

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE dated as of the 1st day of January, 1998, by and between **SCHILLING, INCORPORATED**, a Texas corporation ("Landlord"), and **FERGUSON ENTERPRISES, INC.**, a Virginia corporation whose principle office is located at 12500 Jefferson Avenue, Newport News, Virginia ("Tenant"), provides:

WITNESSETH

In consideration of the rents, terms, agreements and conditions contained in that certain Lease Agreement by and between Landlord and Tenant dated January 1, 1998 (the "Lease"), Landlord leased to Tenant the premises known as 141 Cahaba Valley Parkway, Pelham, Alabama (the "Premises"), as more particularly described in Exhibit "A" attached hereto and made a part hereof. The Lease contains, among others, the following terms and conditions:

1. The Commencement Date of the Lease is January 1, 1998.
2. The Initial Period of the Lease is for ten (10) years, commencing on January 1, 1998 and ending December 31, 2007 (the "Initial Period"), subject to four (4) additional three (3) year extension periods.
3. In accordance with the terms and conditions set forth in the Lease, during the Initial Period the Tenant may offset against the rent due under the Lease certain indemnification obligations of the Landlord arising under the terms and conditions of that certain Asset Purchase Agreement dated January 7, 1998, by and between the Landlord and the Tenant.
4. The Landlord and the Tenant hereby confirm and ratify the Lease.

This Memorandum of Lease is not a complete summary of the Lease, but rather only intended as notice of certain of the salient terms of the Lease. A complete copy of the Lease is on file at the Tenant's General Counsel's office at 12500 Jefferson Avenue, Newport News, Virginia 23602. In the event of conflict between this Memorandum of Lease and the Lease, the Lease shall control.

IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Memorandum of Lease as of the date above written by their duly authorized officers.

This Instrument Prepared By:
Terry E. Hall
Ferguson Enterprises, Inc.

12500 Jefferson Avenue
Newport News, VA 23602

SCHILLING, INCORPORATED

By: 

Harry L. Smith, President

FERGUSON ENTERPRISES, INC.

By: 

Stewart P. Mitchell, Chief Financial Officer

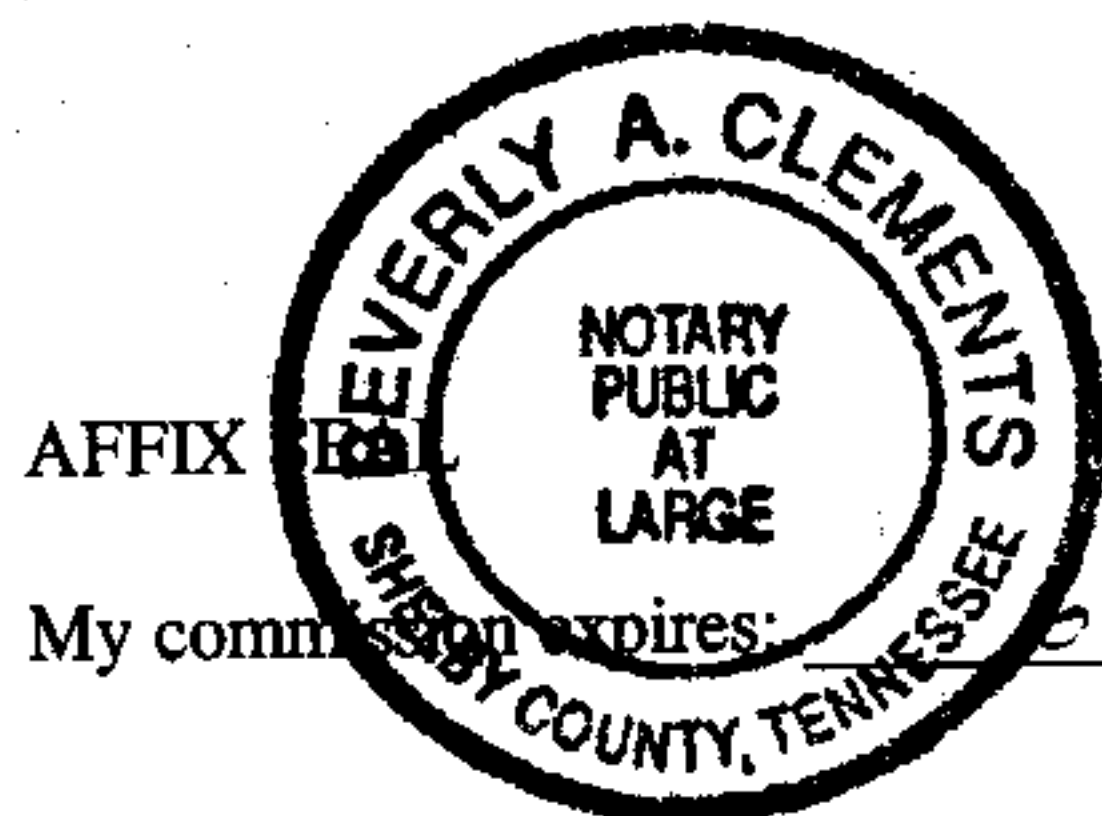
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10:49 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
003 MEL 720.50

Inst # 1998-00991

STATE OF TENNESSEE)
COUNTY OF SHELBY)

I, the undersigned authority, a Notary Public in and for said County in said state, hereby certify that Harry L. Smith, whose name as President of Schilling, Incorporated, a Texas corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this the 7th day of January, 1998.

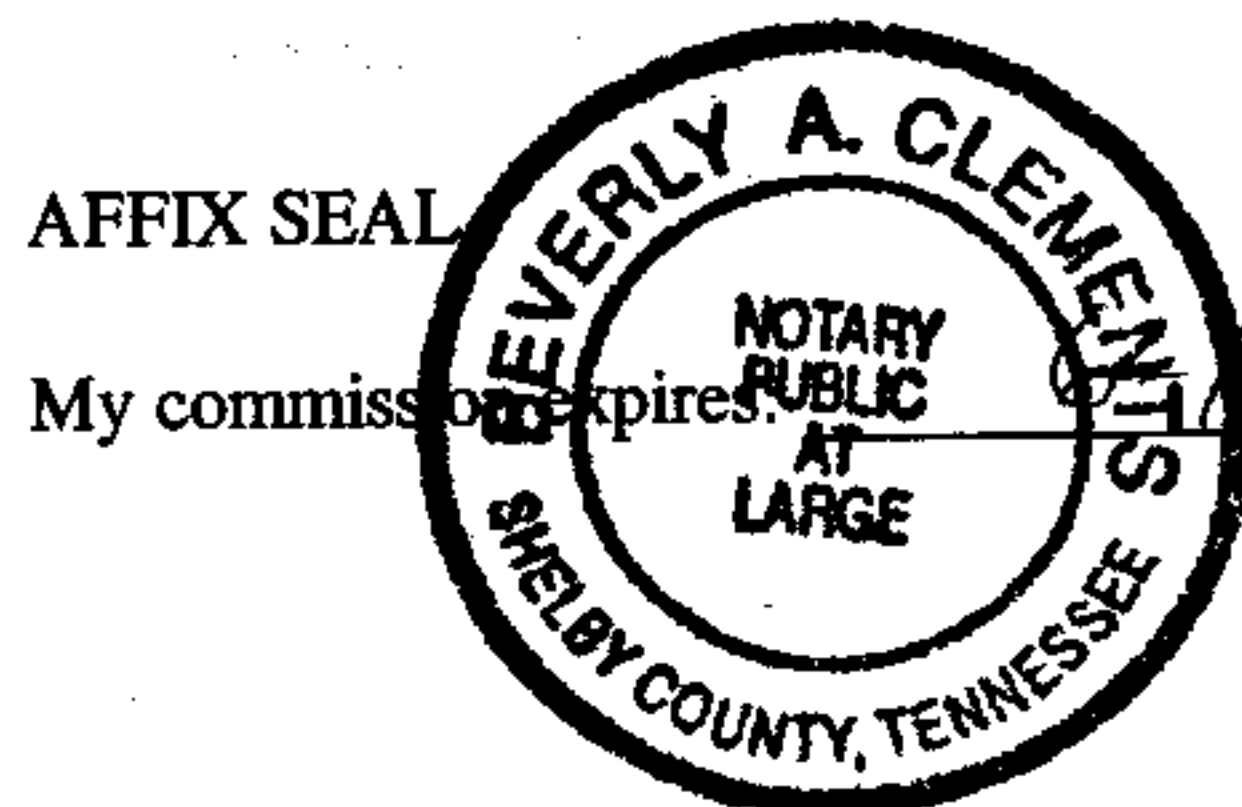


Beverly A. Clements
Notary Public

STATE OF TENNESSEE)
COUNTY OF SHELBY)

I, the undersigned authority, a Notary Public in and for said County in said state, hereby certify that Stewart P. Mitchell, whose name as Chief Financial Officer of Ferguson Enterprises, Inc., a Virginia corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this the 7th day of January, 1998.



Beverly A. Clements
Notary Public

EXHIBIT "A"

REAL PROPERTY DESCRIPTION

Part of Block 1 of Cahaba Valley Park North as recorded in Map Book 13 page 140, in the Office of the Judge of Probate, Shelby County, Alabama, being situated in Section 31, Township 19 South, Range 2 West, more particularly described as follows:
Commence at the centerline of point of tangent station 15+73.05 of Cahaba Valley Parkway; thence run Northwesterly along the centerline of said Cahaba Valley Parkway for 6.92 feet; thence 90 deg. 00 min. 00 sec. left and run Southwesterly for 30.00 feet to a point on the Westerly right of way of said Cahaba Valley Parkway, said point being the point of beginning of the property herein described; thence continue Southwesterly along the last described course for 210.00 feet to a point on the Southwesterly line of said Block 1; thence 90 deg. 00 min. 00 sec. left and run Southeasterly along said line of Block One for 400.00 feet; thence 90 deg. 00 min. 00 sec. left and run Northeasterly for 213.31 feet to a point on the Westerly right of way line of said Cahaba Valley Parkway; thence 89 deg. 58 min. 36 sec. left and run Northeasterly along the said right of way line for 192.12 feet; thence 1 deg. 57 min. 23 sec. left to become tangent to a curve to the right; said curve subtending a central angle of 1 deg. 56 min. 00 sec. and having a radius of 5,956.59 feet; thence run 200.99 feet Northwesterly along the arc of said curve and along said right of way line to the end of said curve; thence at tangent to said curve; run Northwesterly along said right of way line for 6.92 feet to the point of beginning; being situated in Shelby County, Alabama.

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