UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended April 2, 1999

Commission File Number 0-23828

Labor Ready, Inc.

(Exact Name of Registrant as specified in its charter)

Washington — 91-1287341

(State of Incorporation) — (Employer Identification No.)

1016 S. 28th Street , Tacoma, Washington — 98409

(Address of Principal Executive Offices) — (Zip Code)

(253) 383-9101

(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No ( )

As of May 5, 1999, the Registrant had 28,328,940 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

LABOR READY, INC.

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LABOR READY, INC.
CONSOLIDATED BALANCE SHEETS
IN THOUSANDS

ASSETS

<TABLE>
<CAPTION>

	(Unaudited) April 2, 1999	December 31, 1998
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents	$ 24,243	$ 25,940
Accounts receivable, less allowance for doubtful accounts of $4,826 and $4,218	64,572	65,484
Workers' compensation deposits and credits	4,868	2,961
Prepaid expenses and other	6,882	4,947
Deferred income taxes	6,313	6,601
Total current assets	106,878	105,933
PROPERTY AND EQUIPMENT:		
Buildings and land	5,182	4,854
Computers and software	15,955	13,443
Cash dispensing machines	9,920	7,376
Furniture and equipment	626	667
	31,683	26,340
Less accumulated depreciation	6,738	6,069
Property and equipment, net	24,945	20,271
OTHER ASSETS:		
Intangible assets and other, less accumulated amortization of $187 and $6,383	953	2,781
Deferred income taxes	4,655	1,751
Total other assets	5,608	4,532
Total assets	$137,431	$130,736

</TABLE>

See accompanying notes to consolidated financial statements.

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LABOR READY, INC.
CONSOLIDATED BALANCE SHEETS
IN THOUSANDS (EXCEPT PER SHARE AMOUNTS)

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>
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	(Unaudited) April 2, 1999	December 31, 1998
<S>	<C>	<C>
CURRENT LIABILITIES:		
Accounts payable	$ 5,455	$ 6,889
Accrued wages and benefits	7,456	7,544

Reserve for workers' compensation claims	13,489	15,300
Income taxes payable	3,355	4,355
Current maturities of long-term debt	765	754
Total current liabilities	30,520	34,842
LONG-TERM LIABILITIES:		
Long-term debt, less current maturities	7,204	5,073
Reserve for workers' compensation claims	13,077	10,324
Total long-term liabilities	20,281	15,397
Total liabilities	50,801	50,239
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, $0.197 par value, 20,000 shares authorized; 4,324 shares issued and outstanding	854	854
Common stock, no par value, 100,000 shares authorized; 28,123 and 27,974 shares issued and outstanding	57,066	54,131
Retained earnings	28,710	25,512
Total shareholders' equity	86,630	80,497
Total liabilities and shareholders' equity	$137,431	$130,736

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC.
CONSOLIDATED STATEMENTS OF INCOME
IN THOUSANDS (EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

<TABLE>
<CAPTION>

	Thirteen Weeks Ended April 2, 1999	April 3, 1998
<S>	<C>	<C>
Revenues from services	$ 156,933	$ 94,030
Cost of services	105,907	65,695
Gross profit	51,026	28,335
Selling, general and administrative	42,662	26,913
Depreciation and amortization	676	1,380
Income from operations	7,688	42
Interest income, net	18	208
Income before taxes on income and cumulative effect of change in accounting principle	7,706	250
Taxes on income	3,019	105
Income before cumulative effect of change in accounting principle	4,687	145
Cumulative effect of change in accounting principle, net of income tax benefit of $897	(1,453)	--
Net income	$ 3,234	$ 145
Basic income per common share:		
Income before cumulative effect of change in accounting principle	$ 0.17	$ 0.01
Cumulative effect of change in accounting principle, net	(0.05)	--
Net income	$ 0.12	$ 0.01

Diluted income per common share:		
Income before cumulative effect of change in accounting principle	$ 0.16	$ 0.01
Cumulative effect of change in accounting principle, net	(0.05)	--
Net income	$ 0.11	$ 0.01
Weighted average shares outstanding:		
Basic	28,029	27,689
Diluted	28,979	28,502

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
IN THOUSANDS

(UNAUDITED)

<TABLE>
<CAPTION>

	Thirteen Weeks Ended April 2, 1999	Thirteen Weeks Ended April 3, 1998
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTVITIES:		
Net income	$ 3,234	$ 145
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	672	1,380
Provision for doubtful accounts	2,751	1,144
Deferred income taxes	(2,615)	(114)
Cumulative effect of change in accounting principle	2,350	--
Changes in assets and liabilities		
Accounts receivable	(1,839)	(1,900)
Workers' compensation deposits and credits	(1,907)	(1,206)
Prepaid expenses and other	(1,918)	(908)
Accounts payable	(1,406)	(228)
Accrued wages and benefits	(116)	(260)
Reserve for workers' compensation claims	942	727
Income taxes payable	357	(588)
Net cash provided by (used in) operating activities	505	(1,808)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(3,021)	(2,708)
Increase in other assets	(521)	(57)
Net cash used in investing activities	(3,542)	(2,765)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from options exercised	1,370	343
Proceeds from sale of stock through employee stock purchase plan	206	100
Payments on capital lease obligations	(181)	(95)
Net cash provided by financing activities	1,395	348
Effect of exchange rates on cash	(55)	(12)
Net decrease in cash and cash equivalents	(1,697)	(4,237)
CASH AND CASH EQUIVALENTS, beginning of period	25,940	22,117
CASH AND CASH EQUIVALENTS, end of period	$ 24,243	$ 17,880

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See accompanying notes to consolidated inancial statements.

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ITEM 1. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures usually found in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's 1998 annual report on Form 10-K. Certain amounts in the consolidated balance sheet at December 31, 1998 have been restated to conform to the 1999 presentation. The accompanying consolidated financial statements reflect all adjustments, including normal recurring adjustments, which in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Operating results for the thirteen-week period ended April 2, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999.

NOTE 2. WORKERS' COMPENSATION

The Company provides workers' compensation insurance to its temporary workers and regular employees. For workers' compensation claims originating in the majority of states (the 43 non-monopolistic states), the Company has purchased a deductible insurance policy. Under terms of the policy, the Company's workers' compensation exposure is limited to a deductible amount per occurrence and a maximum aggregate stop-loss limit. Should any single occurrence exceed the deductible amount per occurrence, all losses and expenses beyond the deductible amount are paid by independent insurance companies unrelated to the Company. Similarly, should the total of paid losses related to any one year period exceed the maximum aggregate stop-loss limit for that year, all losses beyond the maximum aggregate stop-loss limit are paid by independent insurance companies unrelated to the Company. In 1997, the per occurrence deductible amount was $250,000 per claim, to an aggregate maximum of $11.60 per $100 of temporary worker payroll, or $18.8 million. For claims arising in 1998 and 1999, the per occurrence deductible amount was increased to $350,000 and the maximum aggregate stop-loss limit was reduced to $10.41 per $100 of temporary worker payroll, or $31.7 million for the year ended December 31, 1998 and $8.3 million for the first quarter of 1999.

For claims arising in years prior to 1997, the Company has insured all losses beyond amounts reserved in its financial statements with independent insurance companies unrelated to the Company. The difference between the discounted maximum aggregate stop-loss limit for claims arising in 1997, 1998 and the first quarter of 1999 and the total of claims paid and reserved for in the Company's financial statements for the same periods is $5.5 million. This amount represents the discounted maximum additional exposure, net of tax, to the Company before its maximum aggregate stop-loss limits are met for all periods prior to April 2, 1999.

The Company establishes its reserve for workers' compensation claims using actuarial estimates of the future cost of claims and related expenses that have been reported but not settled, and that have been incurred but not reported. Adjustments to the claims reserve are charged or credited to expense in the periods in which they occur. Included in the accompanying consolidated balance sheets as of April 2, 1999 and December 31, 1998, are workers' compensation claims reserves in the non-monopolistic states of $26.1 million and $24.4 million, respectively. The claims reserves were computed using a discount rate of 6.0% at April 2, 1999 and December 31, 1998.

Workers' compensation expense totaling $5.6 million, and $4.8 million was recorded as a component of cost of services in each of the thirteen weeks ended April 2, 1999 and April 3, 1998, respectively.

For the 1997 and 1998 program years, the Company is required to provide collateral in the amount of the maximum aggregate stop-loss limits, less claims paid to date. The Company has provided approximately 50% of the required collateral in the form of a surety bond, and 50% in letters of credit. Accordingly, at April 2, 1999, $14.5 million of the collateral was satisfied with surety bonds and $12.6 million was satisfied with letters of credit for the 1997 and 1998 program years.

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NOTE 2. WORKERS' COMPENSATION, CONTINUED

In December 1998, the Company purchased a deductible insurance policy for the non-monopolistic states covering the years ended 1999 and 2000. The policy includes substantially the same terms and limitations as the 1998 policy described above except that the required collateral was reduced to an amount equal to 60% of claims reserves. However, the Company was required to provide approximately half of the estimated collateral for the 1999 program year as of the beginning of the year. Collateral for the 1999 program year will consist of 50% letters of credit and 50% surety bond. Accordingly, as of April 2, 1999, the Company has provided the insurance carrier with a letter of credit totaling $4 million and a surety bond for $12.5 million. Subsequent to quarter end, the Company increased the letter of credit by $4 million. During 1999, the total amount of the letters of credit and surety bonds for the 1999 program year will increase to approximately $24.0 million.

For workers' compensation claims originating in Washington, Ohio and West Virginia (the monopolistic states), Canada and Puerto Rico, the Company pays workers' compensation insurance premiums as required by state administered programs. The insurance premiums are established by each jurisdiction, generally based upon the job classification of the insured workers and the previous claims experience of the Company.

The Company has established a risk management department at its corporate headquarters to manage its insurers, third party claims administrators, and medical service providers. To reduce wage-loss compensation claims, the Company employs claims coordinators throughout the United States. The claims coordinators manage the acceptance, processing and final resolution of claims and administer the Company's return to work program. Workers in the program are employed on customer assignments that require minimal physical exertion or within the Company in the local dispatch office. The Company has an on-line connection with its third party administrators that allow the claims coordinators to maintain visibility of all claims, manage their progress and generate required management information.

NOTE 3. CHANGE IN ACCOUNTING PRINCIPLE

In the first quarter of 1999, the Company adopted the provisions of Statement of Position 98-5, "Reporting on the Costs of Start-up Activities" ("the Statement"). The Statement establishes new rules for the financial reporting of start-up costs, and requires the Company to expense the cost of establishing new dispatch offices as incurred and write off, as a cumulative effect of adopting the Statement, any capitalized pre-opening costs in the first quarter of the year adopted. Prior to adopting the Statement, pre-opening costs incurred to open new dispatch offices, including salaries, recruiting, testing, training, lease and other related costs, were capitalized and amortized using the straight-line method over two years. The cumulative effect of adopting the Statement was to decrease net income by $1.5 million or $0.05 per common share.

NOTE 4. SUPPLEMENTAL CASH FLOW INFORMATION

<TABLE>
<CAPTION>

	(Amounts in Thousands) Thirteen Weeks Ended	
	April 2, 1999	April 3, 1998
<S>	<C>	<C>
Cash paid during the period for:		
Interest	$ 160	$ 125
Income taxes	$4,334	$ 815
Non-cash investing and financing activities:		
Tax effect of disqualifying dispositions on options exercised	$1,359	$ 287
Assets acquired with capital lease obligations	$2,309	$4,208

</TABLE>

NOTE 5. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income, less preferred stock dividends, by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing net income, less preferred stock dividends, by the weighted average number of common shares and common share equivalents outstanding during the year. Common share equivalents for the Company include the dilutive effect of outstanding options, except where their inclusion would be anti-dilutive.

Basic and diluted earnings per share were calculated as follows (amounts in thousands, except per share data):

	Thirteen Weeks Ended	
	April 2, 1999	April 3, 1998
Basic:		
Net income (loss)	$ 3,234	$ 145
Less preferred stock dividends	(11)	(11)
Income allocable to common shareholders	$ 3,223	$ 134
Weighted average shares outstanding	28,029	27,689
Net income per share	$ 0.12	$ 0.01
Diluted:		
Income allocable to common shareholders	$ 3,223	$ 134
Weighted average shares outstanding	28,029	27,689
Plus options to purchase common stock outstanding at end of period	2,882	2,046
Less shares assumed repurchased	(1,932)	(1,233)
Weighted average shares outstanding, including dilutive effect of options	28,979	28,502
Net income per share	$ 0.11	$ 0.01

NOTE 6. COMMITTMENTS

During the first quarter of 1999, the Company entered into an agreement to lease approximately 200 automated Cash Dispensing Machines ("CDMs") for installation in the Company's dispatch offices opened in 1999. The fair market value of the CDMs at inception of the lease is approximately $2.6 million. The lease is payable over 72 months with an imputed interest rate of 6.5% and a residual payment equal to 20% of the CDM's original cost. The leases are secured by the CDMs. During the three months ended April 2, 1999, the Company installed approximately 166 of the CDMs in its new dispatch offices throughout the United States. Accordingly, the Company recorded assets under capital lease and capital lease obligations totaling $2.3 million with future minimum lease payments over the next 6 years of approximately $0.4 million per year. Included as an exhibit to this Form 10-Q is an example of a CDM lease, all such leases having substantially identical terms and conditions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain matters discussed in this Form 10-Q, including statements about the Company's revenue growth, the demand for temporary labor and its plans for opening new offices, are forward-looking statements within the meaning of the Private Litigation Reform Act of 1995. As such, these forward-looking statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to (1) the Company's ability to manage and continue its rapid growth, (2) economic conditions in its key market areas, and (3) other risks as set forth in Item 7 of the Company's Form 10-K for the year ended December 31, 1998. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be attained.

OVERVIEW

Labor Ready is a leading, national provider of temporary workers for manual labor jobs. The Company's customers are primarily in the freight handling, warehousing, landscaping, construction, light manufacturing, and other light industrial businesses. The Company has grown from eight dispatch offices in 1991 to 652 dispatch offices at April 2, 1999. Substantially all of the growth in dispatch offices was achieved by opening Company-owned locations rather than through acquisitions or franchising. The Company's annual revenues have grown from approximately $6 million in 1991 to $607 million in 1998 and $157 million for the first quarter of 1999. This revenue growth has been generated both by opening new dispatch offices in markets throughout the U.S., Canada and Puerto Rico and by continuing to increase sales at existing dispatch offices.

The Company opened 166 dispatch offices during the first quarter of 1999 and expects to open 34 additional dispatch offices in the second quarter of the year. The Company expects the average cost of opening each new dispatch office in 1999 to be approximately $45,000. The cost of opening a new dispatch office includes extensive management training, the installation of sophisticated computer and other office systems and a CDM. Further, once open, the Company invests significant amounts of additional cash into the operations of new dispatch offices until they begin to generate sufficient revenue to cover their operating costs, generally within six months. The Company pays its temporary workers on a daily basis, and generally bills its customers weekly. Consequently, the Company may experience significant negative cash flow from operations and investment activities during periods of high growth and may require additional sources of working capital in order to continue to grow.

Approximately 20% of the Company's customers are construction and landscaping businesses, which are significantly affected by the weather. Construction and landscaping businesses and, to a lesser degree, other customer businesses typically increase activity in spring, summer and early fall months and decrease activity in late fall and winter months. Further, inclement weather can slow construction and landscaping activities in such periods. As a result, the Company has generally experienced a significant increase in temporary labor demand in the spring, summer and early fall months, and lower demand in the late fall and winter months.

Depending upon location, new dispatch offices initially target the construction industry for potential customers. As dispatch offices mature, the customer base broadens and the customer mix diversifies. From time to time during peak periods, the Company experiences shortages of available temporary workers. The Company has completed the installation of the CDMs in substantially all of its dispatch offices in the United States. The CDMs provide the Company's temporary workers with the option of receiving cash payment instead of a payroll check. The Company believes this additional feature is unique among its direct competitors and should increase the Company's ability to attract available temporary workers.

Revenue from services includes revenues earned on services provided by the Company's temporary workers and fees generated by the CDMs.

Cost of services includes the wages and related payroll taxes of temporary workers, workers' compensation expense, unemployment compensation insurance and transportation. Cost of services as a percentage of revenues has historically been affected by numerous factors, including the use of lower introductory rates to attract new customers at new dispatch offices, the use of higher pay rates to attract more skilled workers, changes in the Company's workers' compensation reserve rates and the changing geographic mix of new and established, more mature markets. Although the Company has implemented policies and procedures to prevent unplanned increases in pay rates, and is no longer required to discount billing rates to attract new customers, significant continuing fluctuations in cost of services may be experienced as the Company pursues further aggressive growth.

Selling, general and administrative expenses include the salaries and wages of the Company's operations and administrative personnel, dispatch office operating expenses, corporate office operating expenses and the costs of the CDM program.

Temporary workers assigned to customers remain Labor Ready employees. Labor Ready is responsible for the employee-related expenses of its temporary workers, including workers' compensation coverage, unemployment compensation insurance, and Social Security and Medicare taxes. The Company does not provide health, dental, disability or life insurance to its temporary workers. Generally, the Company bills its customers for the hours worked by its temporary workers assigned to the customer. Because the Company pays its temporary workers only for the hours actually worked, wages for the Company's temporary workers are a variable cost that increases or decreases directly in proportion to revenue. The Company has one franchisee which operates five dispatch offices. The Company does not intend to grant additional franchises. Royalty revenues from the franchised dispatch offices are not material during any period presented herein.

RESULTS OF OPERATIONS

The following table compares the operating results of the Company for the thirteen weeks ended April 2, 1999 and April 3, 1998:

<TABLE>
<CAPTION>

	Thirteen Weeks Ended	
	April 2, 1999	April 3, 1998
<S>	<C>	<C>
Revenues from services	100.0%	100.0%
Cost of services	(67.5)	(69.9)
Selling, general and administrative expenses ...	(27.2)	(28.6)
Depreciation and amortization	(0.4)	(1.5)
Interest income, net	0.01	0.2
Income before income taxes and cumulative effect of change in accounting principles .	4.9	0.3
Net income	2.1	0.2

</TABLE>

THIRTEEN WEEKS ENDED APRIL 2, 1999 COMPARED TO THIRTEEN WEEKS ENDED APRIL 3, 1998

DISPATCH OFFICES

The number of offices grew to 652 at April 2, 1999 from 486 locations at December 31, 1998, a net increase of 166 dispatch offices, or 34.2%. During the thirteen weeks ended April 3, 1998, the number of offices grew to 420 from 316 locations at December 31, 1997, a net increase of 104 dispatch offices, or 32.9%. The Company expects to open 34 additional dispatch offices in the second quarter of 1999 and 300 dispatch offices in 2000. The Company estimates that its aggregate costs of opening 166 new dispatch offices in the first quarter of 1999 were approximately $7.5 million, an average of approximately $45,000 per dispatch office, compared to aggregate costs of approximately $5.2 million, an average of approximately $50,000 per dispatch office, to open 104 new stores in the first quarter of 1998. The decrease in per-store costs in 1999 was primarily the result of a decline in equipment costs. Approximately $1.1 million of first quarter 1998 costs includes dispatch office pre-opening costs such as salaries, recruiting, testing, training, lease and other related costs, which were capitalized and amortized using the straight-line method over two years. The remaining approximately $4.1 million includes computer systems and other equipment related costs, CDMs, and leasehold improvements.

REVENUES FROM SERVICES

The Company's revenues from services increased to $156.9 million for the thirteen weeks ended April 2, 1999, as compared to $94.0 million for the thirteen weeks ended April 3, 1998, an increase of $62.9 million or 66.9%. The increase in revenues is due primarily to the increase in the number of dispatch offices and continued increases in revenues from mature dispatch offices. Additionally, the Company opened more stores in the first quarter of 1999 than in the same period in 1998. Finally, the Company continues to consolidate its position in the marketplace and build brand awareness, allowing the Company to increase its average bill rates over the same period a year ago. Included in revenues from services for the thirteen weeks ended April 2, 1999 and April 3, 1998 are CDM fees of $1.2 million and $0.2 million, respectively.

COST OF SERVICES

Cost of services increased to $105.9 million for the thirteen weeks ended April 2, 1999 as compared to $65.7 million for the thirteen weeks ended April 3, 1998, an increase of $40.2 million or 61.2%. This increase is directly related to the corresponding increase in revenues during the period. Cost of services was 67.5% of revenue in the first quarter of 1999 compared to 69.9% of revenue in the first quarter of 1998. Cost of services as a percentage of revenues decreased 2.4% as compared to the first quarter of 1998 because the company was able to increase its billing rates over the same period a year ago while the average wage paid to temporary workers did not increase. Additionally, the Company experienced a decline in workers compensation expense due to continuous improvements in workers' compensation claims experience. Significant continuing fluctuations in cost of services may be expected as the Company pursues further aggressive growth.

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SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $42.7 million in the first quarter of 1999 as compared to $26.9 million in the first quarter of 1998, an increase of $15.8 million or 58.7%. The increase was largely due to the 66.9% increase in revenue from 1998 to 1999. Selling, general and administrative expenses were 27.2% of revenues in the first quarter of 1999 as compared to 28.6% of revenues in the first quarter of 1998. The decrease in selling, general and administrative expenses as a percentage of revenue in the first quarter of 1999 is due mainly to continued economies of scale on fixed and semi-fixed dispatch office operating and corporate administrative costs. Included in selling, general and administrative expense for the thirteen weeks ended April 2, 1999 and April 3, 1998 are CDM related expenses of $0.5 million and $0.08 million, respectively.

The Company expects that selling, general and administrative expenses as a percentage of revenues may fluctuate in future periods as the Company from time to time adjusts its staffing model at the dispatch offices and upgrades its operating and administrative capabilities to accommodate anticipated revenue and dispatch office growth.

DEPRECIATION AND AMORTIZATION EXPENSE.

Depreciation and amortization expense was $0.7 million in the first quarter of 1999 and $1.4 million in the first quarter of 1998, a decrease of $0.7 million or 50.0%. The decrease in depreciation and amortization expense is primarily the result of the elimination of amortization expense when the Company adopted the provisions of SOP 98-5. The Statement required the Company to expense as incurred, pre-opening costs for new dispatch offices, and recognize as a cumulative effect of a change in accounting principle, a one-time charge for the unamortized balance of pre-opening costs. Prior to the change, the Company had capitalized pre-opening costs and amortized them over two years. Offsetting this decrease is higher levels of depreciation resulting from the addition of $12.6 million of property and equipment since the first quarter of 1998. These additions primarily include the CDMs and computer equipment, software, and other equipment needed for the new stores opened during the period and to expand the Company's data processing capabilities to accommodate the growth in dispatch offices. Included in depreciation and amortization expense for the thirteen weeks ended April 2, 1999 and April 3, 1998 are depreciation on CDMs of $0.3 million and $0.1, respectively.

INTEREST INCOME, NET

The Company recorded net interest income of $18,000 in the first quarter of 1999 as compared to interest income of $0.2 million in the first quarter of 1998, a decrease of $0.2 million or 91.3%. The decrease in net interest income was the result of increases in interest expense on CDM leases, higher letter of credit and line of credit fees than in 1998 as a result of providing additional collateral to the Company's workers' compensation insurers and increasing the line of credit to $60 million, and a decline in market interest rates on invested cash balances. Additionally, the Company had cash balances of approximately $13.3 million held in the CDMs at April 2, 1999 compared to $12.3 million at April 3, 1998.

The Company expects to incur interest expense during the balance of 1999 as the cash demands of the Company's busiest time of year will require borrowing on the Company's revolving line of credit. Additionally, cash balances held in the CDMs for payment of temporary worker payrolls, will continue to reduce cash available for investing.

TAXES ON INCOME

Taxes on income increased to a provision of $3.0 million in the first quarter of 1999 from a provision of $0.1 million in the first quarter of 1998, an increase of $2.9 million. The increase in taxes was due to the increase in income before taxes and cumulative effect of change in accounting principle to $7.7 million in the first quarter of 1999 from pretax income of $0.3 million in the first quarter of 1998. The Company's effective tax rate was 39.2% in the first quarter of 1999 as compared to 42.0% in the first quarter of 1998. The decrease in the effective rate was primarily due to reductions in the Company's expected state income tax rates. The principal difference between the statutory federal income tax rate and the Company's effective income tax rate result from state income taxes and certain non-deductible expenses.

The Company had a net deferred tax asset of approximately $11.0 million at April 2, 1999, resulting primarily from workers' compensation claims reserves. The Company has not established a valuation allowance against this net deferred tax asset as management believes that it is more likely than not that the tax benefits will be realized in the future based on the historical levels of pre-tax income and expected future taxable income.

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NET INCOME

The Company reported net income of $3.2 million for the thirteen weeks ended April 2, 1999, as compared to net income of $0.1 million, for the thirteen weeks ended April 3, 1998, an increase of $3.1 million. As a percentage of revenues from services, net income increased to 2.1% for the first quarter of 1999, which compares to 0.2%, for the first quarter of 1998, an increase of 1.9%. This increase in net income is primarily the result of increased revenues and gross margins, economies of scale realized on selling, general and administrative expenses and decreases in amortization expense, offset by a one-time charge of $1.5 million related to the change in accounting principle for dispatch office pre-opening costs discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $0.5 million in the first quarter of 1999 compared to a use of cash of $1.8 million in the first quarter of 1998. The increase in cash provided by operations in 1999 is largely due to net income for the quarter, and non-cash expenses including depreciation and amortization and the one-time charge for the cumulative effect of a change in accounting principle offset by an increase in the Company's net deferred asset during the period. Additionally, increases in accounts receivable, workers' compensation deposits and credits and prepaid expenses and a decrease in accounts payable were offset in part by increases in the reserve for workers' compensation and income taxes payable.

The Company used net cash in investing activities of $3.5 million in first quarter of 1999, compared to $2.8 million in the first quarter of 1998. The increase in cash used in investing activities in 1999 as compared to 1998 is due primarily to an increase in capital expenditures to open 166 new stores and increase the Company data processing capabilities to accommodate the growth in dispatch offices. The Company's capital expenditures in 1999 and 1998 include property and equipment acquired other than through capital lease. Capital expenditures in the first quarter of 1998 includes store pre-opening costs of $1.1 million and expenditures for property and equipment of $1.6 million.

Net cash provided by financing activities was $1.4 million in the first quarter of 1999 and $0.3 million in the first quarter of 1998. The increase in cash provided by financing activities in 1999 as compared to 1998 is due mainly to proceeds from the exercise of employee stock options.

In February 1999, the Company entered into a new line of credit agreement with U.S. Bank. The new agreement allows the company to borrow up to the lesser of $60 million or 80% of eligible accounts receivable, as defined by the bank, with interest at the lesser of the bank's prime rate (7.75% at April 2, 1999) or the London Inter-Bank Offering Rate (LIBOR) plus 1.25%. The line of credit is secured primarily by the Company's accounts receivable and is due in full on June 30, 2000. The line of credit agreement requires that the Company maintain certain minimum net worth and working capital amounts and ratios. The Company was in compliance with the requirements at April 2, 1999.

As discussed further in Note 2 to the consolidated financial statements, the Company is required by the workers' compensation program to collateralize a portion of its workers' compensation liability with irrevocable letters of credit. At April 2, 1999, the Company had provided its insurance carriers with letters of credit totaling $16.6 million. The letters of credit bear fees of .75% per year and are supported by an equal amount of available borrowings on the line-of-credit. Accordingly, at April 2, 1999, no borrowings were outstanding on the line-of-credit, $16.6 million was committed by the letters of credit and $43.4 million was available for borrowing. Subsequent to quarter-end, the Company increased its outstanding letters of credit by $4.0 million.

During the first quarter of 1999, the Company entered into an agreement to lease approximately 200 automated Cash Dispensing Machines ("CDMs") for installation in the Company's dispatch offices opened in 1999. The fair market value of the CDMs at inception of the lease is approximately $2.7 million. The lease is payable over 72 months with an imputed interest rate of 6.5% and a residual payment equal to 20% of the CDM's original cost. The leases are secured by the CDMs. During the three months ended April 2, 1999, the Company installed approximately 166 CDMs in dispatch offices throughout the United States. Accordingly, the Company recorded assets under capital lease and capital lease obligations totaling $2.3 million with future minimum lease payments over the next 6 years of approximately $0.4 million per year. Included as an exhibit to this Form 10-Q is an example of a CDM lease, all such leases having substantially identical terms and conditions.

Included in cash and cash equivalents at April 2, 1999, is approximately $13.3 million of cash which is located in the CDMs for payment of temporary worker payrolls. The Company anticipates further increases in cash held in the CDMs as it enters the busiest time of its year and completes the installation of CDMs at all of its dispatch offices in the United States.

Historically, the Company has financed its operations through cash generated by external financing including term loans, credit lines and stock offerings. The principal use of cash is to finance the growth in receivables, and fund the cost of opening new dispatch offices. The Company may experience cash flow deficits from operations and investing activities while the Company expands its operations, including the acceleration of opening new dispatch offices. Management expects cash flow deficits to be financed by profitable operations, the use of the Company's line of credit, and may consider other equity or debt financings as necessary. The Company analyzes acquisition opportunities from time to time and may pursue acquisitions in certain circumstances. Any acquisitions the Company enters into may require additional equity or debt financing.

INFORMATION PROCESSING SYSTEMS AND THE YEAR 2000

As the Year 2000 approaches, there are uncertainties concerning whether computer systems and electronic equipment with date functions will properly recognize date-sensitive information when the year changes to 2000. Systems that do not properly recognize such information could generate erroneous data or fail. Due to the Company's reliance on its management information systems, failure of the management information systems for any reason (including Year 2000 noncompliance) could result in the loss of communications with its dispatch offices and could result in unforeseeable but potentially material losses to the Company. However, management believes that the Year 2000 does not pose a significant operational problem for the Company's computer systems.

The Company has developed and is currently implementing a significant upgrade to its proprietary management information systems to address the dramatic growth (and expected future growth) in the number of the Company's dispatch offices and provide certain enhanced features. The software upgrade is Year 2000 compliant. Through April 2, 1999, the Company has incurred approximately $1.4 million in development costs which is included in the accompanying consolidated balance sheets in "Computers and Software". The Company expects that the upgrade will be installed Company-wide not later than September 30, 1999.

Management has identified three systems with potential Year 2000 problems: (1) the existing management information system, which is being replaced as discussed above, (2) the communication system currently used to exchange point of sale information between corporate headquarters and the dispatch offices and, (3) the payroll system for corporate employees (but not for temporary employees dispatched to customers). The Company expects to correct the Year 2000 problem related to its system for communicating point of sale information with an upgrade supplied by the vendor. Alternatively, the Company believes that it could implement an alternative, Year 2000 compliant system with minimal cost. The Company expects to upgrade the payroll system by year-end, but will use, if necessary, a third party capable of providing payroll services. The Company has not negotiated the cost of such services but believes there are alternative providers to assure that any costs incurred are at competitive rates.

The Company has tested and will continue to test other computer components and software including its non-information processing systems such as its data and phone communications systems for Year 2000 compliance. Based on such testing, the Company expects to replace its voice mail system for a total cost of approximately $50,000. Testing to date has indicated no other year 2000 compliance problems. If other systems fail, the Company will be required to replace them. Replacement systems are mass produced and available from a large number of vendors and would constitute an immaterial expense relative to the operating budget of the Company.

Management believes that as a result of the nature of the Company's business the Company bears little exposure to risk of Year 2000 non-compliance by third parties. The Company acquires supplies (e.g., personal safety equipment, office supplies) that are mass-produced and readily available from a large number of suppliers. None of the Company's customers represent more than 2% of the Company's revenues, so that, unless a significant number of the Company's customers experience complete disruptions to their business, the Company is unlikely to experience significant loss of revenue. Nevertheless, the Company is currently conducting a survey of its largest vendors and customers in order to assess the readiness of these third parties with which it deals. If the Company determines that any of its vendors are unable to adequately address Year 2000 issues, the Company believes that alternatives could be found before the Year 2000.

The Company has a contingency plan for certain Year 2000 issues, however, the Company believes that its systems will be Year 2000 compliant by year end, if not before, and that the Year 2000 issue will not materially impact its operations. The forward looking statements referenced above, including the preceding sentence, are subject to a number of risks and uncertainties, including the ability of customers, vendors and other third parties to solve timely their Year 2000 issues, the accuracy of Year 2000 testing methods and that remediation of Year 2000 issues will be correctly implemented.

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS:

THE FOLLOWING EXHIBITS ARE BEING FILED AS A PART OF THIS REPORT:

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<S>	<C>
10.10	Form of equipment lease and related schedules at various dates Between the Company as lessor and Wells Fargo Equipment Finance, Inc. as lessee.
27	Financial Data Schedules as of April 3, 1999 and April 2, 1998 and for each of the thirteen week periods then ended.

</TABLE>

(b) REPORTS ON FORM 8-K

None.

SIGNATURES

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

REGISTRANT: LABOR READY, INC.

By: /S/ GLENN A. WELSTAD — MAY 14, 1999

Glenn A. Welstad
Chairman of the Board, Chief Executive Officer and President

Date

By: /S/ JOSEPH P. SAMBATARO, JR. MAY 14, 1999

Joseph P. Sambataro, Jr. — Date
Executive Vice President,
Chief Financial Officer, Treasurer
and Assistant Secretary

MASTER LEASE

WELLS FARGO   WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048

MASTER LEASE NUMBER 46866 DATED AS OF APRIL 27, 1999

NAME AND ADDRESS OF LESSEE:
LABOR READY SOUTHWEST, INC.
1016 S. 28TH STREET
TACOMA, WA 98409

MASTER LEASE PROVISIONS

1. LEASE. LESSOR HEREBY AGREES TO LEASE TO LESSEE, AND LESSEE HEREBY AGREES TO LEASE FROM LESSOR, THE PERSONAL PROPERTY DESCRIBED IN A SUPPLEMENT OR SUPPLEMENTS TO THIS MASTER LEASE FROM TIME TO TIME SIGNED BY LESSOR AND LESSEE UPON THE TERMS AND CONDITIONS SET FORTH HEREIN AND IN THE RELATED SUPPLEMENT (SUCH PROPERTY TOGETHER WITH ALL REPLACEMENTS, REPAIRS, AND ADDITIONS INCORPORATED THEREIN OR AFFIXED THERETO BEING REFERRED TO HEREIN AS THE "EQUIPMENT). THE LEASE OF THE ITEMS DESCRIBED IN A PARTICULAR SUPPLEMENT SHALL BE CONSIDERED A SEPARATE LEASE PURSUANT TO THE TERMS OF THE MASTER LEASE AND THE SUPPLEMENT THE SAME AS IF A SINGLE LEASE AGREEMENT CONTAINING SUCH TERMS HAD BEEN EXECUTED COVERING SUCH ITEMS.

2. TERM. THE TERM OF THIS LEASE WITH RESPECT TO EACH ITEM OF EQUIPMENT SHALL BEGIN ON THE DATE IT IS ACCEPTED BY LESSEE AND SHALL CONTINUE FOR THE NUMBER OF CONSECUTIVE MONTHS FROM THE RENT COMMENCEMENT DATE SHOWN IN THE RELATED SUPPLEMENT (THE "INITIAL TERM) UNLESS EARLIER TERMINATED AS PROVIDED HEREIN OR UNLESS EXTENDED AUTOMATICALLY AS PROVIDED BELOW IN THIS PARAGRAPH. THE RENT COMMENCEMENT DATE IS THE 15TH DAY OF THE MONTH IN WHICH ALL OF THE ITEMS OF EQUIPMENT DESCRIBED IN THE RELATED SUPPLEMENT HAVE BEEN DELIVERED AND ACCEPTED BY LESSEE IF SUCH DELIVERY AND ACCEPTANCE IS COMPLETED ON OR BEFORE THE 15TH OF SUCH MONTH, AND THE RENT COMMENCEMENT DATE IS THE LAST DAY OF SUCH MONTH IF SUCH DELIVERY AND ACCEPTANCE IS COMPLETED DURING THE BALANCE OF SUCH MONTH. IN THE EVENT LESSEE EXECUTES THE RELATED SUPPLEMENT PRIOR TO DELIVERY AND ACCEPTANCE OF ALL ITEMS OF EQUIPMENT DESCRIBED THEREIN, LESSEE AGREES THAT THE RENT COMMENCEMENT DATE MAYBE LEFT BLANK WHEN LESSEE EXECUTES THE RELATED SUPPLEMENT AND HEREBY AUTHORIZES LESSOR TO INSERT THE RENT COMMENCEMENT DATE BASED UPON THE DATE APPEARING ON THE DELIVERY AND ACCEPTANCE CERTIFICATE SIGNED BY LESSEE WITH RESPECT TO THE LAST ITEM OF EQUIPMENT TO BE DELIVERED.

AUTOMATIC EXTENSION. LESSEE OR LESSOR MAY TERMINATE THIS LEASE AT THE EXPIRATION OF THE INITIAL TERM BY GIVING THE OTHER AT LEAST 90 DAYS PRIOR WRITTEN NOTICE OF TERMINATION. IF NEITHER LESSEE NOR LESSOR GIVES SUCH NOTICE, THEN THE TERM OF THIS LEASE SHALL BE EXTENDED AUTOMATICALLY ON THE SAME RENTAL AND OTHER TERMS SET FORTH HEREIN (EXCEPT THAT IN ANY EVENT RENT DURING ANY EXTENDED TERM SHALL BE PAYABLE IN THE AMOUNTS AND AT THE TIMES PROVIDED IN PARAGRAPH 3) FOR SUCCESSIVE PERIODS OF ONE MONTH UNTIL TERMINATED BY EITHER LESSEE OR LESSOR GIVING THE OTHER AT LEAST 90 DAYS PRIOR WRITTEN NOTICE OF TERMINATION.

3. RENT LESSEE SHALL PAY AS BASIC RENT FOR THE INITIAL TERM OF THIS LEASE THE AMOUNT SHOWN IN THE RELATED SUPPLEMENT AS TOTAL BASIC RENT. THE TOTAL BASIC RENT SHALL BE PAYABLE IN INSTALLMENTS EACH IN THE AMOUNT OF THE BASIC RENTAL PAYMENT SET FORTH IN THE RELATED SUPPLEMENT PLUS SALES AND USE TAX THEREON. LESSEE SHALL PAY ADVANCE INSTALLMENTS AND ANY SECURITY DEPOSIT, EACH AS SHOWN IN THE RELATED SUPPLEMENT, ON THE DATE IT IS EXECUTED BY LESSEE. SUBSEQUENT INSTALLMENTS SHALL BE PAYABLE ON THE FIRST DAY OF EACH RENTAL PAYMENT PERIOD SHOWN IN THE RELATED SUPPLEMENT BEGINNING AFTER THE FIRST RENTAL PAYMENT PERIOD; PROVIDED, HOWEVER, THAT LESSOR AND LESSEE MAY AGREE TO ANY OTHER PAYMENT SCHEDULE, INCLUDING IRREGULAR PAYMENTS OR BALLOON PAYMENTS, IN WHICH EVENT THEY SHALL BE SET FORTH IN THE SPACE PROVIDED IN THE SUPPLEMENT FOR ADDITIONAL PROVISIONS. IF THE ACTUAL COST OF THE EQUIPMENT IS MORE OR LESS THAN THE TOTAL COST AS SHOWN IN THE SUPPLEMENT, THE AMOUNT OF EACH INSTALLMENT OF RENT WILL BE ADJUSTED UP OR DOWN TO PROVIDE THE SAME YIELD TO LESSOR AS WOULD HAVE BEEN OBTAINED IF THE ACTUAL COST HAD BEEN THE SAME AS THE TOTAL COST. ADJUSTMENTS OF 10% OR LESS MAY BE MADE BY WRITTEN NOTICE FROM LESSOR TO LESSEE. ADJUSTMENTS OF MORE THAN 10% SHALL BE MADE BY EXECUTION OF AN AMENDMENT TO THE SUPPLEMENT REFLECTING THE CHANGE IN TOTAL COST AND RENT.

DURING ANY EXTENDED TERM OF THIS LEASE, BASIC RENT SHALL BE PAYABLE MONTHLY IN ADVANCE ON THE FIRST DAY OF EACH MONTH DURING SUCH EXTENDED TERM IN THE AMOUNT EQUAL TO THE BASIC RENTAL PAYMENT SET FORTH IN THE RELATED SUPPLEMENT IF RENT IS PAYABLE MONTHLY DURING THE INITIAL TERM OR IN AN AMOUNT EQUAL TO THE MONTHLY EQUIVALENT OF THE BASIC RENTAL PAYMENT SET FORTH IN THE RELATED SUPPLEMENT IF RENT IS PAYABLE OTHER THAN MONTHLY DURING THE INITIAL TERM. IN ADDITION, LESSEE SHALL PAY ANY APPLICABLE SALES AND USE TAX ON RENT PAYABLE DURING ANY EXTENDED TERM.

IN ADDITION TO BASIC RENT, WHICH IS PAYABLE ONLY FROM THE RENT COMMENCEMENT DATE AS PROVIDED ABOVE, LESSEE AGREES TO PAY INTERIM RENT WITH RESPECT TO EACH SEPARATE ITEM OF EQUIPMENT COVERED BY A PARTICULAR SUPPLEMENT FROM THE DATE IT IS DELIVERED AND ACCEPTED TO THE RENT COMMENCEMENT DATE AT A DAILY RATE EQUAL TO THE PERCENTAGE OF LESSOR'S COST OF SUCH ITEM SPECIFIED IN SUCH SUPPLEMENT. INTERIM RENT ACCRUING EACH CALENDAR MONTH SHALL BE PAYABLE BY THE 10TH DAY OF THE FOLLOWING MONTH AND IN ANY EVENT ON THE RENT COMMENCEMENT DATE. LESSEE AGREES THAT IF ALL OF THE ITEMS OF EQUIPMENT COVERED BY SUCH SUPPLEMENT HAVE NOT BEEN DELIVERED AND ACCEPTED THEREUNDER BEFORE THE DATE SPECIFIED AS THE CUTOFF DATE IN SUCH SUPPLEMENT, LESSEE SHALL PURCHASE FROM LESSOR THE ITEMS OF EQUIPMENT THEN SUBJECT TO THE LEASE WITHIN FIVE DAYS AFTER LESSOR'S REQUEST TO DO SO FOR A PRICE EQUAL TO LESSORS COST OF SUCH ITEMS PLUS ALL ACCRUED BUT UNPAID INTERIM RENT THEREON. LESSEE SHALL ALSO PAY ANY APPLICABLE SALES AND USE TAX ON SUCH SALE.

4. SECURITY DEPOSIT. LESSOR MAY APPLY ANY SECURITY DEPOSIT TOWARD ANY OBLIGATION OF LESSEE UNDER THIS LEASE, AND SHALL RETURN ANY UNAPPLIED BALANCE TO LESSEE WITHOUT INTEREST UPON SATISFACTION OF LESSEE'S OBLIGATIONS HEREUNDER.

5. WARRANTIES. LESSEE AGREES THAT IT HAS SELECTED EACH ITEM OF EQUIPMENT BASED UPON ITS OWN JUDGMENT AND DISCLAIMS ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY LESSOR. LESSOR MAKES NO WARRANTY WITH RESPECT TO THE EQUIPMENT, EXPRESS OR IMPLIED, AND LESSOR SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE EQUIPMENT LESSEE AGREES TO MAKE THE RENTAL AND OTHER PAYMENTS REQUIRED HEREUNDER WITHOUT REGARD TO THE CONDITION OF THE EQUIPMENT AND TO LOOK ONLY TO PERSONS OTHER THAN LESSOR SUCH AS THE MANUFACTURER, VENDOR OR CARRIER THEREOF SHOULD ANY ITEM OF EQUIPMENT FOR ANY REASON BE DEFECTIVE. SO LONG AS NO EVENT OF DEFAULT HAS OCCURRED AND IS CONTINUING, LESSOR AGREES, TO THE EXTENT THEY ARE ASSIGNABLE, TO ASSIGN TO LESSEE, WITHOUT ANY RECOURSE TO LESSOR, ANY WARRANTY RECEIVED BY LESSOR.

6. TITLE. TITLE TO THE EQUIPMENT SHALL AT ALL TIMES REMAIN IN LESSOR, AND LESSEE AT ITS EXPENSE SHALL PROTECT AND DEFEND THE TITLE OF LESSOR AND KEEP IT FREE OF ALL CLAIMS AND LIENS OTHER THAN THE RIGHTS OF LESSEE HEREUNDER AND CLAIMS AND LIENS CREATED BY OR ARISING THROUGH LESSOR. THE EQUIPMENT SHALL REMAIN PERSONAL PROPERTY REGARDLESS OF ITS ATTACHMENT TO REALTY, AND LESSEE AGREES TO TAKE SUCH ACTION AT ITS EXPENSE AS MAY BE NECESSARY TO PREVENT ANY THIRD PARTY FROM ACQUIRING ANY INTEREST IN THE EQUIPMENT AS A RESULT OF ITS ATTACHMENT TO REALTY.

7 LAWS AND TAXES. LESSEE SHALL COMPLY WITH ALL LAWS AND REGULATIONS RELATING TO THE EQUIPMENT AND ITS USE AND SHALL PROMPTLY PAY WHEN DUE ALL SALES, USE, PROPERTY, EXCISE AND OTHER TAXES AND ALL LICENSE AND REGISTRATION FEES NOW OR HEREAFTER IMPOSED BY ANY GOVERNMENTAL BODY OR AGENCY UPON THE EQUIPMENT OR ITS USE OR THE RENTALS HEREUNDER. UPON REQUEST BY LESSOR, LESSEE SHALL PREPARE AND FILE ALL TAX RETURNS RELATING TO TAXES FOR WHICH LESSEE IS RESPONSIBLE HEREUNDER WHICH LESSEE IS PERMITTED TO FILE UNDER THE LAWS OF THE APPLICABLE TAXING JURISDICTION.

8. INDEMNITY. LESSEE HEREBY INDEMNIFIES LESSOR AGAINST AND AGREES TO SAVE LESSOR HARMLESS FROM ANY AND ALL LIABILITY AND EXPENSE ARISING OUT OF THE ORDERING, OWNERSHIP, USE, CONDITION, OR OPERATION OF EACH ITEM OF EQUIPMENT DURING THE TERM OF THIS LEASE, INCLUDING LIABILITY FOR DEATH OR INJURY TO PERSONS, DAMAGE TO PROPERTY, STRICT LIABILITY UNDER THE LAWS OR JUDICIAL DECISIONS OF ANY STATE OR THE UNITED STATES, AND LEGAL EXPENSES IN DEFENDING ANY CLAIM BROUGHT TO ENFORCE ANY SUCH LIABILITY OR EXPENSE.

9. ASSIGNMENT WITHOUT LESSORS PRIOR WRITTEN CONSENT, LESSEE WILL NOT SELL, ASSIGN, SUBLET, PLEDGE, OR OTHERWISE ENCUMBER OR PERMIT A LIEN ARISING THROUGH LESSEE TO EXIST ON OR AGAINST ANY INTEREST IN THIS LEASE OR THE EQUIPMENT, OR REMOVE THE EQUIPMENT FROM ITS LOCATION REFERRED TO ABOVE. LESSOR MAY ASSIGN ITS INTEREST IN THIS LEASE AND SELL OR GRANT A SECURITY INTEREST IN ALL OR ANY PART OF THE EQUIPMENT WITHOUT NOTICE TO OR THE CONSENT OF LESSEE. LESSEE AGREES NOT TO ASSERT AGAINST ANY ASSIGNEE OF LESSOR ANY CLAIM OR DEFENSE LESSEE MAY HAVE AGAINST LESSOR.

10. INSPECTION. LESSOR MAY INSPECT THE EQUIPMENT AT ANYTIME AND FROM TIME TO TIME DURING REGULAR BUSINESS HOURS.

11. REPAIRS. LESSEE WILL USE THE EQUIPMENT WITH DUE CARE AND FOR THE PURPOSE FOR WHICH IT IS INTENDED. LESSEE WILL MAINTAIN THE EQUIPMENT IN GOOD REPAIR, CONDITION AND WORKING ORDER AND WILL FURNISH ALL PARTS AND SERVICES REQUIRED THEREFOR, ALL AT ITS EXPENSE, ORDINARY WEAR AND TEAR EXCEPTED. LESSEE SHALL, AT ITS EXPENSE, MAKE ALL MODIFICATIONS AND IMPROVEMENTS TO THE EQUIPMENT REQUIRED BY LAW, AND SHALL NOT MAKE OTHER MODIFICATIONS OR IMPROVEMENTS TO THE EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR. ALL PARTS, MODIFICATIONS AND IMPROVEMENTS TO THE EQUIPMENT SHALL, WHEN INSTALLED OR MADE, IMMEDIATELY BECOME THE PROPERTY OF LESSOR AND PART OF THE EQUIPMENT FOR ALL PURPOSES.

12. LOSS OR DAMAGE. IN THE EVENT ANY ITEM of EQUIPMENT SHALL BECOME LOST, STOLEN, DESTROYED, DAMAGED BEYOND REPAIR OR RENDERED PERMANENTLY UNFIT FOR USE

FOR ANY REASON, OR IN THE EVENT of CONDEMNATION OR SEIZURE of ANY ITEM of EQUIPMENT, LESSEE SHALL PROMPTLY PAY LESSOR THE SUM of (a) THE AMOUNT of ALL RENT AND OTHER AMOUNTS PAYABLE BY LESSEE HEREUNDER WITH RESPECT TO SUCH ITEM DUE BUT UNPAID AT THE DATE of SUCH PAYMENT PLUS (b) THE AMOUNT of ALL UNPAID RENT WITH RESPECT TO SUCH ITEM FOR THE BALANCE of THE TERM of THIS LEASE NOT YET DUE AT THE TIME of such PAYMENT DISCOUNTED FROM THE RESPECTIVE DATES INSTALLMENT PAYMENTS WOULD BE DUE AT THE RATE IMPLICIT IN THE SCHEDULE of RENTAL PAYMENTS WHEN APPLIED TO THE COST of SUCH ITEM PLUS (c) 10% of THE COST of SUCH ITEM AS SHOWN IN THE RELATED SUPPLEMENT. UPON PAYMENT of SUCH AMOUNT TO LESSOR, SUCH ITEM SHALL BECOME THE PROPERTY of LESSEE, LESSOR WILL TRANSFER TO LESSEE, WITHOUT RECOURSE OR WARRANTY, ALL of LESSOR'S RIGHT, TITLE AND INTEREST THEREIN, THE RENT WITH RESPECT TO SUCH ITEM SHALL TERMINATE, AND THE BASIC RENTAL PAYMENTS ON THE REMAINING ITEMS SHALL BE REDUCED ACCORDINGLY. LESSEE SHALL PAY ANY SALES AND USE TAXES DUE ON SUCH TRANSFER. ANY INSURANCE OR CONDEMNATION PROCEEDS RECEIVED SHALL BE CREDITED TO LESSEE'S OBLIGATION UNDER THIS PARAGRAPH AND LESSOR SHALL BE ENTITLED TO ANY SURPLUS.

13. INSURANCE. LESSEE SHALL OBTAIN AND MAINTAIN ON OR WITH RESPECT TO THE EQUIPMENT AT ITS OWN EXPENSE (a) LIABILITY INSURANCE INSURING AGAINST LIABILITY FOR BODILY INJURY AND PROPERTY DAMAGE WITH A MINIMUM LIMIT of $500,000 COMBINED SINGLE LIMIT AND (b) PHYSICAL DAMAGE INSURANCE INSURING AGAINST LOSS OR DAMAGE TO THE EQUIPMENT IN AN AMOUNT NOT LESS THAN THE FULL REPLACEMENT VALUE of THE EQUIPMENT. LESSEE SHALL FURNISH LESSOR WITH A CERTIFICATE of INSURANCE EVIDENCING THE ISSUANCE of A POLICY OR POLICIES TO LESSEE IN AT LEAST THE MINIMUM AMOUNTS REQUIRED HEREIN NAMING LESSOR AS AN ADDITIONAL INSURED THEREUNDER FOR THE LIABILITY COVERAGE AND AS LOSS PAYEE FOR THE PROPERTY DAMAGE COVERAGE. EACH SUCH POLICY SHALL BE IN SUCH FORM AND WITH SUCH INSURERS AS MAY BE SATISFACTORY TO LESSOR, AND SHALL CONTAIN A CLAUSE REQUIRING THE INSURER TO GIVE TO LESSOR AT LEAST 10 DAYS PRIOR WRITTEN NOTICE OF ANY ALTERATION IN THE TERMS OF SUCH POLICY OR THE CANCELLATION THEREOF, AND A CLAUSE SPECIFYING THAT NO ACTION OR MISREPRESENTATION BY LESSEE SHALL INVALIDATE SUCH POLICY. LESSOR SHALL BE UNDER NO DUTY TO ASCERTAIN THE EXISTENCE OF OR TO EXAMINE ANY SUCH POLICY OR TO ADVISE LESSEE IN THE EVENT ANY SUCH POLICY SHALL NOT COMPLY WITH THE REQUIREMENTS HEREOF

14. RETURN OF THE EQUIPMENT UPON THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE, LESSEE WILL IMMEDIATELY DELIVER THE EQUIPMENT TO LESSOR IN THE SAME CONDITION AS WHEN DELIVERED TO LESSEE, ORDINARY WEAR AND TEAR EXCEPTED AT SUCH LOCATION WITHIN THE CONTINENTAL UNITED STATES AS LESSOR SHALL DESIGNATE. LESSEE SHALL PAY ALL TRANSPORTATION AND OTHER EXPENSES RELATING TO SUCH DELIVERY.

15. ADDITIONAL ACTION. LESSEE WILL PROMPTLY EXECUTE AND DELIVER TO LESSOR SUCH FURTHER DOCUMENTS AND TAKE SUCH FURTHER ACTION AS LESSOR MAY REQUEST IN ORDER TO CARRY OUT MORE EFFECTIVELY THE INTENT AND PURPOSE OF THIS LEASE, INCLUDING THE EXECUTION AND DELIVERY OF APPROPRIATE FINANCING STATEMENTS TO PROTECT FULLY LESSORS INTEREST HEREUNDER IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE OR OTHER APPLICABLE LAW LESSEE WILL FURNISH FROM TIME TO TIME ON REQUEST, A COPY OF LESSEE'S LATEST ANNUAL BALANCE SHEET AND INCOME STATEMENT.

16. LATE CHARGES. IF ANY INSTALLMENT OF INTERIM RENT OR BASIC RENT IS NOT PAID WHEN DUE, LESSOR MAY IMPOSE A LATE CHARGE OF UP TO 5% OF THE AMOUNT OF THE INSTALLMENT BUT IN ANY EVENT NOT MORE THAN PERMITTED BY APPLICABLE LAW. PAYMENTS THEREAFTER RECEIVED SHALL BE APPLIED FIRST TO DELINQUENT INSTALLMENTS AND THEN TO CURRENT INSTALLMENTS.

17. DEFAULT EACH OF THE FOLLOWING EVENTS SHALL CONSTITUTE AN "EVENT OF DEFAULT" HEREUNDER: (a) LESSEE SHALL FAIL TO PAY WHEN DUE ANY INSTALLMENT OF INTERIM RENT OR BASIC RENT; (b) LESSEE SHALL FAIL TO OBSERVE OR PERFORM ANY OTHER AGREEMENT TO BE OBSERVED OR PERFORMED BY LESSEE HEREUNDER AND THE CONTINUANCE THEREOF FOR 10 CALENDAR DAYS FOLLOWING WRITTEN NOTICE THEREOF BY LESSOR TO LESSEE; (c) LESSEE OR ANY GUARANTOR OF THIS LEASE OR ANY PARTNER OF LESSEE if LESSEE IS A PARTNERSHIP SHALL CEASE DOING BUSINESS AS A GOING CONCERN OR MAKE AN ASSIGNMENT FOR THE BENEFIT OF CREDITORS; (d) LESSEE OR ANY GUARANTOR OF THIS LEASE OR ANY PARTNER OF LESSEE IF LESSEE IS A PARTNERSHIP SHALL VOLUNTARILY FILE, OR HAVE FILED AGAINST IT INVOLUNTARILY, A PETITION FOR LIQUIDATION, REORGANIZATION, ADJUSTMENT OF DEBT, OR SIMILAR RELIEF UNDER THE FEDERAL BANKRUPTCY CODE OR ANY OTHER PRESENT OR FUTURE FEDERAL OR STATE BANKRUPTCY OR INSOLVENCY LAW, OR A TRUSTEE, RECEIVER, OR LIQUIDATOR SHALL BE APPOINTED OF IT OR OF ALL OR A SUBSTANTIAL PART OF ITS ASSETS; (e) ANY INDIVIDUAL LESSEE, GUARANTOR OF THIS LEASE, OR PARTNER OF LESSEE IF LESSEE IS A PARTNERSHIP SHALL DIE; (f) ANY FINANCIAL OR CREDIT INFORMATION SUBMITTED BY OR ON BEHALF OF LESSEE SHALL PROVE TO HAVE BEEN FALSE OR MATERIALLY MISLEADING WHEN MADE; (g) AN EVENT OF DEFAULT SHALL OCCUR UNDER ANY OTHER OBLIGATION LESSEE OWES TO LESSOR; (h) ANY INDEBTEDNESS LESSEE MAY NOW OR HEREAFTER OWE TO ANY AFFILIATE OF LESSOR SHALL BE ACCELERATED FOLLOWING A DEFAULT THEREUNDER OR, IF ANY SUCH INDEBTEDNESS IS PAYABLE ON DEMAND, PAYMENT THEREOF SHALL BE DEMANDED; (i) if LESSEE IS A CORPORATION, MORE THAN 50% OF THE SHARES OF VOTING STOCK OF LESSEE SHALL BECOME OWNED BY A SHAREHOLDER OR SHAREHOLDERS WHO WERE NOT OWNERS OF VOTING STOCK OF LESSEE ON THE DATE THIS LEASE BEGINS OR, IF LESSEE IS A PARTNERSHIP, MORE THAN 50% OF THE PARTNERSHIP INTERESTS IN THE LESSEE SHALL BECOME OWNED BY A PARTNER OR PARTNERS WHO WERE NOT PARTNERS OF LESSEE ON THE DATE THIS LEASE BEGINS; AND 6) LESSEE SHALL CONSOLIDATE WITH OR MERGE INTO, OR SELL OR LEASE ALL OR SUBSTANTIALLY ALL OF ITS ASSETS TO, ANY INDIVIDUAL, CORPORATION, OR OTHER ENTITY.

18. REMEDIES. LESSOR AND LESSEE AGREE THAT LESSOR'S DAMAGES SUFFERED BY REASON OF AN EVENT OF DEFAULT ARE UNCERTAIN AND NOT CAPABLE OF EXACT MEASUREMENT AT THE TIME THIS LEASE IS EXECUTED BECAUSE THE VALUE OF THE EQUIPMENT AT THE EXPIRATION OF THIS LEASE IS UNCERTAIN, AND THEREFORE THEY AGREE THAT FOR PURPOSES OF THIS PARAGRAPH 18 "LESSOR'S LOSS" AS OF ANY DATE SHALL BE THE SUM OF THE FOLLOWING: (1) THE AMOUNT OF ALL RENT AND OTHER AMOUNTS PAYABLE BY LESSEE HEREUNDER DUE BUT UNPAID AS OF SUCH DATE PLUS (2) THE AMOUNT OF ALL UNPAID RENT FOR THE BALANCE OF THE TERM OF THIS LEASE NOT YET DUE AS OF SUCH DATE DISCOUNTED FROM THE RESPECTIVE DATES INSTALLMENT PAYMENTS WOULD BE DUE AT THE RATE OF 5% PER ANNUM PLUS (3) 10% OF THE COST OF THE EQUIPMENT SUBJECT TO THIS LEASE AS OF SUCH DATE.

UPON THE OCCURRENCE OF AN EVENT OF DEFAULT AND AT ANY TIME THEREAFTER, LESSOR MAY EXERCISE ANY ONE OR MORE OF THE REMEDIES LISTED BELOW AS LESSOR IN ITS SOLE DISCRETION MAY LAWFULLY ELECT; PROVIDED, HOWEVER, THAT UPON THE OCCURRENCE OF AN EVENT OF DEFAULT SPECIFIED IN PARAGRAPH 17(d), AN AMOUNT EQUAL TO LESSOR'S LOSS AS OF THE DATE OF SUCH OCCURRENCE SHALL AUTOMATICALLY BECOME AND BE IMMEDIATELY DUE AND PAYABLE WITHOUT NOTICE OR DEMAND OF ANY KIND.

a) LESSOR MAY, BY WRITTEN NOTICE TO LESSEE, TERMINATE THIS LEASE AND DECLARE AN AMOUNT EQUAL TO LESSOR'S LOSS AS OF THE DATE OF SUCH NOTICE TO BE IMMEDIATELY DUE AND PAYABLE, AND THE SAME SHALL THEREUPON BE AND BECOME IMMEDIATELY DUE AND PAYABLE WITHOUT FURTHER NOTICE OR DEMAND AND ALL RIGHTS OF LESSEE TO USE THE EQUIPMENT SHALL TERMINATE BUT LESSEE SHALL BE AND REMAIN LIABLE AS PROVIDED IN THIS PARAGRAPH 18. LESSEE SHALL AT ITS EXPENSE PROMPTLY DELIVER THE EQUIPMENT TO LESSOR AT A LOCATION OR LOCATIONS WITHIN THE CONTINENTAL UNITED STATES DESIGNATED BY LESSOR. LESSOR MAY ALSO ENTER UPON THE PREMISES WHERE THE EQUIPMENT IS LOCATED AND TAKE IMMEDIATE POSSESSION OF AND REMOVE THE SAME WITH OR WITHOUT INSTITUTING LEGAL PROCEEDINGS.

b) LESSOR MAY PROCEED BY APPROPRIATE COURT ACTION TO ENFORCE PERFORMANCE BY LESSEE OF THE APPLICABLE COVENANTS OF THIS LEASE OR TO RECOVER, FOR BREACH OF THIS LEASE, LESSOR'S LOSS AS OF THE DATE LESSOR'S LOSS IS DECLARED DUE AND PAYABLE HEREUNDER; PROVIDED, HOWEVER, THAT UPON RECOVERY OF LESSORS LOSS FROM LESSEE IN ANY SUCH ACTION WITHOUT HAVING TO REPOSSESS AND DISPOSE OF THE EQUIPMENT, LESSOR SHALL TRANSFER THE EQUIPMENT TO LESSEE AT ITS THEN LOCATION UPON PAYMENT OF ANY ADDITIONAL AMOUNT DUE UNDER CLAUSES (d) AND (e) BELOW.

c) IN THE EVENT LESSOR REPOSSESSES THE EQUIPMENT, LESSOR SHALL EITHER RETAIN THE EQUIPMENT IN FULL SATISFACTION OF LESSEE'S OBLIGATION HEREUNDER OR SELL OR LEASE EACH ITEM OF EQUIPMENT IN SUCH MANNER AND UPON SUCH TERMS AS LESSOR MAY IN ITS SOLE DISCRETION DETERMINE. THE PROCEEDS OF SUCH SALE OR LEASE SHALL BE APPLIED TO REIMBURSE LESSOR FOR LESSOR'S LOSS AND ANY ADDITIONAL AMOUNT DUE UNDER CLAUSES (d) AND (e) BELOW. LESSOR SHALL BE ENTITLED TO ANY SURPLUS AND LESSEE SHALL REMAIN LIABLE FOR ANY DEFICIENCY. FOR PURPOSES OF THIS SUBPARAGRAPH, THE PROCEEDS OF ANY LEASE OF ALL OR ANY PART OF THE EQUIPMENT BY LESSOR SHALL BE THE AMOUNT REASONABLY ASSIGNED BY LESSOR AS THE COST OF SUCH EQUIPMENT IN DETERMINING THE RENT UNDER SUCH LEASE.

d) LESSOR MAY RECOVER INTEREST ON THE UNPAID BALANCE OF LESSOR'S LOSS FROM THE DATE IT BECOMES PAYABLE UNTIL FULLY PAID AT THE RATE OF THE LESSER OF 8% PER ANNUM OR THE HIGHEST RATE PERMITTED BY LAW.

e) LESSOR MAY EXERCISE ANY OTHER RIGHT OR REMEDY AVAILABLE TO IT BYLAW OR BY AGREEMENT, AND MAY IN ANY EVENT RECOVER LEGAL FEES AND OTHER EXPENSES INCURRED BY REASON OF AN EVENT OF DEFAULT OR THE EXERCISE OF ANY REMEDY HEREUNDER, INCLUDING EXPENSES OF REPOSSESSION, REPAIR, STORAGE, TRANSPORTATION, AND DISPOSITION OF THE EQUIPMENT.

IF ANY SUPPLEMENT IS DEEMED AT ANY TIME TO BE A LEASE INTENDED AS SECURITY, LESSEE GRANTS LESSOR A SECURITY INTEREST IN THE EQUIPMENT TO SECURE ITS OBLIGATIONS UNDER THIS LEASE AND ALL OTHER INDEBTEDNESS AT ANY TIME OWING BY LESSEE TO LESSOR AND AGREES THAT UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, IN ADDITION TO ALL OF THE OTHER RIGHTS AND REMEDIES AVAILABLE TO LESSOR HEREUNDER, LESSOR SHALL HAVE ALL OF THE RIGHTS AND REMEDIES OF A SECURED PARTY UNDER THE UNIFORM COMMERCIAL CODE..

NO REMEDY GIVEN IN THIS PARAGRAPH IS INTENDED TO BE EXCLUSIVE, AND EACH SHALL BE CUMULATIVE BUT ONLY TO THE EXTENT NECESSARY TO PERMIT LESSOR TO RECOVER AMOUNTS FOR WHICH LESSEE IS LIABLE HEREUNDER NO EXPRESS OR IMPLIED WAIVER BY LESSOR OF ANY BREACH OF LESSEE'S OBLIGATIONS HEREUNDER SHALL CONSTITUTE A WAIVER OF ANY OTHER BREACH OF LESSEE'S OBLIGATIONS HEREUNDER.

19. NOTICES. ANY WRITTEN NOTICE HEREUNDER TO LESSEE OR LESSOR SHALL BE DEEMED TO HAVE BEEN GIVEN WHEN DELIVERED PERSONALLY OR DEPOSITED IN THE UNITED STATES MAILS, POSTAGE PREPAID, ADDRESSED TO RECIPIENT AT ITS ADDRESS SET FORTH ABOVE OR AT SUCH OTHER ADDRESS AS MAY BE LAST KNOWN TO THE SENDER.

20. NET LEASE AND UNCONDITIONAL OBLIGATION. THIS LEASE IS A COMPLETELY NET LEASE AND LESSEES OBLIGATION TO PAY RENT AND AMOUNTS PAYABLE BY LESSEE UNDER PARAGRAPHS 12 AND 18 IS UNCONDITIONAL AND NOT SUBJECT TO ANY ABATEMENT, REDUCTION, SETOFF OR DEFENSE OF ANY KIND.

21. NON-CANCELABLE LEASE. THIS LEASE CANNOT BE CANCELED OR TERMINATED EXCEPT AS EXPRESSLY PROVIDED HEREIN.

22. SURVIVAL OF INDEMNITIES. LESSEE'S OBLIGATIONS UNDER PARAGRAPHS 7, 8, AND 18 SHALL SURVIVE TERMINATION OR EXPIRATION OF THIS LEASE.

23. COUNTERPARTS. THERE SHALL BE BUT ONE COUNTERPART OF THE MASTER LEASE AND OF EACH SUPPLEMENT AND SUCH COUNTERPART WILL BE MARKED "ORIGINAL." TO THE EXTENT THAT ANY SUPPLEMENT CONSTITUTES CHATTEL PAPER (AS THAT TERM IS DEFINED BY THE UNIFORM COMMERCIAL CODE), A SECURITY INTEREST MAY ONLY BE CREATED IN THE SUPPLEMENT MARKED "ORIGINAL."

24. MISCELLANEOUS. THIS MASTER LEASE AND RELATED SUPPLEMENT(S) CONSTITUTE THE ENTIRE AGREEMENT BETWEEN LESSOR AND LESSEE AND MAY BE MODIFIED ONLY BY A WRITTEN INSTRUMENT SIGNED BY LESSOR AND LESSEE. ANY PROVISION OF THIS LEASE WHICH IS UNENFORCEABLE IN ANY JURISDICTION SHALL, AS TO SUCH JURISDICTION, BE INEFFECTIVE TO THE EXTENT OF SUCH UNENFORCEABILITY WITHOUT INVALIDATING THE REMAINING PROVISIONS OF THIS LEASE, AND ANY SUCH UNENFORCEABILITY IN ANY JURISDICTION SHALL NOT RENDER UNENFORCEABLE SUCH PROVISION IN ANY OTHER JURISDICTION. IF THIS LEASE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE SUBSTANTIVE LAWS OF THE STATE OF MINNESOTA. IN THE EVENT THERE IS MORE THAN ONE LESSEE NAMED HEREIN OR IN ANY SUPPLEMENT, THE OBLIGATIONS OF EACH SHALL BE JOINT AND SEVERAL.

LESSOR: WELLS FARGO EQUIPMENT FINANCE, INC.	LABOR READY SOUTHWEST, INC., LESSEE
BY ----------------------------------	BY --------------------------------
TITLE ----------------------------------	TITLE --------------------------------

MASTLEAS: SKS:04271999:1616:2117:46866-100:52036

AMENDMENT TO
TO MASTER LEASE #46866 DATED APRIL 27, 1999 (THE "LEASE")
BETWEEN
LABOR READY SOUTHWEST, INC. ("LESSEE")
AND
WELLS FARGO EQUIPMENT FINANCE, INC. ("LESSOR")

Lessor and Lessee hereby mutually agree to amend the Lease as follows:

Paragraph 12 is amended by inserting in the second line after the phrase "shall promptly" the phrase "either (i) replace the Equipment with identical equipment and thereupon the replacement equipment shall be come the Equipment or (ii)".

Paragraph 12 is further amended by adding the following before the last sentence thereof: "If Lessee elects to replace the equipment, Lessee shall transfer to Lessor title to such replacement equipment, free and clear of any and all liens, claims and encumbrances."

Except as modified herein, the terms and conditions of the Lease remain the same.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment this day of ______________________1999.

Wells Fargo Equipment Finance, Inc.	Labor Ready Southwest, Inc.
By: ________________________________	By:_____________________________
Its:________________________________	Its:____________________________

SUPPLEMENT TO MASTER LEASE
OPTION TO PURCHASE

WELLS FARGO

WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048

SUPPLEMENT NUMBER 46866-100 DATED AS OF APRIL 27, 1999 TO
MASTER LEASE NUMBER 46866 DATED AS OF APRIL 27, 1999

NAME AND ADDRESS OF LESSEE:
LABOR READY SOUTHWEST, INC.
1016 S. 28TH STREET
TACOMA, WA 98409

THIS IS A SUPPLEMENT TO THE MASTER LEASE IDENTIFIED ABOVE BETWEEN LESSOR AND

LESSEE (THE "MASTER LEASE'). UPON THE EXECUTION AND DELIVERY BY LESSOR AND LESSEE OF THIS SUPPLEMENT, LESSOR HEREBY AGREES TO LEASE TO LESSEE, AND LESSEE HEREBY AGREES TO LEASE FROM LESSOR, THE EQUIPMENT DESCRIBED BELOW UPON THE TERMS AND CONDITIONS OF THIS SUPPLEMENT AND THE MASTER LEASE. ALL TERMS AND CONDITIONS OF THE MASTER LEASE SHALL REMAIN IN FULL FORCE AND EFFECT EXCEPT TO THE EXTENT MODIFIED BY THIS SUPPLEMENT. THIS SUPPLEMENT AND THE MASTER LEASE AS IT RELATES TO THIS SUPPLEMENT ARE HEREINAFTER REFERRED TO AS THE "LEASE".

EQUIPMENT DESCRIPTION:
(37) DIEBOLD 1064 IX FRONT LOAD CASH DISPENSERS
LOCATED AS MORE FULLY DESCRIBED ON EXHIBIT B

EQUIPMENT LOCATION: , ,

<TABLE>
<CAPTION>

SUMMARY OF PAYMENT TERMS

<S>	<C>
INITIAL TERM IN MONTHS: 72	TOTAL COST: $512,501.80
PAYMENT FREQUENCY: MONTHLY	TOTAL BASIC RENT.- $532,757.52
BASIC RENTAL PAYMENT: $7,399.41 PLUS APPLICABLE SALES AND USE TAX	INTERIM RENT DAILY RATE: .048
NUMBER OF INSTALLMENTS: 72	INTERIM RENT CUTOFF DATE: MAY 31, 1999
ADVANCE PAYMENTS: FIRST DUE ON SIGNING THIS LEASE	SECURITY DEPOSIT. N/A

</TABLE>

END OF TERM OPTIONS:

1. UPON EXPIRATION OF THE INITIAL TERM OF THE LEASE AND, PROVIDED THAT THE LEASE HAS NOT BEEN TERMINATED EARLY AND LESSEE IS IN COMPLIANCE WITH THE LEASE IN ALL RESPECTS, THEN LESSEE MAY EXERCISE ONE OF THE FOLLOWING OPTIONS:

   (i) PURCHASE ALL BUT NOT LESS THAN ALL OF THE EQUIPMENT AT THE EXPIRATION OF THE INITIAL TERM OF THE LEASE FOR A PURCHASE PRICE OF 20.00% OF THE ORIGINAL COST OF THE EQUIPMENT OR THE THEN FAIR MARKET VALUE OF THE EQUIPMENT, WHICHEVER IS GREATER, UPON SATISFACTION OF THE FOLLOWING CONDITIONS: (a) LESSEE GIVES LESSOR WRITTEN NOTICE AT LEAST 60 DAYS BUT NOT MORE THAN 120 DAYS BEFORE THE EXPIRATION OF THE INITIAL TERM OF THE LEASE OF LESSEE'S ELECTION TO PURCHASE THE EQUIPMENT HEREUNDER AND (b) LESSEE DELIVERS A CERTIFIED OR CASHIERS CHECK FOR THE PURCHASE PRICE ON OR BEFORE THE EXPIRATION OF THE INITIAL TERM OF THE LEASE. IF THERE IS A DEFAULT IN THE LEASE EXISTING WHEN THE PURCHASE PRICE IS RECEIVED, LESSOR MAY APPLY THE FUNDS RECEIVED TO CURE THE DEFAULT. "FAIR MARKET VALUE" OF THE EQUIPMENT FOR PURPOSES OF THIS PARAGRAPH SHALL BEAN AMOUNT DETERMINED ACCORDING TO THIS PARAGRAPH. UPON RECEIPT OF LESSEE'S NOTICE OF ELECTION TO PURCHASE THE EQUIPMENT, LESSEE AND LESSOR WILL ATTEMPT TO AGREE ON AN AMOUNT DURING THE NEXT 30 DAYS, AND THE AMOUNT SO AGREED UPON SHALL BE THE FAIR MARKET VALUE. IN THE EVENT LESSOR AND LESSEE CANNOT AGREE ON AN AMOUNT DURING SUCH 30-DAY PERIOD, THEN EACH PARTY SHALL CHOOSE AN INDEPENDENT APPRAISER, AND THE TWO APPRAISERS SHALL EACH DETERMINE THE FAIR MARKET VALUE OF THE EQUIPMENT ON THE BASIS OF AN ARM'S-LENGTH SALE BETWEEN AN INFORMED AND WILLING BUYER (OTHER THAN A BUYER CURRENTLY IN POSSESSION) AND AN INFORMED AND WILLING SELLER UNDER NO COMPULSION TO SELL. THE AVERAGE OF THE AMOUNTS DETERMINED BY THE TWO APPRAISERS SHALL BE THE FAIR MARKET VALUE. EACH PARTY SHALL PAY THE EXPENSES OF THE APPRAISER IT CHOOSES; OR

   (ii) IF THE LESSEE FOR ANY REASON DOES NOT PURCHASE THE EQUIPMENT PURSUANT TO AND IN ACCORDANCE WITH THE OPTION GRANTED IN PARAGRAPH 1(I) (THE "OPTION'), THEN LESSEE SHALL ON THE EXPIRATION DATE OF THE INITIAL TERM OF THE LEASE BE REQUIRED TO PAY LESSOR A RENTAL OF $8,757.78 PER MONTH PAYABLE MONTHLY IN ADVANCE AS RENEWAL RENT FOR A RENEWAL PERIOD OF 12 MONTHS BEGINNING AT THE EXPIRATION DATE OF THE INITIAL TERM OF THE LEASE, AND THE LEASE SHALL BE RENEWED AND EXTENDED FOR SUCH PERIOD ON THE SAME TERMS AND CONDITIONS (OTHER THAN THE RENT AND THE TERM). UPON EXPIRATION OF SUCH RENEWAL PERIOD, LESSEE SHALL RETURN THE EQUIPMENT IN ACCORDANCE WITH THE LEASE.

2. IF ON ACCOUNT OF CASUALTY OR OTHERWISE LESS THAN ALL OF THE EQUIPMENT IS SUBJECT TO THE LEASE AT THE EXPIRATION OF THE INITIAL TERM OF THE LEASE, THEN THE OPTION PRICE UNDER PARAGRAPH I (I) SHALL BE COMPUTED WITH REFERENCE ONLY TO THE ITEMS OF EQUIPMENT THEN SUBJECT TO THE LEASE, AND THE DOLLAR FIGURE FOR FIXED RENT IN PARAGRAPH 1(II) SHALL BE REDUCED PROPORTIONATELY BASED ON THE PROPORTION THAT THE ORIGINAL COST OF THE REMAINING EQUIPMENT BEARS TO THE ORIGINAL COST OF ALL EQUIPMENT.

3. IF LESSEE SHOULD GIVE TIMELY NOTICE OF ELECTION TO PURCHASE THE EQUIPMENT AS PROVIDED IN PARAGRAPH 1 AND FAIL TO MAKE TIMELY PAYMENT OF THE PURCHASE PRICE, THEN LESSOR MAY IN ITS SOLE DISCRETION, BY WRITTEN NOTICE TO LESSEE, (a) TREAT THE EQUIPMENT AS PURCHASED AND ENFORCE PAYMENT OF THE PURCHASE PRICE, OR (b) DECLARE A FAILURE TO MEET THE CONDITIONS OF PURCHASE WHEREUPON THE INTEREST OF LESSEE IN THE LEASE AND THE EQUIPMENT SHALL

TERMINATE AUTOMATICALLY.

4. FOLLOWING LESSOR'S RECEIPT OF THE PURCHASE PRICE FOR THE EQUIPMENT AND UPON REQUEST BY LESSEE, LESSOR WILL DELIVER A BILL OF SALE TRANSFERRING THE EQUIPMENT TO LESSEE. LESSOR HEREBY WARRANTS THAT AT THE TIME OF TRANSFER THE EQUIPMENT WILL BE FREE OF ALL SECURITY INTERESTS AND OTHER LIENS CREATED BY OR ARISING THROUGH LESSOR. LESSOR MAKES NO OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE EQUIPMENT.

5. LESSEE AGREES TO PAY ALL SALES AND USE TAXES ARISING ON ACCOUNT OF ANY SALE OF THE EQUIPMENT UPON EXERCISE OF THE OPTION.

6. LESSOR AND LESSEE AGREE THAT THE MASTER LEASE IS HEREBY AMENDED BY DELETING THE SECOND PARAGRAPH OF PARAGRAPH 2 (RELATING TO AUTOMATIC EXTENSION) AND THE SECOND PARAGRAPH OF PARAGRAPH 3 (RELATING TO EXTENDED TERMS).

   IN ADDITION, PARAGRAPHS 12 AND 18 (RELATING TO CASUALTY AND DEFAULT) ARE AMENDED BY CHANGING "10%" WHERE IT APPEARS THEREIN TO "20.00%"

7. LESSOR MAKES NO REPRESENTATIONS WITH RESPECT TO THE INCOME TAX CONSEQUENCES OF THIS AGREEMENT.

LESSOR. WELLS FARGO EQUIPMENT FINANCE, INC.

BY

TITLE

RENT COMMENCEMENT DATE

LABOR READY SOUTHWEST, INC., LESSEE

BY

TITLE

SUP1STAM: SKS:04271999:1616:2117:46866-100:52036

EXHIBIT B
EQUIPMENT LOCATION

<TABLE>

<S>	<C>	<C>	<C>
2901 W. Thomas, Suite 2	Phoenix	AZ	85017
7137 E. 22nd Street	Tucson	AZ	85710
1638 University Ave.	Berkeley	CA	94703
750 St. Clair	Costa Mesa	CA	92626
11434 Old River School Rd.	Downey	CA	90241
2315 W. Colorado Blvd.	Eagle Rock	CA	90065
22404 Norwalk Blvd.	Hawaiian Gardens	CA	90716
677 W. Tennyson	Hayward	CA	94544
6379 Hollywood Blvd.	Hollywood	CA	90028
18582 Beach Blvd. Suite 2	Huntington Beach	CA	92647
1570-1580 La Habra Blvd.	La Habra	CA	90631
5873 Atlantic Ave.	Long Beach	CA	90805
2211 N. Broadway	Los Angeles	CA	90031
2498-2500 S. Figueroa	Los Angeles	CA	90007
8660 Foothills Blvd.	Los Angeles	CA	91040
1210 W. 16th Street	Merced	CA	95340
3330 McHenry Ave.	Modesto	CA	95350
1742-1744 E. Chapman Ave.	Orange	CA	92667
1638 W. Mission Blvd.	Pomona	CA	91766
18 Colton Ave.	Redlands	CA	92373
8810 E. Garvey Ave.	Rosemead	CA	91770
4740 Clairemont Mesa Blvd.	San Diego	CA	92117
3379 26th Street	San Francisco	CA	94110
4802 Mission St.	San Francisco	CA	94112

1423 Branham Lane	San Jose	CA	95118
450 S. Norfolk Street	San Mateo	CA	94401
2215 F S. Pacific Ave.	San Pedro	CA	90731
414 Martin Ave.	Santa Clara	CA	95050
917 N. Broadway	Santa Maria	CA	93458
2701 Firestone Blvd. Suite E	South Gate	CA	90280
5918 Pacific Ave.	Stockton	CA	95207
2089 Solano Ave.	Vallejo	CA	94590
324 E. Vista Way	Vista	CA	92084
2791-B Del Monte St.	West Sacramento	CA	95691
5020 E. Tropicana Ave. B9	Las Vegas	NV	89122
5243 W. Charlston, Suite 5	Las Vegas	NV	89102
4090 W. 5415 S. Suite 116	Kearns	UT	84118

</TABLE>

Labor Ready Southwest, Inc.

By

Title

ADDENDUM TO EQUIPMENT LEASE
EARLY BUYOUT OPTION

WELLS FARGO

WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048

EQUIPMENT LEASE NUMBER 46866-100 DATED AS OF APRIL 27, 1999

NAME AND ADDRESS OF LESSEE:
LABOR READY SOUTHWEST, INC.
1016 S. 28TH STREET
TACOMA, WA 98409

THIS ADDENDUM IS AN ADDITION TO THE EQUIPMENT LEASE IDENTIFIED ABOVE BETWEEN LESSEE AND LESSOR (THE "LEASE'). ALL TERMS AND CONDITIONS OF THE LEASE SHALL REMAIN IN FULL FORCE AND EFFECT EXCEPT TO THE EXTENT MODIFIED BY THIS ADDENDUM.

1. DEFINITIONS. THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

   OPTION: THE EARLY BUYOUT OPTION GRANTED IN PARAGRAPH 2

   EBO DATE:___________ (AFTER PAYMENT NUMBER 60) EBO PRICE: 36.56% OF THE ORIGINAL COST TO LESSOR OF THE EQUIPMENT TO BE PURCHASED UPON EXERCISE OF THE OPTION.

2. THE OPTION. PROVIDED THAT THE LEASE HAS NOT BEEN TERMINATED BEFORE THE EBO DATE AND NO EVENT OF DEFAULT UNDER THE LEASE HAS OCCURRED AND IS CONTINUING ON THE EBO DATE, THEN LESSEE MAY, UPON AT LEAST 30 DAYS BUT NOT MORE THAN 90 DAYS PRIOR WRITTEN NOTICE TO LESSOR, PURCHASE ON THE EBO DATE ALL BUT NOT LESS THAN ALL OF THE EQUIPMENT SUBJECT TO THE LEASE ON THE EBO DATE FOR A PURCHASE PRICE EQUAL TO THE EBO PRICE.

3. SALES TAX. LESSEE SHALL PAY ANY SALES TAX PAYABLE ON THE SALE OF THE EQUIPMENT PURSUANT TO THE OPTION.

4. TRANSFER OF EQUIPMENT. IF LESSEE EXERCISES THE OPTION, AND IF ON THE EBO DATE THE CONDITIONS SET FORTH IN PARAGRAPH 2 ARE SATISFIED AND LESSEE PAYS THE EBO PRICE PLUS THE SALES TAX REFERRED TO IN PARAGRAPH 3 PLUS ALL ACCRUED BUT UNPAID RENT AND ANY OTHER AMOUNTS OWING UNDER THE LEASE, THEN ON THE EBO DATE THE EQUIPMENT SHALL BE DEEMED TRANSFERRED TO LESSEE AT ITS THEN LOCATION. UPON REQUEST BY LESSEE, LESSOR WILL DELIVER A BILL OF SALE TRANSFERRING THE EQUIPMENT TO LESSEE. LESSOR HEREBY WARRANTS THAT AT THE TIME OF TRANSFER THE EQUIPMENT WILL BE FREE OF ALL SECURITY INTERESTS AND OTHER LIENS CREATED BY OR ARISING THROUGH LESSOR.

5. TAX INDEMNITY. LESSOR'S LOSS OF, OR LOSS OF THE RIGHT TO CLAIM, OR RECAPTURE OF, ALL OR ANY PART OF THE FEDERAL OR STATE INCOME TAX BENEFITS LESSOR ANTICIPATED AS A RESULT OF ENTERING INTO THE LEASE AND OWNING THE EQUIPMENT IS REFERRED TO HEREIN AS A "LOSS." IF FOR ANY REASON (INCLUDING THE EXISTENCE OF THE OPTION) THE LEASE AS IN EFFECT BEFORE THE OPTION IS EXERCISED IS NOT A TRUE LEASE FOR FEDERAL OR STATE INCOME TAX PURPOSES, OR IF FOR ANY REASON (EVEN THOUGH THE LEASE MAY BE A TRUE LEASE) LESSOR IS NOT ENTITLED TO DEPRECIATE THE EQUIPMENT FOR FEDERAL OR STATE INCOME TAX PURPOSES FOR THE PERIOD BEFORE THE OPTION IS EXERCISED IN THE MANNER THAT LESSOR ANTICIPATED WHEN ENTERING INTO THE LEASE, AND AS A RESULT LESSOR SUFFERS A LOSS, THEN LESSEE AGREES TO PAY LESSOR A LUMP-SUM AMOUNT WHICH, AFTER THE PAYMENT OF ALL FEDERAL, STATE, AND LOCAL INCOME TAXES ON THE

RECEIPT OF SUCH AMOUNT, AND USING THE SAME ASSUMPTIONS AS TO TAX BENEFITS AND OTHER MATTERS LESSOR USED IN ORIGINALLY EVALUATING AND PRICING THE LEASE, WILL IN THE REASONABLE OPINION OF LESSOR MAINTAIN LESSOR'S NET AFTER-TAX RATE OF RETURN WITH RESPECT TO THE LEASE AT THE SAME LEVEL IT WOULD HAVE BEEN IF SUCH LOSS HAD NOT OCCURRED. THE LESSOR MAKES NO REPRESENTATION WITH RESPECT TO THE INCOME TAX CONSEQUENCES OF THE LEASE, THE OPTION, OR THE EQUIPMENT LESSOR WILL NOTIFY LESSEE OF ANY CLAIM THAT MAY GIVE RISE TO INDEMNITY HEREUNDER. LESSOR SHALL MAKE A REASONABLE EFFORT TO CONTEST ANY SUCH CLAIM BUT SHALL HAVE NO OBLIGATION TO CONTEST SUCH CLAIM BEYOND THE ADMINISTRATIVE LEVEL OF THE INTERNAL REVENUE SERVICE OR OTHER TAXING AUTHORITY. IN ANY EVENT, LESSOR SHALL CONTROL ALL ASPECTS OF ANY SETTLEMENT AND CONTEST. LESSEE AGREES TO PAY THE LEGAL FEES AND OTHER OUT-OF-POCKET EXPENSES INCURRED BY LESSOR IN DEFENDING ANY SUCH CLAIM EVEN IF LESSOR'S DEFENSE IS SUCCESSFUL.

NOTWITHSTANDING THE FOREGOING, LESSEE SHALL HAVE NO OBLIGATION TO INDEMNIFY LESSOR FOR ANY LOSS CAUSED SOLELY BY (a) A CASUALTY TO THE EQUIPMENT IF LESSEE PAYS THE AMOUNT LESSEE IS REQUIRED TO PAY AS A RESULT OF SUCH CASUALTY, (b) LESSOR'S SALE OF THE EQUIPMENT OTHER THAN ON ACCOUNT OF AN EVENT OF DEFAULT HEREUNDER, (c) FAILURE OF LESSOR TO HAVE SUFFICIENT INCOME TO UTILIZE ITS ANTICIPATED TAX BENEFITS OR TO TIMELY CLAIM SUCH TAX BENEFITS, AND (d) A CHANGE IN TAX LAW (INCLUDING TAX RATES) EFFECTIVE AFTER THE LEASE BEGINS.

FOR PURPOSES OF THIS PARAGRAPH 5, THE TERM "LESSOR" SHALL INCLUDE ANY MEMBER OF AN AFFILIATED GROUP OF WHICH LESSOR IS (OR MAY BECOME) A MEMBER IF CONSOLIDATED TAX RETURNS ARE FILED FOR SUCH AFFILIATED GROUP FOR FEDERAL INCOME TAX PURPOSES. LESSEE'S INDEMNITY OBLIGATIONS UNDER THIS PARAGRAPH 5 SHALL SURVIVE TERMINATION OF THE LEASE AND (IF THE OPTION IS EXERCISED) PAYMENT OF ALL AMOUNTS OWING UNDER THE LEASE FOLLOWING EXERCISE OF THE OPTION. FAILURE TO PAY INDEMNITY AS REQUIRED BY THIS PARAGRAPH MAY BECOME AN EVENT OF DEFAULT UNDER PARAGRAPH 17(b) OF THE LEASE.

LESSOR: WELLS FARGO EQUIPMENT FINANCE, INC.

BY

TITLE

LABOR READY SOUTHWEST, INC., LESSEE

BY

TITLE

EQAEBO: SKS:04271999:1617:2117:46866-100.52036

April 27, 1999

Mr. Bob Sovern
Labor Ready Southwest, Inc.
1016 S. 28th Street
Tacoma, WA 98409

RE: Sales Tax/Property Tax for Master Lease #46866 dated April 27, 1999 and all Supplements thereto.

Dear Mr. Sovern:

By notice of this letter, Labor Ready Northwest, Inc. ("Labor Ready") hereby informs Wells Fargo Equipment Finance, Inc. ("WFEFI") that Labor Ready shall be completely and solely responsible for the collection and remittance, and all other processes, with regards to the sales/use tax and property tax, whether now or hereafter applicable, due and payable, with respect to the above referenced Lease Supplements.

Labor Ready hereby indemnifies and holds harmless WFEFI with respect to any and all taxes as referenced in Paragraph seven (7) of the Master Lease.

Sincerely,

Labor Ready Southwest, Inc.

By:

Its:

PAY PROCEEDS LETTER

WELLS FARGO EQUIPMENT FINANCE, INC.
633 17TH STREET, THIRD FLOOR
WELLS FARGO DENVER, CO 80202

In reference to Contract Number 46866-100 dated as of April 27, 1999, Wells Fargo Equipment Finance, Inc. is irrevocably instructed to disburse payment as follows:

PAYEE	INVOICE NUMBER	AMOUNT
Diebold	Various	$512,501.80
TOTAL FINANCED		$512,501.80

Dated: --

Labor Ready Southwest, Inc.

By: ---

Its: ---

CERTIFIED CORPORATE RESOLUTION

WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
WELLS FARGO 733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048

I HEREBY CERTIFY THAT I AM THE DULY ELECTED ______________________________OF LABOR READY SOUTHWEST, INC., (THE "CORPORATION"), AND THAT THE FOLLOWING RESOLUTION IS A TRUE AND CORRECT COPY OF A RESOLUTION DULY ADOPTED BY THE BOARD OF DIRECTORS OF THE CORPORATION IN THE FOLLOWING MANNER (CHECK AND COMPLETE ONE).

/_/ in a writing dated _____________________________ signed by all the directors.

/_/ at a valid meeting of the directors held on ____________________________________.

"RESOLVED THAT THE PRESIDENT, ANY VICE PRESIDENT, THE TREASURER, THE SECRETARY, OR ANY OTHER OFFICER OF THIS CORPORATION BE AND S/HE HEREBY IS AUTHORIZED TO EXECUTE FROM TIME TO TIME, ON BEHALF OF THIS CORPORATION, LEASES, INSTALLMENT SALE CONTRACTS, PROMISSORY NOTES, AND SECURITY AGREEMENTS, TOGETHER WITH ANY AND ALL RELATED DOCUMENTS, IN CONNECTION WITH EQUIPMENT FINANCING, ANY SUCH DOCUMENTS IN CONNECTION WITH SUCH FINANCING TO BE IN SUCH FORM AND TO CONTAIN SUCH TERMS AS THE OFFICER SIGNING THE SAME SHALL APPROVE, HIS/HER APPROVAL TO BE CONCLUSIVELY EVIDENCED BY HIS/HER SIGNATURE THERETO."

DATED --

SIGNATURE ---------------------------------------

TITLE --

CORPRES: SKS:04271999:1616:2117:46866-100:52036

CERTIFIED CORPORATE RESOLUTION
CORPORATE GUARANTOR

WELLS FARGO

WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048

I hereby certify that I am the duly elected_______________ of LABOR READY, INC., (the "Corporation"), and that the following resolution is a true and correct copy of a resolution duly adopted by the board of directors of the Corporation in the following manner (check and complete one).

/_/ in a writing dated ______________________________ signed by all the directors.

/_/ at a valid meeting of the directors held on___________________.

"RESOLVED that the President, any Vice President, the Treasurer, the Secretary, or any other officer of this corporation be and s/he hereby is authorized to execute from time to time, on behalf of this corporation, guarantees of leases, installment sale contracts, and promissory notes executed by LABOR READY SOUTHWEST, INC. (the "Customer") in connection with equipment financing obtained by Customer from time to time from Wells Fargo Equipment Finance, Inc., any such guaranty to be in such form and to contain such terms as the officer signing the same shall approve, his/her approval to be conclusively evidenced by his/her signature thereto."

Dated

Signature

Title

CORPRESG: SKS:04271999:1616:2117:46866-100:52036

GUARANTY

WELLS FARGO

WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048

TO INDUCE WELLS FARGO EQUIPMENT FINANCE, INC. ("CREDITOR,) FROM TIME TO TIME TO EXTEND CREDIT TO OR FOR THE ACCOUNT OF LABOR READY SOUTHWEST, INC., ("DEBTOR') BY WAY OF LEASE, LOAN, INSTALLMENT SALE CONTRACT OR ANY OTHER MEANS, THE UNDERSIGNED HEREBY AGREES AS FOLLOWS:

1. THE UNDERSIGNED HEREBY ABSOLUTELY AND UNCONDITIONALLY GUARANTEES TO CREDITOR THE FULL AND PROMPT PAYMENT AND PERFORMANCE WHEN DUE OF EACH AND EVERY DEBT, LIABILITY AND OBLIGATION OF EVERY TYPE AND DESCRIPTION THAT DEBTOR MAY NOW OR IN THE FUTURE OWE TO CREDITOR WHETHER ABSOLUTE OR CONTINGENT OR PRIMARY OR SECONDARY (THE "OBLIGATIONS" AND EACH AN "OBLIGATION').

2. THE UNDERSIGNED HEREBY WAIVES (i) NOTICE OF THE ACCEPTANCE HEREOF BY CREDITOR AND OF THE CREATION AND EXISTENCE OF THE OBLIGATIONS AND (II) ANY AND ALL DEFENSES OTHERWISE AVAILABLE TO GUARANTOR OR ACCOMMODATION PARTY.

3. THIS GUARANTY IS ABSOLUTE AND UNCONDITIONAL, AND THE LIABILITY OF THE UNDERSIGNED HEREUNDER SHALL NOT BE AFFECTED OR IMPAIRED IN ANY WAY BY ANY OF THE FOLLOWING, EACH OF WHICH CREDITOR MAY AGREE TO WITHOUT NOTICE TO OR THE CONSENT OF THE UNDERSIGNED-(a) ANY EXTENSION OR RENEWAL OF ANY OBLIGATION WHETHER OR NOT FOR LONGER THAN THE ORIGINAL PERIOD, (b) ANY CHANGE IN THE TERMS OF PAYMENT OR OTHER TERMS OF ANY OBLIGATION OR ANY COLLATERAL THEREFOR, OR ANY EXCHANGE, RELEASE OF, OR FAILURE TO OBTAIN ANY COLLATERAL THEREFOR, (c) ANY WAIVER OR FORBEARANCE GRANTED TO DEBTOR OR ANY OTHER PERSON LIABLE WITH RESPECT TO ANY OBLIGATION OR ANY RELEASE OF, COMPROMISE WITH, OR FAILURE TO ASSERT RIGHTS AGAINST DEBTOR OR ANY SUCH OTHER PERSON, (d) THE APPLICATION OR FAILURE TO APPLY IN ANY PARTICULAR MANNER ANY PAYMENTS OR CREDITS ON THE OBLIGATIONS, AND (e) THE CREATION OF OBLIGATIONS FROM TIME TO TIME.

4. THIS GUARANTY SHALL CONTINUE IN FORCE AND BE BINDING UPON THE UNDERSIGNED WHETHER OR NOT ALL THE OBLIGATIONS ARE PAID IN FULL UNTIL THIS GUARANTY IS REVOKED PROSPECTIVELY AS TO FUTURE TRANSACTIONS BY WRITTEN NOTICE FROM THE UNDERSIGNED ACTUALLY RECEIVED BY CREDITOR. SUCH REVOCATION SHALL NOT BE EFFECTIVE AS TO OBLIGATIONS EXISTING OR COMMITTED FOR AT THE TIME OF ACTUAL RECEIPT OF SUCH NOTICE OR AS TO ANY RENEWALS, EXTENSIONS AND REFINANCINGS THEREOF.

5. CREDITOR SHALL NOT BE REQUIRED BEFORE EXERCISING AND ENFORCING ITS RIGHTS

UNDER THIS GUARANTY FIRST TO RESORT FOR PAYMENT OF ANY OBLIGATION TO DEBTOR OR TO ANY OTHER PERSON OR TO ANY COLLATERAL. THE UNDERSIGNED AGREES NOT TO OBTAIN REIMBURSEMENT OR PAYMENT FROM DEBTOR OR ANY OTHER PERSON OBLIGATED WITH RESPECT TO ANY OBLIGATION OR FROM ANY COLLATERAL FOR ANY OBLIGATION UNTIL ALL OBLIGATIONS HAVE BEEN PAID IN FULL.

6. THE UNDERSIGNED SHALL BE AND REMAIN LIABLE FOR ANY DEFICIENCY FOLLOWING FORECLOSURE OF ANY MORTGAGE OR SECURITY INTEREST SECURING ANY OBLIGATION WHETHER OR NOT THE LIABILITY OF DEBTOR UNDER SUCH OBLIGATION IS DISCHARGED BY SUCH FORECLOSURE.

7. IF ANY PAYMENT APPLIED TO ANY OBLIGATION IS THEREAFTER SET ASIDE, RECOVERED, RESCINDED OR REQUIRED TO BE RETURNED FOR ANY REASON (INCLUDING ON ACCOUNT OF A PREFERENCE IN THE BANKRUPTCY OF DEBTOR), THE OBLIGATION TO WHICH SUCH PAYMENT WAS APPLIED SHALL FOR THE PURPOSES OF THIS GUARANTY BE DEEMED TO HAVE CONTINUED IN EXISTENCE NOTWITHSTANDING SUCH APPLICATION, AND THIS GUARANTY SHALL BE ENFORCEABLE AS TO SUCH OBLIGATION AS FULLY AS IF SUCH APPLICATION HAD NEVER BEEN MADE.

8. THE UNDERSIGNED AGREES TO PAY ALL COSTS, EXPENSES AND LEGAL FEES PAID OR INCURRED BY CREDITOR IN CONNECTION WITH ENFORCING ANY OBLIGATION AND THIS GUARANTY.

9. THIS GUARANTY SHALL BE BINDING UPON THE ESTATE, HEIRS, SUCCESSORS AND ASSIGNS OF THE UNDERSIGNED, AND SHALL INURE TO THE BENEFIT OF THE SUCCESSORS AND ASSIGNS OF CREDITOR.

DATED AS OF: APRIL 27, 1999

LABOR READY, INC.

BY

NAME (PLEASE PRINT OR TYPE)

TITLE

PRINCIPLE PLACE OF BUSINESS:

- ---

- ---

PHONE:

GTYCORP: SKS:04271999:1616:2117:46866-100:52036

DELIVERY AND ACCEPTANCE CERTIFICATION

WELLS FARGO

WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048

SUPPLEMENT NUMBER 46866-100 DATED AS OF APRIL 27, 1999 TO
MASTER LEASE NUMBER 46866 DATED AS OF APRIL 27, 1999

NAME AND ADDRESS OF LESSEE:
LABOR READY SOUTHWEST, INC.
1016 S. 28TH STREET
TACOMA, WA 98409

EQUIPMENT DESCRIPTION:
(37) DIEBOLD 1064 IX FRONT LOAD CASH DISPENSERS
LOCATED AS MORE FULLY DESCRIBED ON EXHIBIT B

EQUIPMENT LOCATION: , ,

DELIVERY AND ACCEPTANCE CERTIFICATION:

ALL of THE EQUIPMENT DESCRIBED ABOVE (THE "EQUIPMENT') HAS BEEN DELIVERED TO US PURSUANT TO THE MASTER LEASE REFERRED TO ABOVE (THE "MASTER LEASE') AND WE HEREBY ACCEPT THE EQUIPMENT AS of THE DATE SET FORTH BELOW AND AGREE THAT THE EQUIPMENT IS NOW SUBJECT TO THE MASTER LEASE.

DATED:

LABOR READY SOUTHWEST, INC.
- ---

LESSEE

BY

TITLE

D-N-A: SKS:04271999:1616:2117:46866-100:52036

AUTHORIZATION FOR
AUTOMATIC PAYMENT PLAN

WELLS FARGO

WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048

HERE'S HOW IT WORKS:

YOU AUTHORIZE REGULARLY SCHEDULED PAYMENTS TO BE MADE FROM YOUR CHECKING OR SAVINGS ACCOUNT. YOUR PAYMENTS WILL BE MADE AUTOMATICALLY ON THE CONTRACT DUE DATE AS INDICATED ON YOUR MONTHLY INVOICE. PROOF OF PAYMENT WILL APPEAR WITH YOUR BANK STATEMENT.

THE AUTHORITY YOU GIVE TO CHARGE YOUR ACCOUNT WILL BE EFFECTIVE FOR ALL CURRENT AND FUTURE CONTRACTS WITH WELLS FARGO EQUIPMENT FINANCE, INC. ("CREDITOR') AND WILL REMAIN IN EFFECT UNTIL YOU NOTIFY US OR YOUR BANK in writing TO TERMINATE THE AUTHORIZATION.

PLEASE MAKE YOUR REGULAR PAYMENT UNTIL YOUR MONTHLY INVOICE INDICATES THAT THE AUTOMATIC PAYMENT PLAN IS IN EFFECT.

I AUTHORIZE CREDITOR AND THE BANK NAMED BELOW TO INITIATE VARIABLE ENTRIES TO MY CHECKING/SAVINGS ACCOUNT. THIS AUTHORITY WILL REMAIN IN EFFECT UNTIL I NOTIFY CREDITOR OR THE BANK IN WRITING TO CANCEL IT IN SUCH TIME AS TO AFFORD THE BANK A REASONABLE OPPORTUNITY TO ACT ON IT. I CAN STOP PAYMENT OF ANY ENTRY BY NOTIFYING CREDITOR OR MY BANK THREE DAYS BEFORE MY ACCOUNT IS CHARGED. I CAN HAVE THE AMOUNT OF AN ERRONEOUS CHARGE IMMEDIATELY CREDITED TO MY ACCOUNT UP TO 15 DAYS FOLLOWING ISSUANCE OF MY BANK STATEMENT OR 46 DAYS AFTER POSTING, WHICHEVER OCCURS FIRST.

<TABLE>
<S> <C>

LABOR READY SOUTHWEST, INC.

COMPANY NAME

1016 S. 28TH STREET TACOMA, WA 98409

COMPANY ADDRESS

AUTHORIZED SIGNATURE AND TITLE ---------------- DATE --------------------------------

BANK NAME ------------------------------------ CITY -------------------- STATE -----

CHECKING ACCOUNT NUMBER ----------------------- SAVINGS ACCOUNT NUMBER ---------------

BANK ROUTING NUMBER (LOCATED BETWEEN THE SYMBOLS :000000000: ON THE BOTTOM OF YOUR CHECK)

PLEASE ATTACH A VOIDED CHECK OR DEPOSIT SLIP

FOR OFFICE USE ONLY

CCAN NUMBER 10046866 PAYMENT DUE DATE(S)

---------------------- -------------------- ---------------------

</TABLE>

ACH: SKS:04271999:1617:2117:46866-100:52036

INSURANCE

WELLS FARGO

WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048
PH. 800-322-6220

* * * VERIFICATION OF INSURANCE COVERAGE MUST BE OBTAINED PRIOR TO FUNDING * * *

NAME AND ADDRESS OF LESSEE:
LABOR READY SOUTHWEST, INC.
1016 S. 28TH STREET
TACOMA, WA 98409

EQUIPMENT DESCRIPTION:
(37) DIEBOLD 1064 IX FRONT LOAD CASH DISPENSERS
LOCATED AS MORE FULLY DESCRIBED ON EXHIBIT B
EQUIPMENT LOCATION: , ,

PLEASE COMPLETE, SIGN AND RETURN THIS FORM ALONG WITH YOUR LEASE DOCUMENTS AND ALSO CONTACT YOUR AGENT TO HAVE A CERTIFICATE OF INSURANCE FAXED TO THE ATTENTION OF SHANNON K. SULLIVAN AT 303-293-5555. IF A CERTIFICATE HAS NOT BEEN RECEIVED BY THE TIME ALL OTHER REQUIREMENTS FOR FUNDING HAVE BEEN MET, WELLS FARGO EQUIPMENT FINANCE, INC. WILL CONTACT YOUR AGENT DIRECTLY TO REQUEST A CERTIFICATE OF INSURANCE AS AUTHORIZED BELOW. IN ACCORDANCE WITH THE PROVISIONS OF YOUR LEASE, INSURANCE COVERAGE IS REQUIRED AS FOLLOWS:

1. PROPERTY INSURANCE IS REQUIRED AGAINST THE LOSS, THEFT OF OR DAMAGE TO THE EQUIPMENT. O THE MINIMUM AMOUNT OF COVERAGE REQUIRED IS $512,501.80 O WELLS FARGO EQUIPMENT FINANCE, INC., ITS SUCCESSORS AND ASSIGNS ("LESSOR), MUST BE NAMED AS LOSS PAYEE.

2. COMMERCIAL GENERAL LIABILITY INSURANCE IS REQUIRED FOR BODILY INJURY AND PROPERTY DAMAGE. O THE MINIMUM AMOUNT OF COVERAGE REQUIRED IS $500,000.00 FOR EACH OCCURRENCE AND $500,000.00 AGGREGATE. O WELLS FARGO EQUIPMENT FINANCE, INC., ITS SUCCESSORS AND ASSIGNS ("LESSOR), MUST BE NAMED AS AN ADDITIONAL INSURED.

3. THE PROPERTY AND GENERAL LIABILITY POLICIES (THE "POLICY"), AS TO THE INTEREST OF LESSOR, SHALL NOT BE INVALIDATED BY ANY ACT OF OMISSION OR COMMISSION OR NEGLECT OR MISCONDUCT OF LESSEE AT ANY TIME, NOR BY ANY FORECLOSURE OR OTHER PROCEEDING OR NOTICE OF SALE RELATING TO THE INSURED PROPERTY, NOR BY ANY CHANGE IN THE TITLE OR OWNERSHIP THEREOF OR THE OCCUPATION OF THE PREMISES FOR PURPOSES MORE HAZARDOUS THAN ARE PERMITTED BY THE POLICY, PROVIDED, THAT IN CASE LESSEE SHALL FAIL TO PAY ANY PREMIUM DUE UNDER THE POLICY, LESSOR MAY, AT ITS OPTION, PAY SUCH PREMIUM.

4. THE POLICY MAY BE CANCELED AT ANY TIME BY EITHER INSURER OR LESSEE ACCORDING TO ITS PROVISIONS, BUT IN ANY SUCH CASE THE POLICY SHALL CONTINUE IN FULL FORCE AND EFFECT FOR THE EXCLUSIVE BENEFIT OF LESSOR FOR TEN DAYS AFTER WRITTEN NOTICE TO LESSOR OF SUCH CANCELLATION AND SHALL THEN CEASE.

BY SIGNING BELOW LESSEE HEREBY AUTHORIZES ITS AGENT TO ADJUST ITS INSURANCE COVERAGE TO COMPLY WITH THE ABOVE REQUIREMENTS AND TO FORWARD A CERTIFICATE OF INSURANCE EVIDENCING SUCH COVERAGE TO LESSOR.

ACKNOWLEDGED AND AGREED:

AUTHORIZED SIGNATURE: ----------------------- DATED. ----------------------

LESSEE TO COMPLETE THE FOLLOWING:

PROPERTY INSURANCE

<TABLE>
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INSURANCE COMPANY --------------------		POLICY NUMBER -----------------
EFFECTIVE DATE -----------------------	EXPIRATION DATE ---------------------	LIMIT $ -------------------------
AGENCY NAME --------------------------		AGENT NAME ----------------------
AGENCY ADDRESS -----------------------		
PHONE NUMBER -------------------------		FAX NUMBER ---------------------
LIABILITY INSURANCE (IF DIFFERENT THAN PROPERTY INSURANCE)		
INSURANCE COMPANY --------------------		POLICY NUMBER -----------------
EFFECTIVE DATE -----------------------	EXPIRATION DATE -----------------------	LIMIT $ -------------------------
AGENCY NAME --------------------------		AGENT NAME ----------------------
AGENCY ADDRESS		
PHONE NUMBER -------------------------		FAX NUMBER ----------------------

</TABLE>

INSEQLS: SKS:04271999:1616:2117:46866-100:52036

ADDITIONAL INFORMATION
TAX STATUS, BILLING ADDRESS
AND EQUIPMENT LOCATION

WELLS FARGO

WELLS FARGO EQUIPMENT FINANCE, INC.
INVESTORS BUILDING, SUITE 300
733 MARQUETTE AVENUE
MINNEAPOLIS, MN 55479-2048

CONTRACT NUMBER 46866-100 DATED AS OF APRIL 27, 1999

NAME AND ADDRESS OF LESSEE:
LABOR READY SOUTHWEST, INC.
1016 S. 28TH STREET
TACOMA, WA 98409

EQUIPMENT DESCRIPTION:
(37) DIEBOLD 1064 IX FRONT LOAD CASH DISPENSERS
LOCATED AS MORE FULLY DESCRIBED ON EXHIBIT B

EQUIPMENT LOCATION: , ,

BILLING ADDRESS: LABOR READY SOUTHWEST, INC., ATTN: ACCOUNTS PAYABLE,
1016 S. 28TH STREET, TACOMA, WA 98409

CUSTOMER IS REQUIRED TO COMPLETE ALL SHADED AREAS.

TAX STATUS:

1. SALES/USE TAX: (CHECK ONE)

   /_/ Subject to sales and use tax. (Tax will be charged based on the state in which the equipment is located.)

   /_/ Exempt from sales and use tax, for the following reason:

   /_/ Exemption Certificate attached

   /_/ Valid Certificate already on file with Wells Fargo Equipment Finance, Inc.

2. PERSONAL PROPERTY TAX: IF THE EQUIPMENT IS LOCATED IN A STATE OR LOCALITY THAT REQUIRES REPORTING OF THE EQUIPMENT ON A PERSONAL PROPERTY TAX RETURN, WELLS FARGO EQUIPMENT FINANCE, INC. WILL REPORT THE EQUIPMENT

BILLING ADDRESS:

/_/ The billing address stated above is correct.

/_/ Change the billing address as stated below:

EQUIPMENT LOCATION:

/_/ The equipment will be located at the Equipment Location stated above or on the Schedule A.

/_/ The equipment will be located at:

(IF MULTIPLE LOCATIONS, ATTACH A LIST INDICATING BY PIECE OF EQUIPMENT IN WHICH CITY, STATE, AND COUNTY EACH PIECE OF EQUIPMENT IS LOCATED.)

ACKNOWLEDGED.

(AUTHORIZED SIGNATURE)

AIEQLS: SKS:04271999:1617:2117:46866-100:52036

STATE OF WASHINGTON -UCC-1

THIS UCC-1 FINANCING STATEMENT IS PRESENTED FOR FILING PURSUANT TO THE

WASHINGTON UNIFORM COMMERCIAL CODE, CHAPTER 62A.9 RCW, TO PERFECT A SECURITY INTEREST IN THE BELOW NAMED COLLATERAL.

PLEASE TYPE FORM FILING FEE: $12.00.

---

1. DEBTOR(S) (SEE INSTRUCTION #2

/_/ PERSONAL (last, first, middle name and address)

/_/ BUSINESS (legal business name and address)

LABOR READY SOUTHWEST, INC.
1016 S. 28TH STREET
TACOMA, WA 98409

TRADE NAME, DBA, AKA:

---

2. FOR OFFICE USE ONLY

---

3. SECURED PARTY(IES) (NAME AND ADDRESS

WELLS FARGO EQUIPMENT FINANCE, INC.
733 MARQUETTE AVE., THIRD FLOOR
MINNEAPOLIS, MN 55402

---

4. ASSIGNEE(S) of SECURED PARTY(IES) if applicable (NAME AND ADDRESS)

---

5. SECURED PARTY CONTACT PERSON: Phone:

---

6. CHECK ONLY IF APPLICABLE: (FOR DEFINITIONS OF TRANSMITTING UTILITY AND PRODUCTS OF COLLATERAL, SEE INSTRUCTION SHEET.)

/_/ Debtor is a Transmitting Utility

/_/ Products of Collateral are also covered

---

7. THIS FINANCING STATEMENT covers the following collateral: (ATTACH ADDITIONAL 8-1/2" X 11" SHEET(S) IF NEEDED.)

(37) Diebold 1064 IX Front Load Cash Dispensers located as more fully described on Exhibit B.

THIS TRANSACTION IS INTENDED TO BE A TRUE LEASE AND NOT A SECURITY TRANSACTION AND THE FILING OF THIS FINANCING STATEMENTS IS NOT AN ADMISSION THAT THIS TRANSACTION IS OTHER THAN A TRUE LEASE.

---

8. RETURN ACKNOWLEDGMENT COPY TO: (NAME AND ADDRESS)

Wells Fargo Equipment Finance, Inc.
733 Marquette Ave., Third Floor
Minneapolis, MN 55402

---

9. FILE WITH:

UNIFORM COMMERCIAL CODE
DEPARTMENT OF LICENSING
P.O. BOX 9660
OLYMPIA, WA 98507-9660
(206) 753-2523
MAKE CHECKS PAYABLE TO THE DEPARTMENT OF LICENSING

---

10. FOR OFFICE USE ONLY IMAGES TO BE FILMED

---

11. If collateral is described below, this statement may be signed by the Secured Party instead of the Debtor. Please check the appropriate box, complete the adjacent lines and box 13, if collateral is:

a./_/ already subject to a security interest in another jurisdiction when it was brought into this state or when the debtor's location was changed to this state. (COMPLETE ADJACENT LINES I AND 2)

b./_/ proceeds of the original collateral described above in which a security interest was perfected. (COMPLETE ADJACENT LINES I AND 2) c./_/ listed on a filing which has lapsed. (complete ADJACENT LINES I AND 2)

a./_/ acquired after a change of name, identity, or corporate structure of the debtor(s). (COMPLETE ADJACENT LINES 1, 2 AND 3)

ORIGINAL FILING NUMBER
FILING OFFICE WHERE FILED
FORMER NAME OR DEBTOR(S)

---

12. DEBTOR NAME(S) AND SIGNATURE(S):

LABOR READY SOUTHWEST, INC.
TYPE NAME(S) OF DEBTOR(S) AS IT APPEARS IN BOX 1.
By:
SIGNATURE(S) OF DEBTOR(S)

SIGNATURE(S) OF DEBTORS)

---

13. SECURED PARTY NAME(S) AND SIGNATURE(S) ARE REQUIRED IF BOX 11 HAS BEEN COMPLETED.

WELLS FARGO EQUIPMENT FINANCE, INC.

TYPE NAME(S) OF SECURED PARTY(IES) AS IT APPEARS IN BOX 3 OR 4.
By:
SIGNATURE(S) OF SECURED PARTY(IES)

SIGNATURE(S) OF SECURED PARTY(IES)

FORM APPROVED FOR USE IN THE STATE OF WASHINGTON (R/7/93)
WASHINGTON UCC-1
COPY 1 - FILING OFFICER - INDEX

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE APRIL 2, 1999 CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE COMPANY'S FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE APRIL 3, 1998 CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE COMPANY'S FORM 10-Q AND IS QUALIFIED IN IS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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