING PARTNERSHIP			CONTRIBUTING BUSINESSES
	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED DECEMBER 31, 1994	SIX MONTHS ENDED JUNE 30, 1994
Interest paid, net of capitalized interest.....	\$ 5,069	\$ 6,255	\$ 678	\$ 13,697
Interest capitalized.....	\$ 501	\$ 266	\$ 20	\$ --
Supplemental schedule of noncash investing and financing activities:				
Distribution payable on Units.....	\$ 16,281	\$ 9,954	\$ 9,648	\$ --
Sale of interest rate protection agreements.....	\$ --	\$ 4,380	\$ --	\$ --
Purchase of interest rate protection agreements.....	--	(4,380)	--	--
	\$ --	\$ --	\$ --	\$ --
In conjunction with the property acquisitions, the following assets and liabilities were assumed:				
Purchase of real estate.....	\$ 252,991	\$ 63,855	\$ 66,230	\$ 372,642
Mortgage loans.....	(9,417)	--	--	--
Promissory notes.....	(9,919)	--	--	--
Units.....	(23,863)	--	--	--
Accounts receivable.....	--	153	80	2,453
Accounts payable and accrued expenses.....	(2,626)	(1,115)	(991)	(4,642)
Acquisitions of interests in properties.....	--	--	--	(4,281)
Acquisition of real estate.....	\$ 207,166	\$ 62,893	\$ 65,319	\$ 366,172

In conjunction with the capitalization of the Other Real Estate Partnerships in 1995, the following assets and liabilities were contributed:

Land.....	\$ 20,151
Building and improvements.....	115,192
Accumulated depreciation.....	(3,446)
Restricted cash.....	802
Deferred rent receivable.....	387
Deferred financing costs.....	854
Prepaid expenses and other assets.....	579
Acquisition facilities payable.....	(81,450)
Accounts payable and accrued expenses.....	(513)
Investment in affiliates.....	\$ 52,556

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12. EXTRAORDINARY ITEMS

Upon consummation of the Initial Offering, certain Contributing Businesses' loans were paid off and the related unamortized deferred financing fees totaling \$1,449 were written off. The write-off is shown as an extraordinary loss in the combined statement of operations of the Contributing Businesses for the six months ended June 30, 1994.

In 1996, the Operating Partnership terminated the 1994 Acquisition Facility, the 1995 Acquisition Facility, the 1996 Acquisition Facility, the Construction Loans and the 1996 Credit Line before their contractual maturity date. The resulting write-off of unamortized deferred financing costs and prepayment fee incurred to retire the above mentioned loans is shown as an extraordinary loss in the statement of operations for the year ended December 31, 1996.

13. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Operating Partnership is involved in legal actions arising from the ownership of its properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a materially adverse effect on the financial position, operations or liquidity of the Operating Partnership.

Nine properties have leases granting the tenants options to purchase the property. Such options are exercisable at various times and at appraised fair market value or at a fixed purchase price generally in excess of the Operating Partnership's purchase price. The Operating Partnership has not received notice for the exercise of any tenant purchase options.

The Operating Partnership has committed to the construction of two light industrial and five bulk warehouse properties totaling approximately 1.0 million square feet (unaudited). The estimated total construction costs are approximately \$27.4 million (unaudited). The Operating Partnership is not acting as the general contractor for these construction projects.

The Operating Partnership is the guarantor of the 1994 Mortgage Loan.

14. SUBSEQUENT EVENTS (UNAUDITED)

On January 9, 1997, the Operating Partnership purchased a 482,400 square foot bulk warehouse located in Indianapolis, Indiana for approximately \$7.1 million.

On January 31, 1997, the Operating Partnership purchased 10 bulk warehouses and 29 light industrial properties located in Long Island, New York and northern New Jersey totaling 2,733,414 square feet for approximately \$138.8 million.

On February 20, 1997, the Operating Partnership purchased a 58,746 square foot light industrial property in Dayton, Ohio. The purchase price for the property was approximately \$1.5 million.

On March 4, 1997, the Operating Partnership declared a distribution of \$.505 per unit payable on April 21, 1997 to unitholders of record on March 31, 1997.

On March 21, 1997, the Operating Partnership purchased a 179,400 square foot bulk warehouse in Taylor, Michigan for approximately \$5.1 million.

On March 28, 1997, the Operating Partnership purchased a 84,956 square foot light industrial property in Buffalo Grove, Illinois for approximately \$4.1 million.

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(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

14. SUBSEQUENT EVENTS (UNAUDITED) (CONTINUED)

On March 31, 1997, the Operating Partnership purchased a 112,082 square foot light industrial property in New Brighton, Minnesota for approximately \$3.2 million.

On March 31, 1997, the Operating Partnership purchased a 79,675 square foot light industrial property in Brooklyn Park, Minnesota for approximately \$4.4 million.

On April 3, 1997, the Operating Partnership purchased a 49,190 square foot light industrial property in Eden Prairie, Minnesota for approximately \$2.1 million.

On April 4, 1997, the Operating Partnership purchased a 243,000 square foot bulk warehouse property in Columbus, Ohio for approximately \$5.4 million.

On April 4, 1997, the Operating Partnership borrowed \$309.8 million from an institutional lender (the "Defeasance Loan"). The Defeasance Loan is unsecured, bears interest at LIBOR plus 1% and matures July 1, 1999, unless extended by the Operating Partnership, subject to certain conditions, for an additional two-year period, thereby maturing July 1, 2001. The gross proceeds from the Defeasance Loan were contributed to the Financing Partnership, which used the gross proceeds to defease (as defined by the terms of the 1994 Mortgage Loan agreement) the 1994 Mortgage Loan.

15. PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

The following Pro Forma Condensed Statements of Operations for the years ended December 31, 1996 and 1995 are presented as if the acquisition of 128 properties between January 1, 1995 and December 31, 1996 and the February 1996 Equity Offering and the October 1996 Equity Offering had occurred at January 1, 1995, and therefore include pro forma information. The pro forma information is based upon historical information and does not purport to present what actual results would have been had such transactions, in fact, occurred at January 1, 1995, or to project results for any future period.

PRO FORMA CONDENSED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,	
	1996	1995
Total Revenues.....	\$ 52,283	\$ 57,918
Property Expenses.....	13,914	16,723
General and Administrative Expense.....	4,014	3,792
Interest Expense.....	4,991	7,811
Depreciation and Amortization.....	8,695	10,059
Income Before Gain on Sales of Properties, Equity in Income of Other Real Estate Partnerships and Extraordinary loss.....	20,669	19,533
Gain on Sales of Properties.....	4,344	--
Income Before Equity in Income of Other Real Estate Partnerships.....	25,013	19,533
Equity in Income of Other Real Estate Partnerships.....	20,130	7,841
Income Before Extraordinary Loss.....	\$ 45,143	\$ 27,374

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SCHEDULE III:  
REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 1996  
(DOLLARS IN THOUSANDS)

BUILDING ADDRESS	LOCATION (CITY/STATE)	(E) ENCUMBRANCES	(F) INITIAL COST		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION OR COMPLETION	GROSS AMOUNT CARRIED AT CLOSE OF PERIOD 12/31/96
			LAND	BUILDINGS		
ATLANTA						
700 Westlake Parkway	Atlanta, GA		\$ 213	\$ 1,551	\$ 509	\$ 223
800 Westlake Parkway	Atlanta, GA		450	2,645	350	479
900 Westlake Parkway	Atlanta, GA		266	0	1	267
4050 Southmeadow Parkway	Atlanta, GA		401	2,813	157	425
4051 Southmeadow Parkway	Atlanta, GA		697	3,486	686	726
4071 Southmeadow Parkway	Atlanta, GA		750	4,460	714	828
4081 Southmeadow Parkway	Atlanta, GA		1,012	5,450	611	1,157
1875 Rockdale Industrial Blvd.	Atlanta, GA					
1605 Indian Brook Way	Gwinnett, GA		386	2,264	30	386
3312 N. Berkeley Lake Road	Duluth, GA		1,008	3,800	1,180	1,012
5015 Oakbrook Parkway	Atlanta, GA		2,937	16,644	777	3,045
55570 Tulane Drive (c)	Atlanta, GA		1,183	0	3,271	1,247
3495 Bankhead Highway (c)	Atlanta, GA		527	2,984	129	546
755 Selig Drive	Atlanta, GA		983	5,568	148	1,003
			143	808	88	155
CHICAGO						
305-311 Era Drive	Northbrook, IL		200	1,154	133	205
700-714 Landwehr Road	Northbrook, IL		357	2,052	101	357
4330 South Racine Avenue	Chicago, IL		448	1,893	239	468
13040 S. Crawford Ave.	Alsip, IL		1,073	6,193	24	1,073
12241 Melrose Street	Franklin Park, IL		332	1,931	1,066	469
7200 S Leamington	Bedford Park, IL		798	4,595	159	818
12301-12325 S Laramie Ave	Alsip, IL		650	3,692	424	659
6300 W Howard Street	Niles, IL		743	4,208	343	782
301 Hintz	Wheeling, IL		160	905	71	167
301 Alice	Wheeling, IL		218	1,236	58	225
410 W 169th Street	South Holland, IL		462	2,618	124	476
CINCINNATI						
9900-9970 Princeton	Cincinnati, OH	(a)	545	3,088	616	566
2940 Highland Avenue	Cincinnati, OH	(a)	1,717	9,730	415	1,770
4700-4750 Creek Road	Cincinnati, OH	(a)	1,080	6,118	267	1,109
4860 Duff Drive	Cincinnati, OH		67	378	8	68
4866 Duff Drive	Cincinnati, OH		67	379	7	68
4884 Duff Drive	Cincinnati, OH		104	591	13	106
4890 Duff Drive	Cincinnati, OH		104	592	12	106
9636-9643 Interoccean Drive	Cincinnati, OH		123	695	14	125

BUILDING ADDRESS	BUILDING AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION 12/31/96	YEAR BUILT/RENOVATED	DEPRECIABLE LIVES (YEARS)
ATLANTA					
700 Westlake Parkway	\$ 2,050	\$ 2,273	\$ 165	1990	(g)
800 Westlake Parkway	2,966	3,445	204	1991	(g)
900 Westlake Parkway	0	267	0		
4050 Southmeadow Parkway	2,946	3,371	203	1991	(g)
4051 Southmeadow Parkway	4,143	4,869	295	1989	(g)
4071 Southmeadow Parkway	5,096	5,924	351	1991	(g)
4081 Southmeadow Parkway	5,916	7,073	394	1989	(g)
1875 Rockdale Industrial Blvd.	2,294	2,680	142	1966	(g)
1605 Indian Brook Way	4,976	5,988	138	1995	(g)
3312 N. Berkeley Lake Road	17,313	20,358	395	1969	(g)
5015 Oakbrook Parkway	3,207	4,454	0	(i)	
55570 Tulane Drive (c)	3,094	3,640	6	1996	(g)
3495 Bankhead Highway (c)	5,696	6,699	12	1986	(g)
755 Selig Drive	884	1,039	0	(i)	
CHICAGO					
305-311 Era Drive	1,282	1,487	83	1978	(g)
700-714 Landwehr Road	2,153	2,510	139	1978	(g)
4330 South Racine Avenue	2,112	2,580	1,135	1978	(g)
13040 S. Crawford Ave.	6,217	7,290	362	1976	(g)
12241 Melrose Street	2,860	3,329	175	1969	(g)
7200 S Leamington	4,734	5,552	128	1950	(g)
12301-12325 S Laramie Ave	4,107	4,766	105	1975	(g)
6300 W Howard Street	4,512	5,294	110	1956/1964	(g)
301 Hintz	969	1,136	24	1960	(g)
301 Alice	1,287	1,512	32	1965	(g)
410 W 169th Street	2,728	3,204	56	1974	(g)
CINCINNATI					
9900-9970 Princeton	3,683	4,249	70	1970	(g)
2940 Highland Avenue	10,092	11,862	209	1969/1974	(g)
4700-4750 Creek Road	6,356	7,465	132	1960	(g)
4860 Duff Drive	385	453	1	1979	(g)

4866 Duff Drive	385	453	1	1979	(g)
4884 Duff Drive	602	708	1	1979	(g)
4890 Duff Drive	602	708	1	1979	(g)
9636-9643 Interocean Drive	707	832	1	1983	(g)

FIRST INDUSTRIAL, L.P.  
SCHEDULE III:  
REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)  
AS OF DECEMBER 31, 1996  
(DOLLARS IN THOUSANDS)

BUILDING ADDRESS	LOCATION (CITY/STATE)	(E) ENCUMBRANCES	(F) INITIAL COST		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION OR COMPLETION	GROSS AMOUNT CARRIED AT CLOSE OF PERIOD 12/31/96
			LAND	BUILDINGS		
CLEVELAND						
6675 Parkland Blvd	Cleveland, OH		\$ 548	\$ 3,103	\$ 154	\$ 569
COLUMBUS						
6911 Americana Parkway	Columbus, OH		314	1,777	74	321
3800 Lockbourne Industrial Parkway	Columbus, OH		1,133	6,421	165	1,153
3800 Groveport Road	Columbus, OH		2,145	12,154	173	2,163
DAYTON						
6094-6104 Executive Blvd	Dayton, OH		181	1,025	66	186
6202-6220 Executive Blvd	Dayton, OH		268	1,521	86	275
6268-6294 Executive Blvd	Dayton, OH		255	1,444	85	261
5749-5753 Executive Blvd	Dayton, OH		50	282	37	53
6230-6266 Executive Blvd	Dayton, OH		271	1,534	72	279
DETROIT						
21477 Bridge Street	Southfield, MI		244	1,386	214	253
46750 Port Street	Plymouth, MI		360	33	1,072	361
32450 N Avis Drive	Madison Heights, MI		281	1,590	50	286
32200 N Avis Drive	Madison Heights, MI		408	2,311	39	411
32440-32442 Industrial Drive	Madison Heights, MI		120	679	81	123
32450 Industrial Drive	Madison Heights, MI		65	369	18	66
11813 Hubbard	Livonia, MI		177	1,001	34	180
11844 Hubbard	Livonia, MI		189	1,069	61	191
11866 Hubbard	Livonia, MI		189	1,073	24	191
12050-12300 Hubbard (c)	Livonia, MI		425	2,410	42	428
12707 Eckles Road	Plymouth Township, MI		255	1,445	106	267
9300-9328 Harrison Rd	Romulus, MI		147	834	50	154
9330-9358 Harrison Rd	Romulus, MI		81	456	29	84
28420-28448 Highland Rd	Romulus, MI		143	809	48	149
28450-28478 Highland Rd	Romulus, MI		81	461	28	85
28421-28449 Highland Rd	Romulus, MI		109	617	37	114
28451-28479 Highland Rd	Romulus, MI		107	608	36	112
28825-28909 Highland Rd	Romulus, MI		70	395	24	73
28933-29017 Highland Rd	Romulus, MI		112	634	38	117
28824-28908 Highland Rd	Romulus, MI		134	760	43	140
28932-29016 Highland Rd	Romulus, MI		123	694	40	128
9710-9734 Harrison Rd	Romulus, MI		125	706	41	130
9740-9772 Harrison Rd	Romulus, MI		132	749	43	138
9840-9868 Harrison Rd	Romulus, MI		144	815	46	150
9800-9824 Harrison Rd	Romulus, MI		117	664	40	123
29265-29285 Airport Dr	Romulus, MI		140	794	46	147
29185-29225 Airport Dr	Romulus, MI		140	792	46	146
29149-29165 Airport Dr	Romulus, MI		216	1,225	70	226
29101-29115 Airport Dr	Romulus, MI		130	738	43	136
29031-29045 Airport Dr	Romulus, MI		124	704	41	130
29050-29062 Airport Dr	Romulus, MI		127	718	42	133
29120-29134 Airport Dr	Romulus, MI		161	912	52	168
29200-29214 Airport Dr	Romulus, MI		170	963	55	178
9301-9339 Middlebelt Rd	Romulus, MI		124	703	41	130
38200 Plymouth	Livonia, MI		2,700	0	2,617	2,753

BUILDING ADDRESS	BUILDING AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION 12/31/96	YEAR BUILT/RENOVATED	DEPRECIABLE LIVES (YEARS)
CLEVELAND					
6675 Parkland Blvd	\$ 3,236	\$ 3,805	\$ 20	1991	(g)
COLUMBUS					
6911 Americana Parkway	1,844	2,165	38	1980	(g)
3800 Lockbourne Industrial Parkway	6,566	7,719	54	1986	(g)
3800 Groveport Road	12,309	14,472	102	1986	(g)
DAYTON					
6094-6104 Executive Blvd	1,086	1,272	16	1975	(g)
6202-6220 Executive Blvd	1,600	1,875	23	1976	(g)
6268-6294 Executive Blvd	1,523	1,784	22	1989	(g)
5749-5753 Executive Blvd	316	369	4	1975	(g)
6230-6266 Executive Blvd	1,598	1,877	13	1979	(g)
DETROIT					
21477 Bridge Street	1,591	1,844	66	1986	(g)
46750 Port Street	1,104	1,465	1	1996	(g)
32450 N Avis Drive	1,635	1,921	37	1974	(g)
32200 N Avis Drive	2,347	2,758	53	1973	(g)
32440-32442 Industrial Drive	757	880	19	1979	(g)
32450 Industrial Drive	386	452	9	1979	(g)
11813 Hubbard	1,032	1,212	23	1979	(g)



11844 Hubbard	1,128	1,319	25	1979	(g)
11866 Hubbard	1,095	1,286	25	1979	(g)
12050-12300 Hubbard (c)	2,449	2,877	56	1981	(g)
12707 Eckles Road	1,539	1,806	16	1990	(g)
9300-9328 Harrison Rd	877	1,031	4	1978	(g)
9330-9358 Harrison Rd	482	566	2	1978	(g)
28420-28448 Highland Rd	851	1,000	4	1979	(g)
28450-28478 Highland Rd	485	570	2	1979	(g)
28421-28449 Highland Rd	649	763	3	1980	(g)
28451-28479 Highland Rd	639	751	3	1980	(g)
28825-28909 Highland Rd	416	489	2	1981	(g)
28933-29017 Highland Rd	667	784	3	1982	(g)
28824-28908 Highland Rd	797	937	3	1982	(g)
28932-29016 Highland Rd	729	857	3	1982	(g)
9710-9734 Harrison Rd	742	872	3	1987	(g)
9740-9772 Harrison Rd	786	924	3	1987	(g)
9840-9868 Harrison Rd	855	1,005	4	1987	(g)
9800-9824 Harrison Rd	698	821	3	1987	(g)
29265-29285 Airport Dr	833	980	3	1983	(g)
29185-29225 Airport Dr	832	978	3	1983	(g)
29149-29165 Airport Dr	1,285	1,511	5	1984	(g)
29101-29115 Airport Dr	775	911	3	1985	(g)
29031-29045 Airport Dr	739	869	3	1985	(g)
29050-29062 Airport Dr	754	887	3	1986	(g)
29120-29134 Airport Dr	957	1,125	4	1986	(g)
29200-29214 Airport Dr	1,010	1,188	4	1985	(g)
9301-9339 Middlebelt Rd	738	868	3	1983	(g)
38200 Plymouth	2,564	5,317	0		

FIRST INDUSTRIAL, L.P.  
SCHEDULE III:  
REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)  
AS OF DECEMBER 31, 1996  
(DOLLARS IN THOUSANDS)

BUILDING ADDRESS	LOCATION (CITY/STATE)	(E) ENCUMBRANCES	(F) INITIAL COST		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION OR COMPLETION	GROSS AMOUNT CARRIED AT CLOSE OF PERIOD 12/31/96
			LAND	BUILDINGS		
			LAND	LAND		
INDIANAPOLIS						
1445 Brookville Way	Indianapolis, IN	(a)	\$ 459	\$ 2,603	\$ 242	\$ 475
1440 Brookville Way	Indianapolis, IN	(a)	665	3,770	219	684
1240 Brookville Way	Indianapolis, IN	(a)	247	1,402	128	258
1220 Brookville Way	Indianapolis, IN	(a)	223	40	30	226
1345 Brookville Way	Indianapolis, IN	(b)	586	3,321	239	601
1350 Brookville Way	Indianapolis, IN	(a)	205	1,161	77	211
1315 Sadlier Circle E Dr	Indianapolis, IN	(b)	57	322	39	61
1341 Sadlier Circle E Dr	Indianapolis, IN	(b)	131	743	50	136
1322-1438 Sadlier Circle E Dr	Indianapolis, IN	(b)	145	822	75	152
1327-1441 Sadlier Circle E Dr	Indianapolis, IN	(b)	218	1,234	88	225
1304 Sadlier Circle E Dr	Indianapolis, IN	(b)	71	405	46	75
1402 Sadlier Circle E Dr	Indianapolis, IN	(b)	165	934	66	170
1504 Sadlier Circle E Dr	Indianapolis, IN	(b)	219	1,238	70	225
1311 Sadlier Circle E Dr	Indianapolis, IN	(b)	54	304	60	57
1365 Sadlier Circle E Dr	Indianapolis, IN	(b)	121	688	49	126
1352-1354 Sadlier Circle E Dr	Indianapolis, IN	(b)	178	1,008	90	188
1338 Sadlier Circle E Dr	Indianapolis, IN	(b)	81	460	48	85
1327 Sadlier Circle E Dr	Indianapolis, IN	(b)	52	295	31	56
1428 Sadlier Circle E Dr	Indianapolis, IN	(b)	21	117	23	23
1230 Brookville Way	Indianapolis, IN	(a)	103	586	40	109
6951 E 30th St	Indianapolis, IN		256	1,449	91	265
6701 E 30th St	Indianapolis, IN		78	443	40	82
6737 E 30th St	Indianapolis, IN		385	2,181	122	398
6555 E 30th St	Indianapolis, IN		840	4,760	129	855
2432-2436 Shadeland	Indianapolis, IN		212	1,199	167	229
8402-8440 E 33rd St	Indianapolis, IN		222	1,260	35	227
8520-8630 E 33rd St	Indianapolis, IN		326	1,848	50	333
8710-8768 E 33rd St	Indianapolis, IN		175	993	30	184
3316-3346 N. Pagosa Court	Indianapolis, IN		325	1,842	50	332
3331 Raton Court	Indianapolis, IN		138	802	22	141
MILWAUKEE						
6523 N. Sydney Place	Milwaukee, WI		172	976	140	176
8800 W Bradley	Milwaukee, WI		375	2,125	130	388
1435 North 113th St	Wauwatosa, WI		300	1,699	79	309
MINNEAPOLIS						
6701 Parkway Circle	Brooklyn Center, MN		350	2,131	343	377
6601 Shingle Creek Parkway	Brooklyn Center, MN		411	2,813	484	502
10120 W 76th Street	Eden Prairie, MN		315	1,804	85	315
7615 Golden Triangle	Eden Prairie, MN		268	1,532	255	268
7625 Golden Triangle	Eden Prairie, MN		415	2,375	133	415
2605 Fernbrook Lane North	Plymouth, MN		443	2,533	263	445
12155 Nicollet Ave.	Burnsville, MN		286	0	1,673	287
73rd Avenue North	Brooklyn Park, MN		504	2,856	73	512
1905 W Country Road C	Roseville, MN		402	2,278	64	409
2730 Arthur Street	Roseville, MN		824	4,671	76	832
10205 51st Avenue North	Plymouth, MN		180	1,020	68	187
4100 Peavey Road	Chaska, MN		399	2,261	124	415
11300 Hamshire Ave South	Bloomington, MN		527	2,985	125	541
375 Rivertown Drive	Woodbury, MN		1,083	6,135	266	1,119
5205 Highway 169	Plymouth, MN		446	2,525	331	473
6451-6595 Citywest Parkway	Eden Prairie, MN		525	2,975	110	538
7100-7198 Shady Oak Rd (d)	Eden Prairie, MN		1,118	6,333	146	1,135
7500-7546 Washington Square	Eden Prairie, MN		229	1,300	28	233

BUILDING ADDRESS	BUILDING AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION 12/31/96	YEAR BUILT/RENOVATED	DEPRECIABLE LIVES (YEARS)
INDIANAPOLIS					
1445 Brookville Way	\$ 2,829	\$ 3,304	\$ 61	1989	(g)
1440 Brookville Way	3,970	4,654	81	1990	(g)
1240 Brookville Way	1,519	1,777	32	1990	(g)
1220 Brookville Way	67	293	1	1990	(g)
1345 Brookville Way	3,545	4,146	74	1992	(g)
1350 Brookville Way	1,232	1,443	25	1994	(g)
1315 Sadlier Circle E Dr	357	418	7	1970/1992	(g)
1341 Sadlier Circle E Dr	788	924	16	1971/1992	(g)
1322-1438 Sadlier Circle E Dr	890	1,042	18	1971/1992	(g)
1327-1441 Sadlier Circle E Dr	1,315	1,540	28	1992	(g)

1304 Sadlier Circle E Dr	447	522	9	1971/1992	(g)
1402 Sadlier Circle E Dr	995	1,165	20	1970/1992	(g)
1504 Sadlier Circle E Dr	1,302	1,527	27	1971/1992	(g)
1311 Sadlier Circle E Dr	361	418	8	1971/1992	(g)
1365 Sadlier Circle E Dr	732	858	15	1971/1992	(g)
1352-1354 Sadlier Circle E Dr	1,088	1,276	22	1970/1992	(g)
1338 Sadlier Circle E Dr	504	589	10	1971/1992	(g)
1327 Sadlier Circle E Dr	322	378	7	1971/1992	(g)
1428 Sadlier Circle E Dr	138	161	3	1971/1992	(g)
1230 Brookville Way	620	729	13	1995	(g)
6951 E 30th St	1,531	1,796	32	1995	(g)
6701 E 30th St	479	561	10	1992	(g)
6737 E 30th St	2,290	2,688	47	1995	(g)
6555 E 30th St	4,874	5,729	71	1969/1981	(g)
2432-2436 Shadeland	1,349	1,578	16	1968	(g)
8402-8440 E 33rd St	1,290	1,517	8	1977	(g)
8520-8630 E 33rd St	1,891	2,224	12	1976	(g)
8710-8768 E 33rd St	1,014	1,198	7	1979	(g)
3316-3346 N. Pagosa Court	1,885	2,217	12	1977	(g)
3331 Raton Court	821	962	5	1979	(g)
MILWAUKEE					
6523 N. Sydney Place	1,112	1,288	29	1978	(g)
8800 W Bradley	2,242	2,630	32	1982	(g)
1435 North 113th St	1,769	2,078	11	1993	(g)
MINNEAPOLIS					
6701 Parkway Circle	2,447	2,824	178	1987	(g)
6601 Shingle Creek Parkway	3,206	3,708	243	1985	(g)
10120 W 76th Street	1,889	2,204	87	1987	(g)
7615 Golden Triangle	1,787	2,055	123	1987	(g)
7625 Golden Triangle	2,508	2,923	150	1987	(g)
2605 Fernbrook Lane North	2,794	3,239	168	1987	(g)
12155 Nicollet Ave.	1,672	1,959	48	1995	(g)
73rd Avenue North	2,921	3,433	54	1995	(g)
1905 W Country Road C	2,335	2,744	44	1993	(g)
2730 Arthur Street	4,739	5,571	89	1995	(g)
10205 51st Avenue North	1,081	1,268	20	1990	(g)
4100 Peavey Road	2,369	2,784	34	1988	(g)
11300 Hamshire Ave South	3,096	3,637	38	1983	(g)
375 Rivertown Drive	6,365	7,484	53	1996	(g)
5205 Highway 169	2,829	3,302	26	1960	(g)
6451-6595 Citywest Parkway	3,072	3,610	25	1984	(g)
7100-7198 Shady Oak Rd (d)	6,462	7,597	40	1982	(g)
7500-7546 Washington Square	1,324	1,557	3	1975	(g)

FIRST INDUSTRIAL, L.P.  
SCHEDULE III:  
REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)  
AS OF DECEMBER 31, 1996  
(DOLLARS IN THOUSANDS)

BUILDING ADDRESS	LOCATION (CITY/STATE)	(E) ENCUMBRANCES	(F) INITIAL COST		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION OR COMPLETION	GROSS AMOUNT CARRIED AT CLOSE OF PERIOD 12/31/96
			LAND	BUILDINGS		
7550-7588 Washington Square	Eden Prairie, MN		\$ 153	\$ 867	\$ 19	\$ 156
5240-5300 Valley Industrial Blvd S	Eden Prairie, MN		362	2,049	73	370
6656 Wedgewood Road	Maple Grove, MN		219	--	109	219
NASHVILLE						
3099 Barry Drive	Portland, TN		418	2,368	49	424
3150 Barry Drive	Portland, TN		941	5,333	326	987
5599 Highway 31 West	Portland, TN		564	3,196	62	571
ST. LOUIS						
2337 Centerline Drive	St. Louis, MO	(b)	239	1,370	110	239
6951 N Hanley (c)	Hazelwood, MO		405	2,295	93	417
			\$45,578	\$ 53,570	\$ 27,277	\$ 55,425

BUILDING ADDRESS	BUILDING AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION 12/31/96	YEAR BUILT/ RENOVATED	DEPRECIABLE LIVES (YEARS)
7550-7588 Washington Square	\$ 883	\$ 1,039	\$ 2	1973	(g)
5240-5300 Valley Industrial Blvd S	2,114	2,484	4	1975	(g)
6656 Wedgewood Road	109	328	7	1989	(g)
NASHVILLE					
3099 Barry Drive	2,411	2,835	15	1995	(g)
3150 Barry Drive	5,613	6,600	35	1993	(g)
5599 Highway 31 West	3,251	3,822	20	1995	(g)
ST. LOUIS					
2337 Centerline Drive	1,480	1,719	88	1967	(g)
6951 N Hanley (c)	2,376	2,793	5	1965	(g)
	\$ 298,356	\$ 353,781	\$ 8,133		

NOTES:

- (a) Collateralizes the CIGNA Loan.
- (b) Collateralizes the Assumed Loans.
- (c) Comprised of 2 properties.
- (d) Comprised of 3 properties.
- (e) See description of encumbrances in Note 4 to Notes to Financial Statements.
- (f) Initial cost for each respective property is total acquisition costs associated with its purchase.
- (g) Depreciation is computed based upon the following estimated lives:  
Buildings, Improvements 31.5 to 40 years  
Tenant Improvements, Leasehold Improvements Life of lease  
Furniture, Fixtures and equipment 5 to 10 years
- (h) At December 31, 1996, the aggregate cost of land and buildings and equipment for federal income tax purpose was approximately \$326,284.
- (i) These properties represent property developments that haven't been placed in service.

FIRST INDUSTRIAL, L.P. AND CONTRIBUTING BUSINESSES  
SCHEDULE III:  
REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)  
AS OF DECEMBER 31, 1996  
(DOLLARS IN THOUSANDS)

The changes in total real estate assets for three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance, Beginning of Year.....	\$ 96,392	\$ 163,168	\$ 209,177
Transfer of Assets Between Contributing Businesses.....	--	--	(496,147)
Transfer of Assets Between Other Real Estate Partnerships.....	--	(135,343)	--
Disposition of Real Estate Assets.....	(11,890)	--	--
Acquisition, Construction Costs and Improvements.....	269,279	68,567	450,138
Balance, End of Year.....	\$ 353,781	\$ 96,392	\$ 163,168

The changes in accumulated depreciation for three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance, Beginning of Year.....	\$ 4,852	\$ 4,112	\$ 38,015
Transfer of Assets Between Contributing Businesses.....	--	--	(38,022)
Transfer of Assets Between Other Real Estate Partnerships.....	--	(3,352)	--
Disposition of Real Estate Assets.....	(1,834)	--	--
Depreciation for Year.....	5,115	4,092	4,119
Balance, End of Year.....	\$ 8,133	\$ 4,852	\$ 4,112

FIRST INDUSTRIAL, L.P.  
 UNAUDITED PRO FORMA BALANCE SHEET  
 AS OF DECEMBER 31, 1996  
 (DOLLARS IN THOUSANDS)

	FIRST INDUSTRIAL, L.P. (HISTORICAL) NOTE 2(A)	LAZARUS BURMAN PROPERTIES NOTE 2 (B)	FIRST INDUSTRIAL, L.P. PRO FORMA
-----			
ASSETS			
ASSETS:			
Investment in Real Estate:			
Land.....	\$ 55,425	\$ 20,826	\$ 76,251
Buildings and Improvements.....	291,942	118,014	409,956
Construction in Progress.....	6,414	--	6,414
Less: Accumulated Depreciation.....	(8,133)	--	(8,133)
	-----	-----	-----
Net Investment in Real Estate.....	345,648	138,840	484,488
	-----	-----	-----
Investment in Other Real Estate Partnerships.....	258,411	--	258,411
Cash and Cash Equivalents.....	4,295	--	4,295
Tenant Accounts Receivable, Net.....	1,021	--	1,021
Deferred Rent Receivable.....	1,280	--	1,280
Interest Rate Protection Agreements, Net.....	1,723	--	1,723
Deferred Financing Costs, Net.....	1,140	--	1,140
Prepaid Expenses and Other Assets, Net.....	8,604	--	8,604
	-----	-----	-----
Total Assets.....	\$ 622,122	\$ 138,840	\$ 760,962
	-----	-----	-----
LIABILITIES AND PARTNERS' CAPITAL			
LIABILITIES:			
Mortgage Loans Payable.....	\$ 45,578	\$ 4,505	\$ 50,083
Acquisition Facilities Payable.....	4,400	86,476	90,876
Promissory Notes Payable.....	9,919	--	9,919
Accounts Payable and Accrued Expenses.....	8,770	--	8,770
Rents Received in Advance and Security Deposits.....	1,942	--	1,942
Distributions Payable.....	16,281	--	16,281
	-----	-----	-----
Total Liabilities.....	86,890	90,981	177,871
	-----	-----	-----
Commitments and Contingencies.....	--	--	--
PARTNERS' CAPITAL:			
General Partner.....	496,169	--	496,169
Limited Partners.....	39,063	47,859	86,922
	-----	-----	-----
Total Partners' Capital.....	535,232	47,859	583,091
	-----	-----	-----
Total Liabilities and Partners' Capital.....	\$ 622,122	\$ 138,840	\$ 760,962
	-----	-----	-----

The accompanying notes are an integral part of the unaudited pro forma financial statements.

FIRST INDUSTRIAL, L.P.  
 UNAUDITED PRO FORMA STATEMENT OF OPERATIONS  
 FOR THE YEAR ENDED DECEMBER 31, 1996  
 (DOLLARS IN THOUSANDS)

	FIRST INDUSTRIAL, L.P. (HISTORICAL) NOTE 3(A)	AGGREGATE 1996 ACQUISITION PROPERTIES (HISTORICAL) NOTE 3(B)	PRO FORMA ADJUSTMENTS NOTE 3(C)	SUBTOTAL	LAZARUS BURMAN PROPERTIES (HISTORICAL) NOTE 3(D)	PRO FORMA ADJUSTMENTS NOTE 3(E)
<b>Revenues:</b>						
Rental Income.....	\$ 29,166	\$ 12,953	\$ --	\$ 42,119	\$ 18,606	\$ --
Tenant Recoveries and Other Income.....	8,421	1,743	--	10,164	4,636	--
<b>Total Revenues.....</b>	<b>37,587</b>	<b>14,696</b>	<b>--</b>	<b>52,283</b>	<b>23,242</b>	<b>--</b>
<b>Expenses:</b>						
Real Estate Taxes.....	6,109	2,178	--	8,287	4,767	--
Repairs and Maintenance.....	1,071	813	--	1,884	1,477	--
Property Management.....	1,153	567	--	1,720	732	--
Utilities.....	1,047	273	--	1,320	959	--
Insurance.....	271	147	--	418	275	--
Other.....	284	1	--	285	457	--
General and Administrative.....	4,014	--	--	4,014	--	--
Interest.....	4,685	--	306	4,991	--	6,101
Amortization of Interest Rate Protection Agreements, and Deferred Financing Costs.....	196	--	--	196	--	--
Depreciation and Other Amortization....	6,310	--	2,189	8,499	--	2,950
<b>Total Expenses.....</b>	<b>25,140</b>	<b>3,979</b>	<b>2,495</b>	<b>31,614</b>	<b>8,667</b>	<b>9,051</b>
<b>Income Before Gain on Sales of Properties, Equity in Income of Other Real Estate Partnerships and Extraordinary Item.....</b>						
	12,447	10,717	(2,495)	20,669	14,575	(9,051)
Gain on Sales of Properties.....	4,344	--	--	4,344	--	--
<b>Income Before Equity in Income of Other Real Estate Partnerships and Extraordinary Item.....</b>						
	16,791	10,717	(2,495)	25,013	14,575	(9,051)
Equity in Income of Other Real Estate Partnerships.....	20,130	--	--	20,130	--	--
<b>Income Before Extraordinary Item.....</b>	<b>\$ 36,921</b>	<b>\$ 10,717</b>	<b>\$ (2,495)</b>	<b>\$ 45,143</b>	<b>\$ 14,575</b>	<b>\$ (9,051)</b>

FIRST  
INDUSTRIAL,  
L.P.  
PRO FORMA

<b>Revenues:</b>	
Rental Income.....	\$ 60,725
Tenant Recoveries and Other Income.....	14,800
<b>Total Revenues.....</b>	<b>75,525</b>
<b>Expenses:</b>	
Real Estate Taxes.....	13,054
Repairs and Maintenance.....	3,361
Property Management.....	2,452
Utilities.....	2,279
Insurance.....	693
Other.....	742
General and Administrative.....	4,014
Interest.....	11,092
Amortization of Interest Rate Protection Agreements, and Deferred Financing Costs.....	196
Depreciation and Other Amortization....	11,449
<b>Total Expenses.....</b>	<b>49,332</b>
<b>Income Before Gain on Sales of Properties, Equity in Income of Other Real Estate Partnerships and Extraordinary Item.....</b>	
	26,193
Gain on Sales of Properties.....	4,344
<b>Income Before Equity in Income of Other Real Estate Partnerships and Extraordinary Item.....</b>	
	30,537
Equity in Income of Other Real Estate Partnerships.....	20,130
<b>Income Before Extraordinary Item.....</b>	<b>\$ 50,667</b>

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The accompanying notes are an integral part of the unaudited pro forma financial statements.



1. BASIS OF PRESENTATION

The accompanying unaudited pro forma balance sheet and pro forma statement of operations for First Industrial, L.P. (the "Operating Partnership") reflect the historical financial position of the Operating Partnership as of December 31, 1996, the historical operations for the year ended December 31, 1996, the acquisition of 111 properties between January 1, 1996 and December 31, 1996 (the "Aggregate 1996 Acquisition Properties") and the acquisition of 39 properties on January 31, 1997 (the "Lazarus Burman Properties"). The accompanying unaudited pro forma balance sheet and pro forma statement of operations exclude the other properties acquired between December 31, 1996 and April 29, 1997. The pro forma financial statements would not be materially different if such other properties acquired between December 31, 1996 and April 29, 1997 were included in the pro forma financial statements. The accompanying unaudited pro forma financial statements have been prepared based upon certain pro forma adjustments to the historical December 31, 1996 financial statements of the Operating Partnership. The unaudited pro forma balance sheet as of December 31, 1996 has been prepared as if the Lazarus Burman Properties had been acquired on December 31, 1996. The unaudited pro forma statement of operations for the year ended December 31, 1996 have been prepared as if the Aggregate 1996 Acquisition Properties and the Lazarus Burman Properties had been acquired on January 1, 1996 or the lease commencement date if the property was developed during 1996 and as if the 5,175,000 Operating Partnership units (the "Units") issued on February 2, 1996 (the "February 1996 Capital Contribution") and the 5,750,000 Units issued on October 25, 1996 (the "October 1996 Capital Contribution") had been issued on January 1, 1996.

2. PRO FORMA ASSUMPTIONS - BALANCE SHEET

- (a) The historical balance sheet reflects the financial position of the Operating Partnership as of December 31, 1996 as reported in this Prospectus.
- (b) Represents the purchase of the Lazarus Burman Properties as if the acquisition had occurred on December 31, 1996. The Lazarus Burman Properties were acquired in a purchase transaction for approximately \$138.8 million which was funded with \$86.4 million in cash through borrowings under the Operating Partnership's \$200 million unsecured revolving credit facility (the "1996 Unsecured Acquisition Facility"), the assumption of \$4.5 million of mortgage debt and the issuance of 1,595,282 Units valued in the aggregate at \$47.9 million.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS - STATEMENT OF OPERATIONS

- (a) The historical operations reflect the income from continuing operations of the Operating Partnership for the year ended December 31, 1996 as reported in this Prospectus.
- (b) Represents the operations of the Aggregate 1996 Acquisition Properties for the period January 1, 1996 through their respective acquisition dates or the lease commencement date if the property was developed.
- (c) In connection with the acquisition of certain properties which are included in the Aggregate 1996 Acquisition Properties, the Operating Partnership assumed two mortgage loans totaling \$9.4 million (the "Assumed Indebtedness") and also entered into a new mortgage loan in the amount of \$36.8 million (the "CIGNA Loan"). The interest expense adjustment reflects interest on the Assumed Loans and the CIGNA Loan as if such indebtedness was outstanding beginning January 1, 1996. The interest expense adjustment also reflects an increase in the acquisition facility borrowings at LIBOR plus 2% for borrowings under the Operating Partnership's \$150 million secured revolving credit facility or LIBOR plus 1.1% for borrowings under the 1996 Unsecured Acquisition Facility for the

assumed earlier purchase of certain properties which are included in the Aggregate 1996 Acquisition Properties, offset by a reduction in interest expense related to the assumed earlier repayment of \$59.4 million and \$84.2 million of acquisition facility borrowings on January 1, 1996 from the proceeds of the February 1996 Capital Contribution and the October 1996 Capital Contribution, respectively.

The depreciation and other amortization adjustment reflects the incremental depreciation and other amortization expense for the Aggregate 1996 Acquisition Properties from January 1, 1996 through their respective acquisition date.

(d) The historical operations reflect the operations of the Lazarus Burman Properties for the year ended December 31, 1996.

(e) In connection with the purchase of the Lazarus Burman Properties, the Operating Partnership assumed two mortgage loans totaling \$4.5 million (the "Lazarus Burman Mortgage Loans"). The interest expense adjustment reflects interest on the Lazarus Burman Mortgage Loans as if such indebtedness was outstanding beginning January 1, 1996. The interest expense adjustment also reflects an increase in the acquisition facility borrowings at LIBOR plus 1.1% for borrowings under the Operating Partnership's 1996 Unsecured Acquisition Facility for the assumed earlier purchase of the Lazarus Burman Properties.

The depreciation and other amortization adjustment reflects the incremental depreciation and other amortization expense for the Lazarus Burman Properties from January 1, 1996 through December 31, 1996.

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

The following discussion should be read in conjunction with the historical Financial Statements and Notes thereto appearing elsewhere in this Prospectus.

RESULTS OF OPERATIONS

COMPARISON OF YEAR ENDED DECEMBER 31, 1996 TO YEAR ENDED DECEMBER 31, 1995

At December 31, 1996, the Operating Partnership owned 137 in-service properties containing approximately 12.7 million square feet of GLA, compared to 30 in-service properties with approximately 3.5 million square feet of GLA at December 31, 1995. During 1996, the Operating Partnership acquired 111 properties containing approximately 9.4 million square feet of GLA, completed development of two properties totaling .2 million square feet of GLA and sold six properties totaling .4 million square feet of GLA.

Revenues increased in 1996 over 1995 by \$10.1 million or 37.0% due primarily to the properties acquired after December 31, 1994. Revenues from properties owned prior to January 1, 1995 increased in 1996 over 1995 by \$.5 million or 7.4% due primarily to a lease termination fee, an increase in rental rates and an increase in tenant recovery income.

Property expenses, which include real estate taxes, repairs and maintenance, property management, utilities, insurance and other expenses, increased in 1996 over 1995 by \$2.5 million or 32.9% due primarily to properties acquired after December 31, 1994. For properties owned prior to January 1, 1995, property expenses remained unchanged.

General and administrative expense increased in 1996 over 1995 by \$.2 million due primarily to the additional expenses associated with managing the Operating Partnership's growing operations (including additional professional fees relating to additional properties owned and personnel to manage and expand the Operating Partnership's business).

Interest expense decreased from \$6.6 million in 1995 to \$4.7 million in 1996. The average outstanding debt balance was approximately \$24.2 million lower in 1996 due to capital contributions from the general partner of the Operating Partnership that were used to pay down debt.

Depreciation and amortization increased in 1996 over 1995 by \$1.2 million due primarily to the additional depreciation and amortization related to the properties acquired after December 31, 1994.

The \$4.3 million gain on sales of properties in 1996 resulted from the sale of three properties located in Huntsville, Alabama, one property located in Detroit, Michigan, one property located in Grand Rapids, Michigan and one property located in Atlanta, Georgia. Gross proceeds for these property sales totaled approximately \$15.0 million.

Equity in income of Other Real Estate Partnerships increased in 1996 over 1995 by \$12.3 million or 156.7% due primarily to four of the Other Real Estate Partnerships having a full year of operations in 1996 compared to a partial year of operations in 1995 as well as one of the Other Real Estate Partnerships incurring a loss from the disposition of an interest rate protection agreement in 1995.

The \$2.3 million extraordinary loss in 1996 represents the write-off of unamortized deferred financing costs and a prepayment fee for loans that were paid off in full and retired in 1996.

COMPARISON OF YEAR ENDED DECEMBER 31, 1995 TO YEAR ENDED DECEMBER 31, 1994

The results of operations for the year ended December 31, 1994 include the operations of the Contributing Businesses from January 1, 1994 through June 30, 1994 and the operations of the Operating Partnership from July 1, 1994 through December 31, 1994.

At December 31, 1995, the Operating Partnership owned 30 in-service properties containing approximately 3.5 million square feet of GLA, compared to 50 in-service properties with approximately 4.9 million square feet of GLA at December 31, 1994. During 1995, the Operating Partnership acquired 17 properties containing approximately 2.0 million square feet of GLA. The Operating Partnership also completed the development of three properties totaling approximately .3 million square feet of GLA. In addition, the Operating Partnership also contributed 40 properties with approximately 3.7 million square feet of GLA to the Other Real Estate Partnerships.

Revenues decreased in 1995 over 1994 by \$5.0 million or 15.4% due primarily to the Contributing Businesses' properties that were contributed to the Other Real Estate Partnerships, the operating results of which are accounted for by the Operating Partnership under the equity method of accounting. Revenues from properties owned prior to January 1, 1994 remained unchanged.

Property expenses, which include real estate taxes, repairs and maintenance, property management, utilities, insurance and other expenses, decreased in 1995 over 1994 by \$.7 million or 8.3% due primarily to the Contributing Businesses' properties that were contributed to the Other Real Estate Partnerships. For properties owned prior to January 1, 1994, property expenses remained unchanged.

General and administrative expense increased in 1995 over 1994 by \$2.0 million due primarily to the additional expenses of the Company associated with being a public company and to the additional expenses associated with managing the Operating Partnership's growing operations (including additional professional fees relating to additional properties owned and personnel to manage and expand the Operating Partnership's and the Other Real Estate Partnership's business).

Interest expense decreased from \$12.6 million in 1994 to \$6.6 million in 1995. The decrease results primarily from lower average debt levels in 1995.

Depreciation and amortization decreased in 1995 over 1994 by \$2.4 million due primarily to the Contributing Businesses' properties that were contributed to the Other Real Estate Partnerships of the Operating Partnership which are accounted for under the equity method of accounting.

Equity in income of Other Real Estate Partnerships increased in 1995 over 1994 by \$1.1 million or 15.9% due primarily to one of the Other Real Estate Partnerships having a full year of operations in 1995 compared to a partial year of operations in 1994 which was partially offset by a loss from the disposition of an interest rate protection agreement in 1995.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1996, the Operating Partnership's unrestricted cash and cash equivalents totaled \$4.3 million.

Net cash provided by operating activities was \$18.9 million for the year ended December 31, 1996 compared to \$4.2 million for the year ended December 31, 1995 and \$(5.3) million for the year ended December 31, 1994. The increases are primarily due to the factors discussed in "Results of Operations" above.

Net cash used in investing activities was \$202.7 million for the year ended December 31, 1996 compared to \$40.9 million and \$436.1 million for the years ended December 31, 1995 and December 31, 1994, respectively. The majority of the cash used in investing activities was for acquisition of additional properties.

Net cash provided by financing activities for the year ended December 31, 1996 increased to \$181.6 million from \$43.2 million for the year ended December 31, 1995, reflecting capital contributions from the general partner and proceeds from the CIGNA Loan, offset in part by increased distributions, repayment of the Construction Loans, and a net pay down on the Operating Partnership's acquisition facilities. Net cash provided by financing activities for the year ended December 31, 1995 was \$43.2 million, compared to \$440.4 million for the year ended December 31, 1994, reflecting primarily debt and equity transactions relating to the Company's Initial Offering in June 1994 and an increase in indebtedness due to the properties acquired subsequent to the Initial Offering.

The ratio of earnings to fixed charges was 6.96 for the year ended December 31, 1996 compared to 2.56 for the year ended December 31, 1995 and 1.65 for the year ended December 31, 1994. The increases are primarily due to increased income from continuing operations resulting from additional properties acquired by the Operating Partnership and increased equity in income of the Other Real Estate Partnerships, as discussed in "Results of Operations" above.

In 1996, the Operating Partnership acquired 111 industrial properties comprising approximately 9.4 million square feet of GLA for a total purchase price of approximately \$237 million, completed the development of two build-to-suit properties comprising approximately .2 million square feet of GLA at a cost of approximately \$9.0 million and sold six properties comprising approximately .4 million square feet of GLA for \$15 million. The acquisitions and developments were financed in part by proceeds from capital contributions from the general partner of the Operating Partnership, borrowings under the Operating Partnership's acquisition facilities and by new mortgage debt.

The Operating Partnership has committed to the construction of two light industrial and five bulk warehouse properties totaling approximately 1.0 million square feet. The estimated total construction costs are approximately \$27.4 million. These developments are expected to be funded with cash flow from operations as well as borrowings under the 1996 Unsecured Acquisition Facility.

In 1996, the Operating Partnership paid a quarterly distribution of \$.4875 per unit related to each of the first, second and third quarters. In addition, the Operating Partnership paid a fourth quarter 1996 distribution of \$.505 per unit on January 20, 1997. The total distributions paid to the Operating Partnership's partners related to 1996 totaled \$54.3 million.

On February 2, 1996, the Company completed an offering of 5.175 million shares (inclusive of the underwriters' over-allotment option) of common stock at a purchase price of \$22 per share. The net proceeds of \$106.3 million were contributed to the Operating Partnership and used to repay outstanding borrowings totaling \$59.4 million and to fund acquisitions closed subsequently in the first quarter of 1996.

On October 25, 1996, the Company completed an offering of 5.75 million shares (inclusive of the underwriters' over-allotment option) of common stock at a purchase price of \$25.50 per share. The net proceeds of \$137.7 million were contributed to the Operating Partnership and used to repay outstanding borrowings totaling \$84.2 million and to fund acquisitions closed in the fourth quarter of 1996.

On March 20, 1996, the Operating Partnership entered into a \$36.7 million mortgage loan (the "CIGNA Loan") that is collateralized by seven properties in Indianapolis, Indiana and three properties in Cincinnati, Ohio. The CIGNA Loan bears interest at a fixed interest rate of 7.5% and provides for monthly principal and interest payments based on a 25-year amortization schedule. The CIGNA Loan will mature on April 1, 2003. The CIGNA Loan may be prepaid only after April 30, 1999, in exchange for the greater of a 1% premium or a yield maintenance premium.

On March 20, 1996, the Operating Partnership assumed an approximately \$6.4 million mortgage loan and an approximately \$3.0 million mortgage loan (together, the "Assumed Loans") that are collateralized by 13 properties in Indianapolis, Indiana and one property in Indianapolis, Indiana, respectively. The Assumed Loans bear interest at a fixed rate of 9.25% and provide for monthly principal and interest payments based on a 16.75-year amortization schedule. The Assumed Loans will mature on January 1,

2013. The Assumed Loans may be prepaid only after December 22, 1999, in exchange for the greater of a 1% premium or a yield maintenance premium.

In 1997, the Operating Partnership obtained investment grade ratings on its senior unsecured debt from Moody's Investors Service, Standard & Poor's, Duff & Phelps Credit Rating Co. and Fitch Investors Service, Inc.

In December 1996, the Operating Partnership terminated its \$150 million 1994 Acquisition Facility and entered into a \$200 million 1996 Unsecured Acquisition Facility. Borrowings under the 1996 Unsecured Acquisition Facility will be used to finance the acquisitions and development of additional properties and for other purposes, including to obtain working capital. It is the Operating Partnership's intent to, from time to time, replace borrowings under the 1996 Unsecured Acquisition Facility with long term sources of capital as the Operating Partnership deems appropriate.

The Operating Partnership has considered its short-term (one year or less) liquidity needs and the adequacy of its estimated cash flow from operations and other expected liquidity sources to meet these needs. The Operating Partnership believes that its principal short-term liquidity needs are to fund normal recurring expenses, debt service requirements and the minimum distribution required by the Company to maintain the Company's REIT qualification under the Internal Revenue Code. The Operating Partnership anticipates that these needs will be met with cash flows provided by operating activities.

The Operating Partnership expects to meet long-term (greater than one year) liquidity requirements such as property acquisitions, scheduled debt maturities, major renovations, expansions and other non-recurring capital improvements through long-term unsecured indebtedness and capital contributions from the general partner of the Operating Partnership. The Operating Partnership may finance the acquisition or development of additional properties through borrowings under the 1996 Unsecured Acquisition Facility. At December 31, 1996, borrowings under the 1996 Unsecured Acquisition Facility bore interest at a weighted average interest rate of 8.25%. The borrowings under the 1996 Unsecured Acquisition Facility were converted to an interest rate of 6.6% on January 7, 1997. As of March 20, 1997, the Operating Partnership had \$68.1 million available in additional borrowings under the 1996 Unsecured Acquisition Facility. While the Operating Partnership may sell properties if property or market conditions make it desirable, the Operating Partnership does not expect to sell assets in the foreseeable future to satisfy its liquidity requirements.

In April 1997, the Operating Partnership incurred the \$309.8 million Defeasance Loan, the proceeds of which were contributed to the Financing Partnership and used by it to defease (as defined by the terms of the 1994 Mortgage Loan agreement) the 1994 Mortgage Loan.

#### INFLATION

For the last several years, inflation has not had a significant impact on the Operating Partnership because of the relatively low inflation rates in the Operating Partnership's markets of operation. Most of the Operating Partnership's leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing the Operating Partnership's exposure to increases in costs and operating expenses resulting from inflation. In addition, many of the outstanding leases expire within five years which may enable the Operating Partnership to replace existing leases with new leases at higher base rentals if rents of existing leases are below the then-existing market rate.

FIRST INDUSTRIAL, L.P. AND CONTRIBUTING BUSINESSES

SELECTED FINANCIAL DATA(1)

(IN THOUSANDS, EXCEPT PROPERTY DATA)

	FIRST INDUSTRIAL, L.P.				CONTRIBUTING BUSINESSES (COMBINED)	
	SIX MONTHS ENDED JUNE 30, 1997	SIX MONTHS ENDED JUNE 30, 1996	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	SIX MONTH PERIOD ENDED DECEMBER 31, 1994	SIX MONTH PERIOD ENDED JUNE 30, 1994
STATEMENTS OF OPERATIONS DATA:						
Total Revenues.....	\$ 40,278	\$ 15,203	\$ 37,587	\$ 27,442	\$ 9,604	\$ 22,816
Property Expenses.....	12,183	4,448	9,935	7,478	2,120	6,036
General and Administrative Expense.....	2,642	2,058	4,014	3,792	1,047	795
Interest Expense.....	9,107	1,908	4,685	6,581	807	11,773
Amortization of Interest Rate Protection Agreements and Deferred Financing Costs.....	8	50	196	222	187	858
Depreciation and Other Amortization.....	6,243	2,684	6,310	5,087	1,916	4,744
Management and Construction Income (Loss), Net.....	--	--	--	--	--	(81)
Disposition of Interest Rate Protection Agreements....	4,038	--	--	--	--	--
Gain on Sales of Properties.....	460	4,320	4,344	--	--	--
Equity in Income of Other Real Estate Partnerships.....	8,030	9,619	20,130	7,841	6,767	--
Income (Loss) Before Extraordinary Items.....	22,623	17,994	\$ 36,921	\$ 12,123	\$ 10,294	\$ (1,471)
Extraordinary Gain (Loss)...	(3,428)	(821)	(2,273)	--	--	(1,449)
Net Income.....	\$ 19,195	\$ 17,173	\$ 34,648	\$ 12,123	\$ 10,294	\$ (2,920)
BALANCE SHEET DATA (AT END OF PERIOD):						
Net Investment In Real Estate.....	\$ 574,680	\$ 215,946	\$ 345,648	\$ 91,540	\$ 159,056	\$ 556,902
Investment in Other Real Estate Partnerships.....	586,472	254,030	258,411	241,918	208,274	--
Total Assets.....	\$ 1,212,600	\$ 485,881	\$ 622,122	\$ 356,060	\$ 375,220	\$ 616,767
Mortgage Loans/Acquisition Facilities Payable, Senior Unsecured Debt, Promissory Notes Payable and Construction Loans Payable.....	\$ 453,841	\$ 65,621	\$ 59,897	\$ 53,108	\$ 48,700	\$ 305,000
Mortgage Loans (Affiliated).....	--	--	--	--	--	--
Total Liabilities.....	494,731	86,747	86,890	69,291	61,676	323,703
Partners' Capital/(Net Deficit).....	\$ 717,869	\$ 399,134	\$ 535,232	\$ 286,769	\$ 313,544	\$ 269,326
OTHER DATA:						
Cash Flows From:						
Operating Activities.....	\$ 7,769	\$ 7,475	\$ 18,871	\$ 4,182	\$ (10,299)	\$ 4,911
Investing Activities.....	(507,511)	(98,623)	(202,673)	(40,906)	(61,352)	(374,757)
Financing Activities.....	502,875	86,272	181,604	43,182	66,232	374,152
Gross Leasable Area at End of Period.....	18,097,958	8,208,903	12,650,986	3,488,921	4,857,281	17,393,813
Total Properties at End of Period.....	208	78	137	30	50	226

	YEAR ENDED DECEMBER 31, 1993	YEAR ENDED DECEMBER 31, 1992
STATEMENTS OF OPERATIONS DATA:		
Total Revenues.....	\$ 33,237	\$ 31,145
Property Expenses.....	8,832	7,308
General and Administrative Expense.....	1,416	1,699
Interest Expense.....	18,187	18,350
Amortization of Interest Rate Protection Agreements and Deferred Financing Costs.....	997	1,644
Depreciation and Other		

Amortization.....	7,105	6,328
Management and Construction Income (Loss), Net.....	(99)	136
Disposition of Interest Rate Protection Agreements.....	--	--
Gain on Sales of Properties.....	--	--
Equity in Income of Other Real Estate Partnerships.....	--	--
-----		
Income (Loss) Before Extraordinary Items.....	\$ (3,399)	\$ (4,048)
Extraordinary Gain (Loss)...	--	2,340
-----		
Net Income.....	\$ (3,399)	\$ (1,708)
-----		

BALANCE SHEET DATA (AT END  
OF PERIOD):

Net Investment In Real Estate.....	\$ 171,162	\$ 160,735
Investment in Other Real Estate Partnerships.....	--	--
Total Assets.....	\$ 189,789	\$ 175,693
Mortgage Loans/Acquisition Facilities Payable, Senior Unsecured Debt, Promissory Notes Payable and Construction Loans Payable.....	\$ 179,568	\$ 168,559
Mortgage Loans (Affiliated).....	7,624	7,951
Total Liabilities.....	227,553	208,569
Partners' Capital/(Net Deficit).....	\$ (37,764)	\$ (32,876)
OTHER DATA:		
Cash Flows From:		
Operating Activities.....	\$ 8,700	\$ 1,877
Investing Activities.....	(17,124)	(2,317)
Financing Activities.....	9,093	1,250
Gross Leasable Area at End of Period.....	6,376,349	5,883,730
Total Properties at End of Period.....	124	118

(1) The selected financial data includes the combined statements of the Contributing Businesses for the period prior to July 1, 1994 and the financial statements of First Industrial, L.P., for the periods after June 30, 1994.



REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners of the Other  
Real Estate Partnerships

We have audited the combined financial statements of the Other Real Estate Partnerships as listed on page F-1 of this Prospectus. These financial statements are the responsibility of the Other Real Estate Partnerships' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the Other Real Estate Partnerships as of December 31, 1996 and 1995, and the combined results of their operations and their cash flows for the years ended December 31, 1996 and 1995 and for the period July 1, 1994 through December 31, 1994, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Chicago, Illinois  
February 12, 1997

OTHER REAL ESTATE PARTNERSHIPS  
COMBINED BALANCE SHEETS  
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1996	DECEMBER 31, 1995
ASSETS		
Assets:		
Investment in Real Estate:		
Land.....	\$ 97,965	\$ 94,974
Buildings and Improvements.....	588,993	564,488
Furniture, Fixtures and Equipment.....	1,662	1,662
Construction in Progress.....	8,389	--
Less: Accumulated Depreciation.....	(83,324)	(63,897)
	613,685	597,227
Net Investment in Real Estate.....		
Cash and Cash Equivalents.....	3,314	1,880
Restricted Cash.....	11,837	9,175
Tenant Accounts Receivable, Net.....	3,637	2,028
Deferred Rent Receivable.....	7,010	7,000
Interest Rate Protection Agreements, Net.....	6,653	7,865
Deferred Financing Costs, Net.....	6,302	7,153
Prepaid Expenses and Other Assets, Net.....	9,849	10,837
	\$ 662,287	\$ 643,165
Total Assets.....		
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Mortgage Loans Payable.....	\$ 346,504	\$ 346,850
Accounts Payable and Accrued Expenses.....	9,144	7,084
Rents Received in Advance and Security Deposits.....	4,182	3,630
	359,830	357,564
Total Liabilities.....		
Commitments and Contingencies.....	--	--
Partners' Capital.....	302,457	285,601
	\$ 662,287	\$ 643,165
Total Liabilities and Partners' Capital.....		

The accompanying notes are an integral part of the financial statements.

OTHER REAL ESTATE PARTNERSHIPS  
 COMBINED STATEMENTS OF OPERATIONS  
 (DOLLARS IN THOUSANDS)

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED DECEMBER 31, 1994
	-----	-----	-----
Revenues:			
Rental Income.....	\$ 79,947	\$ 61,428	\$ 29,152
Tenant Recoveries and Other Income.....	22,375	17,604	7,801
	-----	-----	-----
Total Revenues.....	102,322	79,032	36,953
	-----	-----	-----
Expenses:			
Real Estate Taxes.....	17,261	12,135	5,924
Repairs and Maintenance.....	4,337	3,024	1,369
Property Management.....	3,558	2,635	1,162
Utilities.....	2,535	1,825	740
Insurance.....	605	624	304
Other.....	637	581	234
Interest.....	24,268	22,010	9,781
Amortization of Interest Rate Protection Agreements and Deferred Financing Costs.....	3,090	4,216	2,717
Depreciation and Other Amortization.....	21,737	17,177	7,886
Disposition of Interest Rate Protection Agreement.....	--	6,410	--
	-----	-----	-----
Total Expenses.....	78,028	70,637	30,117
	-----	-----	-----
Net Income.....	\$ 24,294	\$ 8,395	\$ 6,836
	-----	-----	-----

The accompanying notes are an integral part of the financial statements.

OTHER REAL ESTATE PARTNERSHIPS  
 COMBINED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL  
 (DOLLARS IN THOUSANDS)

	TOTAL
	-----
Balance at June 30, 1994.....	\$ --
Contributions.....	209,270
Distributions.....	(5,200)
Net Income.....	6,836
	-----
Balance at December 31, 1994.....	210,906
	-----
Contributions.....	100,468
Distributions.....	(34,168)
Net Income.....	8,395
	-----
Balance at December 31, 1995.....	285,601
	-----
Contributions.....	25,874
Distributions.....	(33,312)
Net Income.....	24,294
	-----
Balance at December 31, 1996.....	\$ 302,457
	-----
	-----

The accompanying notes are an integral part of the financial statements.

OTHER REAL ESTATE PARTNERSHIPS  
COMBINED STATEMENTS OF CASH FLOWS  
(DOLLARS IN THOUSANDS)

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED DECEMBER 31, 1994
	-----	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income.....	\$ 24,294	\$ 8,395	\$ 6,836
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation.....	19,427	15,232	7,174
Amortization of Interest Rate Protection Agreements and Deferred Financing Costs.....	3,090	4,216	2,717
Other Amortization.....	2,310	1,945	712
Provision for Bad Debts.....	65	194	120
Loss from Disposition of Interest Rate Protection Agreement.....	--	6,410	--
Increase in Accounts Receivable and Other Assets.....	(2,956)	(3,339)	(5,818)
Decrease (Increase) in Deferred Rent Receivable.....	308	(978)	(665)
Increase (Decrease) in Accounts Payable, Accrued Expenses, Rents Received in Advance and Security Deposits.....	2,424	(2,931)	(14,614)
Increase in Organization Costs.....	(37)	(27)	--
(Increase) Decrease in Restricted Cash.....	(4,275)	546	(12,155)
	-----	-----	-----
Net Cash Provided by (Used in) Operating Activities.....	44,650	29,663	(15,693)
	-----	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of and Additions to Investment in Real Estate.....	(35,697)	(19,341)	(235,076)
Decrease (Increase) in Restricted Cash.....	1,613	3,749	(927)
	-----	-----	-----
Net Cash Used in Investing Activities.....	(34,084)	(15,592)	(236,003)
	-----	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Contributions.....	25,556	47,915	236,645
Distributions.....	(33,312)	(34,168)	(5,200)
Proceeds from Mortgage Loans Payable.....	--	46,850	300,000
Repayments on Mortgage Loans Payable.....	(346)	--	(241,672)
Repayments on Acquisition Facility Payable.....	--	(81,450)	--
Cost of Debt Issuance and Interest Rate Protection Agreements.....	(1,030)	(289)	(29,126)
	-----	-----	-----
Net Cash (Used in) Provided by Financing Activities.....	(9,132)	(21,142)	260,647
	-----	-----	-----
Net Increase (Decrease) in Cash and Cash Equivalents.....	1,434	(7,071)	8,951
Cash and Cash Equivalents, Beginning of Period.....	1,880	8,951	--
	-----	-----	-----
Cash and Cash Equivalents, End of Period.....	\$ 3,314	\$ 1,880	\$ 8,951
	-----	-----	-----

The accompanying notes are an integral part of the financial statements.

OTHER REAL ESTATE PARTNERSHIPS

NOTES TO COMBINED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

1. ORGANIZATION AND FORMATION

First Industrial, L.P. (the "Operating Partnership") was organized as a limited partnership in the state of Delaware on November 23, 1993. The sole general partner is First Industrial Realty Trust, Inc. (the "Company") with an approximate 92.4% ownership interest at December 31, 1996. The limited partners owned approximately a 7.6% aggregate ownership interest at December 31, 1996. The Company is a real estate investment trust (REIT) as defined in the Internal Revenue Code. The Company's operations are conducted primarily through the Operating Partnership. As of December 31, 1996, the Operating Partnership directly owned 137 in-service properties, containing an aggregate of approximately 12.7 million square feet (unaudited) of gross leasable area ("GLA"), as well as a 99% limited partnership interest (subject in one case as described below to a preferred limited partnership interest) in First Industrial Financing Partnership, L.P. (the "Financing Partnership"), First Industrial Securities, L.P. (the "Securities Partnership"), First Industrial Mortgage Partnership, L.P. (the "Mortgage Partnership"), First Industrial Pennsylvania Partnership, L.P. (the "Pennsylvania Partnership"), First Industrial Harrisburg, L.P. (the "Harrisburg Partnership"), First Industrial Indianapolis, L.P. (the "Indianapolis Partnership") and First Industrial Development Services Group, L.P. (together, the "Other Real Estate Partnerships"). On a combined basis, as of December 31, 1996, the Other Real Estate Partnerships owned 242 in-service properties containing an aggregate of approximately 20.0 million square feet (unaudited) of GLA. Of the 242 properties owned by the Other Real Estate Partnerships, 195 were owned by the Financing Partnership, 19 were owned by the Securities Partnership, 23 were owned by the Mortgage Partnership, one was owned by the Pennsylvania Partnership, three were owned by the Harrisburg Partnership and one was owned by the Indianapolis Partnership.

The general partners of the Other Real Estate Partnerships are separate corporations, each with a one percent general partnership interest. Each general partner of the Other Real Estate Partnerships is a wholly-owned subsidiary of the Company. The general partner of the Securities Partnership, First Industrial Securities Corporation, also owns a preferred limited partnership interest which entitles it to receive a fixed quarterly distribution, and results in it being allocated income in the same amount, equal to the fixed quarterly dividend the Company pays on its 9.5% Series A Preferred Stock.

Profits, losses and distributions of the Other Real Estate Partnerships are allocated to the general partners and the limited partner in accordance with the provisions contained within the partnership agreement of each of the Other Real Estate Partnerships.

2. BASIS OF PRESENTATION

The Combined Balance Sheets as of December 31, 1996 and 1995 and the Combined Statements of Operations, Changes in Partners Capital and Cash Flows for the years ended December 31, 1996 and 1995 and for the six months ended December 31, 1994 reflect the operations, capital, and cash flows of the Other Real Estate Partnerships on a combined basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to conform with generally accepted accounting principles, management, in preparation of the Other Real Estate Partnerships' financial statements, is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of December 31, 1996 and 1995, and the reported amounts of revenues and expenses for the years ended

OTHER REAL ESTATE PARTNERSHIPS

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

(DOLLARS IN THOUSANDS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

December 31, 1996 and 1995 and the six months ended December 31, 1994. Actual results could differ from those estimates.

REVENUE RECOGNITION:

Rental income is recognized on a straight-line method under which contractual rent increases are recognized evenly over the lease term. Tenant recovery income includes payments from tenants for taxes, insurance and other property operating expenses and is recognized as revenues in the same period the related expenses are incurred by the Other Real Estate Partnerships.

The Other Real Estate Partnerships provide an allowance for doubtful accounts against the portion of tenant accounts receivable which is estimated to be uncollectible. Accounts receivable in the combined balance sheets are shown net of an allowance for doubtful accounts of \$379 and \$314 as of December 31, 1996 and December 31, 1995, respectively.

INVESTMENT IN REAL ESTATE AND DEPRECIATION:

Effective January 1, 1995, the Other Real Estate Partnerships adopted Financial Accounting Standards Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Real estate assets are carried at the lower of depreciated cost or fair value as determined by the Other Real Estate Partnerships. The Other Real Estate Partnerships review their properties on a quarterly basis for impairment and provide a provision if impairments are determined. First, to determine if impairment may exist, the Other Real Estate Partnerships review their properties and identify those which have had either an event of change or event of circumstances warranting further assessment of recoverability. Then, the Other Real Estate Partnerships estimate the fair value of those properties on an individual basis by capitalizing the expected net operating income and discounting the expected cash flows of the properties. Such amounts are then compared to the property's depreciated cost to determine whether an impairment exists.

Interest expense, real estate taxes and other directly related expenses incurred during construction periods are capitalized and depreciated commencing with the date placed in service, on the same basis as the related assets. Depreciation expense is computed using the straight-line method based on the following useful lives:

	YEARS -----
Buildings and Improvements.....	31.5 to 40
Land Improvements.....	15
Furniture, Fixtures and Equipment.....	5 to 10

Construction expenditures for tenant improvements and leasing commissions are capitalized and amortized over the terms of each specific lease. Maintenance and repairs are charged to expense when incurred. Expenditures for improvements are capitalized.

When assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts with the resulting gains or losses reflected in net income or loss.

OTHER REAL ESTATE PARTNERSHIPS

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

(DOLLARS IN THOUSANDS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS:

Cash and Cash Equivalents include all cash and liquid investments with an initial maturity of three months or less. The carrying amount approximates fair value due to the short maturity of these investments.

INCOME TAXES:

In accordance with partnership taxation, each of the partners are responsible for reporting their shares of taxable income or loss. Accordingly, no provision has been made in the accompanying combined financial statements for federal, state or local income taxes.

FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Other Real Estate Partnerships' financial instruments include short-term investments, tenant accounts receivable, accounts payable, other accrued expenses and mortgage loans payable. The fair values of these financial instruments were not materially different from their carrying or contract values. The Other Real Estate Partnerships' financial instruments also include interest rate protection agreements (see Note 4).

DERIVATIVE FINANCIAL INSTRUMENTS:

The Other Real Estate Partnerships' interest rate protection agreements (the "Agreements") are used to limit the interest rate on the 1994 Mortgage Loan (hereinafter defined) to 7.2%. As such, receipts resulting from the Agreements are recognized as adjustments to interest expense. The credit risks associated with the Agreements are controlled through the evaluation and monitoring of the creditworthiness of the counterparty. In the event that the counterparty fails to meet the terms of the Agreements, the Financing Partnership's exposure is limited to the current value of the interest rate differential, not the notional amount, and the Financing Partnership's carrying value of the Agreements on the balance sheet. The Agreements have been executed with a creditworthy financial institution. As such, the Other Real Estate Partnerships consider the risk of nonperformance to be remote. In the event that the Financing Partnership terminates the Agreements, the Financing Partnership would recognize a gain (loss) from the disposition of the Agreements equal to the amount of cash received or paid at termination less the carrying value of the Agreements on the Financing Partnership's balance sheet.

DEFERRED FINANCING COSTS:

Deferred financing costs include fees and costs incurred to obtain long-term financing. These fees and costs are being amortized over the terms of the respective loans. Accumulated amortization of deferred financing costs was \$4,517 and \$2,636 at December 31, 1996 and 1995, respectively.

4. MORTGAGE LOANS

On June 30, 1994, the Financing Partnership borrowed \$300,000 under a mortgage loan (the "1994 Mortgage Loan"). The 1994 Mortgage Loan is cross-collateralized by, among other things, first mortgage liens on the 195 properties owned by the Financing Partnership. The 1994 Mortgage Loan will mature on June 30, 1999, unless extended by the Financing Partnership, subject to certain conditions, for an



## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

(DOLLARS IN THOUSANDS)

## 4. MORTGAGE LOANS (CONTINUED)

additional two-year period, thereby maturing on June 30, 2001. The Operating Partnership has guaranteed certain obligations of the Financing Partnership under the 1994 Mortgage Loan. The 1994 Mortgage Loan provides for interest only payments which have been effectively limited to 7.2% through June 30, 1999 by certain interest rate protection agreements. Interest payable related to the 1994 Mortgage Loan was \$1,750 and \$1,905 at December 31, 1996 and 1995, respectively. Payments to the Financing Partnership under the interest rate protection agreements during 1996, 1995 and 1994 totaled \$0, \$584 and \$51, respectively, which have been included as a component of interest expense.

In conjunction with obtaining the 1994 Mortgage Loan, the Financing Partnership purchased an interest rate protection agreement which effectively limited the interest rate during the initial five-year term of the 1994 Mortgage Loan to 7.2% per annum. Prior to the subsequent replacement of this interest rate protection agreement, its cost of \$18,450 had been capitalized and was being amortized over the five-year term of the agreement.

Effective July 1, 1995, the Financing Partnership replaced such interest rate protection agreement with new interest rate protection agreements with a notional value of \$300,000, which effectively limit the annual interest rate on the 1994 Mortgage Loan to 7.2% through June 30, 1999. As a result of the replacement of the interest rate protection agreement, the Financing Partnership incurred a one-time loss of \$6,410, of which \$6,288 represents the difference between the unamortized cost of the replaced interest rate protection agreement and the cost of the new agreements. The costs of the new interest rate protection agreements have been capitalized and are being amortized over the respective terms of the agreements. Under the terms of the new interest rate protection agreements, certain collateral may be required to be set aside for amounts that could become due under the agreements. Accumulated amortization on the interest rate protection agreements was \$1,819 and \$607 as of December 31, 1996 and 1995, respectively.

At December 31, 1996, the fair market value of the interest rate protection agreements was approximately \$3,900. The fair market value was determined by a third party evaluation and is based on estimated discounted future cash flows.

Under the terms of the 1994 Mortgage Loan, certain cash reserves are required to be and have been set aside for payment of tenant improvements, capital expenditures, interest, real estate taxes, insurance and potential environmental costs. The amount of cash reserves for payment of potential environmental costs was determined by the lender and was established at the closing of the 1994 Mortgage Loan. The amounts included in the cash reserves relating to payments of tenant improvements, capital expenditures, interest, real estate taxes and insurance were determined by the lender and approximate the next periodic payment of such items. At December 31, 1996 and 1995, these reserves totaled \$10,223 and \$8,787, respectively, and are included in Restricted Cash. Such cash reserves were invested in a money market fund at December 31, 1996. The maturity of these investments is one day; accordingly, cost approximates fair market value.

On December 29, 1995, the Mortgage Partnership borrowed \$40,200 under a mortgage loan (the "1995 Mortgage Loan"). In the first quarter of 1996, the Mortgage Partnership made a one time paydown of \$200 on the 1995 Mortgage Loan decreasing the outstanding balance to \$40,000. The 1995 Mortgage Loan matures on January 11, 2026 and provides for interest only payments through January 11, 1998, after which monthly principal and interest payments are required based on a 28-year amortization schedule. The

OTHER REAL ESTATE PARTNERSHIPS

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

(DOLLARS IN THOUSANDS)

4. MORTGAGE LOANS (CONTINUED)

interest rate under the 1995 Mortgage Loan is fixed at 7.22% per annum through January 11, 2003. After January 11, 2003, the interest rate adjusts through a predetermined formula based on the applicable Treasury rate. Interest payable related to the 1995 Mortgage Loan was \$168 and \$24 at December 31, 1996 and 1995, respectively. The 1995 Mortgage Loan is collateralized by 23 properties held by the Mortgage Partnership.

Under the terms of the 1995 Mortgage Loan, certain cash reserves are required to be and have been set aside for payments of security deposits, capital expenditures, interest, real estate taxes and insurance. The amount of cash reserves segregated for security deposits is adjusted as tenants turn over. The amounts included in the cash reserves relating to payments of capital expenditures, interest, real estate taxes and insurance were determined by the lender and approximate the next periodic payment of such items. At December 31, 1996 and 1995, these reserves totaled \$1,614 and \$388, respectively, and are included in Restricted Cash. Such cash reserves were invested in a money market fund at December 31, 1996. The maturity of these investments is one day; accordingly, cost approximates fair market value.

On December 14, 1995, the Harrisburg Partnership entered into a \$6,650 mortgage loan (the "Harrisburg Mortgage Loan") that is collateralized by three properties in Harrisburg, Pennsylvania. The Harrisburg Mortgage Loan bears interest at a rate based on LIBOR plus 1.5% or prime plus 2.25%, at the Company's option, and provides for interest only payments through May 31, 1996, with monthly principal and interest payments required subsequently based on a 26.5-year amortization schedule. At December 31, 1996, the interest rate was 6.875%. The Harrisburg Mortgage Loan will mature on December 15, 2000. The outstanding mortgage loan balance at December 31, 1996 and 1995 was approximately \$6,504 and \$6,650, respectively. Interest payable related to the Harrisburg Mortgage Loan was \$39 and \$0 at December 31, 1996 and 1995, respectively.

The following is a schedule of mortgage principal payments and maturities of the mortgage loans for the next five years ending December 31, and thereafter:

	AMOUNT
	-----
1997	\$ 251
1998	686
1999	300,760
2000	6,298
2001	566
Thereafter	37,943
	-----
Total	\$ 346,504
	-----
	-----

The 1994 Mortgage Loan matures in 1999 but may be extended at the Financing Partnership's option, subject to certain conditions, for an additional two years, thereby maturing on June 30, 2001.

OTHER REAL ESTATE PARTNERSHIPS  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
(DOLLARS IN THOUSANDS)

5. FUTURE RENTAL REVENUES

The Other Real Estate Partnerships' properties are leased to tenants under net and semi-net operating leases. Minimum lease payments receivable, excluding tenant reimbursements of expenses, under noncancelable operating leases in effect as of December 31, 1996 are approximately as follows:

1997	\$ 79,638
1998	67,685
1999	53,070
2000	39,469
2001	24,893
Thereafter	62,247
	-----
Total	\$ 327,002
	-----
	-----

6. SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS

Supplemental disclosure of cash flow information:

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED DECEMBER 31, 1994
	-----	-----	-----
Interest paid, net of capitalized interest.....	\$ 24,240	\$ 21,993	\$ 7,920
	-----	-----	-----
Interest capitalized.....	\$ 0	\$ 58	\$ 30
	-----	-----	-----
Supplemental schedule of noncash investing and financing activities:			
Sale of interest rate protection agreement.....	\$ --	\$ 8,472	\$ --
Purchase of interest rate protection agreements.....	--	(8,472)	--
	-----	-----	-----
	\$ --	\$ --	\$ --
	-----	-----	-----
	-----	-----	-----
In conjunction with the property acquisitions, the following assets, liabilities and capital were assumed:			
Purchase of real estate, net.....	\$ --	\$ 131,897	\$ 496,147
Deferred rent receivable.....	318	387	--
Restricted cash.....	--	388	--
Deferred financing costs.....	--	854	--
Other assets.....	--	993	--
Accounts receivable.....	--	--	3,276
Accounts payable and accrued expenses.....	--	(513)	(29,949)
Mortgage loans.....	--	--	(241,672)
Acquisition facilities payable.....	--	(81,450)	--
Limited partnership interest.....	(318)	(52,556)	--
	-----	-----	-----
Acquisition of Real Estate.....	\$ --	\$ --	\$ 227,802
	-----	-----	-----
	-----	-----	-----

On June 30, 1994, the Other Real Estate Partnerships received the following non-cash contributions:

Acquisition of interest in properties, net.....	\$ (34,436)
Deferred rent receivable.....	4,743
Other assets, net.....	2,318
Contributions other, net.....	27,375
	-----
	\$ --
	-----
	-----

OTHER REAL ESTATE PARTNERSHIPS  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

(DOLLARS IN THOUSANDS)

7. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Other Real Estate Partnerships are involved in legal actions arising from the ownership of its properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a materially adverse effect on the combined financial position, operations or liquidity of the Other Real Estate Partnerships.

Sixteen properties have leases granting the tenants options to purchase the property. Such options are exercisable at various times and at appraised fair market value or at a fixed purchase price generally in excess of the Other Real Estate Partnerships' purchase price. The Other Real Estate Partnerships have not received notice for the exercise of any tenant purchase options.

8. SUBSEQUENT EVENTS (UNAUDITED)

On March 17, 1997, the Pennsylvania Partnership purchased a 312,500 square foot bulk warehouse in York, Pennsylvania for approximately \$8.4 million.

On March 24, 1997, the Pennsylvania Partnership purchased a 162,500 square foot light industrial warehouse in Mechanicsburg, Pennsylvania for approximately \$3.4 million.

On April 4, 1997, the Operating Partnership borrowed \$309.8 million from an institutional lender (the "Defeasance Loan"). The Defeasance Loan is unsecured, bears interest at LIBOR plus 1% and matures July 1, 1999, unless extended by the Operating Partnership, subject to certain conditions, for an additional two-year period, thereby maturing July 1, 2001. The gross proceeds from the Defeasance Loan were contributed to the Financing Partnership which used the gross proceeds to defease (as defined by the terms of the 1994 Mortgage Loan agreement) the 1994 Mortgage Loan.

OTHER REAL ESTATE PARTNERSHIPS  
 SELECTED FINANCIAL DATA  
 (IN THOUSANDS, EXCEPT PROPERTY DATA)

	OTHER REAL ESTATE PARTNERSHIPS		
	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995	SIX MONTH PERIOD ENDED DECEMBER 31, 1994
<b>STATEMENTS OF OPERATIONS DATA:</b>			
Total Revenues.....	\$ 102,322	\$ 79,032	\$ 36,953
Property Expenses.....	28,933	20,824	9,733
Interest Expense.....	24,268	22,010	9,781
Amortization of Interest Rate Protection Agreements and Deferred Financing Costs.....	3,090	4,216	2,717
Depreciation and Other Amortization.....	21,737	17,177	7,886
Disposition of Interest Rate Protection Agreement.....	--	6,410	--
Net Income.....	\$ 24,294	\$ 8,395	\$ 6,836
<b>BALANCE SHEET DATA (AT END OF PERIOD):</b>			
Net Investment in Real Estate.....	\$ 613,685	\$ 597,227	\$ 461,238
Total Assets.....	662,287	643,165	524,042
Mortgage Loans Payable.....	346,504	346,850	300,000
Total Liabilities.....	359,830	357,564	313,136
Partners' Capital.....	\$ 302,457	\$ 285,601	\$ 210,906
<b>OTHER DATA:</b>			
<b>Cash Flows From:</b>			
Operating Activities.....	\$ 44,650	\$ 29,663	\$ (15,693)
Investing Activities.....	(34,084)	(15,592)	(236,003)
Financing Activities.....	(9,132)	(21,142)	260,647
Gross Leasable Area at End of Period.....	20,049,083	19,073,834	14,312,040
Total Properties at End of Period.....	242	241	196

PART II  
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the estimated expenses in connection with the issuance and distribution of the securities registered hereby, which will be borne by the Company:

Securities and Exchange Commission registration fee.....	\$ 151,515
NASD filing fee.....	30,500
Fees of Rating Agencies.....	412,500
Printing and duplicating expenses.....	600,000
Legal fees and expenses.....	600,000
Blue sky fees and expenses.....	30,000
Accounting fees and expenses.....	75,000
Miscellaneous.....	100,000
	-----
Total.....	\$1,999,515
	-----
	-----

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Amended and Restated Articles of Incorporation and Amended and Restated Bylaws provide certain limitations on the liability of the Company's directors and officers for monetary damages to the Company. The Articles of Incorporation and Bylaws obligate the Company to indemnify its directors and officers, and permit the Company to indemnify its employees and other agents, against certain liabilities incurred in connection with their service in such capacities. These provisions could reduce the legal remedies available to the Company and its stockholders against these individuals. The provisions of Maryland law provide for the indemnification of officers and directors of a company under certain circumstances.

The Fourth Amended and Restated Agreement of Limited Partnership of the Operating Partnership contains provisions indemnifying the Company and its officers, directors and stockholders to the fullest extent permitted by the Delaware Revised Uniform Limited Partnership Act.

ITEM 16. EXHIBITS.

EXHIBIT NUMBER	DESCRIPTION
-----	
4.1	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102).
4.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-3, File No. 333-03999).
4.3	Articles of Amendment to the Company's Articles of Incorporation dated June 20, 1994 (incorporated by reference to Exhibit 3.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102).
4.4	Articles Supplementary relating to the Company's 9 1/2% Series A Cumulative Preferred Stock, \$.01 par value (incorporated by reference to Exhibit 3.4 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102).

EXHIBIT NUMBER	DESCRIPTION
4.5	Articles of Amendment to the Company's Articles of Incorporation dated May 31, 1996 (incorporated by reference to Exhibit 3.3 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102).
4.6	Articles Supplementary relating to the Company's 8 3/4% Series B Cumulative Preferred Stock, \$.01 par value (incorporated by reference to Exhibit 3.1 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102).
4.7	Deposit Agreement, dated May 14, 1997, by and among the Company, First Chicago Trust Company of New York and holders from time to time of Depositary Receipts (incorporated by reference to Exhibit 4.3 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102).
4.8	Articles Supplementary relating to the Company's 8 5/8% Series C Cumulative Preferred Stock, \$.01 par value (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company dated June 6, 1997, File No. 1-13102).
4.9	Deposit Agreement, dated June 6, 1997, by and among the Company, First Chicago Trust Company of New York and holders from time to time of Depositary Receipts (incorporated by reference to Exhibit 4.3 of the Form 8-K of the Company dated June 6, 1997, File No. 1-13102).
4.10**	Articles Supplementary relating to the Company's Junior Participating Preferred Stock, \$.01 par value
4.11	Certificate of Limited Partnership of the Operating Partnership, as amended (incorporated by reference to Exhibit 4.6 of the Registration Statement on Form S-3 of the Company and the Operating Partnership, File No. 333-21873).
4.12	Fourth Amended and Restated Limited Partnership Agreement of the Operating Partnership (the "Partnership Agreement") (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company dated June 13, 1997, File No. 1-13102).
4.13	First Amendment to the Partnership Agreement (incorporated by reference to Exhibit 10.3 of the Form 10-Q/A No. 1 of the Company filed August 26, 1997).
4.14	Second Amendment to the Partnership Agreement (incorporated by reference to Exhibit 10.4 of the Form 10-Q/A No. 1 of the Company filed August 26, 1997).
4.15**	Third Amendment to the Partnership Agreement.
4.16**	Fourth Amendment to the Partnership Agreement.
4.17**	Fifth Amendment to the Partnership Agreement.
4.18**	Sixth Amendment to the Partnership Agreement.
4.19	Indenture, dated as of May 13, 1997, between the Operating Partnership and First Trust National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102).

EXHIBIT NUMBER	DESCRIPTION
4.20	Supplemental Indenture No. 1, dated as of May 13, 1997, between the Operating Partnership and First Trust National Association as Trustee relating to \$150 million of 7.60% Notes due 2007 and \$100 million of 7.15% Notes due 2027 (incorporated by reference to Exhibit 4.2 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, file No. 1-13102).
4.21	Supplemental Indenture No. 2, dated as of May 22, 1997, between the Operating Partnership and First Trust National Association as Trustee relating to \$100 million of 7 3/8% Notes due 2011 (incorporated by reference to exhibit 4.4 of the Form 10-Q of the Operating Partnership for the fiscal quarter ended March 31, 1997, file No. 333-21873).
4.22	Trust Agreement, dated as of May 16, 1997, between the Operating Partnership and First Bank National Association, as trustee (incorporated by reference to exhibit 4.5 of the Form 10-Q of the Operating Partnership for the fiscal quarter ended March 31, 1997, file No. 333-21873).
4.23**	Rights Agreement, dated as of September 16, 1997, between the Company and First Chicago Trust Company of New York, as Rights Agent.
5*	Opinion of Cahill Gordon & Reindel, counsel to the Registrants, as to the legality of the securities being registered, together with the opinion of McGuire Woods Battle & Boothe LLP.
8*	Opinion of Cahill Gordon & Reindel, counsel to the Registrants, as to certain tax matters.
12.1**	Computation of ratios of earnings to fixed charges and preferred stock dividends of the Company.
12.2**	Computation of ratios of earnings to fixed charges of the Operating Partnership.
23.1**	Consent of Coopers & Lybrand L.L.P.
23.2*	Consent of Cahill Gordon & Reindel (included in Exhibit 5 and Exhibit 8).
23.3*	Consent of McGuire Woods Battle & Boothe LLP (included in Exhibit 5).
24*	Power of Attorney (included on page II-5 of the Registration Statement as initially filed).
25	Statement of eligibility of Trustee on Form T-1 (incorporated by reference to Exhibit 25 of the Registration Statement on Form S-3 of the Company and the Operating Partnership, File No. 333-21873).
27.1	Financial Data Schedule of the Company (incorporated by reference to Exhibit 27 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, File No. 1-13102).
27.2*	Financial Data Schedule of the Operating Partnership.

\* Previously filed.

\*\* Filed herewith.

ITEM 17. UNDERTAKINGS.

(a) The undersigned registrants hereby undertake:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:



- (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
- (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act of 1933 if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

PROVIDED, HOWEVER, that paragraphs (a)(1)(i) and (a)(1)(ii) herein do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the undersigned registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement;

- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof; and
  - (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (b) The registrants hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of the annual report of either of the registrants pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the provisions described under Item 15 above, or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer, or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.
- (d) The undersigned registrants hereby undertake to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of section 310 of the Trust Indenture Act ("Act") in accordance with the rules and regulations prescribed by the Commission under section 305(b)(2) of the Act.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on September 23, 1997.

FIRST INDUSTRIAL REALTY TRUST, INC.

By: /s/ MICHAEL J. HAVALA

-----  
Name: Michael J. Havala  
Title: Chief Financial Officer

FIRST INDUSTRIAL, L.P.

By: First Industrial Realty Trust, Inc.

By: /s/ MICHAEL J. HAVALA

-----  
Name: Michael J. Havala  
Title: Chief Financial Officer

POWER OF ATTORNEY

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
*		
Michael T. Tomasz	Principal Executive Officer and Director	September 23, 1997
/s/ MICHAEL J. HAVALA		
Michael J. Havalala	Principal Financial and Accounting Officer	September 23, 1997
*		
Michael W. Brennan	Chief Operating Officer and Director	September 23, 1997
*		
Michael G. Damone	Director	September 23, 1997
*		
Kevin W. Lynch	Director	September 23, 1997
*		
John E. Rau	Director	September 23, 1997
*		
Jay H. Shidler	Chairman of the Board of Directors	September 23, 1997
*		
Robert J. Slater	Director	September 23, 1997
*		
J. Steven Wilson	Director	September 23, 1997

SIGNATURE

TITLE

DATE

\*

-----  
John L. Leshner

Director

September 23, 1997

\*By:

/s/ MICHAEL J. HAVALA

-----  
Michael J. Havala  
ATTORNEY-IN-FACT

II-7

## EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	PAGE
4.1	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102).	
4.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-3, File No. 333-03999).	
4.3	Articles of Amendment to the Company's Articles of Incorporation dated June 20, 1994 (incorporated by reference to Exhibit 3.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102).	
4.4	Articles Supplementary relating to the Company's 9 1/2% Series A Cumulative Preferred Stock, \$.01 par value (incorporated by reference to Exhibit 3.4 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102).	
4.5	Articles of Amendment to the Company's Articles of Incorporation dated May 31, 1996 (incorporated by reference to Exhibit 3.3 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102).	
4.6	Articles Supplementary relating to the Company's 8 3/4% Series B Cumulative Preferred Stock, \$.01 par value (incorporated by reference to Exhibit 3.1 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102).	
4.7	Deposit Agreement, dated May 14, 1997, by and among the Company, First Chicago Trust Company of New York and holders from time to time of Depositary Receipts (incorporated by reference to Exhibit 4.3 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102).	
4.8	Articles Supplementary relating to the Company's 8 5/8% Series C Cumulative Preferred Stock, \$.01 par value (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company dated June 6, 1997, File No. 1-13102).	
4.9	Deposit Agreement, dated June 6, 1997, by and among the Company, First Chicago Trust Company of New York and holders from time to time of Depositary Receipts (incorporated by reference to Exhibit 4.3 of the Form 8-K of the Company dated June 6, 1997, File No. 1-13102).	
4.10**	Articles Supplementary relating to the Company's Junior Participating Preferred Stock, \$.01 par value	
4.11	Certificate of Limited Partnership of the Operating Partnership, as amended (incorporated by reference to Exhibit 4.6 of the Registration Statement on Form S-3 of the Company and the Operating Partnership, File No. 333-21873).	
4.12	Fourth Amended and Restated Limited Partnership Agreement of the Operating Partnership (the "Partnership Agreement") (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company dated June 13, 1997, File No. 1-13102).	
4.13	First Amendment to the Partnership Agreement (incorporated by reference to Exhibit 10.3 of the Form 10-Q/A No. 1 of the Company filed August 26, 1997).	
4.14	Second Amendment to the Partnership Agreement (incorporated by reference to Exhibit 10.4 of the Form 10-Q/A No. 1 of the Company filed August 26, 1997).	
4.15**	Third Amendment to the Partnership Agreement.	
4.16**	Fourth Amendment to the Partnership Agreement.	
4.17**	Fifth Amendment to the Partnership Agreement.	
4.18**	Sixth Amendment to the Partnership Agreement.	

- 4.19 Indenture, dated as of May 13, 1997, between the Operating Partnership and First Trust National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102).
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- 4.23\*\* Rights Agreement, dated as of September 16, 1997, between the Company and First Chicago Trust Company of New York, as Rights Agent.
- 5\* Opinion of Cahill Gordon & Reindel, counsel to the Registrants, as to the legality of the securities being registered, together with the opinion of McGuire Woods Battle & Boothe LLP.
- 8\* Opinion of Cahill Gordon & Reindel, counsel to the Registrants, as to certain tax matters.
- 12.1\*\* Computation of ratios of earnings to fixed charges and preferred stock dividends of the Company.
- 12.2\*\* Computation of ratios of earnings to fixed charges of the Operating Partnership.
- 23.1\*\* Consent of Coopers & Lybrand L.L.P.
- 23.2\* Consent of Cahill Gordon & Reindel (included in Exhibit 5 and Exhibit 8).
- 23.3\* Consent of McGuire Woods Battle & Boothe LLP (included in Exhibit 5).
- 24\* Power of Attorney (included on page II-5 of the Registration Statement as initially filed).
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- 27.1 Financial Data Schedule of the Company (incorporated by reference to Exhibit 27 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, File No. 1-13102).
- 27.2\* Financial Data Schedule of the Operating Partnership.

- -----  
\* Previously filed.

\*\* Filed herewith.

FIRST INDUSTRIAL REALTY TRUST, INC.

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Articles Supplementary of Board of Directors Classifying  
and Designating a Series of Preferred Stock as  
Junior Participating Preferred Stock  
and Fixing Distribution and  
Other Preferences and Rights of Such Series

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First Industrial Realty Trust, Inc., a Maryland corporation, having its principal office in the State of Maryland in the City of Baltimore (the "Company"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

Pursuant to authority conferred upon the Board of Directors by the Charter and Bylaws of the Company, the Board of Directors pursuant to resolutions adopted on September 4 1997 (i) authorized the creation and issuance of up to 1,000,000 shares of Junior Participating Preferred Stock which stock was previously authorized but not issued and (ii) determined the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption of the shares of such series and the Dividend Rate payable on such series. Such preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, number of shares and Dividend Rate are as follows:

Section 1. NUMBER OF SHARES AND DESIGNATION. This class of Preferred Stock shall be designated the Junior Participating Preferred Stock (the "Preferred Shares") and the number of shares which shall constitute such series shall be

1,000,000 shares, par value \$.01 per share. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of Preferred Shares to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Company convertible into Preferred Shares.

Section 2. DIVIDEND RIGHTS. (1) Subject to the rights of holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Preferred Shares with respect to dividends, the holders of Preferred Shares shall be entitled prior to the payment of any dividends on shares ranking junior to the Preferred Shares to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of February, May, August and November in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Preferred Shares, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions (other than a dividend payable in shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise)) declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Preferred Shares. In the event the Company shall at any time (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of Preferred Shares were enti-



tled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) The Company shall declare a dividend or distribution on the Preferred Shares as provided in subparagraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1.00 per share on the Preferred Shares shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(3) Dividends shall begin to accrue and be cumulative on outstanding Preferred Shares from the Quarterly Dividend Payment Date next preceding the date of issue of such Preferred Shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Preferred Shares entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of Preferred Shares entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

Section 3. LIQUIDATION. (1) Upon any liquidation, dissolution or winding up of the Company, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Shares unless, prior thereto, the holders of shares of Preferred Shares shall have received \$1.00 per share (the "Liquidation Preference"), plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment. Following the payment of the full amount of the Liquidation Preference, no additional distributions shall be made to the holders of shares of Preferred Shares unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph (C) below to reflect such events as stocks splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Liquidation Preference and the Common Adjustment in respect of all outstanding Preferred Shares and shares of Common Stock, respectively, holders of Preferred Shares and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to the Preferred Shares and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Preferred Shares, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Company shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 4. NO REDEMPTION. (1) Except as provided below, the Preferred Shares shall not be redeemable.

(2) The Preferred Shares are subject to the provisions of Article IX of the Charter, including, without limitation, the provisions for the redemption of Excess Stock (as defined in such Article).

Section 5. VOTING RIGHTS. The holders of Preferred Shares shall have the following voting rights:

(1) Subject to the provision for adjustment hereinafter set forth, each Preferred Share shall entitle the holder thereof to 100 votes on all matters voted on at a meeting of the stockholders of the Company. In the event the Company shall at any time (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, or (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of Preferred Shares were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) Except as otherwise provided herein or by law, the holders of Preferred Shares and the holders of shares of

Common Stock and any other capital stock of the Company having general voting rights shall vote together as one voting group on all matters submitted to a vote of stockholders of the Company.

(3) Except as set forth herein or as otherwise provided by law, holders of Preferred Shares shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 6. CERTAIN RESTRICTIONS.

(1) Whenever quarterly dividends or other dividends or distributions payable on the Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on Preferred Shares outstanding shall have been paid in full, the Company shall not:

declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Shares;

declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Shares, except dividends paid ratably on the Preferred Shares and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Shares, provided that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of

any stock of the Company ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Preferred Shares; or

purchase or otherwise acquire for consideration any shares of Preferred Shares or any shares of stock ranking on a parity with the Preferred Shares, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under subparagraph (A) of this Section 6, purchase or otherwise acquire such shares at such time and in such manner.

Section 7. REACQUIRED SHARES. Any Preferred Shares purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein or in the Charter.

Section 8. MERGER, CONSOLIDATION, ETC. In case the Company shall enter into any merger, consolidation, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each Preferred Share shall at the same time be similarly exchanged or changed into an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property

(payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of Preferred Shares shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 9. RANKING. The Preferred Shares shall rank, with respect to the payment of dividends and distribution of assets, junior to all series of any other class of the Company's Preferred Stock unless the terms of any such series shall provide otherwise.

Section 10. AMENDMENT. The Charter, including the Articles Supplementary establishing the rights and preferences of the Preferred Shares, shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Preferred Shares so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding shares of Preferred Shares, voting separately as one voting group.

Section 11. FRACTIONAL SHARES. Preferred Shares may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Preferred Shares.

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be signed in its name and on its behalf and attested to by the undersigned on this 5th day of September, 1997 and the undersigned acknowledges under the penalties of perjury that these Articles Supplementary are the corporate act of said Company and that to the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects.

FIRST INDUSTRIAL REALTY TRUST, INC.

By: /s/ Michael T. Tomasz

-----  
Name: Michael T. Tomasz  
Title: President and Chief  
Executive Officer

Attest:

/s/ Michael J. Havala

-----  
Name: Michael J. Havala  
Title: Chief Financial Officer and  
Secretary

THIRD AMENDMENT TO  
FOURTH AMENDED AND RESTATED  
LIMITED PARTNERSHIP AGREEMENT OF  
FIRST INDUSTRIAL, L.P.

The undersigned, being the sole general partner of First Industrial, L.P. (the "Partnership"), a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act and pursuant to the terms of that certain Fourth Amended and Restated Limited Partnership Agreement, dated June 6, 1997 (as amended by the first amendment thereto dated June 20, 1997 [the "First Amendment"] and the second amendment thereto dated June 30, 1997 [the "Second Amendment"], collectively, the "Partnership Agreement"), does hereby amend the Partnership Agreement as follows:

Capitalized terms used but not defined in this Third Amendment shall have the same meanings that are ascribed to them in the Partnership Agreement.

1. ADDITIONAL LIMITED PARTNERS. The Persons identified on SCHEDULE 1 hereto are hereby admitted to the Partnership as Additional Limited Partners owning the number of Units and having made the Capital Contributions set forth on such SCHEDULE 1. Such persons hereby adopt the Partnership Agreement.

2. SCHEDULE OF PARTNERS. EXHIBIT 1B to the Partnership Agreement is hereby deleted in its entirety and replaced by EXHIBIT 1B hereto which identifies the Partners following consummation of the transactions referred to in Section 1 hereof.

3. PROTECTED AMOUNTS. In connection with the transactions consummated pursuant to that certain Contribution Agreement (the "Contribution Agreement"), dated June 30, 1997, by and between FR Acquisitions, Inc., a Maryland corporation (it having assigned its entire right, title and interest in and to the Contribution Agreement to the Partnership), and the other parties listed on the signature pages of the Contribution Agreement, certain Protected Amounts are being established for the Additional Limited Partners admitted pursuant to this Third Amendment, which Protected Amounts are reflected on EXHIBIT 1D attached hereto and shall be incorporated as part of EXHIBIT 1D of the Partnership Agreement.

4. RATIFICATION. Except as expressly modified by this Third Amendment, all of the provisions of the Partnership Agreement are affirmed and ratified and remain in full force and effect.

Dated: July 18, 1997

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK;  
SIGNATURE PAGE TO FOLLOW]



## EXHIBIT 1B

## SCHEDULE OF PARTNERS

GENERAL PARTNER	NUMBER OF UNITS
First Industrial Realty Trust, Inc.	30,135,617
LIMITED PARTNERS	
Daniel R. Andrew, TR of the Daniel R. Andrew Trust UA Dec 29 92	137,489
BK Columbus Venture	24,789
John E. de B Blockey, TR of the John E. De B Blockey Trust	8,187
Michael W. Brennan	7,587
Edward Burger	9,261
National Discount Brokers NBD Acct. # 4KB-432708	770
National Discount Brokers NBD Acct. # 4KB-432690	770

LIMITED PARTNERS	NUMBER OF UNITS
Henry D. Bullock & Terri D. Bullock TR of the Henry D. & Terri D. Bullock Trust UA Aug 28 92	12,551
Michael G Damone, TR of the Michael G. Damone Trust UA Nov 4 69	144,296
Robert L. Denton	6,286
Henry E. Dietz Trust UA Jan 16 81	36,476
W. Allen Doane TR of the W. Allen Doane Trust UA May 31, 91	4,416
Timothy Donohue	2,000
Farlow Road Associates Limited Partnership	2,751
Thelma C. Gretzinger Trust	450
Clay Hamlin & Lynn Hamlin JT TEN WROS	15,159
Highland Associates Limited Partnership	69,039
Robert W. Holman Jr.	150,134
Steven B. Hoyt	220,080

LIMITED PARTNERS	NUMBER OF UNITS
Frederick K. Ito	3,880
Michael W. Jenkins	3,831
Peter Kepic	9,261
Paul T. Lambert	39,737
Lambert Investment Corporation	13,606
LGR Investment Fund Ltd	22,556
Duane Lund	617
Eileen Millar	2,880
Linda Miller	2,000
Peter Murphy	56,184
Anthony Muscatello	81,654
North Star Associates Limited Partnership	19,333
Arden O'Connor	63,845

LIMITED PARTNERS	NUMBER OF UNITS
Peter O'Connor	66,181
Shidler Equities LP	254,541
Eduardo Paneque	2,000
Partridge Road Associates Limited Partnership	2,751
James C. Reynolds	38,697
Shadeland Associates Limited Partnership	42,976
Shadeland Corporation	4,442
Jay H. Shidler	65,118
Jay H. Shidler & Walette A. Shidler TEN ENT	1,223
Michael B. Slade	2,829
Kevin Smith	13,571
Robert Stein	56,778



LIMITED PARTNERS	NUMBER OF UNITS
Jonathan Stott	130,026
Michael T. Tomasz	23,868
Mark S. Whiting	25,206
Holman/Shidler Investment Corporation	22,079
Joseph Dresner	149,531
The Milton Dresner Revocable Trust dated October 22, 1976	149,531
The Jack Friedman Revocable Living Trust dated March 23, 1978	26,005
Jernie Holdings Corp.	180,499
Fourbur Family Co., L.P.	50,478
Fourbur Co., L.L.C.	27,987
Jerome Lazarus	18,653
Constance Lazarus	417,961
Susan Burman	523,155

LIMITED PARTNERS	NUMBER OF UNITS
Judith Draizin	331,742
Jan Burman	18,653
Danielle Draizin	6,538
Heather Draizin	6,538
Jason Draizin	13,078
Charles T. Andrews	754
Perry C. Caplan	1,388
Charles S. Cook and Shelby H. Cook, tenants in the entirety	634
George L. Cramer, Jr.	2,262
Darwin B. Dosch	1,388
Charles F. Downs	1,508
Fitz & Smith Partnership	3,410
Dennis G. Goodwin and Jeannie L. Goodwin, tenants in the entirety	6,166

LIMITED PARTNERS	NUMBER OF UNITS
Internal Investment Company	3,016
Thomas J. Johnson, Jr. and Sandra L. Johnson, tenants in the entirety	2,142
Nourhan Kailian	2,183
Craig R. Martin	754
Joseph Musti	1,508
Dean A. Nachtigall	10,076
Jack F. Ream	1,071
Glenn C. & Linda A. Rexroth	2,142
Andre G. Richard	1,508
Edward C. Roberts and Rebecca S. Roberts, tenants in the entirety	8,308
W.F.O. Rosenmiller	634
Edward Jon Sarama	634



LIMITED PARTNERS	NUMBER OF UNITS
David W. Smith, and Doris L. Smith, tenants in the entirety	754
Gary L. Smith and Joyce A. Smith, tenants in the entirety	1,508
SRS PARTNERSHIP	2,142
Barry L. Tracey	2,142
Malcolm Properties, L.L.C.	25,342
R.C.P. Associates, a New Jersey limited partnership	3,060
The Worlds Fair V Associates, a New Jersey general partnership	3,340
The Worlds Fair 25 Associates, a Limited Partnership, a New Jersey limited partnership	13,677
The Worlds Fair Office Associates, a New Jersey general partnership	3,343
South Broad Company, a New Jersey limited partnership	22,534
Gamma Three Associates Limited Partnership, a New Jersey limited partnership	3,338

Ethel Road Associates, a New Jersey limited partnership	29,511
Jayeff Associates Limited Partnership, a New Jersey limited partnership	16,249
Suburban Roseland Associates, a Limited Partnership, a New Jersey limited partnership	3,002
Worlds Fair Associates, a New Jersey general partnership	6,134
Punia Company, L.L.C., a New Jersey limited liability company	7,117
New Land Associates Limited Partnership, a New Jersey limited partnership	1,664
Worlds Fair Limited Partnership, a New Jersey limited partnership	1,664
Montrose Kennedy Associates, a New Jersey general partnership	4,874

EXHIBIT 1D

PROTECTED AMOUNTS  
-----

Montrose Kennedy Associates,  
a New Jersey general partnership

\$188,290

SCHEDULE 1

Additional Limited Partners -----	Number of Units -----	Capital Contribution -----
Montrose Kennedy Associates, a New Jersey general partnership	4,874	\$144,722.00

FOURTH AMENDMENT TO  
FOURTH AMENDED AND RESTATED  
LIMITED PARTNERSHIP AGREEMENT OF  
FIRST INDUSTRIAL, L.P.

As of July 31, 1997, the undersigned, being the sole general partner of First Industrial, L.P. (the "PARTNERSHIP"), a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act and pursuant to the terms of that certain Fourth Amended and Restated Limited Partnership Agreement, dated June 6, 1997 (as amended by the first amendment thereto dated June 20, 1997, the second amendment thereto dated June 30, 1997 and the third amendment thereto dated July 18, 1997, collectively, the "PARTNERSHIP AGREEMENT"), does hereby amend the Partnership Agreement as follows: Capitalized terms used but not defined in this Fourth Amendment shall have the same meanings that are ascribed to them in the Partnership Agreement.

1. ADDITIONAL LIMITED PARTNERS. The Persons identified on SCHEDULE 1 hereto are hereby admitted to the Partnership as Additional Limited Partners owning the number of Units and having made the Capital Contributions set forth on such SCHEDULE 1. Such persons hereby adopt the Partnership Agreement.

2. SCHEDULE OF PARTNERS. EXHIBIT 1B to the Partnership Agreement is hereby deleted in its entirety and replaced by EXHIBIT 1B hereto which identifies the Partners following consummation of the transactions referred to in Section 1 hereof.

3. PROTECTED AMOUNTS. In connection with the transactions consummated pursuant to that certain Contribution Agreement (the "CONTRIBUTION AGREEMENT"), dated June 30, 1997, by and between FR Acquisitions, Inc., a Maryland corporation (it having assigned its entire right, title and interest in and to the Contribution Agreement to the Partnership), and the other parties listed on the signature pages of the Contribution Agreement, certain Protected Amounts are being established for the Additional Limited Partners admitted pursuant to this Fourth Amendment, which Protected Amounts are reflected on EXHIBIT 1D attached hereto and shall be incorporated as part of EXHIBIT 1D of the Partnership Agreement.

4. RATIFICATION. Except as expressly modified by this Fourth Amendment, all of the provisions of the Partnership Agreement are affirmed and ratified and remain in full force and effect.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK;  
SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the date first written above.

FIRST INDUSTRIAL REALTY TRUST, INC.,  
as sole general partner of the Partnership

By: /s/ Michael Havala  
-----  
Name: Michael Havala  
-----  
Title: Chief Financial Officer  
-----

## EXHIBIT 1B

## SCHEDULE OF PARTNERS

GENERAL PARTNER	NUMBER OF UNITS
First Industrial Realty Trust, Inc.	30,141,117

  

LIMITED PARTNERS	NUMBER OF UNITS
Daniel R. Andrew, TR of the Daniel R. Andrew Trust UA Dec 29 92	137,489
Charles T. Andrews	754
BK Columbus Venture	24,789
Michael W. Brennan	7,587
National Discount Brokers NBD Acct. # 4KB-432690	770
National Discount Brokers NBD Acct. # 4KB-432708	770
Henry D. Bullock & Terri D. Bullock	
TR of the Henry D. & Terri D. Bullock Trust UA Aug 28 92	12,551
Edward Burger	9,261
Jan Burman	18,653
Susan Burman	523,155
Perry C. Caplan	1,388
Charles S. Cook and Shelby H. Cook, tenants in the entirety	634
George L. Cramer, Jr.	2,262

LIMITED PARTNERS	NUMBER OF UNITS
Michael G. Damone, TR of the Michael G. Damone Trust UA Nov 4 69	144,296
Robert L. Denton	6,286
W. Allen Doane TR of the W. Allen Doane Trust UA May 31, 91	4,416
Timothy Donohue	2,000
Darwin B. Dosch	1,388
Charles F. Downs	1,508
Danielle Draizin	6,538
Heather Draizin	6,538
Jason Draizin	13,078
Judith Draizin	331,742
Joseph Dresner	149,531
Ethel Road Associates, a New Jersey limited partnership	29,511
Farlow Road Associates Limited Partnership	2,751
Fitz & Smith Partnership	3,410
Fourbur Co., L.L.C.	27,987
Fourbur Family Co., L.P.	50,478
Gamma Three Associates Limited Partnership, a New Jersey limited partnership	3,338
Dennis G. Goodwin and Jeannie L. Goodwin, tenants in the entirety	6,166



LIMITED PARTNERS	NUMBER OF UNITS
Clay Hamlin & Lynn Hamlin JT TEN WROS	15,159
Henry E. Dietz Trust UA Jan 16 81	36,476
Highland Associates Limited Partnership	69,039
Robert W. Holman Jr.	150,134
Holman/Shidler Investment Corporation	22,079
Steven B. Hoyt	22,000
Internal Investment Company	3,016
Frederick K. Ito	3,880
The Jack Friedman Revocable Living Trust dated March 23, 1978	26,005
Jayeff Associates Limited Partnership, a New Jersey limited partnership	16,249
Michael W. Jenkins	3,831
Jernie Holdings Corp.	180,499
John E. de Blockey, TR of the John E. De B Blockey Trust	8,187
Thomas J. Johnson, Jr. and Sandra L. Johnson, tenants in the entirety	2,142
Nourhan Kailian	2,183
Peter Kopic	9,261
Lambert Investment Corporation	13,606
Paul T. Lambert	39,737
Constance Lazarus	417,961

LIMITED PARTNERS	NUMBER OF UNITS
Jerome Lazarus	18,653
LGR Investment Fund Ltd	22,556
Malcolm Properties, L.L.C.	25,342
Shidler Equities LP	254,541
Duane Lund	617
Craig R. Martin	754
Eileen Millar	2,880
Linda Miller	2,000
The Milton Dresner Revocable Trust dated October 22, 1976	149,531
Montrose Kennedy Associates, a New Jersey general partnership	4,874
Peter Murphy	56,184
Anthony Muscatello	81,654
Joseph Musti	1,508
Dean A. Nachtigall	10,076
New Land Associates Limited Partnership, a New Jersey limited partnership	1,664
North Star Associates Limited Partnership	19,333
Arden O'Connor	63,845
Peter O'Connor	66,181
Eduardo Paneque	2,000
Partridge Road Associates Limited Partnership	2,751

LIMITED PARTNERS	NUMBER OF UNITS
R.C.P. Associates, a New Jersey limited partnership	3,060
Jack F. Ream	1,071
Glenn C. Rexroth & Linda A. Rexroth	2,142
James C. Reynolds	38,697
Andre G. Richard	1,508
Edward C. Roberts and Rebecca S. Roberts, tenants in the entirety	8,308
W.F.O. Rosenmiller	634
Edward Jon Sarama	634
Shadeland Associates Limited Partnership	42,976
Shadeland Corporation	4,442
Jay H. Shidler	65,118
Jay H. Shidler & Walette A. Shidler TEN ENT	1,223
Michael B. Slade	2,829
David W. Smith, and Doris L. Smith, tenants in the entirety	754
Gary L. Smith and Joyce A. Smith, tenants in the entirety	1,508
Kevin Smith	13,571
South Broad Company, a New Jersey limited partnership	22,534
SRS PARTNERSHIP	2,142
Robert Stein	56,778

LIMITED PARTNERS	NUMBER OF UNITS
S. Larry Stein	56,778
Jonathan Stott	130,026
Suburban Roseland Associates, a Limited Partnership, a New Jersey limited partnership	3,002
Thelma C. Gretzinger Trust	450
Michael T. Tomasz	23,868
Barry L. Tracey	2,142
Mark S. Whiting	25,206
Worlds Fair Associates, a New Jersey general partnership	6,134
The Worlds Fair Office Associates, a New Jersey general partnership	3,343
Worlds Fair Partners Limited Partnership, a New Jersey limited partnership	1,664
The Worlds Fair V Associates, a New Jersey general partnership	3,340
The Worlds Fair 25 Associates, a Limited Partnership, a New Jersey limited partnership	13,677
Worlds Fair III Associates, a New Jersey limited partnership	14,094
South Gold Company, a New Jersey general partnership	53,000
Punia Company, L.L.C.	82,049

EXHIBIT 1D

PROTECTED AMOUNTS  
-----

South Gold Company, a New Jersey general partnership	\$1,131,673
Worlds Fair III Associates, a New Jersey limited partnership	\$9,781,305

SCHEDULE 1

Additional Limited Partners -----	Number of Units -----	Capital Contribution -----
South Gold Company, a New Jersey general partnership	53,000	\$1,558,203.47
Worlds Fair III Associates, a New Jersey limited partnership	14,094	\$414,375.59
Punia Company, L.L.C.	82,049	\$2,412,231.75

FIFTH AMENDMENT TO  
FOURTH AMENDED AND RESTATED  
LIMITED PARTNERSHIP AGREEMENT OF  
FIRST INDUSTRIAL, L.P.

As of August 1, 1997, the undersigned, being the sole general partner of First Industrial, L.P. (the "PARTNERSHIP"), a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act and pursuant to the terms of that certain Fourth Amended and Restated Limited Partnership Agreement, dated June 6, 1997 (as amended by the first amendment thereto dated June 20, 1997, the second amendment thereto dated June 30, 1997, the third amendment thereto dated July 18, 1997 and the fourth amendment thereto dated July 31, 1997, collectively, the "PARTNERSHIP AGREEMENT"), does hereby amend the Partnership Agreement as follows:

Capitalized terms used but not defined in this Fourth Amendment shall have the same meanings that are ascribed to them in the Partnership Agreement.

1. ADDITIONAL LIMITED PARTNERS. The Persons identified on SCHEDULE 1 hereto are hereby admitted to the Partnership as Additional Limited Partners owning the number of Units and having made the Capital Contributions set forth on such SCHEDULE 1. Such persons hereby adopt the Partnership Agreement.

2. SCHEDULE OF PARTNERS. EXHIBIT 1B to the Partnership Agreement is hereby deleted in its entirety and replaced by EXHIBIT 1B hereto which identifies the Partners following consummation of the transactions referred to in Section 1 hereof.

3. PROTECTED AMOUNTS. In connection with the transactions consummated pursuant to that certain Contribution Agreement (the "CONTRIBUTION AGREEMENT"), dated June 30, 1997, by and between FR Acquisitions, Inc., a Maryland corporation (it having assigned its entire right, title and interest in and to the Contribution Agreement to the Partnership), and the other parties listed on the signature pages of the Contribution Agreement, certain Protected Amounts are being established for the Additional Limited Partners admitted pursuant to this Fourth Amendment, which Protected Amounts are reflected on EXHIBIT 1D attached hereto and shall be incorporated as part of EXHIBIT 1D of the Partnership Agreement.

4. RATIFICATION. Except as expressly modified by this Fourth Amendment, all of the provisions of the Partnership Agreement are affirmed and ratified and remain in full force and effect.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK;  
SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the date first written above.

FIRST INDUSTRIAL REALTY TRUST, INC.,  
as sole general partner of the Partnership

By: /s/ Michael Havala  
-----  
Name: Michael Havala  
-----  
Title: Chief Financial Officer  
-----



## EXHIBIT 1B

## SCHEDULE OF PARTNERS

GENERAL PARTNER	NUMBER OF UNITS
First Industrial Realty Trust, Inc.	30,141,117

  

LIMITED PARTNERS	NUMBER OF UNITS
Daniel R. Andrew, TR of the Daniel R. Andrew Trust UA Dec 29 92	137,489
Charles T. Andrews	754
BK Columbus Venture	24,789
Michael W. Brennan	7,587
National Discount Brokers NBD Acct. # 4KB-432690	770
National Discount Brokers NBD Acct. # 4KB-432708	770
Henry D. Bullock & Terri D. Bullock TR of the Henry D. & Terri D. Bullock Trust UA Aug 28 92	12,551
Edward Burger	9,261
Jan Burman	18,653
Susan Burman	523,155
Perry C. Caplan	1,388
Charles S. Cook and Shelby H. Cook, tenants in the entirety	634
George L. Cramer, Jr.	2,262

LIMITED PARTNERS	NUMBER OF UNITS
Michael G. Damone, TR of the Michael G.Damone Trust UA Nov 4 69	144,296
Robert L. Denton	6,286
W. Allen Doane TR of the W. Allen Doane Trust UA May 31, 91	4,416
Timothy Donohue	2,000
Darwin B. Dosch	1,388
Charles F. Downs	1,508
Danielle Draizin	6,538
Heather Draizin	6,538
Jason Draizin	13,078
Judith Draizin	331,742
Joseph Dresner	149,531
Ethel Road Associates, a New Jersey limited partnership	29,511
Farlow Road Associates Limited Partnership	2,751
Fitz & Smith Partnership	3,410
Fourbur Co., L.L.C.	27,987
Fourbur Family Co., L.P.	50,478
Gamma Three Associates Limited Partnership, a New Jersey limited partnership	3,338
Dennis G. Goodwin and Jeannie L. Goodwin, tenants in the entirety	6,166

LIMITED PARTNERS	NUMBER OF UNITS
Clay Hamlin & Lynn Hamlin JT TEN WROS	15,159
Henry E. Dietz Trust UA Jan 16 81	36,476
Highland Associates Limited Partnership	69,039
Robert W. Holman Jr.	150,134
Holman/Shidler Investment Corporation	22,079
Steven B. Hoyt	22,000
Internal Investment Company	3,016
Frederick K. Ito	3,880
The Jack Friedman Revocable Living Trust dated March 23, 1978	26,005
Jayeff Associates Limited Partnership, a New Jersey limited partnership	16,249
Michael W. Jenkins	3,831
Jernie Holdings Corp.	180,499
John E. de Blockey, TR of the John E. De B Blockey Trust	8,187
Thomas J. Johnson, Jr. and Sandra L. Johnson, tenants in the entirety	2,142
Nourhan Kailian	2,183
Peter Kopic	9,261
Lambert Investment Corporation	13,606
Paul T. Lambert	39,737
Constance Lazarus	417,961

LIMITED PARTNERS	NUMBER OF UNITS
Jerome Lazarus	18,653
LGR Investment Fund Ltd	22,556
Malcolm Properties, L.L.C.	25,342
Shidler Equities LP	254,541
Duane Lund	617
Craig R. Martin	754
Eileen Millar	2,880
Linda Miller	2,000
The Milton Dresner Revocable Trust dated October 22, 1976	149,531
Montrose Kennedy Associates, a New Jersey general partnership	4,874
Peter Murphy	56,184
Anthony Muscatello	81,654
Joseph Musti	1,508
Dean A. Nachtigall New Land Associates Limited Partnership, a New Jersey limited partnership	10,076
North Star Associates Limited Partnership	1,664
Arden O'Connor	19,333
Peter O'Connor	63,845
Eduardo Paneque	66,181
Partridge Road Associates Limited Partnership	2,000
	2,751

LIMITED PARTNERS	NUMBER OF UNITS
R.C.P. Associates, a New Jersey limited partnership	3,060
Jack F. Ream	1,071
Glenn C. Rexroth & Linda A. Rexroth	2,142
James C. Reynolds	38,697
Andre G. Richard	1,508
Edward C. Roberts and Rebecca S. Roberts, tenants in the entirety	8,308
W.F.O. Rosenmiller	634
Edward Jon Sarama	634
Shadeland Associates Limited Partnership	42,976
Shadeland Corporation	4,442
Jay H. Shidler	65,118
Jay H. Shidler & Walette A. Shidler TEN ENT	1,223
Michael B. Slade	2,829
David W. Smith, and Doris L. Smith, tenants in the entirety	754
Gary L. Smith and Joyce A. Smith, tenants in the entirety	1,508
Kevin Smith	13,571
South Broad Company, a New Jersey limited partnership	22,534
South Gold Company, a New Jersey general partnership	53,000

LIMITED PARTNERS	NUMBER OF UNITS
SRS PARTNERSHIP	2,142
Robert Stein	56,778
S. Larry Stein	56,778
Jonathan Stott	130,026
Suburban Roseland Associates, a Limited Partnership, a New Jersey limited partnership	3,002
Thelma C. Gretzinger Trust	450
Michael T. Tomasz	23,868
Barry L. Tracey	2,142
Mark S. Whiting	25,206
Worlds Fair Associates, a New Jersey general partnership	6,134
The Worlds Fair Office Associates, a New Jersey general partnership	3,343
Worlds Fair Partners Limited Partnership, a New Jersey limited partnership	1,664
Worlds Fair III Associates, a New Jersey limited partnership	14,094
The Worlds Fair V Associates, a New Jersey general partnership	3,340
The Worlds Fair 25 Associates, a Limited Partnership, a New Jersey limited partnership	13,677
Van Brunt Associates, a New Jersey limited partnership	39,370
Punia Company, L.L.C.	8,642

EXHIBIT 1D

PROTECTED AMOUNTS  
-----

Van Brunt Associates, a New  
Jersey limited partnership

\$2,744,605

SCHEDULE 1

Additional Limited Partners -----	Number of Units -----	Capital Contribution -----
Van Brunt Associates, a New Jersey limited partnership	39,370	\$1,158,256.54
Punia Company, L.L.C.	8,642	\$254,251.44



SIXTH AMENDMENT TO  
FOURTH AMENDED AND RESTATED  
LIMITED PARTNERSHIP AGREEMENT OF  
FIRST INDUSTRIAL, L.P.

As of August 29, 1997, the undersigned, being the sole general partner of First Industrial, L.P. (the "PARTNERSHIP"), a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act and pursuant to the terms of that certain Fourth Amended and Restated Limited Partnership Agreement, dated June 6, 1997 (as amended by the first amendment thereto dated June 20, 1997, the second amendment thereto dated June 30, 1997, the third amendment thereto dated July 18, 1997, the fourth amendment thereto dated July 31, 1997 and the fifth Amendment thereto dated August 1, 1997, collectively, the "PARTNERSHIP AGREEMENT"), does hereby amend the Partnership Agreement as follows:

Capitalized terms used but not defined in this Sixth Amendment shall have the same meanings that are ascribed to them in the Partnership Agreement.

1. ADDITIONAL LIMITED PARTNERS. The Persons identified on SCHEDULE 1 hereto are hereby admitted to the Partnership as Additional Limited Partners owning the number of Units and having made the Capital Contributions set forth on such SCHEDULE 1. Such persons hereby adopt the Partnership Agreement. The General Partner hereby consents to the assignment of the Units of the Additional Limited Partners identified as transferors on SCHEDULE 2 hereto to the parties identified as transferees and in the amounts set forth on such SCHEDULE 2, and to the admission to the Partnership as Substituted Limited Partners of such transferees, and such transferees are hereby admitted to the Partnership as Substituted Limited Partners.

2. SCHEDULE OF PARTNERS. EXHIBIT 1B to the Partnership Agreement is hereby deleted in its entirety and replaced by EXHIBIT 1B hereto which identifies the Partners following consummation of the transactions referred to in Section 1 hereof.

3. PROTECTED AMOUNTS. In connection with the transactions consummated pursuant to that certain Contribution Agreement (the "CONTRIBUTION AGREEMENT"), dated June 30, 1997, by and between FR Acquisitions, Inc., a Maryland corporation (it having assigned its entire right, title and interest in and to the Contribution Agreement to the Partnership), and the other parties listed on the signature pages of the Contribution Agreement, certain Protected Amounts are being established for the Additional Limited Partners admitted pursuant to this Sixth Amendment, which Protected Amounts are reflected on EXHIBIT 1D attached hereto and shall be incorporated as part of EXHIBIT 1D of the Partnership Agreement.

4. RATIFICATION. Except as expressly modified by this Sixth Amendment, all of the provisions of the Partnership Agreement are affirmed and ratified and remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Sixth Amendment as of the date first written above.

FIRST INDUSTRIAL REALTY TRUST, INC.,  
as sole general partner of the Partnership

By: /s/ Michael Havala  
-----  
Name: Michael Havala  
-----  
Title: Chief Financial Officer  
-----

## EXHIBIT 1B

## SCHEDULE OF PARTNERS

GENERAL PARTNER	NUMBER OF UNITS
First Industrial Realty Trust, Inc.	30,151,117
LIMITED PARTNERS	
NUMBER OF UNITS	
Daniel R. Andrew, TR of the Daniel R. Andrew Trust UA Dec 29 92	137,489
Charles T. Andrews	754
BK Columbus Venture	24,789
Michael W. Brennan	7,587
Henry D. Bullock & Terri D. Bullock & Shawn Stevenson TR of the Bullock Childrens Education Trust UA Dec 20 94, FBO Benjamin Dure Bullock	770
Henry D. Bullock & Terri D. Bullock & Shawn Stevenson TR of the Bullock Childrens Education Trust UA Dec 20 94, FBO Christine Laurel Bullock	770
Henry D. Bullock & Terri D. Bullock TR of the Henry D. & Terri D. Bullock Trust UA Aug 28 92	12,551
Edward Burger	9,261
Jan Burman	18,653
Susan Burman	523,155
Perry C. Caplan	1,388
Charles S. Cook and Shelby H. Cook, tenants in the entirety	634

LIMITED PARTNERS	NUMBER OF UNITS
George L. Cramer, Jr.	2,262
Michael G. Damone, TR of the Michael G.Damone Trust UA Nov 4 69	144,296
Robert L. Denton	6,286
W. Allen Doane TR of the W. Allen Doane Trust UA May 31, 91	4,416
Timothy Donohue	2,000
Darwin B. Dosch	1,388
Charles F. Downs	1,508
Danielle Draizin	6,538
Heather Draizin	6,538
Jason Draizin	13,078
Judith Draizin	331,742
Joseph Dresner	149,531
Ethel Road Associates, a New Jersey limited partnership	29,511
Farlow Road Associates Limited Partnership	2,751
Fitz & Smith Partnership	3,410
Fourbur Co., L.L.C.	27,987
Fourbur Family Co., L.P.	50,478
Gamma Three Associates Limited Partnership, a New Jersey limited partnership	3,338
Dennis G. Goodwin and Jeannie L. Goodwin, tenants in the entirety	6,166

LIMITED PARTNERS	NUMBER OF UNITS
Clay Hamlin & Lynn Hamlin JT TEN WROS	15,159
Henry E. Dietz Trust UA Jan 16 81	36,476
Highland Associates Limited Partnership	69,039
Robert W. Holman Jr.	150,134
Holman/Shidler Investment Corporation	22,079
Steven B. Hoyt	220,000
Internal Investment Company	3,016
Frederick K. Ito	3,880
The Jack Friedman Revocable Living Trust dated March 23, 1978	26,005
Jayeff Associates Limited Partnership, a New Jersey limited partnership	16,249
Michael W. Jenkins	3,831
Jernie Holdings Corp.	180,499
John E. de Blockey, TR of the John E. De B Blockey Trust	8,187
Thomas J. Johnson, Jr. and Sandra L. Johnson, tenants in the entirety	2,142
Nourhan Kailian	2,183
Peter Kopic	9,261
Lambert Investment Corporation	13,606
Paul T. Lambert	39,737
Constance Lazarus	417,961

LIMITED PARTNERS	NUMBER OF UNITS
Jerome Lazarus	18,653
LGR Investment Fund Ltd	22,556
Malcolm Properties, L.L.C.	25,342
Shidler Equities LP	254,541
Duane Lund	617
Craig R. Martin	754
Eileen Millar	2,880
Linda Miller	2,000
The Milton Dresner Revocable Trust dated October 22, 1976	149,531
Montrose Kennedy Associates, a New Jersey general partnership	4,874
Peter Murphy	56,184
Anthony Muscatello	81,654
Joseph Musti	1,508
Dean A. Nachtigall	10,076
New Land Associates Limited Partnership, a New Jersey limited partnership	1,664
North Star Associates Limited Partnership	19,333
Arden O'Connor	63,845
Peter O'Connor	66,181
Eduardo Paneque	2,000
Partridge Road Associates Limited Partnership	2,751

LIMITED PARTNERS	NUMBER OF UNITS
R.C.P. Associates, a New Jersey limited partnership	3,060
Jack F. Ream	1,071
Glenn C. Rexroth & Linda A. Rexroth	2,142
James C. Reynolds	38,697
Andre G. Richard	1,508
Edward C. Roberts and Rebecca S. Roberts, tenants in the entirety	8,308
W.F.O. Rosenmiller	634
Edward Jon Sarama	634
Shadeland Associates Limited Partnership	42,976
Shadeland Corporation	4,442
Jay H. Shidler	65,118
Jay H. Shidler & Walette A. Shidler TEN ENT	1,223
Michael B. Slade	2,829
David W. Smith, and Doris L. Smith, tenants in the entirety	754
Gary L. Smith and Joyce A. Smith, tenants in the entirety	1,508
Kevin Smith	13,571
South Broad Company, a New Jersey limited partnership	72,421
South Gold Company, a New Jersey general partnership	53,000

LIMITED PARTNERS	NUMBER OF UNITS
SRS PARTNERSHIP	2,142
Robert Stein	56,778
S. Larry Stein	56,778
Jonathan Stott	130,026
Suburban Roseland Associates, a Limited Partnership, a New Jersey limited partnership	3,002
Thelma C. Gretzinger Trust	450
Michael T. Tomasz	23,868
Barry L. Tracey	2,142
Mark S. Whiting	25,206
Worlds Fair Associates, a New Jersey general partnership	6,134
The Worlds Fair Office Associates, a New Jersey general partnership	3,343
Worlds Fair Partners Limited Partnership, a New Jersey limited partnership	1,664
Worlds Fair III Associates, a New Jersey limited partnership	14,094
The Worlds Fair V Associates, a New Jersey general partnership	3,340
The Worlds Fair 25 Associates, a Limited Partnership, a New Jersey limited partnership	13,677
Van Brunt Associates, a New Jersey limited partnership	39,370
Punia Company, L.L.C.	1,995



LIMITED PARTNERS	NUMBER OF UNITS
Princeton South at Lawrenceville One, a New Jersey limited partnership	4,426
Princeton South at Lawrenceville, L.L.C., a New Jersey limited liability company	4,692

EXHIBIT 1D

PROTECTED AMOUNTS  
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Princeton South at Lawrenceville One, a New Jersey limited partnership	\$ 5,267,344
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SCHEDULE 1

Additional Limited Partners -----	Number of Units -----	Capital Contribution -----
Princeton South at Lawrenceville One, a New Jersey limited partnership	6,421	\$191,282.31
South Broad Company, a New Jersey limited partnership	49,887	\$1,499,104.35
Princeton South at Lawrenceville, L.L.C., a New Jersey limited liability company	4,692	N/A

SCHEDULE 2

Transferror -----	New Holder -----	Units -----	Capital Account -----
Princeton South at Lawrenceville One, a New Jersey limited partnership	Punia Company, L.L.C., a New Jersey limited liability company	1,995	\$59,431.05

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FIRST INDUSTRIAL REALTY TRUST, INC.

and

FIRST CHICAGO TRUST COMPANY OF NEW YORK, as Rights Agent

RIGHTS AGREEMENT

Dated as of

September 16, 1997

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RIGHTS AGREEMENT  
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Rights Agreement, dated as of September 16, 1997 between First Industrial Realty Trust, Inc., a Maryland corporation (the "Company"), and First Chicago Trust Company of New York, a New York corporation (the "Rights Agent").

W I T N E S S E T H :  
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WHEREAS, the Board of Directors of the Company on September 4, 1997 (the "Rights Dividend Declaration Date") authorized and declared a dividend distribution (the "Distribution") of one Right for each outstanding share of the Common Stock, \$0.01 par value, of the Company (the "Common Stock") outstanding at the close of business on October 19, 1997 (the "Record Date") and has authorized and directed the issuance of one Right (as such number may hereinafter be adjusted pursuant to the provisions of Section 11(p) hereof) in respect of each share of Common Stock issued (whether originally issued or delivered from the Company's treasury stock) between the Record Date and the earlier of the Distribution Date or the Expiration Date (as such terms are hereinafter defined), each Right initially representing the right to purchase, under certain circumstances, one one-hundredth of a share of Junior Participating Preferred Stock of the Company having the rights, powers and preferences set forth in the Articles Supplementary attached hereto as Exhibit A, upon the terms and subject to the conditions hereinafter set forth (the "Rights");

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. CERTAIN DEFINITIONS. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates (as such term is hereinafter defined) and Associates (as such term is hereinafter defined) of such Person, shall be the Beneficial Owner (as such term is hereinafter defined) of securities of the Company constituting a Substantial Block (as such term is hereinafter defined), but shall not include (i) the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company or any Person organized, appointed or established by the Company or any Subsidiary of the Company for or pursuant to the terms of any such plan, (ii) any Person who or which, together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of a Substantial Block solely as a result of a change in the aggregate number of shares of Voting Stock outstanding since the last date on which such Person acquired Beneficial Ownership of any shares of the Voting Stock constituting all or a portion of such Substantial Block; and (iii) any Person who or which, together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of a Substantial Block in the good faith belief that such acquisition would not (x) cause such Person and its Affiliates and Associates to become the Beneficial Owner of a Substantial Block and such Person relied in good faith in computing the percentage of its voting power on publicly filed reports or documents of the Company which are inaccurate or out-of-date or (y) otherwise cause a Distribution Date or the adjustment provided for in Section 11(a) to occur. Notwithstanding clause (ii) or (iii) of the prior sentence, if any Person that is not an Acquiring Person due to such clause (ii) or (iii) does not cease to be the Beneficial Owner of a Substantial Block by the close of business on the fifth Business Day after notice from the Company (the date of notice being the first day) that such Person is the Beneficial Owner of a Substantial Block, such Person shall, at the end of such five Business Day period, become an Acquiring Person (and such clause (ii) or (iii) shall no longer apply to such Person). For purposes of this definition, the determination

whether any Person acted in "good faith" shall be conclusively determined by the Board of Directors of the Company, acting by a vote of those directors of the Company whose approval would be required to redeem the Rights under Section 23.

(b) "Act" shall have the meaning set forth in Section 9(c) hereof.

(c) "Adjustment Shares" shall have the meaning set forth in Section 11(a)(ii) hereof.

(d) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as in effect on the date hereof.

(e) "Agreement" shall have the meaning set forth in the introduction hereto.

(f) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(i) which such Person or any of such Person's Affiliates or Associates has, directly or indirectly, the right to acquire (whether such right is exercisable immediately or only after the passage of time or upon the occurrence of an event) pursuant to any agreement, arrangement or understanding (whether or not in writing), or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise, PROVIDED, HOWEVER, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," (1) securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange, (2) securities issuable upon exercise of Rights at any time prior to the occurrence of a Trig-

gering Event or (3) securities issuable upon exercise of Rights from and after the occurrence of a Triggering Event, which Rights were acquired by such Person or any of such Person's Affiliates or Associates prior to the Distribution Date or pursuant to Section 3(a) hereof ("Original Rights") or pursuant to Section 11(i) or Section 22 hereof in connection with an adjustment made with respect to Original Rights; or

(ii) which such Person or any of such Person's Affiliates or Associates has, directly or indirectly, the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including pursuant to any agreement, arrangement or understanding (whether or not in writing); PROVIDED, HOWEVER, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," any security under this subparagraph (ii) if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations of the Exchange Act and (2) is not then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to subparagraph (ii) of this paragraph (f)) or disposing of any securities of the Company.

Notwithstanding the foregoing, nothing contained in this definition shall cause a Person ordinarily engaged in business as an underwriter of securities to be the

"Beneficial Owner" of, or to "beneficially own," any securities acquired in a bona fide firm commitment underwriting pursuant to an underwriting agreement with the Company.

(g) "Business Day" shall mean any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(h) "Certification" shall have the meaning set forth in Section 18 hereof.

(i) "close of business" on any given date shall mean 5:00 P.M., New York City time, on such date, PROVIDED, HOWEVER, if such date is not a Business Day it shall mean 5:00 P.M. on the next succeeding Business Day.

(j) "Common Stock" when used with reference to the Company shall mean the Common Stock, \$0.01 par value, of the Company. "Common Stock" when used with reference to any Person other than the Company shall mean either the capital stock with the greatest voting power of such other Person or, if such Person is a Subsidiary of another Person, the equity securities or other equity interest having power to control or direct the management of such Person.

(k) "Common Stock Equivalents" shall have the meaning set forth in Section 11(a)(iii) hereof.

(l) "Company" shall have the meaning set forth in the introduction hereto.

(m) "Current Market Price" shall have the meaning set forth in Section 11(d) hereof.

(n) "Current Value" shall have the meaning set forth in Section 11(a)(iii) hereof.

(o) "Distribution" shall have the meaning set forth in the recitals hereto.

(p) "Distribution Date" shall have the meaning set forth in Section 3(a) hereof.

(q) "Equivalent Preferred Stock" shall have the meaning set forth in Section 11(b) hereof.

(r) "Exchange Act" shall have the meaning set forth in the definitions of "Affiliate" and "Associate" above.

(s) "Exchange Ratio" shall have the meaning set forth in Section 24(a) hereof.

(t) "Expiration Date" shall have the meaning set forth in Section 7(a) hereof.

(u) "Final Expiration Date" shall have the meaning set forth in Section 7(a) hereof.

(v) "Independent Director" shall mean any member of the Board of Directors of the Company, while such person is a member of the Board, who is not an Acquiring Person, or an Affiliate or Associate of an Acquiring Person, or a representative or nominee of an Acquiring Person or of any such Affiliate or Associate and either (i) was a member of the Board on the date hereof, or (ii) was recommended or elected to succeed the Independent Director by a majority of the Independent Directors.

(w) "Original Rights" shall have the meaning set forth in the definition of "Beneficial Owner" above.

(x) "Person" shall mean any individual, firm, corporation, partnership or other entity.

(y) "Preferred Stock" shall mean the shares of Junior Participating Preferred Stock, par value \$0.01 per share, of the Company.

(z) "Principal Party" shall have the meaning set forth in Section 13(b) hereof.

- (aa) "Purchase Price" shall have the meaning set forth in Section 4(a) hereof.
- (bb) "Record Date" shall have the meaning set forth in the recitals hereto.
- (cc) "Redemption Price" shall have the meaning set forth in Section 23(a) hereof.
- (dd) "Rights" shall have the meaning set forth in the recitals hereto.
- (ee) "Rights Agent" shall have the meaning set forth in the introduction hereto.
- (ff) "Right Certificate" shall have the meaning set forth in Section 3(a) hereof.
- (gg) "Rights Dividend Declaration Date" shall have the meaning set forth in the recitals hereto.
- (hh) "Section 11(a)(ii) Event" shall mean any event described in Section 11(a)(ii) hereof.
- (ii) "Section 11(a)(ii) Trigger Date" shall have the meaning set forth in Section 11(a)(iii) hereof.
- (jj) "Section 13 Event" shall mean any event described in Section 13(a) hereof.
- (kk) "Shares Acquisition Date" shall mean the first date of public announcement (which, for purposes of this definition, includes a report filed pursuant to Section 13(d) of the Exchange Act) by the Company or an Acquiring Person that an Acquiring Person has become such.
- (ll) "Spread" shall have the meaning set forth in Section 11(a)(iii) hereof.
- (mm) "Subsidiary" shall mean, with reference to any Person, any corporation (or other entity) of which an amount of voting securities (or comparable ownership in-

terests) sufficient to elect at least a majority of the directors (or comparable individuals) of such corporation (or other entity) is beneficially owned or otherwise controlled, directly or indirectly, by such Person.

(nn) "Substantial Block" shall mean a number of shares of the Voting Stock which has 15% or more of the aggregate voting power of all outstanding shares of Voting Stock.

(oo) "Substitution Period" shall have the meaning set forth in Section 11(a)(iii) hereof.

(pp) "Summary of Rights" shall have the meaning set forth in Section 3(b) hereof.

(qq) "Trading Day" shall have the meaning set forth in Section 11(d) hereof.

(rr) "Triggering Event" shall mean any Section 11(a)(ii) Event or Section 13 Event.

(ss) "Voting Stock" shall mean the outstanding shares of Common Stock, \$0.01 par value, and any other shares of capital stock of the Company which are entitled to vote generally in the election of directors.

Section 2. APPOINTMENT OF RIGHTS AGENT. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company shall act as Co-Rights Agent and may from time to time appoint such other Co-Rights Agents as it may deem necessary or desirable upon ten calendar days' written notice to the Rights Agent. In no event shall the Rights Agent have any duty to supervise or in any way be liable for such Co-Rights Agents.

Section 3. ISSUE OF RIGHT CERTIFICATES. (a) Until the earlier of (i) the close of business on the tenth calendar day after the Shares Acquisition Date (or, if the tenth calendar day after the Shares Acquisition Date occurs before the Re-



cord Date, the close of business on the Record Date) or (ii) the close of business on the tenth calendar day (or such later date as may be determined by action of the Board of Directors prior to such time as any Person becomes an Acquiring Person) after the date of the commencement of, or first public announcement of the intent of any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company or any Person organized, appointed or established by the Company or any Subsidiary of the Company or any Person organized, appointed or established by the Company or any Subsidiary of the Company for or pursuant to the terms of such plan) to commence, a tender or exchange offer if, upon consummation thereof, such Person would be an Acquiring Person (the earlier of the dates in subsections (i) and (ii) hereof being herein referred to as the "Distribution Date") (x) the Rights will be evidenced (subject to the provisions of paragraph (b) of this Section 3) by the certificates for the Common Stock registered in the names of the holders of the Common Stock (which certificates for the Common Stock shall be deemed also to be Right Certificates) and not by separate Right Certificates, and (y) the right to receive Right Certificates will be transferable only in connection with the transfer of Common Stock. As soon as practicable after receipt by the Rights Agent of written notice from the Company of the Distribution Date, the Rights Agent, at the Company's expense, will send by first-class, postage prepaid mail, to each record holder of Common Stock as of the close of business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of Exhibit B hereto, evidencing one Right for each share of the Common Stock so held, subject to adjustment as provided herein. As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(b) As soon as practicable following the Record Date, the Company will send a copy of a Summary of Rights to Purchase Preferred Stock, in substantially the form attached hereto as Exhibit C (the "Summary of Rights"), by first-class, postage prepaid mail, to each record holder of Common Stock as of the close of business on the Record Date, at the address of

such holder shown on the records of the Company. With respect to certificates for Common Stock outstanding as of the Record Date, until the Distribution Date, the Rights will be evidenced by such certificates for Common Stock, and the registered holders of the Common Stock shall also be the registered holders of the associated Rights. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any of the certificates for Common Stock outstanding on the Record Date shall also constitute the transfer of the Rights associated with the Common Stock represented by such certificate.

(c) Rights shall be issued in respect of all shares of Common Stock issued after the Record Date but prior to the earlier of the Distribution Date or the Expiration Date (as such term is defined in Section 7), or, in certain circumstances provided in Section 22 hereof, after the Distribution Date. Certificates representing such shares of Common Stock shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement between First Industrial Realty Trust, Inc. and First Chicago Trust Company of New York (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of First Industrial Realty Trust, Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. First Industrial Realty Trust, Inc. will mail to the holder of this certificate a copy of the Rights Agreement as in effect on the date of mailing without charge within five Business Days after receipt of a written request therefor. Under certain circumstances set forth in the Rights Agreement, Rights beneficially owned by an Acquiring Person may become null and void.

After the due execution of any supplement or amendment to this Agreement in accordance with the terms hereof, the reference to this Agreement in the foregoing legend shall mean the Agreement as so supplemented or amended. Until the Distribution Date, the Rights associated with the Common Stock represented by certificates containing the foregoing legend shall be evidenced by such certificates alone, and the surrender for transfer of any of such certificates shall also constitute the transfer of the Rights associated with the Common Stock represented by such certificate. In the event that the Company purchases or acquires any shares of Common Stock after the Record Date but prior to the Distribution Date, any Rights associated with such Common Stock shall be deemed canceled and retired so that the Company shall not be entitled to exercise any Rights associated with the shares of Common Stock which are no longer outstanding. The failure to print the foregoing legend on any such Common Stock certificate or any other defect therein shall not affect in any manner whatsoever the application or interpretation of the provisions of Section 7(e) hereof.

Section 4. FORM OF RIGHT CERTIFICATES. (a) The Right Certificates (and the forms of election to purchase shares and of assignment to be printed on the reverse thereof) shall be substantially the same as Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. The Right Certificates shall be in machine-printable format and in a form reasonably satisfactory to the Rights Agent. Subject to the provisions of Section 11 and Section 22 hereof, the Right Certificates, whenever distributed, shall be dated as of the Record Date, shall show the date of countersignature, and on their face shall entitle the holders thereof to purchase such number of shares of Preferred Stock (or following a Triggering Event, Common Stock, other securities, cash or other assets, as the case may be) as shall be set forth therein

at the price per one one-hundredth of a share of Preferred Stock set forth therein (the "Purchase Price"), but the number of such shares and the Purchase Price shall be subject to adjustment as provided herein.

(b) Notwithstanding any other provision of this Agreement, (i) any Right Certificate issued pursuant to Section 3(a) or Section 22 hereof that represents Rights beneficially owned by: (x) an Acquiring Person or any Associate or Affiliate thereof, (y) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after the Acquiring Person became such, or (z) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person to holders of equity interests in such Acquiring Person or to any Person with whom such Acquiring Person has any continuing agreement, arrangement or understanding (whether or not in writing) regarding the transferred Rights or (B) a transfer which the Board of Directors of the Company has determined is part of a plan, arrangement or understanding (whether or not in writing) which has as a primary purpose or effect avoidance of Section 7(e) hereof, (ii) any Right Certificate issued at any time to any nominee of such Acquiring Person, Associate or Affiliate, and (iii) any Right Certificate issued pursuant to Section 6 or Section 11 hereof, upon transfer, exchange, replacement or adjustment of any other Right Certificate referred to in this sentence, shall contain (to the extent feasible following the written instruction of the Company to the Rights Agent) the following legend, modified as applicable to apply to such Person:

The Rights represented by this Right Certificate are or were beneficially owned by a Person who was or became an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement). Accordingly, this Right Certificate and the Rights represented may be-

come null and void in the circumstances specified in Section 7(e) of the Rights Agreement.

Section 5. COUNTERSIGNATURE AND REGISTRATION. The Right Certificates shall be executed on behalf of the Company by one of its authorized officers either manually or by facsimile signature. The Right Certificates shall be countersigned by an authorized signatory of the Rights Agent either manually or by facsimile signature and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent, issued and delivered with the same force and effect as though the person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Rights Agreement any such person was not such an officer.

In case any authorized signatory of the Rights Agent who shall have countersigned any of the Right Certificates shall cease to be such signatory before delivery by the Company, such Right Certificates, nevertheless, may be issued and delivered by the Company with the same force and effect as though the person who countersigned such Right Certificates not ceased to be such signatory; and any Right Certificate may be countersigned on behalf of the Rights Agent by any person who, at the actual date of the countersignature of such Right Certificate, shall be a proper signatory of the Rights Agent to countersign such Right Certificate, although at the date of the execution of this Rights Agreement any such person was not such a signatory.

Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its office designated for such purpose, books for registration and transfer of the Right

Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates, and the date of each of the Right Certificates and the date of countersignature of each of the Right Certificates.

Section 6. TRANSFER, SPLIT UP, COMBINATION AND EXCHANGE OF RIGHT CERTIFICATES; MUTILATED, DESTROYED, LOST OR STOLEN RIGHT CERTIFICATES. Subject to the provisions of Section 14 hereof, at any time after the close of business on the Distribution Date, and at or prior to the close of business on the Expiration Date, any Right Certificate or Right Certificates may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of shares of Preferred Stock (or following a Triggering Event, Common Stock, other securities, cash or other assets, as the case may be) as the Right Certificate or Right Certificates surrendered then entitled such holder (or former holder in the case of a transfer) to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the office of the Rights Agent designated for such purpose, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Right Certificate until the registered holder shall have completed and signed the certificate contained in the form of assignment on the reverse side of such Right Certificate and shall have provided such additional evidence, as the Company shall reasonably request, of the identity of the Beneficial Owner, Affiliates or Associates thereof or of the holder, or of any other Person with which such holder or any of such holder's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting or disposing of

securities of the Company. Thereupon the Rights Agent shall, subject to Section 4(b), Section 7(e), Section 14 and Section 20(k) hereof, countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment from a Right Certificate holder of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates.

Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, along with a signature guarantee and such other further documentation as the Rights Agent may reasonably request and reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered owner in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 7. EXERCISE OF RIGHTS; PURCHASE PRICE; EXPIRATION DATE OF RIGHTS. (a) Subject to Section 7(e) hereof, the registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein, including, without limitation, the restrictions on exercisability set forth in Sections 9(c), 11(a)(iii), 23(b) and 24(b) hereof) in whole or in part at any time after the Distribution Date upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the designated office of the Rights Agent, together with payment of the aggregate Purchase Price for the total number of one one-hundredths of shares of Preferred Stock (or shares of Common Stock, other securities, cash or other assets, as the case may be) as to which the Rights are then exercisable, at or prior to the earliest of (i) the close of business on October 19, 2007 (the "Final Expiration Date"),

(ii) the time at which the Rights are exchanged as provided in Section 24, or  
(iii) the time at which the Rights are redeemed as provided in Section 23  
(such earliest date being herein referred to as the "Expiration Date").

(b) The Purchase Price for each one one-hundredth of a share of Preferred Stock pursuant to the exercise of a Right shall initially be \$125, shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof and shall be payable in accordance with paragraph (c) below.

(c) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase and the certificate duly executed and completed accompanied by payment of the Purchase Price for the number of one one-hundredths of shares of Preferred Stock (or shares of Common Stock, other securities, cash or other assets, as the case may be) to be purchased and an amount equal to any applicable transfer tax, the Rights Agent shall thereupon, subject to Section 20(k), promptly (i) requisition from any transfer agent of Preferred Stock certificates for the number of one one-hundredths of shares of Preferred Stock to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, (ii) if the Company shall have elected to deposit the total number of shares of Preferred Stock issuable upon exercise of the Rights hereunder with a depository agent, requisition from the depository agent depository receipts representing such number of shares of Preferred Stock as are to be purchased (in which case certificates for the shares of Preferred Stock represented by such receipts shall be deposited by the transfer agent with the depository agent) and the Company hereby directs the depository agent to comply with such request, (iii) when appropriate, requisition from any transfer agent of the Common Stock of the Company certificates for the total number of shares of Common Stock to be paid in accordance with Section 11(a)(ii) and 11(a)(iii), (iv) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14, (v) promptly after receipt of such certificates or depository receipts, cause the same to be delivered to or upon



the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (vi) when appropriate, after receipt promptly deliver such cash to or upon the order of the registered holder of such Right Certificate. The payment of the then Purchase Price may be made in cash or by certified bank check or bank draft or money order payable to the order of the Company or the Rights Agent. In the event that the Company is obligated to issue securities, distribute property or pay cash pursuant to Section 11(a)(iii) hereof, the Company will make all arrangements necessary so that cash, property or securities are available for issuance, distribution or payment by the Rights Agent, if and when appropriate.

(d) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 14 hereof.

(e) Notwithstanding anything in this Agreement to the contrary, from and after the first occurrence of a Section 11(a)(ii) Event, any Rights beneficially owned by (i) an Acquiring Person or any Associate or Affiliate of an Acquiring Person, (ii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after the Acquiring Person became such, or (iii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person to holders of equity interests in such Acquiring Person or to any Person with whom the Acquiring Person has any continuing agreement, arrangement or understanding (whether or not in writing) regarding the transferred Rights or (B) a transfer which the Board of Directors of the Company has determined is a part of a plan, arrangement or understanding (whether or not in writing) which has as a primary purpose or

effect the avoidance of this Section 7(e), shall become null and void without any further action and no holder of such Rights shall have any rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The Company shall use all reasonable efforts to insure that the provisions of this Section 7(e) and Section 4(b) hereof are complied with, but shall have no liability to any holder of Right Certificates or other Person as a result of its failure to make any determinations with respect to an Acquiring Person or its Affiliates, Associates or transferees hereunder.

(f) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder upon the occurrence of any purported exercise as set forth in this Section 7 unless such registered holder shall have (i) completed and signed the certificate contained in the form of election to purchase set forth on the reverse side of the Right Certificate surrendered for such exercise, and (ii) provided such additional evidence of the identity of the Beneficial Owner, Affiliates or Associates thereof or of the holder, or of any other Person with which such holder or any of such holder's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting or disposing of any securities of the Company as the Company shall reasonably request.

Section 8. CANCELLATION AND DESTRUCTION OF RIGHT CERTIFICATES. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all

canceled Right Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. RESERVATION AND AVAILABILITY OF SHARES OF CAPITAL STOCK. (a) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued shares of Preferred Stock (and following the occurrence of a Triggering Event, out of its authorized and unissued shares of Common Stock and/or other securities) or out of its authorized and issued shares of Preferred Stock (and, following the occurrence of a Triggering Event, out of its authorized and issued Common Stock and/or other securities) held in its treasury, the number of shares of Preferred Stock (and, following the occurrence of a Triggering Event, Common Stock and/or other securities) that will be sufficient to permit the exercise in full of all outstanding Rights (it being understood that any of the foregoing shares or securities may also be reserved for other purposes) or will take such other steps as are appropriate to assure that the number of such shares or securities (or their equivalents) sufficient to permit the exercise in full of all outstanding Rights will be available upon such exercise.

(b) So long as the shares of Preferred Stock (and, following the occurrence of a Triggering Event, Common Stock and/or other securities) issuable upon the exercise of Rights may be listed on any national securities exchange, the Company shall use its best efforts to cause, from and after such time as the Rights become exercisable (but only to the extent that it is reasonably likely that the Rights will be exercised), all shares reserved for such issuance to be listed on such exchange upon official notice of issuance upon such exercise.

(c) The Company shall use its best efforts (X) (i) to file, as soon as practicable following the first occurrence of a Section 11(a)(ii) Event, or as soon as required by law, as the case may be, a registration statement under the Securities Act of 1933, as amended (the "Act"), with respect to the securities purchasable upon exercise of the Rights on an appropriate form, (ii) to cause

such registration statement to become effective as soon as practicable after such filing, and (iii) to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the earlier of (A) the date as of which the Rights are no longer exercisable for such securities, and (B) the Expiration Date and (Y) (i) to file appropriate applications with any state or federal regulatory bodies having jurisdiction over the issuance of the securities (or assets) purchaseable upon exercise of the Rights in order to obtain any approvals or orders of such bodies as may be legally required, (ii) to cause such approvals to be obtained or orders to be issued as soon as practicable after such filing and (iii) to cause such approvals or orders to remain effective until the earlier of (A) the date as of which the Rights are no longer exercisable for such securities (or assets), and (B) the Expiration Date, to the extent not previously obtained. The Company will also take such action as may be appropriate under the blue sky laws of the various states. The Company may temporarily suspend, (X) for a period of time not to exceed ninety (90) days after the date set forth in clause (X)(i) of the first sentence of this Section 9(c), the exercisability of the Rights in order to prepare and file such registration statement and permit it to become effective and (Y) for a period of time not in excess of 180 days after such date (or for such longer period as is required by any applicable law, rule or regulation of any appropriate regulatory bodies), the exercisability of the Rights in order to obtain any such required regulatory body approvals or orders. Upon any such suspension, the Company shall issue a public announcement and shall give simultaneous written notice to the Rights Agent stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement and notice to the Rights Agent at such time as the suspension is no longer in effect. Notwithstanding any provision of this Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction unless the requisite qualifications in such jurisdiction shall have been obtained.

(d) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all

shares of the Preferred Stock (and following the occurrence of a Triggering Event, Common Stock and/or other securities) delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable.

(e) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any shares of the Preferred Stock (or Common Stock and/or other securities, as the case may be) upon the exercise of Rights. The Company shall not, however, be required (a) to pay any transfer tax which may be payable in respect of any transfer involved in the transfer or delivery of Right Certificates or the issuance or delivery of certificates for the Preferred Stock (or Common Stock and/or other securities, as the case may be) in a name other than that of the registered holder of the Right Certificate evidencing Rights surrendered for exercise or (b) to issue or deliver any certificates for shares of the Preferred Stock (or Common Stock and/or other securities, as the case may be) upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax is due.

Section 10. PREFERRED STOCK RECORD DATE. Each person in whose name any certificate for any number of shares of Preferred Stock (or Common Stock and/or other securities, as the case may be) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of such whole and/or fractional shares of Preferred Stock (or Common Stock and/or other securities, as the case may be) represented thereby on, and such certificate shall be dated the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made and shall show the date of countersignature; PROVIDED, HOWEVER, that if the date of such

surrender and payment is a date upon which the Preferred Stock (or Common Stock and/or other securities, as the case may be) transfer books of the Company are closed, such person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Preferred Stock (or Common Stock and/or other securities, as the case may be) transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a stockholder of the Company with respect to shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. ADJUSTMENT OF PURCHASE PRICE, NUMBER OF SHARES OR NUMBER OF RIGHTS. The Purchase Price, the number of shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a)(i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Preferred Stock payable in shares of the Preferred Stock, (B) subdivide the outstanding Preferred Stock, (C) combine the outstanding Preferred Stock into a smaller number of shares or (D) issue any shares of its capital stock in a reclassification of the Preferred Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a) and Section 7(e) hereof, the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of Preferred Stock or capital stock, as the case may be, issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive upon payment of the Purchase Price then in effect the aggregate number and kind of shares of capital stock

which, if such Right had been exercised immediately prior to such date and at a time when the Preferred Stock (or Common Stock and/or other securities) transfer books of the Company were open, he or she would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. If an event occurs which would require an adjustment under both this Section 11(a)(i) and Section 11(a)(ii), the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to section 11(a)(ii).

(ii) Subject to Section 24 of this Agreement, in the event any Person, alone or together with its Affiliates and Associates, becomes an Acquiring Person except as the result of a transaction set forth in Section 13(a) hereof, then, prior to the later of (x) the date on which the Company's rights of redemption pursuant to Section 23(a) expire, or (y) five (5) days after the date of the first occurrence of a Section 11(a)(ii) Event, proper provision shall be made so that each holder of a Right, except as provided in Section 7(e) hereof, shall thereafter have a right to receive, upon exercise thereof at the then current Purchase Price for the number of one one-hundredths of a share of Preferred Stock for which such Right is then exercisable in accordance with the terms of this Agreement, in lieu of shares of Preferred Stock, such number of shares of the Common Stock of the Company as shall equal the result obtained by (x) multiplying the then current Purchase Price by the then number of one one-hundredths of a share of Preferred Stock for which a Right is then exercisable and dividing that product by (y) 50% of the Current Market Price per share of the Common Stock of the Company (determined pursuant to Section 11(d)) on the date of the occurrence of the event listed above in this subparagraph (ii) (such number of shares are hereinafter referred to as the "Adjustment Shares") provided that the Purchase Price and the number of Adjustment Shares shall be further adjusted as provided in this Agreement to reflect any events occurring after the date of such first occurrence.

(iii) In the event that the number of shares of Common Stock which are authorized by the Company's Amended and Restated Articles of Incorporation but not outstanding or reserved for issuance for purposes other than upon exercise of the Rights are not sufficient to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Company shall (A) determine the excess of (1) the value of the Adjustment Shares issuable upon the exercise of a Right (the "Current Value") over (2) the Purchase Price (such excess, the "Spread"), and (B) with respect to each Right, make adequate provision to substitute for the Adjustment Shares, upon exercise of the Rights and payment of the applicable Purchase Price, (1) cash, (2) a reduction in the Purchase Price, (3) Common Stock or other equity securities of the Company (including, without limitation, shares, or units of shares, of preferred stock which a majority of the Independent Directors and the Board of Directors of the Company have deemed to have the same value as shares of Common Stock (such shares of preferred stock, "Common Stock Equivalents")), (4) debt securities of the Company, (5) other assets, or (6) any combination of the foregoing, having an aggregate value equal to the Current Value, where such aggregate value has been determined by a majority of the Independent Directors and the Board of Directors of the Company based upon the advice of a nationally recognized investment banking firm selected by the Board of Directors of the Company; PROVIDED, HOWEVER, if the Company shall not have made adequate provision to deliver value pursuant to clause (B) above within thirty (30) days following the later of (x) the first occurrence of a Section 11(a)(ii) Event and (y) the date on which the Company's rights of redemption pursuant to Section 23(a) expires (the later of (x) and (y) being referred to herein as the "Section 11(a)(ii) Trigger Date"), then the Company shall be obligated to deliver, upon the surrender for exercise of a Right and without requiring payment of the Purchase Price, shares of Common Stock (to the extent available) and then, if necessary, cash, which shares and/or cash have an aggregate value equal to the Spread. If the Board of Directors of the Company shall determine in good faith that it is likely that sufficient additional shares of Common Stock could be authorized for issuance upon exercise in full of the Rights,



the thirty (30) day period set forth above may be extended to the extent necessary, but not more than ninety (90) days after the Section 11(a)(ii) Trigger Date, in order that the Company may seek shareholder approval for the authorization of such additional shares (such period, as it may be extended, the "Substitution Period"). To the extent that the Company determines that some action need be taken pursuant to the first and/or second sentences of this Section 11(a)(iii), the Company (x) shall provide, subject to Section 7(e) hereof, that such action shall apply uniformly to all outstanding Rights, and (y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in order to seek any authorization of additional shares and/or to decide the appropriate form of distribution to be made pursuant to such first sentence and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement and shall give simultaneous written notice to the Rights Agent stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement and notice to the Rights Agent at such time as the suspension is no longer in effect. For purposes of this Section 11(a)(iii), the value of the Common Stock shall be the Current Market Price (as determined pursuant to Section 11(d) hereof) per share of the Common Stock on the Section 11(a)(ii) Trigger Date and the value of any Common Stock Equivalent shall be deemed to have the same value as the Common Stock on such date. The Company shall give the Rights Agent notice of the selection of any Common Stock Equivalent under this Section 11(a)(iii).

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Stock entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Stock (or securities having substantially the same rights, privileges and preferences as the shares of Preferred Stock ("Equivalent Preferred Stock") or convertible into the Preferred Stock or Equivalent Preferred Stock) at a price per share of the Preferred Stock or Equivalent Preferred Stock (or having a conversion price per share, if a security convertible into the Preferred Stock or Equivalent Preferred

Stock) less than the Current Market Price (as defined in Section 11(d) per share of the Preferred Stock or Equivalent Preferred Stock, as the case may be) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, of which the numerator shall be the number of shares of Preferred Stock outstanding on such record date plus the number of shares of Preferred Stock or Equivalent Preferred Stock which the aggregate offering price of the total number of shares of Preferred Stock or Equivalent Preferred Stock so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Current Market Price and of which the denominator shall be the number of shares of Preferred Stock outstanding on such record date plus the number of additional shares of Preferred Stock and/or Equivalent Preferred Stock to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent. Shares of Preferred Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of Preferred Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular periodic cash dividend or a dividend payable in Preferred Stock) or subscription rights or warrants (excluding those referred to in Section 11(b)), the Purchase

Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, of which the numerator shall be the Current Market Price per share of Preferred Stock (as defined in Section 11(d)) on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one share of Preferred Stock and of which the denominator shall be such Current Market Price per share of Preferred Stock. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d)(i) For the purpose of any computation hereunder, other than computations made pursuant to Section 11(a)(iii), the "Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the 30 consecutive Trading Days (as such term is hereinafter defined in this paragraph (d)) immediately prior to such date and for purposes of computations made pursuant to Section 11(a)(iii) hereof, the "Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the ten (10) consecutive Trading Days immediately following such date; PROVIDED, HOWEVER, that in the event that the Current Market Price per share of Common Stock is determined during the period following the announcement by the issuer of such Common Stock of (A) a dividend or distribution on such Common Stock payable in shares of such Common Stock or securities convertible into shares of such Common Stock (other than the Rights) or (B) any subdivision, combination or reclassification of such Common Stock, and prior to the expiration of the requisite 30 Trading Day or 10 Trading Day period, as set forth above after the ex-dividend date for such dividend or distribution or the record date for such sub-

division, combination or reclassification, then, and in each such case, the Current Market Price shall be appropriately adjusted to take into account ex-dividend trading. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the shares of the Common Stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of the Common Stock are listed or admitted to trading or, if the shares of the Common Stock are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or such other system then in use, or, if on any such date the shares of the Common Stock are not quoted by such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board of Directors of the Company. If on any such date no market maker is making a market in the Common Stock, the fair value of such shares on such date shall be as determined in good faith by the Independent Directors if the Independent Directors constitute a majority of the Board of Directors or, in the event the Independent Directors do not constitute a majority of the Board of Directors, by an independent investment banking firm selected by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading is open for the transaction of business or, if the shares of the Common Stock are not listed or admitted to trading on any national securities exchange, a Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in

the State of New York are not authorized or obligated by law or executive order to close. If the Common Stock is not publicly held or not so listed or traded, "Current Market Price" per share shall mean the fair value per share as determined in good faith by the Independent Directors if the Independent Directors constitute a majority of the Board of Directors or, in the event the Independent Directors do not constitute a majority of the Board of Directors, by an independent investment banking firm selected by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(ii) For the purpose of any computation hereunder, the "Current Market Price" per share of Preferred Stock shall be determined in the same manner as set forth above for the Common Stock in clause (i) of this Section 11(d) (other than the last sentence thereof). If the Current Market Price per share of Preferred Stock cannot be determined in the manner provided above or if the Preferred Stock is not publicly held or listed or traded in any manner described in clause (i) of this Section 11(d), the "Current Market Price" per share of Preferred Stock shall be conclusively deemed to be an amount equal to 100 (as such number may be appropriately adjusted for such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock occurring after the date of this Agreement) multiplied by the Current Market Price per share of the Common Stock. If neither the Common Stock nor the Preferred Stock is publicly held or so listed or traded, "Current Market Price" per share of the Preferred Stock shall mean the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes. For all purposes of this Agreement, the "Current Market Price" of one one-hundredths of a share of Preferred Stock shall be equal to the "Current Market Price" of one share of Preferred Stock divided by 100.

(e) Anything herein to the contrary notwithstanding, no adjustment in the Purchase Price shall be required unless

such adjustment would require an increase or decrease of at least 1% in such price; PROVIDED, HOWEVER, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest ten-thousandth of a share of Common Stock or one millionth of a share of Preferred Stock as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment or (ii) the Expiration Date.

(f) If as a result of an adjustment made pursuant to Section 11(a) or Section 13(a), the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock other than shares of Preferred Stock, thereafter the number of such other shares so receivable upon exercise of any Right and the Purchase Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in Section 11(a) through (q), inclusive, and the provisions of Sections 7, 9, 10, 13 and 14 with respect to the Preferred Stock shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-hundredths of a share of Preferred Stock purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Section 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of shares (calculated to the nearest one-millionth) obtained by

(i) multiplying (x) the number of shares covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in substitution for any adjustment in the number of shares of Preferred Stock purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of shares of Preferred Stock for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after the adjustment of the Purchase Price. The Company shall make a public announcement and shall give simultaneous written notice to the Rights Agent of its election to adjust the number of Rights, indicating the record date for the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of Right Certificates on such record date Right Certificates evidencing, subject to Section 14, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so

to be distributed shall be issued, executed and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Purchase Price) and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of shares of Preferred Stock issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price per share and the number of shares which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below one one-hundredth of the then stated value, if any, of a share of Preferred Stock issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable such number of one one-hundredths of a share of such Preferred Stock at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the shares of Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the shares of Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; PROVIDED, HOWEVER, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments



expressly required by this Section 11, as and to the extent that the Board of Directors of the Company shall determine to be advisable in order that any consolidation or subdivision of shares of Preferred Stock, issuance wholly for cash of any of shares of Preferred Stock at less than the Current Market Price, issuance wholly for cash of the Preferred Stock or securities which by their terms are convertible into or exchangeable for Preferred Stock, stock dividends or issuance of rights, options or warrants referred to hereinabove in this Section 11, hereafter made by the Company to holders of its Preferred Stock shall not be taxable to such stockholders.

(n) The Company covenants and agrees that, after the Distribution Date, it will not, except as permitted by Sections 23, 24 and 27 hereof, take (nor will it permit any of its Subsidiaries to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

(o) The Company covenants and agrees that it shall not, at any time after the Distribution Date, (i) consolidate with any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n)), (ii) merge with or into any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n)), or (iii) sell or transfer (or permit any of its Subsidiaries to sell or transfer), in one or more transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons (other than the Company and/or any of its Subsidiaries in one or more transactions each of which complies with Section 11(n)) if (x) at the time of or immediately after such consolidation, merger or sale there are any rights, warrants or other instruments or securities outstanding or agreements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights or (y) prior to, simultaneously with or immediately after such consolidation, merger or sale, the stockholders of the Person who constitutes, or would consti-

tute, the "Principal Party" for purposes of Section 13(a) hereof shall have received a distribution of Rights previously owned by such Person or any of its Affiliates and Associates.

(p) Anything in this Agreement to the contrary notwithstanding, in the event that the Company shall at any time after the Record Date and prior to the Distribution Date (i) declare a dividend on the outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, the number of Rights associated with each share of Common Stock then outstanding, or issued or delivered thereafter but prior to the Distribution Date, shall be proportionately adjusted so that the number of Rights thereafter associated with each share of Common Stock following any such event shall equal the result obtained by multiplying the number of Rights associated with each share of Common Stock immediately prior to such event by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to the occurrence of the event and the denominator of which shall be the total number of shares of Common Stock outstanding immediately following the occurrence of such event.

(q) Notwithstanding anything in this Agreement to the contrary, prior to the Distribution Date, the Company may, in lieu of making any adjustment to the Purchase Price, the number of shares of Preferred Stock eligible for purchase on exercise of each Right or the number of Rights outstanding, which adjustment would otherwise be required by Section 11(a)(i), 11(b), 11(c), 11(h) or 11(i), make such other equitable adjustment or adjustments thereto as the Board of Directors (whose determination shall be conclusive) deems appropriate in the circumstances and not inconsistent with the objectives of the Board of Directors in adopting this Agreement and such Sections.

Section 12. CERTIFICATE OF ADJUSTED PURCHASE PRICE OR NUMBER OF SHARES. Whenever an adjustment is made as provided in Sections 11 and 13, the Company shall (a) promptly prepare a certificate setting forth such adjustment, and a

brief statement of the facts accounting for such adjustment and the adjusted Purchase Price, (b) promptly file with the Rights Agent and with each transfer agent for the Preferred Stock and the Common Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 26. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained.

Section 13. CONSOLIDATION, MERGER OR SALE OR TRANSFER OF ASSETS OR EARNING POWER. (a) In the event that, following the Shares Acquisition Date, directly or indirectly, (x) the Company shall consolidate with, or merge with and into, any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n)) and the Company shall not be the continuing or surviving corporation of such consolidation or merger, (y) any Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n)) shall consolidate, merge with and into the Company and the Company shall be the continuing or surviving corporation of such consolidation or merger and, in connection with such consolidation or merger, all or part of the Common Stock shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (z) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person or Persons (other than the Company or any of its Subsidiaries in one or more transactions each of which complies with Section 11(n) hereof), then, and in each such case proper provision shall be made so that (i) each holder of a Right (except as provided in Section 7(e)) shall thereafter have the right to receive, upon the exercise thereof at the then current Purchase Price in accordance with the terms of this Agreement, such number of validly issued, fully paid, non-assessable and freely tradable shares of Common Stock of the Principal Party (as hereinafter defined), not subject to any liens, encumbrances, rights of call or first refusal, or other adverse claims as shall be equal to the re-

sult obtained by (1) multiplying the then current Purchase Price by the then number of one one-hundredths of a share of Preferred Stock for which a Right is exercisable immediately prior to the first occurrence of a Section 13 Event (or, if a Section 11(a)(ii) Event has occurred prior to the first occurrence of a Section 13 Event, multiplying the number of such one one-hundredths of a share for which a Right was exercisable immediately prior to the first occurrence of a Section 11(a)(ii) Event by the Purchase Price in effect immediately prior to such first occurrence), and dividing that product (which, following the first occurrence of a Section 13 Event, shall be referred to as the "Purchase Price" for each Right and for all purposes of this Agreement) by (2) 50% of the Current Market Price per share of the Common Stock of such Principal Party (determined in the manner described in Section 11(d)) on the date of consummation of such consolidation, merger, sale or transfer; (ii) the Principal Party shall thereafter be liable for, and shall assume, by virtue of such Section 13 Event, all the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such Principal Party, it being specifically intended that the provisions of Section 11 shall thereafter apply to such Principal Party; (iv) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Stock in accordance with Section 9) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the shares of its Common Stock thereafter deliverable upon the exercise of the Rights; and (v) the provisions of Section 11(a)(ii) hereof shall be of no effect following the first occurrence of any Section 13 Event.

(b) "Principal Party" shall mean

(1) in the case of any transaction described in (x) or (y) of the first sentence of Section 13(a), the Person that is the issuer of any securities into which shares of Common Stock of the Company are converted in such merger or consolidation, and if no securities are so

issued, the Person that is the other party to the merger or consolidation;  
and

(2) in the case of any transaction described in (z) of the first sentence in this Section 13, the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions;

PROVIDED, HOWEVER, that in any such case, (x) if the Common Stock of such Person is not at such time and has not been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act, and such Person is a direct or indirect Subsidiary of another corporation the Common Stock of which is and has been so registered, "Principal Party" shall refer to such other corporation; (y) if such Person is a Subsidiary, directly or indirectly, of more than one corporation, the Common Stocks of two or more of which are and have been so registered, "Principal Party" shall refer to whichever of such corporations is the issuer of the Common Stock having the greatest market value.

(c) The Company shall not consummate any Section 13 Event unless all regulatory approvals for the consummation of such Section 13 Event and the exercise of the Rights in accordance with the terms of this Agreement have been obtained and the Principal Party shall have a sufficient number of authorized shares of its Common Stock which are neither outstanding nor reserved for issuance to permit the exercise in full of the Rights in accordance with this Section 13 and unless prior thereto the Company and such Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement providing for the terms set forth in paragraphs (a) and (b) of this Section 13 and further providing that, as soon as practicable after the date of any consolidation, merger or sale of assets mentioned in paragraph (a) of this Section 13, the Principal Party will

(i) prepare and file a registration statement under the Act with respect to the Rights and the securities purchasable upon exercise of the Rights on

an appropriate form, will use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and will use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the Expiration Date; and

(ii) will deliver to holders of the Rights historical financial statements for the Principal Party and each of its Affiliates which comply in all respects with the requirements for registration on Form 10 under the Exchange Act.

The provisions of this Section 13 shall similarly apply to successive Section 13 Events. In the event that a Section 13 Event shall occur at any time after the occurrence of a Section 11(a)(ii) Event, the Rights which have not theretofore been exercised shall thereafter become exercisable in the manner described in Section 13(a).

Section 14. FRACTIONAL RIGHTS AND FRACTIONAL SHARES.

(a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with

respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors of the Company. If on any such date no such market maker is making a market in the Rights the fair value of the Rights on such date as determined in good faith by the Board of Directors of the Company shall be used.

(b) The Company shall not be required to issue fractions of shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth of a share of Preferred Stock) upon exercise of the Rights or to distribute certificates which evidence fractional shares (other than fractions which are integral multiples of one one-hundredth of a share of Preferred Stock). In lieu of fractional shares that are not integral multiples of one one-hundredth of a share of Preferred Stock, the Company may pay to the registered holders of Right Certificates at the time the Rights evidenced thereby are exercised or exchanged as herein provided an amount in cash equal to the same fraction of the current market value of one one-hundredth of a share of Preferred Stock. For purposes of this Section 14(b), the current market value of one one-hundredth of a share of Preferred Stock shall be one one-hundredth of the closing price of a share of Preferred Stock (as determined pursuant to Section 11(d)(ii)) for the Trading Day immediately prior to the date of such exercise.

(c) Following the occurrence of a Triggering Event the Company shall not be required to issue fractions of shares of Common Stock upon exercise of the Rights or to distribute certificates which evidence fractional shares of Common Stock. In lieu of fractional shares of Common Stock, the Company may pay to the registered holders of Right Certificates at the time

such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one (1) share of Common Stock. For purposes of this Section 14(c), the current market value of one share of Common Stock shall be the closing price of one share of Common Stock (as determined pursuant to Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of such exercise.

(d) The holder of a Right by the acceptance of the Rights expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right, except as otherwise permitted by this Section 14.

Section 15. RIGHTS OF ACTION. All rights of action in respect of this Agreement are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Stock); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Stock), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Stock), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act respect of, his right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations hereunder and injunctive relief against actual or threatened violations of the obligations hereunder of any Person subject to this Agreement.

Section 16. AGREEMENT OF RIGHT HOLDERS. Every holder of a Right by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:



(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Stock;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer and with the appropriate forms and certificates fully executed, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request;

(c) subject to Section 6 and Section 7(f) hereof, the Company and the Rights Agent may deem and treat the Person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the associated Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be required to be affected by any notice to the contrary;

(d) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation; PROVIDED, HOWEVER, the Company must use its best efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible.

Section 17. RIGHT CERTIFICATE HOLDER NOT DEEMED A STOCKHOLDER. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the number of shares of Preferred Stock or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. CONCERNING THE RIGHTS AGENT. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent (including the reasonable fees and expenses of counsel), for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability in the premises.

The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Right Certificate or certificate for Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorse-

ment, affidavit, letter, notice, direction, consent, instruction, adjustment notice, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

In addition to the foregoing, the Rights Agent shall be protected and shall incur no liability for, or in respect of, any action taken or omitted by it in connection with its administration of this Agreement in reliance upon (i) the proper execution of the certification concerning beneficial ownership appended to the Form of Assignment and the Form of Election to Purchase included as part of Exhibit B hereto (the "Certification"), unless the Rights Agent shall have actual knowledge that, as executed, the Certification is untrue or (ii) the non-execution or failure to complete the Certification including, without limitation, any refusal to honor any otherwise permissible assignment or election by reason of such non-execution or failure.

Section 19. MERGER OR CONSOLIDATION OR CHANGE OF NAME OF RIGHTS AGENT. Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation, succeeding to the corporate trust business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the

predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. DUTIES OF RIGHTS AGENT. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with the legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good

faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for its own negligence, bad faith or willful misconduct. The issuance or non-issuance of a Right Certificate or Preferred Stock or other security issued in lieu of Preferred Stock in accordance with instructions given to the Rights Agent by the Company pursuant to Section 20(k) hereof or in accordance with the terms hereof shall not constitute negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any adjustment required under the provisions of Sections 11 or 13 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice of any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Preferred Stock or Common Stock to be issued pursuant to this Agreement or any Right Certificate or as to whether any shares of Preferred Stock or Common Stock will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder and certificates delivered pursuant to any provision hereof from any one of the Chairman of the Board, the President, any Vice President, the Secretary or the Treasurer of the Company, and is authorized to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer. An application by the Rights Agent for instructions may set forth in writing any action proposed to be taken or omitted by the Rights Agent with respect to its duties and obligations under this Agreement and the date on and/or after which such action shall be taken, and the Rights Agent shall not be liable for any action taken or omitted in accordance with a proposal included in any such application on or after the date specified therein (which date shall not be less than one Business Day after the Company receives such application) without the consent of the Company unless prior to taking or omitting such action, the Rights Agent has received written instructions in response to application specifying the actions to be taken or omitted.

(h) The Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this

Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either by itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct; PROVIDED, HOWEVER, reasonable care was exercised in the selection thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is if, with respect to any Rights Certificate surrendered to the not reasonably assured to it.

(k) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has either not been completed or indicates an affirmative response, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting the Company. The Company shall give the Rights Agent prompt written instructions as to the action to be taken regarding the Rights Certificates involved. The Rights Agent shall not be liable for acting in accordance with such instructions.

Section 21. CHANGE OF RIGHTS AGENT. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon thirty (30) days' notice in writing mailed to the Company and to each transfer agent of the Preferred Stock and the Common Stock by

registered or certified mail, and, at the Company's expense, to the holders of the Right Certificates by first class mail. The Company may remove the Rights Agent or any successor Rights Agent upon thirty (30) days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Preferred Stock and the Common Stock by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the Company shall become the temporary Rights Agent and the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of the State of New York (or of any other state of the United States so long as such corporation is authorized to do business as a banking or trust institution in the State of New York), in good standing, having a principal office in the State of New York, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by federal or state authority or which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$25 million. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predeces-



sor Rights Agent and each transfer agent of the Preferred Stock and the Common Stock, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. ISSUANCE OF NEW RIGHT CERTIFICATES.

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement. In addition, in connection with the issuance or sale of shares of Common Stock following the Distribution Date and prior to the redemption or expiration the Rights, the Company (a) shall, with respect to shares of Common Stock so issued or sold pursuant to the exercise of stock options or under any employee plan or arrangement, or upon the exercise, conversion or exchange of securities hereinafter issued by the Company, and (b) may, in any other case, if deemed necessary or appropriate by the Board of Directors of the Company, issue Right Certificates representing the appropriate number of Rights in connection with such issuance or sale; PROVIDED, HOWEVER, that (i) no such Right Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Right Certificate would be issued, and (ii) no such Right Certificate shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

Section 23. REDEMPTION AND TERMINATION. (a) The Board

of Directors of the Company may, at its option, at any time prior to the earlier of (x) the close of business on the tenth calendar day following the Shares Acquisition Date (or if

the Shares Acquisition Date shall have occurred prior to the Record Date, the close of business on the tenth day following the Record Date), or (y) the Final Expiration Date, redeem all but not less than all of the then outstanding Rights at a redemption price of \$.001 per Right as appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"), and the Company may, at its option, pay the Redemption Price either in shares of its Common Stock (valued at their Current Market Price as defined in Section 11(d)(i) on the date of the redemption), other securities, cash or other assets; PROVIDED, HOWEVER, that if the Board of Directors of the Company authorizes redemption of the Rights on or after the Shares Acquisition Date, then there must be Independent Directors in office and such authorization shall require the concurrence of a majority of the Independent Directors. Notwithstanding anything contained in this Agreement to the contrary, the Rights shall not be exercisable after the first occurrence of a Section 11(a)(ii) Event until such time as the Company's right of redemption hereunder has expired.

(b) In deciding whether or not to exercise the Company's right of redemption hereunder, the Board of Directors of the Company shall act in good faith, in a manner they reasonably believe to be in the best interests of the Company and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances, and they may consider the long-term and short-term effects of any action upon employees, customers and creditors of the Company and upon communities in which offices or other establishments of the Company are located, and all other pertinent factors.

(c) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price for each Right held. Within 10 days after the

action of the Board of Directors ordering the redemption of the Rights, the Company shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to the Rights Agent and to all such holders at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 23, and other than in connection with the repurchase of Common Stock prior to the Distribution Date.

Section 24. EXCHANGE. (a) The Board of Directors of the Company may, at its option (provided that there are then Independent Directors in office and a majority of the Independent Directors concur), at any time and from time to time on or after a Section 11(a)(ii) Event, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 7(e) hereof) for shares of Common Stock at an exchange ratio of one share of Common Stock per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio").

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to Section 24(a) and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of shares of Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. Promptly after the action of the Board of Directors ordering an exchange of the Rights, the Company shall

give notice of any such exchange to the Rights Agent and the holders of the then outstanding Rights by mailing such notice to all such holders at each holder's last address as it appears upon the registry books of the Rights Agent; PROVIDED, HOWEVER, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the shares of Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 7(e) hereof) held by each holder of Rights.

(c) In any exchange pursuant to this Section 24, the Company, at its option, may substitute shares of Preferred Stock (or Equivalent Preferred Stock, as such term is defined in Section 11(b) hereof) for shares of Common Stock exchangeable for the Rights, at the initial rate of one one-hundredth of a share of Preferred Stock (or Equivalent Preferred Stock) for each share of Common Stock, as appropriately adjusted to reflect adjustments in the dividend rights of the Preferred Stock pursuant to the terms thereof.

(d) In the event that there shall not be sufficient shares of Common Stock or Preferred Stock issued, but not outstanding, or authorized but unissued, to permit any exchange of Rights as contemplated in accordance with this Section 24 or that any regulatory actions or approvals are required in connection therewith, the Company shall take all such action as may be necessary to authorize additional Common Stock or Preferred Stock for issuance upon exchange of the Rights.

(e) The Company shall not be required to issue fractional shares of Common Stock or to distribute certificates which evidence fractional shares of Common Stock pursuant to this Section 24. In lieu of such fractional shares of Common Stock, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional shares

of Common Stock would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole share of Common Stock. For the purposes of this Section 24(e), the current market value of a whole share of Common Stock shall be the closing price of a share of Common Stock (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

(f) In any exchange pursuant to this Section 24, the Company, at its option, may substitute for any share of Common Stock exchangeable for a Right (i) Common Stock Equivalents (ii) cash, (iii) debt securities of the Company, (iv) other assets, or (v) any combination of the foregoing, having an aggregate value which a majority of the Independent Directors and the Board of Directors of the Company shall have determined in good faith to be equal to the Current Market Price of one share of Common Stock (determined pursuant to Section 11(d) hereof) on the Trading Date immediately preceding the date of exchange pursuant to this Section 24.

Section 25. NOTICE OF CERTAIN EVENTS. In case the Company shall propose at any time following the Distribution Date (a) to pay any dividend payable in stock of any class to the holders of Preferred Stock or to make any other distribution to the holders of Preferred Stock (other than a regular periodic cash dividend), or (b) to offer to the holders of Preferred Stock rights or warrants to subscribe for or to purchase any additional shares of Preferred Stock or shares of stock of any class or any other securities, rights or options, or (c) to effect any reclassification of Preferred Stock (other than a reclassification involving only the subdivision of outstanding Preferred Stock), or (d) to effect any consolidation or merger into or with any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n) hereof), or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons (other than

the Company and/or any of its Subsidiaries in one or more transactions each of which complies with Section 11(n) hereof), or (e) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to the Rights Agent and to each holder of a Right, in accordance with Section 26, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, distribution of rights or Rights, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Preferred Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (a) or (b) above at least twenty (20) days prior to the record date for determining holders of the Preferred Stock for purposes of such action, and in the case of any such other action, at least twenty (20) days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Preferred Stock, whichever shall be the earlier.

In case a Section 11(a)(ii) Event shall occur, then, in any such case, the Company shall as soon as practicable thereafter give to the Rights Agent and to each holder of a Right, to the extent feasible and in accordance with Section 26, a notice of the occurrence of such event, which shall specify the event and the consequences of the event to holders of Rights under Section 11(a)(ii) and all references in the preceding paragraph to Preferred Stock shall be deemed to thereafter refer to Common Stock and/or other securities, as the case may be.

Section 26. NOTICES. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

First Industrial Realty Trust, Inc.  
311 S. Wacker Drive  
Suite 4000  
Chicago, IL 60606  
Attention: Mr. Michael Havalala

Subject to the provisions of Section 21, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

First Chicago Trust Company of New York  
525 Washington Blvd.  
Suite 4660  
Jersey City, NJ 07310  
Attention: Tenders and Exchanges Administration

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. SUPPLEMENTS AND AMENDMENTS. Prior to the earlier of the Distribution Date or the Shares Acquisition Date and subject to the ultimate sentence of this Section 27, the Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates. From and after the earlier of the Distribution Date or the Shares Acquisition Date, and subject to the penultimate sentence of this Section 27, the Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates in order (i) to cure any ambiguity, (ii) to correct or supplement any provision contained herein which may be defective or inconsistent with any other

provisions herein, or (iii) to lengthen the time period during which the Rights may be redeemed following the Shares Acquisition Date for up to an additional twenty days beyond the time period set forth in Section 23(a) (provided that any such lengthening shall be effective only if there are Independent Directors and shall require the concurrence of a majority of such Independent Directors), or (iv) to change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable and which shall not adversely affect the interests of the holders of Right Certificates (other than an Acquiring Person or an Affiliate or Associate of an Acquiring Person). Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 27, the Rights Agent shall execute such supplement or amendment unless the Rights Agent shall have determined in good faith that such supplement or amendment would adversely affect its interests under this Agreement. Notwithstanding anything in this Agreement to the contrary, no supplement or amendment shall be made on or after the Distribution Date which changes the Redemption Price, the Final Expiration Date, the Purchase Price or the number of shares of Preferred Stock for which a Right is then exercisable.

Section 28. SUCCESSORS. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. DETERMINATIONS AND ACTIONS BY THE BOARD OF DIRECTORS. For all purposes of this Agreement, any calculation of the number of shares of Common Stock outstanding at any particular time, including for purposes of determining the particular percentage of such outstanding shares of Common Stock of which any Person is the Beneficial Owner, shall be made in accordance with the provisions of Rule 13d-3(d)(1)(i) of the General Rules and Regulations under the Exchange Act. The Board of Directors of the Company (and, where specifically provided for herein, the Independent Directors) shall have the exclusive power and authority to administer this Agreement and to



exercise all rights and powers specifically granted to the Board or the Company (or, as expressly provided, the Independent Directors), or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Agreement, and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement (including a determination to redeem or not redeem the Rights or to amend the Agreement). All such actions, calculations, interpretations and determinations (including, for the purpose of clause (ii) below, all omissions with respect to the foregoing) which are done or made by the Board (or, as provided for, by the Independent Directors) in good faith, shall (i) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Right Certificates and all other parties, and (ii) not subject the Board or the Independent Directors to any liability to the holders of the Right Certificates.

Section 30. BENEFITS OF THIS AGREEMENT. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Stock) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, registered holders of the Common Stock).

Section 31. SEVERABILITY. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated; PROVIDED, HOWEVER, that notwithstanding anything in this Agreement to the contrary, if any such term, provision, covenant or restriction is held by such court or authority to be invalid, void or unenforceable and the Board of Directors of the Company determines in its good faith judgment that severing the invalid language from this Agreement would adversely affect

the purpose or effect of this Agreement, the right of redemption set forth in Section 23 hereof shall be reinstated and shall not expire until the close of business on the tenth day following the date of such determination by the Board of Directors.

Section 32. GOVERNING LAW. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Maryland and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State except that the rights, duties and obligations of the Rights Agent under this Agreement shall be governed by the laws of the State of New York.

Section 33. COUNTERPARTS. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 34. DESCRIPTIVE HEADINGS. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

[SEAL]

FIRST INDUSTRIAL REALTY TRUST, INC.

Attest

By:

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Name:  
Title:

By:

-----  
Name:  
Title:

[SEAL]

First Chicago Trust Company of  
New York, as Rights Agent

Attest:

By:

-----  
Name:  
Title:

By:

-----  
Name:  
Title:

Junior Participating Preferred Stock  
(Liquidation Preference \$1.00 Per Share)

ARTICLES SUPPLEMENTARY

FIRST INDUSTRIAL REALTY TRUST, INC.

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Articles Supplementary of Board of Directors Classifying  
and Designating a Series of Preferred Stock as  
Junior Participating Preferred Stock  
and Fixing Distribution and  
Other Preferences and Rights of Such Series

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Dated as of September 5, 1997

FIRST INDUSTRIAL REALTY TRUST, INC.

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Articles Supplementary of Board of Directors Classifying  
and Designating a Series of Preferred Stock as  
Junior Participating Preferred Stock  
and Fixing Distribution and  
Other Preferences and Rights of Such Series

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First Industrial Realty Trust, Inc., a Maryland corporation, having its principal office in the State of Maryland in the City of Baltimore (the "Company"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

Pursuant to authority conferred upon the Board of Directors by the Charter and Bylaws of the Company, the Board of Directors pursuant to resolutions adopted on September 4 1997 (i) authorized the creation and issuance of up to 1,000,000 shares of Junior Participating Preferred Stock which stock was previously authorized but not issued and (ii) determined the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption of the shares of such series and the Dividend Rate payable on such series. Such preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, number of shares and Dividend Rate are as follows:

Section 1. NUMBER OF SHARES AND DESIGNATION. This class of Preferred Stock shall be designated the Junior Participating Preferred Stock (the "Preferred Shares") and the number of shares which shall constitute such series shall be

1,000,000 shares, par value \$.01 per share. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of Preferred Shares to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Company convertible into Preferred Shares.

Section 2. DIVIDEND RIGHTS. (1) Subject to the rights of holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Preferred Shares with respect to dividends, the holders of Preferred Shares shall be entitled prior to the payment of any dividends on shares ranking junior to the Preferred Shares to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of February, May, August and November in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Preferred Shares, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions (other than a dividend payable in shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise)) declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Preferred Shares. In the event the Company shall at any time (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of Preferred Shares were enti-

tled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) The Company shall declare a dividend or distribution on the Preferred Shares as provided in subparagraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1.00 per share on the Preferred Shares shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(3) Dividends shall begin to accrue and be cumulative on outstanding Preferred Shares from the Quarterly Dividend Payment Date next preceding the date of issue of such Preferred Shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Preferred Shares entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of Preferred Shares entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

Section 3. LIQUIDATION. (1) Upon any liquidation, dissolution or winding up of the Company, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Shares unless, prior thereto, the holders of shares of Preferred Shares shall have received \$1.00 per share (the "Liquidation Preference"), plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment. Following the payment of the full amount of the Liquidation Preference, no additional distributions shall be made to the holders of shares of Preferred Shares unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph (C) below to reflect such events as stocks splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Liquidation Preference and the Common Adjustment in respect of all outstanding Preferred Shares and shares of Common Stock, respectively, holders of Preferred Shares and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to the Preferred Shares and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Preferred Shares, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.



(C) In the event the Company shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 4. NO REDEMPTION. (1) Except as provided below, the Preferred Shares shall not be redeemable.

(2) The Preferred Shares are subject to the provisions of Article IX of the Charter, including, without limitation, the provisions for the redemption of Excess Stock (as defined in such Article).

Section 5. VOTING RIGHTS. The holders of Preferred Shares shall have the following voting rights:

(1) Subject to the provision for adjustment hereinafter set forth, each Preferred Share shall entitle the holder thereof to 100 votes on all matters voted on at a meeting of the stockholders of the Company. In the event the Company shall at any time (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, or (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of Preferred Shares were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) Except as otherwise provided herein or by law, the holders of Preferred Shares and the holders of shares of

Common Stock and any other capital stock of the Company having general voting rights shall vote together as one voting group on all matters submitted to a vote of stockholders of the Company.

(3) Except as set forth herein or as otherwise provided by law, holders of Preferred Shares shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 6. CERTAIN RESTRICTIONS.

(1) Whenever quarterly dividends or other dividends or distributions payable on the Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on Preferred Shares outstanding shall have been paid in full, the Company shall not:

declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Preferred Shares;

declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Shares, except dividends paid ratably on the Preferred Shares and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Preferred Shares, provided that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of

any stock of the Company ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Preferred Shares; or

purchase or otherwise acquire for consideration any shares of Preferred Shares or any shares of stock ranking on a parity with the Preferred Shares, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under subparagraph (A) of this Section 6, purchase or otherwise acquire such shares at such time and in such manner.

Section 7. REACQUIRED SHARES. Any Preferred Shares purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein or in the Charter.

Section 8. MERGER, CONSOLIDATION, ETC. In case the Company shall enter into any merger, consolidation, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each Preferred Share shall at the same time be similarly exchanged or changed into an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property

(payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of Preferred Shares shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 9. RANKING. The Preferred Shares shall rank, with respect to the payment of dividends and distribution of assets, junior to all series of any other class of the Company's Preferred Stock unless the terms of any such series shall provide otherwise.

Section 10. AMENDMENT. The Charter, including the Articles Supplementary establishing the rights and preferences of the Preferred Shares, shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Preferred Shares so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding shares of Preferred Shares, voting separately as one voting group.

Section 11. FRACTIONAL SHARES. Preferred Shares may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Preferred Shares.

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be signed in its name and on its behalf and attested to by the undersigned on this 5th day of September, 1997 and the undersigned acknowledges under the penalties of perjury that these Articles Supplementary are the corporate act of said Company and that to the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects.

FIRST INDUSTRIAL REALTY TRUST, INC.

By: /s/ Michael T. Tomasz

-----  
Name: Michael T. Tomasz  
Title: President and Chief  
Executive Officer

Attest:

/s/ Michael J. Havala

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Name: Michael J. Havala  
Title: Chief Financial Officer and  
Secretary

[Form of Right Certificate]

Certificate No. R-

\_\_\_\_\_ Rights

NOT EXERCISABLE AFTER OCTOBER 19, 2007 OR EARLIER IF NOTICE OF REDEMPTION IS GIVEN. THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, AT \$.001 PER RIGHT ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON (AS DEFINED IN THE RIGHTS AGREEMENT) AND ANY SUBSEQUENT HOLDER MAY BECOME NULL AND VOID. [THE RIGHTS REPRESENTED BY THIS RIGHT CERTIFICATE ARE OR WERE BENEFICIALLY OWNED BY A PERSON WHO WAS OR BECAME AN ACQUIRING PERSON OR AN ASSOCIATE OR AFFILIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT). ACCORDINGLY, THIS RIGHT CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY MAY BECOME NULL AND VOID IN THE CIRCUMSTANCES SPECIFIED IN SECTION 7(e) OF THE RIGHTS AGREEMENT.](1)

FIRST INDUSTRIAL REALTY TRUST, INC.

Right Certificate

This certifies that \_\_\_\_\_, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement dated as of September 16, 1997 (the "Rights Agreement") between First Industrial Realty Trust, Inc., a Maryland corporation (the "Company"), and First Chicago Trust Company of New York, a New York corporation (the "Rights Agent"), to purchase from the

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(1) The portion of the legend in brackets shall be inserted on;y if applicable.

Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M. (New York City time) on October 19, 2007 at the designated office of the Rights Agent, or its successors as Rights Agent, in New York, New York, one one-hundredth of a fully paid non assessable share of the Junior Participating Preferred Stock, par value \$.01 per share (the "Preferred Stock"), of the Company, at a purchase price of \$125 per one one-hundredth of a share (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase and related certificate duly executed, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request. The number of Rights evidenced by this Right Certificate (and the number of shares which may be purchased upon exercise thereof) set forth above, and the Purchase Price per share set forth above, are the number and Purchase Price as of September 16, 1997, based on the Preferred Stock of the Company as constituted at such date.

Upon the occurrence of a Triggering Event (as such term is defined in the Rights Agreement), if the Rights evidenced by this Right Certificate are beneficially owned by (i) an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined in the Rights Agreement), (ii) a transferee of any such Acquiring Person, Associate or Affiliate, or (iii) under certain circumstances specified in the Rights Agreement, a transferee of a person who after such transfer, became an Acquiring Person, or an Affiliate or Associate of an Acquiring Person, such Rights shall become null and void and no holder hereof shall have any right with respect to such Rights from and after the occurrence of such Triggering Event.

As provided in the Rights Agreement, the Purchase Price and the number and kind of shares of Preferred Stock (or, in certain circumstances, common stock and/or other securities) which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events, including Triggering Events (as such term is defined in the Rights Agreement).

This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which

terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the above-mentioned office of the Rights Agent, and at the executive offices of the Company.

This Right Certificate, with or without other Right Certificates, upon surrender at the designated office of the Rights Agent, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of one one-hundredths of a share of Preferred Stock as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request, another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be (i) redeemed by the Company at a redemption price of \$.001 per Right or (ii) exchanged by the Company in whole or in part for shares of common stock or Preferred Stock.

No fractional shares of Preferred Stock will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one one-hundredth of a share of Preferred Stock), but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Stock or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such,



any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or, to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of \_\_\_\_\_, \_\_\_\_\_.

[SEAL]

ATTEST: FIRST INDUSTRIAL REALTY TRUST, INC.

By:	-----	By:	-----
	Name:		Name:
	Title:		Title:

Countersigned:  
FIRST CHICAGO TRUST COMPANY OF NEW YORK, as Rights Agent

By: -----  
Authorized Signature

Date:

[Form of Reverse Side of Right Certificate]

FORM OF ASSIGNMENT

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(To be executed by the registered holder if such holder desires to transfer the Right Certificates.)

FOR VALUE RECEIVED \_\_\_\_\_

hereby sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_  
(Please print name and address of transferee)

\_\_\_\_\_  
this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated: \_\_\_\_\_, \_\_\_\_

-----  
Signature

Signature Guaranteed: \_\_\_\_\_

(Signatures must be guaranteed by a commercial bank or trust company or by a member of the New York Stock Exchange.)

CERTIFICATE  
-----

The undersigned hereby certifies by checking the appropriate boxes that:

(1) this Right Certificate [ ] is [ ] is not being sold, assigned and transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it [ ] did [ ] did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

-----  
Signature

Signature Guaranteed: -----

(Signatures must be guaranteed by a commercial bank or trust company or by a member of the New York Stock Exchange.)

NOTICE  
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The signature to the foregoing Assignment and Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

FORM OF ELECTION TO PURCHASE  
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(To be executed if holder desires to exercise  
Rights evidenced by the Right Certificate.)

First Industrial Realty Trust, Inc.:

The undersigned hereby irrevocably elects to exercise  
\_\_\_\_\_ Rights represented by this Right Certificate to purchase the  
shares of the Preferred Stock issuable upon the exercise of such Rights (or  
such other securities of the Company or of any other Person which may be  
issuable upon the exercise of the Rights) and requests that certificates for  
such shares be issued in the name of:

Please insert social security or  
other taxpayer identifying number

-----  
(Please print name and address)  
-----

If such number of Rights shall not be all the Rights  
evidenced by this Right Certificate, a new Right Certificate for the balance  
remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security or  
other taxpayer identifying number

-----  
(Please print name and address)  
-----

-----  
Signature

Signature Guaranteed: \_\_\_\_\_

(Signatures must be guaranteed by a commercial bank or trust company or by a member of the New York Stock Exchange.)

CERTIFICATE  
-----

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Right Certificate [ ] are [ ] are not being exercised by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it [ ] did [ ] did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: \_\_\_\_\_, \_\_\_\_\_  
Signature

NOTICE  
-----

The signature to the foregoing Election to Purchase and Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

SUMMARY OF RIGHTS TO PURCHASE  
PREFERRED STOCK

On September 4, 1997, the Board of Directors of First Industrial Realty Trust, Inc. (the "Company") declared, a dividend distribution of one Right for each outstanding share of Common Stock, \$0.01 par value (the "Common Stock"), of the Company. The distribution is payable on October 20, 1997 (the "Record Date"). Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Junior Participating Preferred Stock (the "Preferred Stock"), at a price of \$125 per one one-hundredth of a share (the "Purchase Price"), subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement (the "Rights Agreement") between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agent").

Distribution Date; Transfer of Rights

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Until the earlier to occur of (i) ten calendar days following the date (the "Shares Acquisition Date") of public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") acquired, or obtained the right to acquire, beneficial ownership of Common Stock or other voting securities ("Voting Stock") that have 15% or more of the voting power of the outstanding shares of Voting Stock or (ii) ten calendar days (or such later date as may be determined by action of the Board of Directors prior to the time any person or group of affiliated persons becomes an Acquiring Person) following the commencement or announcement of an intention to make a tender offer or exchange offer the consummation of which would result in such person acquiring, or obtaining the right to acquire, beneficial ownership of Voting Stock having 15% or more of the voting power of the outstanding shares of Voting Stock (the earlier of such dates being called the "Distribution Date"), the Rights will be evidenced, with respect to any of the Company's Common Stock certificates outstanding as of the Record Date, by such Common Stock certificates. The Rights Agreement provides that, until the Distribution Date, the Rights will be transferred with and only with the Company's



Common Stock. Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Stock certificates issued after the Record Date upon transfer or new issuance of the Company's Common Stock will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any of the Company's Common Stock certificates outstanding as of the Record Date will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Company's Common Stock as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire at the close of business on October 19, 2007, unless earlier redeemed or exchanged by the Company as described below.

Exercise of Rights for Common Stock of the Company  
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In the event that a Person becomes an Acquiring Person, each holder of a Right will thereafter have the right to receive, upon exercise, Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the exercise price of the Right. Notwithstanding any of the foregoing, following the occurrence of any of the events set forth in this paragraph, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person will be null and void.

Exercise of Rights for Shares of the Acquiring Company  
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In the event that, at any time following the Shares Acquisition Date, (i) the Company is acquired in a merger or other business combination transaction, or (ii) 50% or more of the Company's assets or earning power is sold or transferred, each holder of a Right (except Rights which previously have

been voided as set forth above) shall thereafter have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the Exercise Price of the Right.

Adjustments to Purchase Price  
- - - - -

The Purchase Price payable, and the number of shares of Preferred Stock (or Common Stock or other securities, as the case may be) issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights or warrants to subscribe for shares of the Preferred Stock or convertible securities at less than the current market price of the Preferred Stock or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends out of earnings or retained earnings or dividends payable in the Preferred Stock) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustment in the Purchase Price will be required until the earlier of (i) three years from the date of the event giving rise to such adjustment and (ii) the time at which cumulative adjustments require an adjustment of at least 1% in such Purchase Price. No fractional shares will be issued (other than fractional shares which are integral multiples of one one-hundredth of a share of Preferred Stock) and, in lieu thereof, an adjustment in cash will be made based on the market price of the Preferred Stock on the last trading date prior to the date of exercise.

Redemption and Exchange of Rights  
- - - - -

At any time after the occurrence of the event set forth under the heading "Exercise of Rights for Common Stock of the Company" above, the Board of Directors (with the concurrence of a majority of the Independent Directors) may exchange the Rights (other than Rights owned by the Acquiring Person

which shall have become void), in whole or in part, at an exchange ratio of one share of Common Stock (or a fraction of a share of Preferred Stock having the same market value) per Right (subject to adjustment).

At any time prior to 5:00 P.M. New York City time on the tenth calendar day following the Shares Acquisition Date, the Company may redeem the Rights in whole, but not in part, at a price of \$.001 per Right (the "Redemption Price"). Under certain circumstances set forth in the Rights Agreement, the decision to redeem shall require that there be Independent Directors in office and that a majority of the Independent Directors concur in such decision. Immediately upon the action of the Board of Directors of the Company electing to redeem the Rights with, if required, the concurrence of the Independent Directors, the Company shall make announcement thereof, and upon such action, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

Until a Right is exercised or exchanged, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

Terms of the Preferred Stock  
- - - - -

The Preferred Stock will rank junior to all other series of the Company's preferred stock with respect to payment of dividends and as to distributions of assets in liquidation. Each share of Preferred Stock will have a quarterly dividend rate per share equal to the greater of \$1.00 or 100 times the per share amount of any dividend (other than a dividend payable in shares of Common Stock or a subdivision of the Common Stock) declared from time to time on the Common Stock, subject to certain adjustments. The Preferred Stock will not be redeemable. In the event of liquidation, the holders of the Preferred Stock will be entitled to receive a preferred liquidation payment per share of \$1.00 (plus accrued and unpaid dividends) or, if greater, an amount equal to 100 times the payment to be made per share of Common Stock, subject to certain adjustments. Generally, each share of Preferred Stock will vote together with the Common Stock and any other series of cumulative preferred stock entitled to vote in such manner and will be entitled to 100 votes, subject to certain adjustments. In the event of any merger, consolidation, combination or other transaction in which shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or other property, each share of Preferred Stock will be enti-

tled to receive 100 times the aggregate amount of stock, securities, cash and/or other property, into which or for which each share of Common Stock is changed or exchanged, subject to certain adjustments. The foregoing dividend, voting and liquidation rights of the Preferred Stock are protected against dilution in the event that additional shares of Common Stock are issued pursuant to a stock split or stock dividend or distribution. Because of the nature of the Preferred Stock's dividend, voting, liquidation and other rights, the value of the one one-hundredth of a share of Preferred Stock purchasable with each Right is intended to approximate the value of one share of Common Stock.

Amendments to Terms of the Rights  
- - - - -

Any of the provisions of the Rights Agreement may be amended by the Board of Directors of the Company prior to the Distribution Date. After the Distribution Date, the provisions of the Rights Agreement may be amended by the Board (in certain circumstances, with the concurrence of the Independent Directors) in order to cure any ambiguity, defect or inconsistency, or to make changes which do not adversely affect the interests of holders of Rights (excluding the interests of any Acquiring Person); PROVIDED, HOWEVER, that no supplement or amendment may be made after the Distribution Date which changes those provisions relating to the principal economic terms of the Rights.

The term "Independent Directors" means any member of the Board of Directors of the Company who either (i) was a member of the Board on the date of the Rights Agreement or (ii) is subsequently elected to the Board if such person is recommended or approved by a majority of the Independent Directors, but shall not include an Acquiring Person, or an affiliate or associate of an Acquiring Person, or any representative of the foregoing entities.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A dated [ ], 1997. A copy of

the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is hereby incorporated herein by reference.

## FIRST INDUSTRIAL REALTY TRUST, INC.

## COMPUTATION OF RATIOS OF EARNINGS TO

## FIXED CHARGES AND PREFERRED STOCK DIVIDENDS(A)

(DOLLARS IN THOUSANDS)

	FOR THE SIX MONTHS ENDED JUNE 30,		FOR THE YEAR ENDED DECEMBER 31,				
	1997	1996	1996	1995	1994	1993	1992
Income (loss) (excluding interest income on U.S. government securities collateralizing the 1994 Defeased Mortgage Loan) before disposition of interest rate protection agreement, gain on sales of properties, extraordinary items and minority interest.....	\$ 24,124	\$ 15,544	\$ 36,524	\$ 19,756	\$ 8,855	\$ (3,399)	\$ (4,048)
Plus interest expense and amortization of deferred financing costs and interest rate protection agreements.....	22,701	15,571	32,240	33,029	26,461	19,184	19,994
Earnings (excluding interest income on U.S. government securities collateralizing the 1994 Defeased Mortgage Loan) before disposition of interest rate protection agreements, gain on sales of properties, extraordinary items, minority interest and fixed charges.....	\$ 46,825	\$ 31,115	\$ 68,764	\$ 52,785	\$ 35,316	\$ 15,785	\$ 15,946
Fixed charges and preferred stock dividends (b).....	\$ 22,181	\$ 17,619	\$ 36,660	\$ 33,821	\$ 26,511	\$ 19,197	\$ 20,277
Ratio of earnings to combined fixed charges and preferred stock dividends (c).....	2.11x	1.77x	1.88x	1.56x	1.33x	--(c)	--(c)

(a) The Company completed its initial public offering on June 30, 1994. Information prior to the initial public offering includes the operations and accounts of the Company's predecessor and information subsequent to the initial public offering includes the historical operations and accounts of the Company.

(b) There was no preferred stock outstanding prior to November, 1995.

(c) Earnings represent earnings (excluding interest income on U.S. government securities collateralizing the 1994 Defeased Mortgage Loan) before disposition of interest rate protection agreements, gain on sales of properties, extraordinary items, minority interest and fixed charges. Fixed charges consist of interest expenses (excluding interest on the 1994 Defeased Mortgage Loan accruing after the date of defeasance), capitalized interest, and amortization of interest rate protection agreements and

FIRST INDUSTRIAL REALTY TRUST, INC.

COMPUTATION OF RATIOS OF EARNINGS TO  
FIXED CHARGES AND PREFERRED STOCK DIVIDENDS(A)

(DOLLARS IN THOUSANDS)

deferred financing costs. For the fiscal years ended December 31, 1993 and 1992, earnings were not sufficient to cover fixed charges. Additional earnings of \$3.4 million and \$4.3 million, respectively would have been required to achieve a ratio of 1.0 for such periods.

FIRST INDUSTRIAL, L.P.  
AND CONTRIBUTING BUSINESSES  
COMPUTATION OF RATIOS OF EARNINGS TO  
FIXED CHARGES (A)  
(DOLLARS IN THOUSANDS)

	FOR THE SIX MONTHS ENDED JUNE 30,		FOR THE YEAR ENDED DECEMBER 31,				
	1997	1996	1996	1995	1994	1993	1992
Income (loss) before disposition of interest rate protection agreements, gain on sales of properties and extraordinary items.....	\$ 18,125	\$ 13,674	\$ 32,577	\$ 12,123	\$ 8,823	\$ (3,399)	\$ (4,048)
Plus interest expense and amortization of deferred financing costs and interest rate protection agreements.....	9,115	1,958	4,881	6,803	13,625	19,184	19,994
Earnings before disposition of interest rate protection agreements, gain on sales of properties, extraordinary items and fixed charges.....	\$ 27,240	\$ 15,632	\$ 37,458	\$ 18,926	\$ 22,448	\$ 15,785	\$ 15,946
Fixed charges and preferred limited partnership distributions (b).....	\$ 10,678	\$ 1,999	\$ 5,382	\$ 7,069	\$ 13,645	\$ 19,197	\$ 20,277
Ratio of earnings to fixed charges (c).....	2.55x	7.82x	6.96x	2.68x	1.65x	--(c)	--(c)

(a) First Industrial Realty Trust, Inc., the general partner of First Industrial, L.P. (the "Operating Partnership"), completed its initial public offering on June 30, 1994. Information prior to the initial public offering includes the operations and accounts of the Operating Partnership's predecessors and information subsequent to the initial public offering includes the historical operations and accounts of the Operating Partnership.

(b) There were no preferred limited partnership distributions in respect of any period prior to the fiscal quarter ending June 30, 1997.

(c) Earnings represent earnings before disposition of interest rate protection agreements, gain on sales of properties, extraordinary items and fixed charges. Fixed charges consist of interest expenses, capitalized interest and amortization of interest rate protection agreements and deferred financing costs. For the fiscal years ended December 31, 1993 and 1992, earnings were not sufficient to cover fixed charges. Additional earnings of \$3.4 million and \$4.3 million, respectively would have been required to achieve a ratio of 1.0 for such periods.



## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in this registration statement on Amendment No. 1 to Form S-3 (File No. 333-29879) dated September 23, 1997 of our reports dated February 12, 1997 on our audits of the financial statements and the financial statement schedule of First Industrial, L.P. (the "Operating Partnership") and the combined financial statements of the Contributing Businesses and of the combined financial statements of the Other Real Estate Partnerships and the incorporation by reference in this registration statement on Amendment No. 1 to Form S-3 (File No 333-29879) of our report dated February 12, 1997, on our audits of the consolidated financial statements and the financial statement schedule of First Industrial Realty Trust, Inc. (the "Company") and the combined financial statements of the Contributing Businesses which is included in the 1996 Annual Report on Form 10-K, and our report dated February 11, 1997 on our audit of the combined historical statements of revenues and certain expenses of the Acquisition Properties which is included in the Company's Current Report on Form 8-K filed February 12, 1997, and our report dated March 26, 1997 on our audit of the combined historical statement of revenues and certain expenses of the Lazarus Burman Properties which is included in the Company's Current Report on Form 8-K filed February 12, 1997 as amended by Form 8-K/A No. 1 filed April 10, 1997, and our report dated July 30, 1997 on our audit of the combined historical statement of revenues and certain expenses of the Punia Acquisition Properties which is included in each of the Company's and Operating Partnership's Current Report on Form 8-K filed July 15, 1997 as amended by Form 8-K/A No. 1 each filed September 4, 1997. We also consent to the reference to our firm under the caption "Experts."

COOPERS & LYBRAND L.L.P.

Chicago, Illinois  
September 23, 1997