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BLUE CHIP STAMPS

10-K PT 1 & 2

OTHER CALIFORNIA 1973

CARD 1

Blue Chip Stamps [Calif.] Co: B558000000
5801 South Eastern Avenue
Los Angeles, Calif. 90040
SEC File No: 0-3810 Exch: Other
IRS No: 94-1354687 CUSIP: 0953299
Fiscal Year Ends: 3/4 SIC No: 739

10-Q For: 12/2/72 Rec: 1/3/73

8-K For: 12/31/72 Rec: 1/8/73
¤ Litigation; Judgments (legal findings); *Dismissal.
Exhibits: None

8-K For: 2/28/73 Rec: 3/8/73
¤ Corporate control change; *W.E. Buffett; *Disclaims control
Exhibits: None.

8-K For: 3/31/73 Rec: 4/10/73
Additional information (as reported on Form 4) concerning interests in the common stock of the company owned by Warren E. Buffett and various associates.
Exhibits: None

Proxy Dated: 4/23/73 Rec: 4/23/73
Meeting: Annual 5/24/73
Exceptional Subjects: None
Exhibits: None

ARS For: 3/3/73 Rec: 4/25/73
Auditor: Price Waterhouse & Co.
Revenues: $132,323,000 Earnings: $7,101,000/$1.38
Assets: $199,724,000 Net Worth: $53,125,000
Extr. Items: $(925,000)

Abstract: Net income and earnings per share up 68%. Submitted to U.S. District Court plan offering for sale 1/3 of Southern California trading stamp business. Court disapproved plan, and ordered independent expert witness to study feasibility of sale or spin-off. Acquired 25% of Wesco Financial Corporation, and applied for permission to increase holdings.

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8-K For: 4/30/73 Rec: 5/10/73

Warren E. Buffet, director, discloses has beneficial holdings (13%) and those of his associates (34%), for a total of 47% of common shares of registrant. He disclaims control.

Exhibits: None

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B558000

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

JUN 1 1973
LEASED INFORMATION PRODUCTS, INC.

REC'D - S.E.C.
MAY 29 1973
(Fee Received)

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fifty-two weeks ended March 3, 1973 — Commission file number 0-3810

BLUE CHIP STAMPS
(Exact name of registrant as specified in its charter)

California	94-1354687
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5801 South Eastern Avenue, Los Angeles, California 90040
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 213-685-8615

Securities registered pursuant to Section 12(g) of the Act:

Common stock, par value $1.00 per share
6-3/4%* Subordinated Debentures due 1978

Indicate by check mark whether the registrant (1) has filed all annual, quarterly and other reports required to be filed with the Commission and (2) has been subject to the filing requirements for at least the past 90 days.
Yes X No____

*6-1/2% prior to May 15, 1972

Item 1. Business.

Blue Chip Stamps (the "Company") is engaged primarily in furnishing a trading stamp service to approximately 20,000 retail merchants and their customers. Eighty-six redemption stores are maintained in California, Nevada, Oregon and Arizona. The Company also develops incentive and marketing programs for use by various business enterprises. A subsidiary manufactures quality candy and retails it through 167 company-operated stores in nine western states. Approximately 2,000 persons are employed full-time by the Company and its subsidiary.

Stamp service revenues have declined from a historical peak of $124,180,000 for the fiscal year ended February 28, 1970 to $88,736,000 for the fiscal year ended March 3, 1973. This decline has resulted from several factors. First, a number of supermarket operators have discontinued or reduced the use of trading stamps in connection with their conversion to discount merchandising, a rival form of promotion. Second, the nation's largest trading stamp company has converted much of its California operations to Blue Chip Stamps' lower-priced, nonfranchised manner of doing business. Third, may service station operators have curtailed the practice of giving consumers multiple stamps (more than one stamp for each ten cents of sales), a promotion technique which was widespread for several years. No reversal of this adverse trend in stamp service volume is expected in the near future.

The Company is engaged in three lines of business: the trading stamp service; the candy business, which was acquired in January 1972; and the incentive business, which is still relatively minor. The following table sets forth for the past five fiscal years the relative contribution of each line of business presently accounting for ten per cent or more of total revenues or of total income before income taxes, securities losses and extraordinary charges:

Item 1. Business. (Continued)

	March 1, 1969	February 28, 1970	February 27, 1971	March 4, 1972	March 3, 1973
Revenues:					
Trading stamp service	99%	99%	99%	95%	73%
Candy business	-	-	-	4	25
Income before income taxes, securities losses and extraordinary charges:					
Trading stamp service	100	100	100	95	60
Candy business	-	-	-	4	38

Item 2. Summary of Operations.

Following is a statement of income of the Company for the three fiscal years ended February 27, 1971 and a consolidated statement of income for the Company and its majority-owned subsidiary for the two fiscal years ended March 3, 1973:

	Fiscal year ended				
	March 1, 1969	February 28, 1970	February 27, 1971	March 4, 1972	March 3, 1973
	(In thousands except for amounts per share)				
Revenues:					
Stamp service revenues	$107,602	$124,180	$118,374	$100,622	$ 88,736
Incentive sales	882	1,822	1,759	2,145	3,624
Candy sales	-	-	-	4,104	32,049
Interest and dividends	2,764	4,708	6,203	6,359	7,315
Other	903	1,310	1,448	872	599
	112,151	132,020	127,784	114,102	132,323
Costs and expenses:					
Cost or redemptions and sales	94,703	108,977	104,392	93,791	95,662
Selling, general and administrative expenses	6,761	7,275	8,558	10,917	21,729
Interest	165	705	705	927	2,638
Discount amortization	90	358	358	365	358
	101,719	117,315	114,013	106,000	120,387
Income before provision for income taxes, securities gains (losses) and extraordinary charges	10,432	14,705	13,771	8,102	11,936
Provision for income taxes	5,017	6,967	5,032	2,195	3,828
Income before securities gains (losses) and extraordinary charges	5,415	7,738	8,739	5,907	8,108
Securities gains (losses), less applicable income taxes	229	27	(155)	(1,693)	(82)
Income before extraordinary charges	5,644	7,765	8,584	4,214	8,026
Extraordinary charges - settlements of lawsuits and claims, less applicable income taxes	(3,651)	(378)	-	-	(925)
Net income	$ 1,993	$ 7,387	$ 8,584	$ 4,214	$ 7,101
Per share:					
Income before securities gains (losses) and extraordinary charges	$1.54	$1.53	$1.72	$1.15	$1.58
Securities gains (losses), less applicable income taxes	.06	.01	(.03)	(.33)	(.02)
Income before extraordinary charges	1.60	1.54	1.69	.82	1.56
Extraordinary charges, less applicable income taxes	(1.03)	(.08)	-	-	(.18)
Net income	$ .57	$1.46	$1.69	$ .82	$1.38

Item 2. Summary of Operations. (Continued)

During the period January 3, 1972 through March 4, 1972 the Company acquired for cash 93% of the outstanding common stock of See's Candy Shops, Incorporated. The Company has subsequently increased its ownership to 99%.

Per share amounts are based upon the weighted average number of shares of common stock outstanding during the fiscal year adjusted for a five-for-one stock split in October 1969 and for the dilutive effect of all outstanding stock options. Such dilution is calculated assuming all such options have been exercised and the proceeds used to purchase shares at the average market price during the year. Following is a summary of the shares used in per share computations:

	Fiscal year ended				
	March 1, 1969	February 28, 1970	February 27, 1971	March 4, 1972	March 3, 1973
Average shares outstanding	3,530,000	4,877,000	4,957,000	5,028,000	5,069,000
Dilution assuming exercise of outstanding stock options		180,000	123,000	88,000	60,000
	3,530,000	5,057,000	5,080,000	5,116,000	5,129,000

No change in per share amounts would result from use of the more restrictive "fully diluted" method.

The decline in stamp service revenues beginning with the fiscal year ended February 27, 1971 was caused by various factors (see Item 1). Despite that decline, total revenues and net income for the fiscal year ended March 3, 1973 increased over those of the prior fiscal year due to inclusion of a full year's candy sales in the more recent year's figures versus only two months' in the prior year's figures. Net income for the fiscal year ended February 28, 1970 increased significantly due to a substantial reduction in settlements of lawsuits and claims (set out separately as extraordinary charges). Net income for the fiscal year ended March 4, 1972 decreased significantly due to the aforementioned decline in stamp

Item 2. Summary of Operations. (Continued)

service revenues but also as a result of the significant excess of securities losses over securities gains during this year. Net income in each year benefited from increased after-tax yield on marketable securities. Comments in this paragraph also apply to the corresponding per-share figures.

Revenues, earnings and earnings per share as set forth above are not necessarily indicative of future revenues, earnings and earnings per share. As explained in Item 1, stamp service revenues have been declining since the fiscal year ended February 28, 1970, and no reversal of this trend is expected in the near future. The Company believes that a sale or spin-off of one-third of its California trading stamp business (see Item 5 and Note 11 to the financial statements in the attached printed annual report), if consummated, would have a materially adverse effect on revenues and earnings and under existing market conditions might have a materially adverse effect on its ability to continue its trading stamp business.

Following is an analysis of retained earnings and other capital accounts for the five fiscal years ended March 3, 1973:

	Common stock		Paid-in	Retained
	Shares*	Amount	capital	earnings
Balance at March 2, 1968	3,108,000	$ 207,000	$ -	$22,853,000
Sale of restricted stock to employees	137,000	9,000	-	-
Sale of stock to users	1,626,000	109,000	2,878,000	-
Net income	-	-	-	1,993,000
Balance at March 1, 1969	4,871,000	325,000	2,878,000	24,846,000
Change in par value	-	4,546,000	(2,878,000)	(1,668,000)
Exercise of stock options	79,000	79,000	403,000	-
Cash dividends of $.10 per share	-	-	-	(487,000)
Net income	-	-	-	7,387,000
Balance at February 28, 1970	4,950,000	4,950,000	403,000	30,078,000
Exercise of stock options	77,000	77,000	393,000	-
Purchase of stock from terminated employees	(1,000)	(1,000)	-	-
Cash dividends of $.24 per share	-	-	-	(1,188,000)
Net income	-	-	-	8,584,000
Balance at February 27, 1971	5,026,000	5,026,000	796,000	37,474,000
Exercise of stock options	13,000	13,000	66,000	-
Cash dividends of $.24 per share	-	-	-	(1,208,000)
Net income	-	-	-	4,214,000
Balance at March 4, 1972	5,039,000	5,039,000	862,000	40,480,000
Exercise of stock options	140,000	140,000	717,000	-
Cash dividends of $.24 per share	-	-	-	(1,214,000)
Net income	-	-	-	7,101,000
Balance at March 3, 1973	5,179,000	$5,179,000	$1,579,000	$46,367,000

*Adjusted for five-for-one stock split, October 1969.

Item 3. Properties.

The Company operates merchandise distribution centers at Los Angeles and at Richmond (near San Francisco). The Los Angeles distribution center has a storage capacity of approximately 8,000,000 cubic feet and is leased under an agreement expiring July 31, 1975 (with a five-year renewal option). The Richmond distribution center has a storage capacity of approximately 4,900,000 cubic feet and is owned by the Company in fee.

The companies named in the last paragraph of Item 4 manufacture candy in approximately 220,000 square feet of fully equipped kitchen facilities which they own in Los Angeles and South San Francisco.

Redemption stores and candy stores are normally leased. The leases expire on various dates, none later than 1991.

Item 4. Parents and Subsidiaries.

Warren E. Buffett, a director of the Company, holds beneficially approximately 13% of the Company's 5,178,810 shares of common stock outstanding; the beneficial holdings of Mr. Buffett and his associates aggregate approximately 47%. Mr. Buffett disclaims control of the Company. Mr. Buffett, his wife and entities with which they are associated own shares of the Company's common stock, as follows:

Warren E. Buffett	550,090
Susan T. Buffett, spouse, children of Mr. Buffett and trusts of which he is trustee but has no beneficial interest	126,628
Subsidiaries of Diversified Retailing Company, Inc.	841,900
Subsidiaries of Berkshire Hathaway Inc.	909,923

Mr. and Mrs. Buffett own approximately 42% of the common stock of Diversified Retailing Company, Inc. (which through a subsidiary is principally engaged in operating women's apparel stores). Mr. Buffett disclaims control of such company.

Item 4. Parents and Subsidiaries. (Continued)

Mr. and Mrs. Buffett own approximately 36% of the common stock of Berkshire Hathaway Inc. (which is principally engaged in the manufacture and sale of textiles, and subsidiaries of which are principally engaged in the banking and insurance businesses). Mr. Buffett disclaims control of such company.

The Company owns 99% of the outstanding common stock of See's Candy Shops, Incorporated, which, in turn, owns 100% of the common stock of See's Candies, Inc., both California corporations. Financial statements of both companies are included in the Company's consolidated financial statements from date of acquisition in January 1972.

Item 5. Pending Legal Proceedings.

(a) United States of America v. Blue Chip Stamp Company, Alexander's Markets, Lucky Stores, Inc., Market Basket, Purity Stores, Inc., Ralphs Grocery Company, Safeway Stores, Incorporated, Thriftimart, Inc., Thrifty Drug Stores, Inc., and Vons Grocery Co. United States District Court, Central District of California, Civil Action No. 63-1552-F.

This action under the Sherman Act was instituted by the United States Department of Justice on December 26, 1963 against the Company's predecessor and a Consent Decree was entered therein on June 5, 1967. Pursuant to said Consent Decree, the Company in June 1972 submitted for approval by the Court a plan to offer for sale one-third of its California trading stamp business located within a contiguous geographical area in Southern California. In January 1973 the Court signed an order (1) disapproving said plan, (2) requiring the Company to continue efforts to negotiate a sale and (3) calling for the appointment of an independent expert witness to study the feasibility of a sale or spin-off of a portion of the Company's trading stamp business under existing conditions.

Item 5. Pending Legal Proceedings. (Continued)

(b) Black and Brown Trading Stamp Corporation v. Blue Chip, Chevron Oil Company, Shell Oil Company, Phillips Petroleum Company, Mohawk, Standard Oil of California, Mobil Oil Corporation, Texaco, Inc., ARCO, Humble Oil and Refining Company, Douglas Oil Co. of California, Gulf Oil Corporation, Union Oil of California, Simas Bros. Service Stations, Vons Grocery Company, Lucy Stores, Inc., Safeway Stores, Inc., Mayfair Markets, Boy's Markets, Better Foods, and Thriftimart, Inc. United States District Court, Northern District of California, Civil Action No. 71-1333-OJC filed July 12, 1971.

This antitrust action, brought by a California corporation formerly engaged in the trading stamp business, asserts damages to plaintiff in excess of $160,000,000 and seeks treble damages plus attorneys' fees and costs, but the Company has not been served with process.

(c) Manor Drug Stores, and all other users of Blue Chip Stamps who were entitled but failed to purchase stock of Blue Chip Stamps, on behalf of themselves and all other persons similarly situated v. Blue Chip Stamps, Blue Chip Stamp Co., a merged corporation, Alexander's Markets, Lucky Stores, Inc., Market Basket, Purity Stores, Inc., Ralphs Grocery Company, Safeway Stores, Inc., Thriftimart, Inc., Thrifty Drug Stores Co., Inc., Vons Grocery Co., Robert E. Alexander, Donald A. Koeppell, Leonard H. Straus, William F. Ramsey, Robert E. Laverty, Richard Ralphs, John R. Niven, Fred Von der Ahe. United States District Court, Central District of California, Civil Action No. 70-2539 filed November 10, 1970.

This purported class action was filed on behalf of retailer users of Blue Chip stamps who failed to purchase stock of Blue Chip Stamps in a 1968 offering to retailer users. The amended complaint filed January 27, 1971 alleged damages to plaintiffs of $21,400,000 and exemplary damages of $25,000,000, interest, attorneys' fees and costs, and prayed that plaintiffs have the right to purchase stock, or units of stock and debentures, of the Company on the terms of the 1968 offering. The action was dismissed with

Item 5. Pending Legal Proceedings. (Continued)

prejudice by the United States District Court and an appeal by the plaintiffs to the United States Court of Appeals for the Ninth Circuit (No. 71-2223) is pending.

On June 21, 1971 plaintiffs filed a substantially identical action against the same defendants in the Superior Court of the State of California for the County of Los Angeles (No. C-5652). The Company has not yet been served with process in this latter action.

(d) Eleanor A. Botney and Thelma G. Daar, in behalf of themselves and all others similarly situated v. Blue Chip Stamps. Superior Court of the State of California for the County of Los Angeles, No. 997374 filed March 1, 1971.

This is a purported class action to recover for stamp savers monies collected by the Company as reimbursement for California sales taxes on redemption of stamps. By order dated May 23, 1973 the trial court ruled preliminarily that redemption transactions are taxable and the Company was entitled to collect reimbursement for such taxes but that the Company had erroneously calculated the amount of taxes and reimbursement therefor. No determination was made of the amount of excess collections or of the nature or extent of the relief, if any, to be granted, and those issues remain to be tried. The Company has paid sales taxes to the state equal to its reimbursement collections, and has asserted claims against the state for reimbursement of any overpayments to the state of tax or reimbursement monies. An amendment to the complaint alleging fraud and seeking punitive damages was served on the Company on March 7, 1973. The Company has denied all the material allegations of plaintiffs.

Item 6. Increases and Decreases in Outstanding Securities.

Following is an analysis of changes in the amount of the Company's $1.00 par value common stock during the fiscal year ended March 3, 1973:

Item 6. Increases and Decreases in Outstanding Securities. (Continued)

	Shares	Amount
Balance, March 4, 1972	5,039,000	$5,039,000
Exercise of stock options:		
March-May 1972	28,000	28,000
February 1973	112,000	112,000
Balance, March 3, 1973	5,179,000	$5,179,000

The stock options were exercised at an option price of $6.10 per share. Market prices ranged from $13-3/8 to $15-1/8 on dates exercised.

For additional information on the Company's qualified stock option plan, reference should be made to Note 7 to the Company's consolidated financial statements in the attached printed annual report and to the supplementary information contained on page S-4 hereof.

Shares sold pursuant to the qualified stock option plan have not been registered under the Securities Act of 1933. The issuance of such shares is exempt from registration under said Act pursuant to Section 4(2) thereof as not involving any public offering, because the group of optionees has not exceeded 16 officers and key employees at any one time. Pursuant to said plan, optionees have been required upon exercise of options to represent in writing that the shares have been acquired for investment. In addition the Company has followed the practice of issuing stop-transfer instructions. As a result of these two precautions, legending of the certificates has not been deemed necessary.

Item 7. Approximate Number of Equity Security Holders.

Title of class	Number of record holders as of March 3, 1973
Common stock, par value $1.00 per share	3,104

Item 8. Executive Officers of the Registrant.

Following is a list of the Company's executive officers, whose ages range from 55 to 39 years:

Name	Position
Donald A. Koeppel	Chairman of the Board and President
William F. Ramsey	Executive Vice President and Director
Raymond H. Allen	Vice President, Information Systems
Gerald N. Anderson	Vice President, Sales
James D. Carter	Vice President, Operations
Walter M. Cusack	Vice President, Incentives
William K. Klepper	Vice President, Merchandise
Robert H. Bird	Secretary and Treasurer

Item 9. Indemnification of Directors and Officers.

Reference is made to Item 29 of Part II of the Company's Registration Statement (Form S-1) No. 2-35318 dated December 17, 1969.

Item 10. Financial Statements and Exhibits Filed.

(a) Financial Statements:

Index to Financial Statements

The March 3, 1973 and March 4, 1972 consolidated balance sheet and consolidated statements of income, stockholders' equity and changes in financial position and notes thereto, together with the opinion thereon of Price Waterhouse & Co. dated April 6, 1973, appearing in the attached 1973 printed annual report are incorporated in this Form 10-K Annual Report. With the exception of the aforementioned information, the 1973 printed annual report is not to be deemed filed as part of this report.

The following additional financial data should be read in conjunction with the financial statements and notes referred to above. Schedules not included with this additional financial data have been omitted because they are not applicable or the required information is shown in such financial statements or notes.

The individual financial statements of the Company have been omitted since its total assets, exclusive of its investment in its consolidated subsidiary, constitute more than 75% of the total assets shown by the consolidated balance sheet filed herewith, and the Company's total gross revenues, exclusive of interest and dividends received, or equity in income, from its consolidated subsidiary, constitute more than 75% of total gross revenues shown by the consolidated income statement filed herewith.

Item 10. Financial Statements and Exhibits Filed. (Continued)

			Page number
Financial schedules -			
I	-	Marketable securities	S-6 - S-7
V	-	Property, plant and equipment	S-8
VI	-	Accumulated depreciation and amortization of property, plant and equipment	S-9
XVI	-	Supplementary income statement information	S-10

(b) Exhibits:

(1) Incorporated by reference to:

Form 8-K Current Report of Blue Chip Stamps for May 1972 -

3.2-3 Amendment to bylaws effective May 25, 1972 fixing number of directors at eleven

4.2-1 Supplemental indenture dated as of May 15, 1972

(2) Filed herewith:

3.2-4 Amendment to bylaws effective March 22, 1973 fixing number of directors at ten

Items 11 to 15 Inclusive.

These items are omitted pursuant to General Instruction H to Form 10-K. The Company has filed with the Securities and Exchange Commission a proxy statement pursuant to Regulation 14A for its annual meeting of stockholders scheduled for May 24, 1973.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLUE CHIP STAMPS

Date: May 25, 1973

By [signature]
R. H. Bird
Secretary and Treasurer

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the application of our report which appears on the last page of the 1973 printed annual report of Blue Chip Stamps, to the additional financial data listed in the foregoing index when this data is read in conjunction with the consolidated financial statements in such annual report; our report and the consolidated financial statements have been incorporated in this Form 10-K Annual Report. The examinations referred to in our report included examinations of the additional financial data.

Price Waterhouse & Co.
PRICE WATERHOUSE & CO.

606 South Olive Street
Los Angeles 90014
April 6, 1973

SUPPLEMENTARY INFORMATION TO
NOTES TO FINANCIAL STATEMENTS

	March 3, 1973	March 4, 1972
Income from marketable securities:		
Interest	$1,529,000	$1,784,000
Dividends	5,786,000	4,575,000
	$7,315,000	$6,359,000

The cost of securities sold is determined by the first-in, first-out method.

Beginning and ending inventories for the two fiscal years ended March 3, 1973 are as follows:

February 27, 1972	$17,197,000
March 4, 1972	14,187,000
March 3, 1973	13,114,000

The above amounts consist primarily of redemption merchandise with the exception that the March 3, 1973 and the March 4, 1972 amounts include $1,214,000 and $1,459,000 relating to candy operations.

The estimated useful lives used in computing depreciation are as follows:

Buildings	10 to 40 years
Furniture, fixtures and equipment	3 to 15 years
Leasehold improvements	Lives of leases

Expenditures for renewals and betterments of property, fixtures and equipment are capitalized; maintenance and repair costs are charged to income as incurred. When assets are retired or otherwise disposed of, the accounts are relieved of applicable cost and accumulated depreciation and amortization, and any gain or loss on disposal is credited or charged to income.

The excess of cost over equity in net assets of subsidiary, less accumulated amortization, as shown on the balance sheet, represents the difference between the Company's equity in the net assets of its consolidated subsidiary and its investment therein.

The components of accounts payable and accrued expenses are as follows:

	March 3, 1973	March 4, 1972
Accounts payable	$5,529,000	$4,989,000
Accrued compensation	2,315,000	2,068,000
Taxes other than income	632,000	623,000
	$8,476,000	$7,680,000

Included in interest and discount amortization is amortization of debenture discount amounting to $358,000 and $365,000 for the fiscal years ended March 3, 1973 and March 4, 1972. Debenture discount is being amortized over the term of the debentures by use of the debentures outstanding method.

Provisions for income taxes include state taxes of $518,000 and $185,000 for the fiscal years ended March 3, 1973 and March 4, 1972.

Minority interest in See's Candy Shops, Incorporated, at March 3, 1973 consists of the following:

Common stock	$ 5,000
Retained earnings	145,000
	$150,000

Following is a schedule of maturities for the long-term note payable to a bank and the 6-3/4% Subordinated Debentures due 1978.

Fiscal year ending in	Bank loan	Debentures	Total
1974	$ 5,751,000		$ 5,751,000
1975	23,004,000	$2,168,000	25,172,000
1976		2,168,000	2,168,000
1977		2,168,000	2,168,000
1978		2,168,000	2,168,000

The Company's Board of Directors has adopted cost savings incentive plans under which certain officers and key employees have received $104,000 and $62,000 for the years ended March 3, 1973 and March 4, 1972.

The Company's subsidiary has two profit-sharing plans which cover employees meeting certain eligibility requirements. The plans do not call for employee contributions nor provide for prior service credits. Company contributions are discretionary and subject to certain limitations. Provisions for contributions to the trust funds for the fiscal year ended March 3, 1973 and the two months ended March 4, 1972 totaled $426,000 and $68,000

Under the Company's qualified stock option plan, options for 332,500 shares were granted in February 1969 at $6.10 per share, options for 7,500 shares were granted in March 1970 at $14.75 per share and options for 18,000 shares were granted in March 1972 at $15.1875 per share, fair market values at dates granted. The options are exercisable in four annual instalments beginning one year after date of grant and expire five years after such date. At March 4, 1972 and March 3, 1973, 212,000 and 194,000 shares were available for grant. The excess of aggregate proceeds from exercise over par value is credited to paid-in capital. Additional option information is summarized below:

	Year ended March 3, 1973	Year ended March 4, 1972
Options which became exercisable during the period:		
Number of shares	78,625	78,625
Option price - Per share	$ 6.10 and $14.75	$ 6.10 and $14.75
Total	$495,830	$495,830
Market price at date first exercisable - Per share	$13.625 and $14.750	$14.625 and $18.125
Total	$1,073,375	$1,156,450
Options exercised during the period:		
Number of shares	140,500	12,300
Option price - Per share	$6.10	$ 6.10 and $14.75
Total	$857,050	$77.625
Market price at dates exercised - Per share range	$13.375-$15.125	$14.625-$17.125
Total	$1,909,875	$187,000

At March 3, 1973 options to purchase 28,200 shares were outstanding at an aggregate price of $397,875 (including options for 8,325 shares currently exercisable for $96,844).

At March 3, 1973, minimum annual rental commitments under leases expiring through 1991, excluding taxes, insurance and other expenses payable directly by the Company, are as follows:

Fiscal year ending in	
1973	$2,814,000
1974	2,720,000
1975	2,512,000
1976	2,108,000
1977	1,653,000
1978	1,327,000

Rental commitments apply primarily to redemption stores and candy shops.

Rentals applicable to candy shops are generally determined based upon a fixed percentage of sales (usually 6%) which have exceeded the specified minimums.

CONSOLIDATED

BLUE CHIP STAMPS

SCHEDULE I - MARKETABLE SECURITIES
MARCH 3, 1973

Name of issuer and title of issue	Number of shares or units - principal amount of bonds and notes	Amount at which shown in balance sheet	Value based on market quotations at March 3, 1973
Time deposits	$21,298,000	$21,298,000	$21,298,000
Preferred stock:			
American Can Co., 7% Cum.	15,000	$ 569,000	$ 379,000
American Water Works Co. Inc., 4.10% Cum.	23,800	463,000	488,000
Duke Power Co., 6.75% Cum. Conv.	10,000	1,000,000	955,000
E. I. du Pont de Nemours, $4.50 Cum.	7,500	721,000	514,000
General Motors, $3.75 Cum.	7,700	630,000	441,000
Natural Gas Pipeline Co. of America, 9.20% Cum.	40,000	4,000,000	4,280,000
Pacific Power & Light Co., 8.92% Cum.	40,000	3,957,000	4,280,000
Southern California Edison, 8.96% Cum.	50,000	5,000,000	5,688,000
Other	26,000	1,706,000	1,174,000
	220,000	$18,046,000	$18,199,000
Common stocks:			
Allegheny Power System Inc.	50,000	$ 1,088,000	$ 1,081,000
American Natural Gas Co.	35,000	1,251,000	1,374,000
American Telephone & Telegraph Company	298,400	13,578,000	14,883,000
American Water Works Co. Inc.	72,300	891,000	886,000
Cleveland Trust Co.	99,299	8,036,000	8,589,000
Consumers Power Co.	38,634	1,292,000	1,106,000
Detroit Bank & Trust Co.	150,075	7,636,000	7,541,000
Harris Bancorp Inc.	124,900	6,294,000	7,119,000
Hartford National Corp.	100,844	3,070,000	2,887,000

SCHEDULE I - MARKETABLE SECURITIES (CONTINUED)
MARCH 3, 1973

Name of issuer and title of issue	Number of shares or units - principal amount of bonds and notes	Amount at which shown in balance sheet	Value based on market quotations at March 3, 1973
Common stocks: (Continued)			
Iowa Power & Light Co.	43,000	$ 1,071,000	$ 989,000
Kansas City Power & Light Co.	34,000	1,145,000	1,067,000
Kansas Power & Light Co.	50,000	1,031,000	1,231,000
Manufacturers National Bank of Detroit	72,980	3,706,000	3,622,000
National Detroit Corp.	296,880	14,431,000	14,399,000
Northeast Bancorp. Inc.	30,500	1,046,000	938,000
Northern States Power Co.	50,000	1,170,000	1,413,000
Peoples Gas Co.	35,000	1,171,000	1,238,000
Philadelphia Electric Co.	151,700	3,263,000	3,356,000
Pittsburgh National Corp.	274,000	9,297,000	9,487,000
San Jose Water Works	27,200	943,000	1,088,000
Shawmut Associates Inc.	63,241	3,270,000	3,281,000
Source Capital Inc.	510,660	5,464,000	4,851,000
State Street Boston Financial Corp.	70,239	2,845,000	3,091,000
Toledo Edison Co.	40,000	1,047,000	1,175,000
Union Electric Co.	50,000	849,000	850,000
Wesco Financial Corp.	518,860	8,099,000	8,821,000
Other	103,238	2,273,000	2,442,000
	3,390,950	$105,257,000	$108,805,000
Total marketable securities		$144,601,000	$148,302,000

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

Classification	Balance at beginning of period	Additions at cost: Through acquisition of subsidiary	Additions at cost: Other	Retirements	Other changes add (deduct)	Balance at end of period
Year ended March 4, 1972						
Land	$ 658,000	$ 2,242,000				$ 2,900,000
Buildings	1,830,000	3,242,000	$ 500,000			5,572,000
Furniture, fixtures and equipment	4,810,000	3,957,000	419,000	$289,000		8,897,000
Leasehold improvements	934,000	2,326,000	193,000	47,000		3,406,000
	$ 8,232,000	$11,767,000	$1,112,000	$336,000		$20,775,000
Year ended March 3, 1973						
Land	$ 2,900,000					$ 2,900,000
Buildings	5,572,000		$ 33,000	$ 6,000	$104,000 (1)	5,703,000
Furniture, fixtures and equipment	8,897,000		383,000	236,000	(87,000) (1)	8,957,000
Leasehold improvements	3,406,000		911,000	184,000	(17,000) (1)	4,116,000
	$20,775,000		$1,327,000	$426,000	$ -0-	$21,676,000

(1) Reclassification to other accounts.

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SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

Description	Balance at beginning of period	Additions: Through acquisition of subsidiary	Additions: Charged to costs and expenses	Retirements	Other changes and (deduct)	Balance at end of period
Year ended March 4, 1972:						
Buildings	$ 306,000	$1,507,000	$ 122,000			$ 1,935,000
Furniture, fixtures and equipment	3,131,000	2,661,000	691,000	$231,000		6,252,000
Leasehold improvements	582,000	997,000	119,000	43,000		1,655,000
	$4,019,000	$5,165,000	$ 932,000	$274,000		$ 9,842,000
Year ended March 3, 1973						
Buildings	$1,935,000		$ 239,000		$24,000 (1)	$ 2,198,000
Furniture, fixtures and equipment	6,252,000		798,000	$189,000	(67,000) (1)	6,794,000
Leasehold improvements	1,655,000		317,000	116,000	43,000 (1)	1,899,000
	$9,842,000		$1,354,000	$305,000	$ -0-	$10,891,000

(1) Reclassification to other accounts.

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SCHEDULE XVI - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Item	Charged to costs and expenses
Year ended March 4, 1972:	
Maintenance and repairs	$ 587,000
Depreciation and amortization of property, plant and equipment	932,000
Taxes other than income taxes -	
Payroll	678,000
Property	513,000
Other	91,000
Rents	2,253,000
Year ended March 3, 1973:	
Maintenance and repairs	$1,092,000
Depreciation and amortization of property, plant and equipment	1,354,000
Taxes other than income taxes -	
Payroll	1,394,000
Other	754,000
Rents	3,645,000
Advertising costs	1,034,000

No royalties or research and development costs were incurred and amortization of intangible assets was less than one per cent of revenues.

BLUE CHIP STAMPS

1973 Annual Report

Photographs in this annual report follow the flow of merchandise through Blue Chip's distribution system.

Directors and Officers

Directors

Warren E. Buffett
Personal investments

Z. Wayne Griffin
Chairman of Community Redevelopment Agency of the City of Los Angeles; real estate developer; personal investments

John P. Guerin, Jr.
General partner of J. P. Guerin & Co., investors; director of Pacific Stock Exchange, Inc.; Chairman of the Board of New America Fund, Inc.

Joseph P. Hughes
President of Hughes Markets, Inc.; Chairman of the Board of Certified Grocers of California, Ltd.

Emmett H. Jones
President of Terminal Oil Company, Industrial Engineering & Equipment Corporation and Westates Investment Co.

Donald A. Koeppel
Chairman of the Board and President of the Company

Charles T. Munger
General partner of Wheeler, Munger & Co., investors

William F. Ramsey
Executive Vice President of the Company

Ron Stever
Chairman of the Board of The Stever Companies, consulting actuaries and insurance brokers, and of Crescent Wharf & Warehouse Co.

Andrew J. Wolf
President of A & B Supermarkets, Inc.

Officers

Donald A. Koeppel
Chairman of the Board and President

William F. Ramsey
Executive Vice President

Raymond H. Allen
Vice President, Information Systems

Gerald N. Anderson
Vice President, Sales

James D. Carter
Vice President, Operations

Walter M. Cusack
Vice President, Incentives

William K. Klepper
Vice President, Merchandise

Robert H. Bird
Secretary and Treasurer

Ernest P. Paulson
Controller

Eleanor Reynolds
Assistant Secretary

Transfer Agents and Registrars

Bank of America, N.T.&S.A.
Los Angeles

Bankers Trust Company
New York

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Financial Highlights

Fifty-two Weeks Ended March 3, 1973 and Fifty-three Weeks Ended March 4, 1972

	1973	1972
Stamp service revenues	$ 88,736,000	$100,622,000
Total revenues	132,323,000	114,102,000
Income before securities losses and extraordinary charges	8,108,000	5,907,000
Securities losses	(82,000)	(1,693,000)
Extraordinary charges	(925,000)	—
Net income	7,101,000	4,214,000
Per share		
Income before securities losses and extraordinary charges	$1.58	$1.15
Net income	1.38	.82

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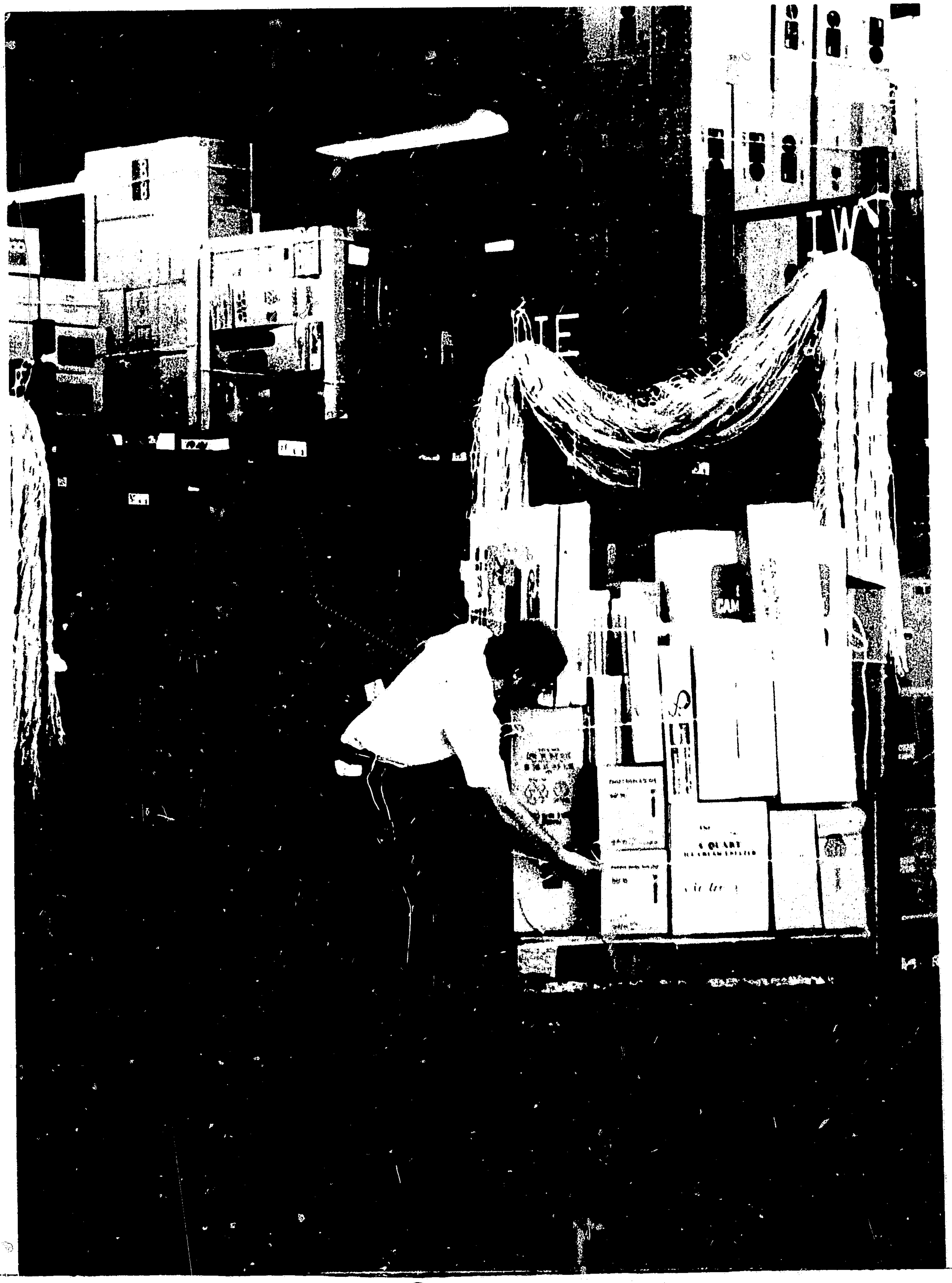

To Our Stockholders

Net income increased to $1.38 per share for the current fiscal year from $.82 for the prior year. Income before securities losses and extraordinary charges amounted to $1.58 and $1.15 per share, respectively.

The increase in earnings was achieved in spite of a 12% decline in stamp service revenues from $100,622,000 to $88,736,000 currently. This decline reflects additional losses of supermarket business and a reduction in multiple stamping by service station operators. We do not expect stamp service volume to level off or turn upward in the near future.

Total revenues amounted to $132,323,000 including $32,049,000 from sales of See's candy. Last year's total revenues of $114,102,000 included only $4,104,000 of See's sales due to our acquisition of the candy business late in the fiscal year.

Although our incentive sales are still relatively small, $3,624,000, we are pleased with this year's performance and look forward to further growth.

Net losses on sales of securities declined from $1,693,000 or $.33 per share to $82,000 or $.02 per share. The losses were incurred as part of our program of restructuring marketable securities with emphasis on after-tax yields and sound values. The restructuring is now substantially complete.

The extraordinary charges, which amounted to $925,000 or $.18 per share after income taxes, represented complete settlement of eleven civil lawsuits.

As required in a 1967 consent judgment, in June 1972 the Company submitted to the United States District Court a plan to offer for sale one-third of its California trading stamp business located within a contiguous geographical area in Southern California. In January 1973 the court disapproved the plan, ordered the Company to continue efforts to negotiate a sale and called for the appointment of an independent expert witness to study the feasibility of a sale or spin-off under existing market conditions. We believe that a sale or spin off, if consummated, might have a materially adverse effect on our ability to continue in the trading stamp business.

We were truly saddened by Mr. Charles J. Futterman's recent resignation as a member of our board of directors to concentrate on other activities. Mr. Futterman has been associated with Blue Chip as director, counselor and friend since 1958.

The board of directors, as provided for in our bylaws, reduced the size of the board from eleven to ten members.

During the past several months we have acquired just under 25% of the outstanding common stock of Wesco Financial Corporation and have applied to federal and state regulatory authorities for permission to increase our holdings beyond 25%. Wesco's principal subsidiary, Mutual Savings and Loan Association, operates at seven locations in Southern California.

Cordially yours,

Donald a Koeppel

Donald A. Koeppel
Chairman of the Board and President

April 6, 1973

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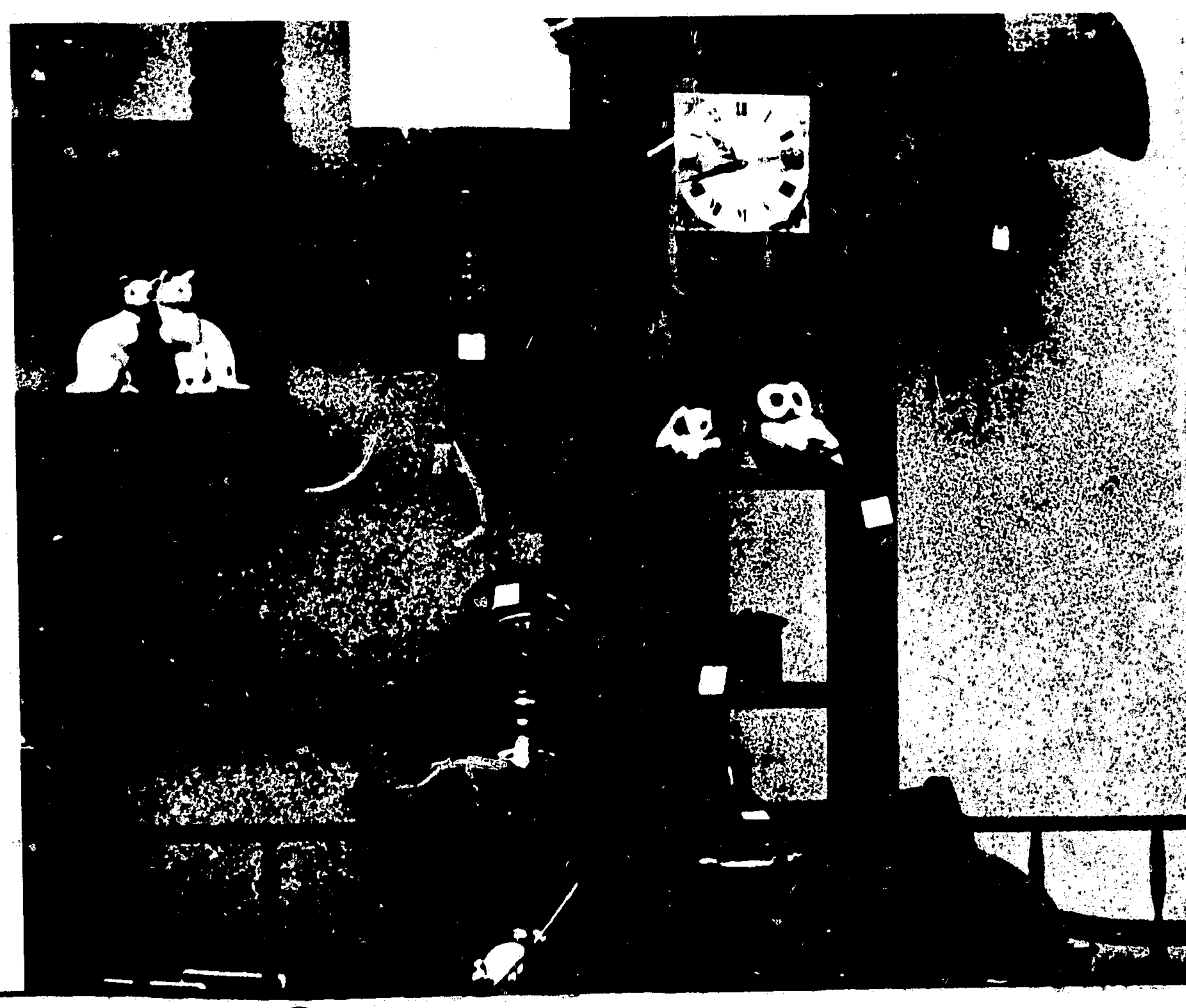
Blue Chip Stamps

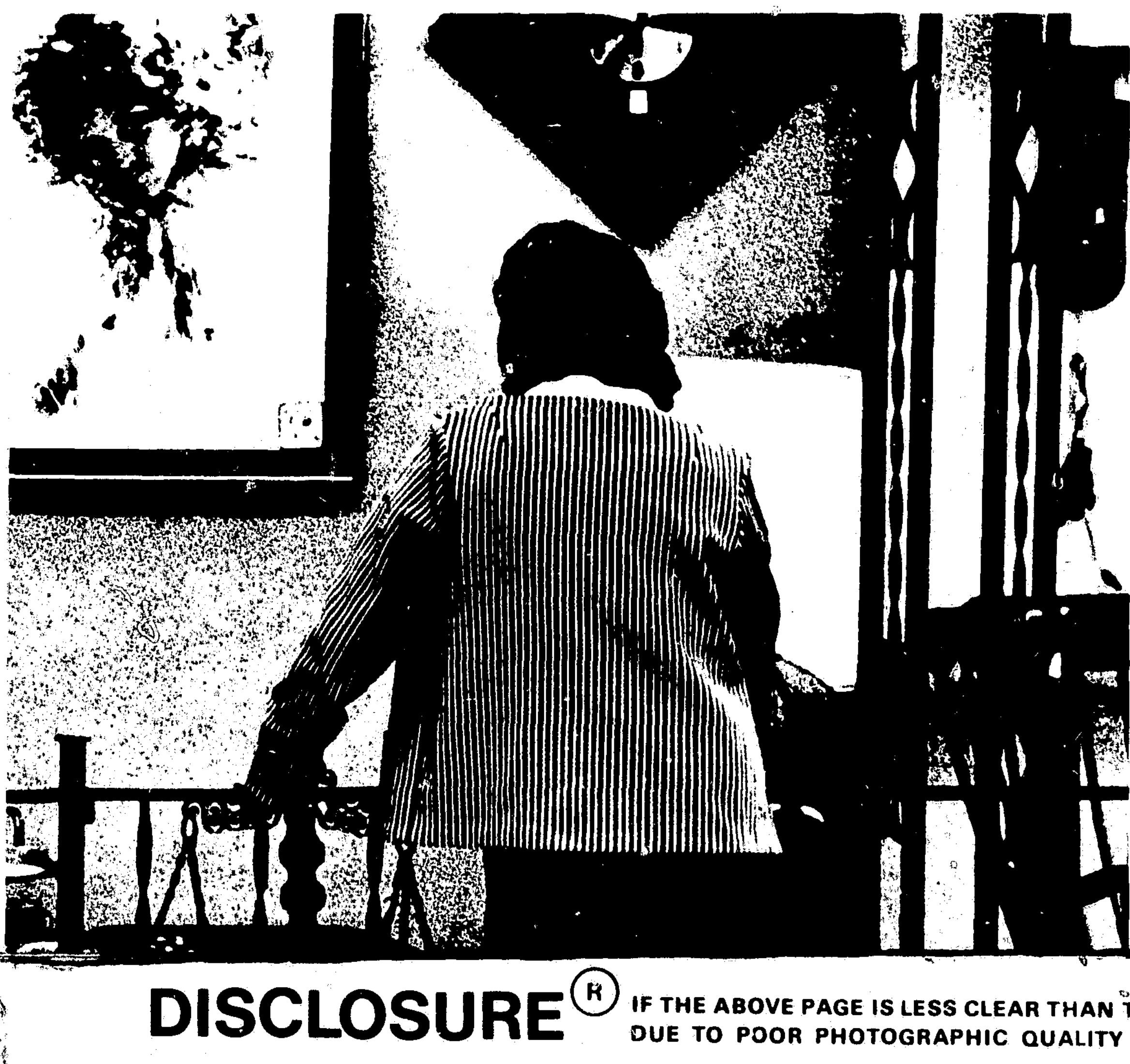
Comparative Summary

	3/3/73	3/4/72	2/27/71	2/28/'
Total for the Fiscal Year				
Stamp service revenues	$ 88,736,000	$100,622,000	$118,374,000	$124,180
Total revenues	132,323,000	114,102,000	127,784,000	132,020
Income before securities gains (losses) and extraordinary charges	8,108,000	5,907,000	8,739,000	7,738
Securities gains (losses)	(82,000)	(1,693,000)	(155,000)	27
Extraordinary charges	(925,000)	—	—	(378
Net income	7,101,000	4,214,000	8,584,000	7,387
Total at Fiscal Year End				
Total assets	199,724,000	190,740,000	148,422,000	147,333
Stockholders' equity	53,125,000	46,381,000	43,296,000	35,431
Average Shares Outstanding*	5,069,000	5,028,000	4,957,000	4,877
Per Share*				
Income before securities gains (losses) and extraordinary charges	$1.58	$1.15	$1.72	$
Net income	1.38	.82	1.69	

Adjusted for 5-for-1 stock split, October 1969.



/1/69	3/2/68	3/4/67	2/26/66	2/27/65	2/29/64
,602,000	$91,097,000	$91,209,000	$81,065,000	$71,969,000	$68,615,000
,151,000	94,574,000	94,760,000	83,772,000	74,256,000	70,360,000
,415,000	3,333,000	4,365,000	4,444,000	2,276,000	1,722,000
229,000	85,000	(81,000)	22,000	228,000	93,000
,651,000)	—	—	—	—	—
,993,000	3,418,000	4,284,000	4,466,000	2,504,000	1,815,000
,796,000	95,772,000	81,999,000	77,713,000	65,207,000	59,924,000
,049,000	23,060,000	19,487,000	15,202,000	10,736,000	8,232,000
,530,000	3,108,000	3,108,000	3,108,000	3,108,000	3,108,000
$1.54	$1.07	$1.41	$1.43	$ .73	$ .55
.57	1.10	1.38	1.44	.81	.58



Blue Chip Stamps

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Consolidated Balance Sheet

March 3, 1973 and March 4, 1972 (Note 1)

Assets	1973	1972
Current assets:		
Cash	$ 4,196,000	$ 3,988,000
Marketable securities (Notes 3 and 5)	144,601,000	134,731,000
Accounts receivable	4,148,000	4,947,000
Merchandise and supplies inventories, at the lower of cost (first-in, first-out) or market	13,114,000	14,187,000
Prepaid income taxes and other expenses (Note 6)	4,792,000	4,057,000
Total current assets	170,851,000	161,910,000
Property, fixtures and equipment, at cost, less accumulated depreciation and amortization (Note 4)	10,785,000	10,933,000
Unamortized debenture discount	1,347,000	1,706,000
Excess of cost over equity in net assets of subsidiary, less accumulated amortization (Note 1)	16,741,000	16,191,000
	$199,724,000	$190,740,000

Liabilities and Stockholders' Equity	1973	1972
Current liabilities:		
Accounts payable and accrued expenses	$ 8,476,000	$ 7,680,000
Note payable to bank	1,000,000	—
Current portion of long-term debt	5,751,000	5,452,000
Income taxes payable (Note 6)	4,027,000	2,698,000
Liability for unredeemed trading stamps (Note 2)	93,351,000	89,245,000
Total current liabilities	112,605,000	105,075,000
Long-term debt (Note 5):		
Note payable to bank, less current portion	23,004,000	27,259,000
6¾% Subordinated Debentures due 1978	10,840,000	10,840,000
Total long-term debt	33,844,000	38,099,000
Minority interest in subsidiary (Note 1)	150,000	1,185,000
Stockholders' equity (Notes 5, 7 and 11):		
Common stock, par value $1.00 Shares authorized — 7,000,000 Shares outstanding — 5,179,000 and 5,039,000	5,179,000	5,039,000
Paid-in capital	1,579,000	862,000
Retained earnings	46,367,000	40,480,000
Total stockholders' equity	53,125,000	46,381,000
	$199,724,000	$190,740,000

See accompanying notes to consolidated financial statements

Consolidated Statement of Income

Fifty-two Weeks Ended March 3, 1973 and Fifty-three Weeks Ended March 4, 1972 (Note 1)

	1973	1972
Revenues:		
Stamp service revenues (Note 2)	$ 88,736,000	$100,622,000
Incentive sales	3,624,000	2,145,000
Candy sales	32,049,000	4,104,000
Interest and dividends	7,315,000	6,359,000
Other	599,000	872,000
	132,323,000	114,102,000
Costs and expenses:		
Cost of redemptions and sales (Note 2)	95,662,000	93,791,000
Selling, general and administrative expenses	21,729,000	10,917,000
Interest and discount amortization	2,996,000	1,292,000
	120,387,000	106,000,000
Income before income taxes, securities losses and extraordinary charges	11,936,000	8,102,000
Provision for income taxes (Note 6)	3,828,000	2,195,000
Income before securities losses and extraordinary charges	8,108,000	5,907,000
Securities losses less applicable income tax effect (Note 6)	(82,000)	(1,693,000)
Extraordinary charges (Note 11)	(925,000)	—
Net income	$ 7,101,000	$ 4,214,000
Per share (Note 8):		
Income before securities losses and extraordinary charges	$1.58	$1.15
Securities losses	(.02)	(.33)
Extraordinary charges	(.18)	—
Net income	$1.38	$ .82

Consolidated Statement of Stockholders' Equity

Fifty-two Weeks Ended March 3, 1973 and Fifty-three Weeks Ended March 4, 1972

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings
Balance at February 27, 1971	5,026,000	$5,026,000	$ 796,000	$37,474,000
Exercise of stock options	13,000	13,000	66,000	—
Cash dividends of $.24 per share	—	—	—	(1,208,000)
Net income	—	—	—	4,214,000
Balance at March 4, 1972	5,039,000	5,039,000	862,000	40,480,000
Exercise of stock options (Note 7)	140,000	140,000	717,000	—
Cash dividends of $.24 per share (Note 5)	—	—	—	(1,214,000)
Net income	—	—	—	7,101,000
Balance at March 3, 1973	5,179,000	$5,179,000	$1,579,000	$46,367,000

See accompanying notes to consolidated financial statements

Consolidated Statement of Changes in Financial Position

Fifty-two Weeks Ended March 3, 1973 and Fifty-three Weeks Ended March 4, 1972 (Note 1)

	1973	1972
Working capital was provided by:		
Income before extraordinary charges	$ 8,026,000	$ 4,214,000
Income charges not affecting working capital:		
Depreciation and amortization	2,141,000	1,351,000
Minority interest in net income of subsidiary	35,000	43,000
Working capital provided by operations	10,202,000	5,608,000
Note payable to bank (long-term portion)	1,496,000	27,259,000
Exercise of stock options	857,000	79,000
Minority interest in subsidiary	(1,070,000)	1,142,000
	11,485,000	34,088,000
Working capital was used for:		
Excess of cost over equity in net assets of subsidiary	978,000	16,245,000
Property additions, net, including $6,602,000 in 1972 relating to acquisition of subsidiary	1,206,000	7,652,000
Payment of dividends	1,214,000	1,208,000
Transfer of long-term debt to short-term debt	5,751,000	—
Extraordinary charges (Note 11)	925,000	—
	10,074,000	25,105,000
Increase in working capital, including $11,006,000 in 1972 of working capital of subsidiary at acquisition	$ 1,411,000	$ 8,983,000

	1973	1972
Increases (decreases) in components of working capital:		
Cash	$ 208,000	$ 3,457,000
Marketable securities	9,870,000	21,563,000
Accounts receivable	(799,000)	(2,846,000)
Inventories	(1,073,000)	(3,010,000)
Prepaid income taxes and other expenses	735,000	608,000
Accounts payable and accrued expenses	(796,000)	(2,284,000)
Note payable to bank (short-term)	(1,000,000)	—
Current portion of long-term debt	(299,000)	(5,452,000)
Income taxes payable	(1,329,000)	(1,237,000)
Liability for unredeemed trading stamps	(4,106,000)	(1,816,000)
Increase in working capital	$ 1,411,000	$ 8,983,000

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

NOTE 1 — Subsidiary company:

The consolidated financial statements include the accounts of the Company and of its majority-owned subsidiary, See's Candy Shops, Incorporated ("See's"), from date of acquisition. On January 3, 1972, the Company acquired 67% of the common stock of See's. As a result of an invitation for tenders and subsequent purchases, ownership was increased to 93% through March 4, 1972 and to 99% through March 3, 1973, for a total cost of $34,661,000. The acquisition has been recorded as a purchase. The excess of cost over equity in underlying net assets is being amortized over 40 years; amortization amounted to $428,000 and $54,000 for the fiscal years ended March 3, 1973 and March 4, 1972.

The following pro-forma results of operations for the fiscal year ended March 4, 1972, which are furnished solely to comply with a requirement of the Accounting Principles Board, assume that the Company owned 99% of See's for such fiscal year:

Total revenues	$140,240,000
Income before securities losses	6,754,000
Net income	5,061,000
Per share:	
Income before securities losses	$1.32
Net income	.99

NOTE 2 — Stamp service accounting:

The Company recognizes stamp service revenues upon issuance of its trading stamps and provides a liability account for unredeemed trading stamps consisting of the cost of merchandise and related redemption expenses. For a number of years the Company has made statistical evaluations of its redemptions. Based upon analysis of such evaluations, the Company presently estimates that 97.5% of all stamps issued will ultimately be redeemed. The liability for unredeemed trading stamps of $93,351,000 at March 3, 1973 included $77,354,000 for the cost of merchandise and $15,997,000 for redemption expenses.

NOTE 3 — Marketable securities:

Following is a summary of marketable securities, which are stated at cost (less amortization of bond premium):

	Cost	Market Value
March 3, 1973 —		
Short-term investments	$ 21,298,000	$ 21,298,000
Preferred and common stocks	123,303,000	127,004,000
	$144,601,000	$148,302,000
March 4, 1972 —		
Short-term investments	$ 20,940,000	$ 20,958 000
State and municipal bonds	17,335,000	13,372,000
Preferred and common stocks	96,456,000	97,409,000
	$134,731,000	$131,739,000

At March 3, 1973 the Company owned 21.9% of the outstanding shares of Wesco Financial Corporation common stock at a cost of $8,099,000 and has subsequently increased its ownership to 24.9% through April 6, 1973. The Company is presently seeking permission of Federal and California regulatory authorities to increase such ownership beyond 25%.

NOTE 4 — Property, fixtures and equipment:

Following is a summary of property, fixtures and equipment:

	March 3, 1973	March 4, 1972
Land	$ 2,900,000	$ 2,900,000
Buildings	5,703,000	5,572,000
Furniture, fixtures and equipment	8,957,000	8,897,000
Leasehold improvements	4,116,000	3,406,000
	21,676,000	20,775,000
Less accumulated depreciation and amortization	10,891,000	9,842,000
	$10,785,000	$10,933,000

Depreciation and amortization of property, fixtures and equipment are provided by straight-line and accelerated methods over the estimated useful lives of the assets. Total provisions amounted to $1,354,000 and $932,000 for the fiscal years ended March 3, 1973 and March 4, 1972.

NOTE 5 — Long-term debt:

The debentures are subordinated to senior indebtedness as defined in the underlying indenture, as supplemented on May 15, 1972. At least 20% of the debentures must be paid to a sinking fund annually beginning December 1, 1974, and the Company may redeem or acquire debentures after December 1, 1974. Under the terms of the indenture, as so supplemented, the Company is permitted to pay cash dividends in any fiscal year in an amount not to exceed the greater of (a) 24 cents per share or (b) 25% of the net income for the preceding fiscal year. Dividends may not be paid if the Company is in arrears in any sinking fund payments. On May 15, 1972 the interest rate on the debentures was changed from 6½% to 6¾%.

The long-term bank loan at March 3, 1973 is repayable $5,751,000 in January 1974 and the balance in January 1975. Interest is payable quarterly at one-quarter to one-half per cent above prime rate. In addition to the stock of See's, securities having an aggregate market value of approximately two-thirds the unpaid balance are pledged as collateral. Under the most restrictive covenants of the loan agreement, total unsubordinated long-term debt (including the loan) may not exceed the sum of stockholders' equity and subordinated debt, and the Company's current liabilities may not exceed the aggregate of cash, marketable securities and merchandise inventory.

NOTE 6 — Income taxes:

Prepaid income taxes of $3,802,000 and $2,951,000 at March 3, 1973 and March 4, 1972 result primarily from deducting certain redemption expenses for income tax reporting purposes when stamps are redeemed and for financial reporting purposes when stamps are issued. The net increase in prepaid income taxes resulting from timing differences amounted to $851,000 and $36,000 for the fiscal years ended March 3, 1973 and March 4, 1972.

Income tax benefits resulting from securities losses amounted to $3,000 and $124,000 for the fiscal years ended March 3, 1973 and March 4, 1972.

At March 3, 1973 the Company had capital loss carry-forwards of $1,674,000 which may be offset against capital gains of $1,589,000 and $85,000 through fiscal years ending in 1977 and 1978, respectively.

Investment tax credits, which have not been material, are recognized as the tax benefits are realized.

On May 15, 1972, the Company received a notice of deficiency from the Internal Revenue Service claiming additional taxes of approximately $7,500,000, excluding interest, for the three years ended February 27, 1971. Of this amount, more than $5,500,000 results from the Service's contention that the Company has overstated its liability for unredeemed stamps by overestimating the number of stamps issued which will ultimately be redeemed. Since its inception in 1956, the Company's financial statements and tax returns have been prepared on the basis that 97.5% of all stamps issued will ultimately be redeemed. This percentage has been based upon annual statistical evaluations of stamp redemptions. Other items in the notice involve the disallowances of certain expenses. The Company disagrees with the Service's position and accordingly has petitioned the United States Tax Court for a determination that there are no additional federal income taxes due for the year ended February 27, 1971 and prior years. The California Franchise Tax Board is deferring action on proposed assessments which are substantially based on the federal notice.

NOTE 7 — Stock options:

Under the Company's qualified stock option plan, options to purchase shares of the Company's common stock were outstanding at March 3, 1973, as follows: 3,000 shares at $6.10 (which are all currently exercisable), 7,200 shares at $14.75 (including 5,325 currently exercisable) and 18,000 shares at $15.1875 which were granted during the current fiscal year. Options for 140,500 shares were exercised at $6.10 during the fiscal year ended March 3, 1973.

NOTE 8 — Per share computations:

Per share amounts are based upon the weighted average number of shares of common stock outstanding during the fiscal year adjusted for the dilutive effect of all outstanding stock options. Such dilution is calculated assuming all such options have been exercised and the proceeds used to purchase shares at the average market price during the year.

NOTE 9 — Pension plan:

The Company has a noncontributory pension plan which covers employees meeting certain eligibility requirements. Pension costs charged to income include amortization of prior service costs over a thirty-year period and are funded annually. The cost of the plan for the fiscal years ended March 3, 1973 and March 4, 1972 amounted to $300,000 and $450,000. At March 3, 1973 the liability for unfunded prior service costs amounted to $384,000.

NOTE 10 — Long-term lease commitments:

At March 3, 1973, minimum annual rental commitments under leases expiring through 1991 amounted to $2,721,000, excluding taxes, insurance and other expenses payable directly by the Company.

NOTE 11 — Legal proceedings:

During the year ended March 3, 1973, the Company settled eleven lawsuits for $1,923,000. The settlements, less $998,000 applicable income taxes, were charged against income as extraordinary charges.

Pursuant to a consent final judgment entered in 1967, the Company in June 1972 submitted for approval by the United States District Court a plan to offer for sale one-third of its California trading stamp business located within a contiguous geographical area in Southern California. In January 1973 the court signed an order (1) disapproving said plan, (2) requiring the Company to continue efforts to negotiate a sale and (3) calling for the appointment of an independent expert witness to study the feasibility of a sale or spin-off of a portion of the Company's trading stamp business under existing conditions. The Company believes that such a sale or spin-off, if consummated, would have a materially adverse effect on revenues and earnings and under existing market conditions might have a materially adverse effect on its ability to continue its trading stamp business.

The Company is a defendant in a purported class action to recover for stamp savers monies collected by it as reimbursement for California sales taxes on redemption of stamps. Plaintiffs claim that redemption transactions are not taxable and that all reimbursements were excess reimbursements or alternatively that reimbursement collections exceeded the tax properly payable and such excess should be returned. The Company has paid sales taxes to the state equal to its reimbursement collections. The Company has asserted claims against the state for reimbursement of all or part of any recovery by plaintiffs on either of those theories. The complaint was recently amended to allege fraud and to seek punitive damages from the Company. In the opinion of counsel for the Company, substantial defenses are available, but counsel cannot predict the ultimate outcome of the action.

A purported class action was filed on November 10, 1970 against the Company and certain of its present and former stockholders and directors. The complaint was filed on behalf of retailer users of Blue Chip Stamps who failed to purchase stock of Blue Chip Stamps in a 1968 offering to retailer users. The complaint alleges damages to plaintiffs of $21,400,000, together with exemplary damages of $25,000,000, interest, attorneys' fees and costs, and prays that plaintiffs have the right to purchase stock, or units of stock and debentures, of Blue Chip Stamps on the terms of the 1968 offering. The action was dismissed with prejudice by the United States District Court and an appeal by the plaintiff is pending. On June 21, 1971 plaintiffs filed a substantially identical action against the same defendants in the Los Angeles County Superior Court, but the Company has not yet been served with process in that action. In the opinion of counsel for the Company, upon the facts known, the complaints are without merit and all defendants should prevail.

The Company, together with a number of oil companies and supermarket chains, was named as a defendant in an antitrust action filed on July 12, 1971 by a California corporation formerly engaged in the trading stamp business. The complaint seeks treble damages in substantial amounts plus attorneys' fees and costs. The Company has not been served with process. In the opinion of counsel for the Company, upon the facts known, the action is without substantial merit.

Accountants' Report

Price Waterhouse & Co.
Los Angeles, California

April 6, 1973

To the Board of Directors and
Stockholders of Blue Chip Stamps

We have examined the consolidated balance sheet of Blue Chip Stamps and its subsidiary as of March 3, 1973 and March 4, 1972, and the related consolidated statements of income, stockholders' equity and changes in financial position for the fiscal years then ended. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As explained in Note 11 to the accompanying financial statements, the Company is subject to certain legal proceedings.

In our opinion, subject to the effect, if any, of the legal proceedings referred to in the preceding paragraph, the consolidated financial statements examined by us present fairly the financial position of Blue Chip Stamps and its subsidiary at March 3, 1973 and March 4, 1972 and the results of their operations and changes in financial position for the fiscal years then ended, in conformity with generally accepted accounting principles consistently applied.

Price Waterhouse & Co.

Price Waterhouse & Co.

Blue Chip Stamps
5801 South Eastern Avenue
Los Angeles, California 90040

Exhibit 3.2-4

CERTIFICATE OF SECRETARY RE
RESOLUTION AMENDING BY-LAWS

I, R. H. Bird, hereby certify that on March 22, 1973 I was the duly qualified Secretary of Blue Chip Stamps and that on said day at the regular meeting of the board of directors of the Company the following resolution was duly adopted:

RESOLVED, that effective March 22, 1973 the second paragraph of Section 2 of Article III of the By-laws is hereby amended to read as follows: "The exact number of directors shall be ten until changed as provided in the foregoing paragraph of this Section 2."

DATED: May 25, 1973

R. H. Bird, Secretary

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SEC FILE NO.

Exhibit I

Information Concerning Securities Not Registered Under The Securities Act Of 1933

EDP ATTACHMENT for

FORM: 10-K

For Period Ended March 3 19 73

1. Name of Registrant: Blue Chip Stamps

2. Description of Security Sold: $1.00 Par Value Common Stock

DO NOT WRITE BELOW THIS LINE - SEC USE ONLY

(a) Standard Industrial Classification ....

(b) Type of Security Code ....

(c) Control Number Identification ....

(d) CUSIP Number ....

(e) Security Exchange Code ....

SEC 1139 (1-72)

EDP ATTACHMENT

FOR EQUITY SECURITIES SOLD (Including Convertible Issues)

3. Number of shares or units sold	101,250
4. Sale or offering price per share or unit *(to three places, e.g., 15.875)*	$6.100
5. Average market price on date of sale 2/13/73 *(if applicable)* . . . *(to three places, e.g., 25.250)*	$13.375

FOR DEBT SECURITIES SOLD (Including Convertible Issues)

6. Price of debt securities sold *(to three places, e.g., at par 100.000)*	$
7. Final maturity date *(give year only, e.g., 1972)*	YEAR
8. Interest rate or coupon *(to three places, e.g., 08.725)*	PERCENT

FOR SECURITIES SOLD PURSUANT TO EXERCISE OF WARRANTS OR OPTIONS

9. a. Is this a sale of a security pursuant to the exercise of warrants or stock options? *(yes = 1; no = 2; insert 1 or 2 in the space provided)*	1
b. Initial exercise price *(to three places, e.g., 18.875)*	$6.100

FOR CONVERTIBLE SECURITIES SOLD (Both Preferred and Debentures with Conversion Features)

10. a. Initial conversion price *(to three places, e.g., 16.250)*	$
b. Average market price of the underlying security on the issue date of this sale . . . *(to three places, e.g., 15.125, if applicable)*	$
c. Date issue may first be converted *(give month and year, e.g., 06/72)*	/ MO/YR

AMOUNTS SOLD FOR CASH Item 12a = Items 13+14+15

11. Total amount of securities contracted for . . . Thous.	$ 618
12. a. Amount of securities sold for cash . . . Thous.	$ 618
b. During fiscal quarter ending *(give dollar amount in $(000) and month and year of, e.g., 06/72)*	3/3 / 73 MO/YR
13. Amount sold for cash/first month of quarter . . . Thous.	$
14. Amount sold for cash/second month of quarter . . . Thous.	$
15. Amount sold for cash/third month of quarter . . . Thous.	$ 618

AMOUNTS SOLD FOR OTHER THAN CASH[1]

16. Total amount of registrant's securities exchanged for outstanding security issue . . *(during reporting quarter)* . . . Thous.	$
17. Total amount of securities exchanged for securities other than registrant's or any other consideration *(during reporting quarter)* . . . Thous.	$

[1] *Describe the outstanding security or consideration for which the exchange was made.*

EXPENSES INCURRED BY ISSUER

18. Cash compensation paid to investment bankers, agents, or finders *(if any, give estimate to nearest dollar)* .... $

19. Was any additional compensation other than cash, such as warrants, options, securities or contracts or anything else of value given to, or for the benefit of, an investment banker, agent or finder in connection with this issue? *(yes = 1; no = 2; insert 1 or 2 in the space provided)* ..

TYPE OF SECURITIES SOLD

20. Is this a new issue of securities *(code = 1, in space provided)* or a sale of reacquired securities *(code = 2, in space provided)* ? 1

21. Is this a sale of securities pursuant to the conversion of an equity issue *(code = 1, in space provided)* or a conversion of a debt security *(code = 2, in space provided)* ? .

CASH PROCEEDS OF ISSUE USED FOR REFINANCING PURPOSES

Estimate cash amounts of issue used for the following purposes:

22. a. Reduction of short-term bank loans *(under one year)*	Thous.	$
b. Payment of outstanding commercial paper	Thous.	$
c. Reduction of long-term bank loans *(one year and over)*	Thous.	$
d. Payment of other debt	Thous.	$
e. None of the above	Thous.	$

CLASS OF PERSONS TO WHOM SECURITY SOLD

Please indicate the amount contracted for by the following groups:

23. a. Existing security holders	Thous.	$
b. Employees	Thous.	$ 618
c. Security holders of acquired business	Thous.	$
d. Life insurance companies	Thous.	$
e. Private noninsured pension plans	Thous.	$
f. State and local government pension plans	Thous.	$
g. Property and liability insurance companies	Thous.	$
h. Banks, for their own account	Thous.	$
i. Nonprofit institutions	Thous.	$
j. Other corporations	Thous.	$
k. Others	Thous.	$
l. Total	Thous.	$ 618
m. Amount taken by foreign institutions, included above	Thous.	$

Exhibit 3.2-3

CERTIFICATE OF SECRETARY RE

RESOLUTION AMENDING BY-LAWS

I, R. H. Bird, hereby certify that on March 23, 1972 I was the duly qualified Secretary of Blue Chip Stamps and that on said day at the regular meeting of the board of directors of the Company the following resolution was duly adopted:

> RESOLVED, that effective May 25, 1972 the second paragraph of Section 2 of Article III of the By-laws is hereby amended to read as follows: "The exact number of directors shall be eleven until changed as provided in the foregoing paragraph of this Section 2."

DATED: June 6, 1972

/s/ R. H. Bird
R. H. Bird, Secretary

S U P P L E M E N T A L   I N D E N T U R E

THIS SUPPLEMENTAL INDENTURE, dated as of May 15, 1972, by and between BLUE CHIP STAMPS, a corporation duly organized and existing under the laws of the State of California (hereinafter referred to as the "Company"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association, organized and existing under the laws of the United States of America (hereinafter sometimes referred to as the "Trustee"),

W I T N E S S E T H:

WHEREAS, for its lawful corporate purposes, the Company has heretofore duly issued its 6 1/2% Subordinated Debentures due 1978 (hereinafter referred to as "Debentures"), in the aggregate principal amount of $10,840,400 which Debentures are authenticated, issued, and delivered under the terms and conditions set forth in that certain Indenture executed by the parties and dated as of December 1, 1968 (hereinafter referred to as the "1968 Indenture"); and

WHEREAS, pursuant to authority granted in Section 11.02 and subject to Section 9.04 of said 1968 Indenture, the holders of not less than 66 2/3% in aggregate principal amount of the Debentures outstanding have duly consented in the manner and evidenced as provided in Section 9.01 (a) of said 1968 Indenture to the modification of certain provisions thereof more specifically set forth below; and

WHEREAS, evidence of said consent in satisfactory form having been duly filed with the Trustee; and

WHEREAS, it is the intention and purpose of the parties to execute this Supplemental Indenture to effectuate said modifications; and

WHEREAS, the execution of this Supplemental Indenture having been duly authorized by resolution of the Company's Board of Directors;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to modify the terms and conditions upon which the Debentures have heretofore been authenticated, issued and delivered, and in consideration of the premises, the Company covenants, and agrees with the Trustee as follows:

A. The sentence on Page 3 of the 1968 Indenture reading: "As provided in the Indenture, no payment (except the principal amount at maturity) shall be made by the Company on account of principal of the Debentures (whether pursuant to the sinking fund or otherwise) or an account of the purchase or other acquisition of Debentures, if Claims or Causes of Action immediately thereafter would exceed one-half the Stockholders' Equity of the Company, as those terms are defined in the Indenture" is hereby deleted.

B. The first two full paragraphs on Page 5 of the 1968 Indenture are hereby deleted and the two following new paragraphs substituted in their place and stead to read as follows:

"The Debentures may be redeemed, at the option of the Company, as a whole or from time to time in part, on any date subsequent to six years after the date of the Indenture and prior to maturity, upon mailing a notice of such redemption, not less than thirty nor more than sixty days prior to the date fixed for redemption, to the holders of Debentures at their last registered addresses, all as provided in the Indenture, at 100% of the principal amount thereof together with accrued interest to the date fixed for redemption, payable on surrender for redemption (but if the date fixed for redemption is an interest payment date, the interest installment payable on such date will be paid to the holders of record at the close of business on the Regular Record Date preceding such interest payment date).

"The Debentures are also subject to redemption in part, through the operation of the sinking fund provided in the Indenture, on December 1, 1974 and on each December 1 thereafter to and including December 1, 1977, on notice as set forth above and at 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption, payable on surrender for redemption (but if the date fixed for redemption is an interest payment date, the interest installment payable on such date will be paid to the holders of record at the close of business on the Regular Record Date preceding such interest payment date)."

C. Section 3.01 of the 1966 Indenture is hereby deleted and the following new Section 3.01 substituted in its place and stead to read in full as follows:

"SECTION 3.01. Redemption Prices. The Company may, at its option, redeem all or from time to time any part of the Debentures, on any date subsequent to six years after the date of this Indenture and prior to maturity, upon notice as set forth in Section 3.02, and at 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption."

D. Section 3.03 of the 1968 Indenture is hereby deleted and the following new Section 3.03 substituted in its place and stead to read in full as follows:

"SECTION 3.03. Sinking Fund. As and for a required sinking fund for the redemption of Debentures and so long as any of the Debentures remain outstanding and unpaid, the Company will pay to the Trustee at least one business day before December 1, 1974 and at least one business day before December 1 in each year thereafter to and including December 1, 1977 (each such first business day before December 1 being hereinafter referred to as a "sinking fund payment date") a sum equal to 20% of the principal amount of Debentures outstanding hereunder at the close of business on November 30, 1973, increased or decreased, in every case, to the nearest integral multiple of $100, together with accrued interest on Debentures or portions thereof to be redeemed through the application of such required sinking fund payment.

"At its option, the Company may reduce its obligation to make any required sinking fund payment in cash by delivering to the Trustee at least forty-five days (or such shorter period as may be acceptable to the Trustee) before the sinking fund payment date, (i) Debentures which have been acquired by the Company (other than by redemption), and have not been called for redemption under any provision of this Article Three, together with an Officers' Certificate stating the election of the Company to have credited against such sinking fund payment the principal amount of Debentures so delivered, or (ii) an Officers' Certificate stating the election of the Company to have credited against such sinking fund payment a specified principal amount of Debentures which have been acquired by the Company (other than by redemption), and in each case have not been called for redemption under any provision of this Article Three, or (iii) an Officers' Certificate stating the election of the Company to have credited against such sinking fund payment a specified principal amount of Debentures which have been called for redemption pursuant to Section 3.01, and are no longer outstanding hereunder, or (iv) any combination of the foregoing. Each such Officers' Certificate shall state that the Debentures forming the basis of such credit do not include any Debentures theretofore redeemed or called for redemption pursuant to this Section 3.03 or credited against any sinking fund payment pursuant to this Section 3.03. All Debentures made the basis of a credit against a required sinking fund payment shall be credited at 100% of the principal amount thereof. Any required sinking fund payment or payments may at any time be anticipated by the Company by obtaining credit thereon in the manner above provided, such credits to apply against sinking fund payments in the order in which they become due.

"Notwithstanding the foregoing provisions of this Section 3.03, the Trustee shall not redeem any Debentures with sinking fund moneys or mail any notice of redemption of Debentures by operation of the sinking fund during the continuance of a default in payment of interest on the Debentures or of any Event of Default (other than an Event of Default occurring as a consequence of this paragraph), except that if notice of redemption of any Debentures shall theretofore have been mailed, the Trustee (subject to the provisions of Article Four) shall redeem such Debentures if cash sufficient for that purpose shall be deposited with the Trustee for that purpose in accordance with the terms of this Article Three. Except as aforesaid, any moneys in the sinking fund at the time when any such default or Event of Default shall occur and any moneys thereafter paid into the sinking fund shall, during the continuance of such default or Event of Default, be held (subject to the provisions of Article Four) as security for the payment of all the Debentures; provided, however, that in case such default of Event of Default shall have been cured or waived or shall have ceased to exist, such moneys shall thereafter be applied in accordance with the provisions of this Section 3.03."

E. Section 5.01 of the 1968 Indenture is hereby deleted and the following new Section 5.01 substituted in its place and stead to read in full as follows:

"SECTION 5.01. Payment of Principal and Interest. The Company covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Debentures at the time and place and in the manner provided in the Debentures to or upon the written order of the holders thereof."

F. Section 5.03 of the 1968 Indenture is hereby deleted and the following new Section 5.03 substituted in its place and stead to read in full as follows:

"SECTION 5.03. Limitation on Certain Dividends, Distributions and Acquisitions. The Company will not, except as provided below in this Section 5.03,

(a) Declare or pay any dividend (except a dividend in stock) on or make any distribution in respect of its shares of stock of any class, or

(b) Purchase, redeem, or otherwise acquire or retire for a consideration, or permit any Subsidiary to purchase, redeem, or otherwise acquire or retire for a consideration any shares of stock of any class of the Company

if in each case, upon giving effect to such dividend, distribution, purchase, redemption, acquisition or retirement,

(i) The aggregate of the Claims or Causes of Action would exceed one-half of the Stockholders' Equity of the Company; or

(ii) During any fiscal year of the Company such dividends or distributions would exceed 25% of the Net Income of the Company for the preceding fiscal year; or

(iii) If the Company is in arrears in sinking fund payments.

"Notwithstanding the foregoing, the Company shall be permitted to purchase for cash up to 27,600 shares of its common stock held by officers and employees of the Company pursuant to purchase agreements.

"Notwithstanding (i) and (ii) above, the Company shall be permitted to pay in any fiscal year of the Company cash dividends on shares of stock of any class outstanding in an aggregate amount not to exceed a sum the greater of,

(a) 24 cents on each share of stock, or

(b) 25% of the Net Income of the Company for the preceding fiscal year.

In the event of a stock dividend in excess of 25%, a stock split or reverse stock split occurring after the effective date of the Supplemental Indenture, the maximum specific amount payable under (a) shall be proportionally reduced or increased as the case may be."

G. At each and every place in the 1968 Indenture and each Debenture issued pursuant thereto, at which the figures "6 1/2%" appear in relation to or describing the interest rate on the Debentures, the figure "6 3/4%" shall be and hereby is substituted in the place and stead thereof.

TRUSTEE HEREBY accepts the trusts in this Supplemental Indenture declared and provided upon the terms and conditions hereinabove set forth.

Upon execution hereof, the 1968 Indenture and all Debentures issued thereunder shall be and be deemed modified and amended in accordance herewith and the respective rights, limitation of rights, obligations, duties and immunities under the 1968 Indenture of the Trustee, the Company and the holders of Debentures shall hereafter be determined, exercised and enforced thereunder subject to the modifications set forth in this Supplemental Indenture, and all the terms and conditions of this Supplemental Indenture shall be and be deemed to be part of the 1968 Indenture for any and all purposes. All terms and conditions of the 1968 Indenture not specifically modified in this Supplemental Indenture shall remain in full force and effect.

All Debentures authenticated and delivered after execution of this Supplemental Indenture shall bear the following notation:

> "The terms and conditions governing this Debenture as set forth in the Indenture dated as of December 1, 1968, have been modified by a Supplemental Indenture dated as of May 15, 1972. Said modifications increase the interest rate to 6 3/4% per year, and modify certain restrictions on the payment of dividends on stock, payments to the sinking fund, and/or redemption, purchase or other acquisitions of Debentures by the Company."

IN WITNESS WHEREOF, the Company has caused this Supplemental Indenture to be signed and acknowledged by its President or Vice President and its Corporate Seal to be affixed hereunto and the same attested to by its Secretary, and Trustee has caused this Supplemental Indenture to be signed and acknowledged by one of its Assistant Vice Presidents, has caused its Corporate Seal to be affixed hereunto and the same to be attested by one of its Assistant Trust Officers as of the day and year first written above.

BLUE CHIP STAMPS

By ______________________
Vice President

(Seal)

Attest: ______________________
R. H. BIRD, Secretary

BANK OF AMERICA
NATIONAL TRUST AND SAVINGS ASSOCIATION

By ______________________
Assistant Vice President

(Seal)

Attest: ______________________
Assistant Trust Officer

END