

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-14989

WESCO INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

25-1723342
(I.R.S. Employer
Identification No.)

225 WEST STATION SQUARE DRIVE
SUITE 700
PITTSBURGH, PENNSYLVANIA
(Address of principal executive offices)

15219
(Zip Code)

(412) 454-2200
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF CLASS	NAME OF EXCHANGE ON WHICH REGISTERED
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Common Stock, par value \$.01 per share	New York Stock Exchange
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SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

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 at least the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

The registrant estimates that the aggregate market value of the voting shares held by non-affiliates of the registrant was approximately \$114.5 million based on the June 28, 2002, the last business day of the registrant's most recently completed second fiscal quarter, closing price on the New York Stock Exchange for such stock.

As of February 28, 2003, 40,455,493 shares of Common Stock, par value \$.01 per share ("Common Stock") and 4,653,131 shares of Class B Common Stock, par value \$.01 per share ("Class B Common Stock") of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III of this Form 10-K incorporates by reference portions of the registrant's Proxy Statement for its 2003 Annual Meeting of Stockholders.

WESCO INTERNATIONAL, INC.

ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2002

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PART I

ITEM 1. BUSINESS.

In this Annual Report on Form 10-K, "WESCO" refers to WESCO International, Inc., and its subsidiaries and its predecessors unless the context otherwise requires. References to "we," "us," "our" and the "Company" refer to WESCO and its subsidiaries. Our subsidiaries include WESCO Distribution, Inc. ("WESCO Distribution") and WESCO Distribution Canada, Inc. ("WESCO Canada"), both of which are wholly-owned by WESCO.

THE COMPANY

With sales of approximately \$3.3 billion in 2002, we are a leading North American provider of electrical construction products and electrical and industrial maintenance, repair and operating supplies, commonly referred to as "MRO." We are the second largest distributor in the estimated \$72 billion U.S. electrical distribution industry, and the largest provider of integrated supply services. Our integrated supply solutions and outsourcing services are designed to fulfill a customer's industrial MRO procurement needs through a highly automated, proprietary electronic procurement and inventory replenishment system. This allows our customers to consolidate suppliers and reduce their procurement and operating costs. We have over 350 branches and five distribution centers located in 48 states, nine Canadian provinces, Puerto Rico, Mexico, Guam, the United Kingdom, Nigeria and Singapore. We serve over 100,000 customers worldwide, offering over 1,000,000 products from over 24,000 suppliers. Our diverse customer base includes a wide variety of industrial companies; contractors for industrial, commercial and residential projects; utility companies; and commercial, institutional and governmental customers. Our leading market positions, extensive geographic reach, broad product and service offerings and acquisition program have enabled us to compete effectively against the companies in our industry.

INDUSTRY OVERVIEW

The electrical distribution industry serves customers in a number of markets including the industrial, commercial, construction and utility markets. Electrical distributors, such as WESCO, provide logistical and technical services for customers by bundling together a wide range of products typically required for the construction and maintenance of electrical supply networks, including wire, lighting, distribution and control equipment and a wide variety of electrical supplies. This distribution channel enables customers to efficiently access a broad range of products and has the capacity to deliver value-added services. Customers are increasingly demanding that distributors provide a broader and more complex package of services as they seek to outsource non-core functions and achieve documented cost savings in purchasing, inventory and supply chain management.

ELECTRICAL DISTRIBUTION. The U.S. electrical distribution industry had sales of approximately \$72 billion in 2002. While overall weakness in the current economic environment has contributed to recent industry sales decline of approximately \$2 billion since 2000, industry growth has averaged 5% per year from 1985 to 2002. This expansion has been driven by general economic growth, increased use of electrical products in businesses and industries, new products and technologies, and customers who are seeking to more efficiently purchase a broad range of products and services from a single point of contact, thereby eliminating the costs and expenses of purchasing directly from manufacturers or multiple sources. The U.S. electrical distribution industry is highly fragmented. The four national distributors, including WESCO, account for approximately 19% of estimated total industry sales.

INTEGRATED SUPPLY. The market for integrated supply services has more than doubled from \$5 billion in 1997 to over \$12 billion in 2001, an increase of 25% per year. Recent projections estimate that the integrated supply market will reach \$26 billion by 2005. Growth is being driven by the desire of large industrial companies to reduce operating expenses by implementing comprehensive third-party programs, which outsource the cost-intensive procurement, stocking and administrative functions associated with the purchase and consumption of MRO supplies. For our customers, these costs can account for over 50% of the total costs for MRO products and services. The total potential in the United States for integrated supply services, measured as all purchases of industrial MRO supplies and services, is currently estimated to be approximately \$260 billion.

COMPETITIVE STRENGTHS

MARKET LEADERSHIP. Our ability to manage large construction projects and complex multi-site plant maintenance programs and procurement projects that require special sourcing, technical advice, logistical support and locally based service has enabled us to establish leadership positions in our principal markets. We have utilized these skills to generate significant revenues in industries with intensive use of electrical and MRO products, including electrical contracting, utilities, original equipment manufacturing, process manufacturing and other commercial, institutional and governmental entities. We also have extended our position within these industries to expand our customer base.

VALUE-ADDED SERVICES. We are a leader in providing a wide range of services and procurement solutions that draw on our product knowledge, supply and logistics expertise and systems capabilities, enabling our customers to reduce supply chain costs and improve efficiency. These programs include:

- National Accounts -- we coordinate product supply and materials management activities for MRO supplies, project needs and direct material for customers with multiple locations who seek purchasing leverage through a single electrical products provider;
- Integrated Supply -- we design and implement programs that enable our customers to significantly reduce the number of MRO suppliers they use through services that include highly automated, proprietary electronic procurement and inventory replenishment systems and on-site materials management and logistics services; and
- Construction National Accounts -- we have a dedicated team of experienced construction sales management personnel to service the needs of the regional and national contractors. Top engineering and construction firms which specialize in major projects such as airport expansions, power plants and oil and gas facilities are also a focus group.

BROAD PRODUCT OFFERING. We provide our customers with a broad product selection consisting of over 1,000,000 electrical, industrial and data communications products sourced from over 24,000 suppliers. Our broad product offering enables us to meet virtually all of a customer's electrical product and other MRO requirements.

EXTENSIVE DISTRIBUTION NETWORK. Our distribution network consists of over 350 branches and five distribution centers located in 48 states, nine Canadian provinces, Puerto Rico, Mexico, Guam, the United Kingdom, Nigeria and Singapore. This extensive network, which would be extremely difficult and expensive to duplicate, allows us to:

- maintain local sourcing of customer service, technical support and sales coverage;
- tailor branch products and services to local customer needs;
- offer multi-site distribution capabilities to large customers and national accounts; and
- provide same-day deliveries.

LOW COST OPERATOR. Our competitive position has been enhanced by our low cost position, which is based on:

- extensive use of automation and technology;
- centralization of functions such as purchasing and accounting;
- strategically located distribution centers;
- purchasing economies of scale; and
- incentive programs that increase productivity and encourage entrepreneurship.

Our low cost position enables us to generate a significant amount of cash flow as the capital investment required to maintain our business is low. This cash flow is available for debt reduction, strategic acquisitions and continued investment in the growth of the business.

BUSINESS STRATEGY

Our objective is to be the leading provider of electrical products and other MRO supplies and services to companies in North America and selected international markets. In achieving this leadership position, our goal is to grow earnings at a faster rate than sales by focusing on margin enhancement and continuous productivity improvement. Our growth strategy leverages our existing strengths and focuses on developing new initiatives and programs.

ENHANCE OUR LEADERSHIP POSITION IN ELECTRICAL DISTRIBUTION. We intend to leverage our extensive market presence and brand equity in the WESCO name to further our leadership position in electrical distribution. We are focusing our sales and marketing on existing industries where we are expanding our product and service offerings as well as targeting new clients, both within industries we currently serve and in new markets which provide significant growth opportunities. Markets where we believe such opportunities exist include retail, education, financial services and health care. We are the second largest electrical distributor in the United States and, through our value-added products and services, we believe we have become the industry leader in serving several important and growing markets including:

- industrial customers with large, complex plant maintenance operations, many of which require a national multi-site service solution for their electrical product needs;
- large contractors for major industrial and commercial construction projects;
- the electric utility industry; and
- manufacturers of factory-built homes, recreational vehicles and other modular structures.

GROW NATIONAL ACCOUNTS PROGRAMS. From 1994 through 2002, revenue from our national accounts program increased in excess of 10% annually. We will continue to invest in the expansion of this program. Through our national accounts program, we coordinate electrical MRO procurement and purchasing activities primarily for large industrial and commercial companies across multiple locations. We have well-established relationships with over 300 companies, providing us with a recurring base of revenue through multi-year agreements. Our objective is to continue to increase revenue generated through our national accounts program by:

- offering existing national account customers new products and services and serving additional locations;
- extending certain established national account relationships to include integrated supply; and
- expanding our customer base by leveraging our existing industry expertise in markets we currently serve as well as entering into new markets.

FOCUS ON CONSTRUCTION NATIONAL ACCOUNTS. We are increasing our focus on large construction, renovation and institutional projects. We seek to secure new major project contracts through:

- active national marketing of our demonstrated project management capabilities;
- further development of relationships with leading regional and national contractors and engineering firms;
- close coordination with national account customers on their major project requirements; and
- offering an integrated supply service approach to contractors for major projects.

EXTEND OUR LEADERSHIP POSITION IN INTEGRATED SUPPLY. We are the largest provider of integrated supply services for MRO goods and services in the United States. We provide a full complement of outsourcing solutions, focusing on improving the supply chain management process for our customers' indirect purchases. Our integrated supply programs replace the traditional multi-vendor, resource-intensive procurement process with a single, outsourced, fully automated process capable of managing all MRO and related service requirements. Our solutions range from timely product delivery to assuming full responsibility for the entire procurement function. Our customers include some of the largest industrial companies in the United States. We intend to expand our leadership position as the largest integrated supply service provider by:

- continuing to tailor our proven and profitable business model to the scale and scope of our customers' operations;
- maximizing the use of our highly automated proprietary information systems;
- leveraging established relationships with our large industrial customer base, especially among existing national account customers who could benefit from our integrated supply model; and
- being a low cost provider of integrated supply services.

We intend to utilize these competitive strengths to increase our integrated supply sales to both new and existing customers, including our existing national account customers.

GAIN SHARE IN KEY LOCAL MARKETS. Significant opportunities exist to gain market share in the highly fragmented local markets. We intend to increase our market share in key geographic markets through a combination of increased sales and marketing efforts at existing branches, acquisitions that expand our product and customer base and new branch openings. We intend to leverage our existing relationships with preferred suppliers to increase sales of their products in local markets through various initiatives, including sales promotions, cooperative marketing efforts, direct participation by suppliers in national accounts implementation, dedicated sales forces and product exclusivity. To promote growth, we have instituted a compensation system for branch managers that encourages our branch managers to increase sales and optimize business activities in their local markets, including managing the sales force, configuring inventories, targeting potential customers for marketing efforts and tailoring local service options.

PURSUE STRATEGIC ACQUISITIONS. Since 1995, we have completed and successfully integrated 25 acquisitions, which represent annual sales of approximately \$1.4 billion. We believe that the highly fragmented nature of the electrical and industrial MRO distribution industry will continue to provide us with acquisition opportunities. Our most recent acquisition was completed in March 2001. We have not been as active in pursuing acquisition candidates given the weak economy and the uncertain future earnings streams of acquisition candidates. We would expect our acquisition activities to increase as the economy improves. We expect that any future acquisitions will be financed out of available internally generated funds, additional debt and/or the issuance of equity securities. However, our ability to make acquisitions will be subject to our compliance with certain conditions under the terms of our revolving credit facility. See Part II, Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" for a further description of the revolving credit facility.

EXPAND PRODUCT AND SERVICE OFFERINGS. We continue to build on our demonstrated ability to introduce new products and services to meet existing customer demands and capitalize on new market opportunities. In addition, we have the platform to sell integrated lighting control and power distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores. These are strong growth markets where our national accounts strategies and logistics infrastructure provide significant benefits for our customers.

LEVERAGE OUR E-COMMERCE AND INFORMATION SYSTEM CAPABILITIES. We conduct a significant amount of business electronically. Our electronic transaction management capabilities lower costs and shorten cycle time in the supply chain process for us and for our customers. We intend to continue to invest in information technology to create more effective linkages with both customers and suppliers.

EXPAND OUR INTERNATIONAL OPERATIONS. Our international sales, the majority of which are in Canada, accounted for approximately 11% of total sales in 2002. We believe that there is significant additional demand for our products and services outside the United States and Canada. Many of our multinational domestic customers are seeking distribution, integrated supply and project management solutions globally. Our approach to international operations is consistent with our domestic philosophy. We follow our established customers and pursue business that we believe utilizes and extends our existing capabilities. This strategy of working through well-developed customer and supplier relationships significantly reduces risks and provides the opportunity to establish a profitable business. We have five locations in Mexico headquartered in Tlalnepantla that serve all of metropolitan Mexico City and the Federal District and the states of Mexico, Morelos and Hidalgo. We continue to pursue growth opportunities in existing locations such as Aberdeen, Scotland and London, England, which support our sales efforts in Europe and the former Soviet Union. We have an operation in Nigeria to serve West Africa and an office in Singapore to support our sales to customers in Asia. We are working toward forming strategic alliances in critical markets, where appropriate.

PRODUCTS AND SERVICES

Products

Our network of branches and distribution centers stocks over 215,000 product stock keeping units ("SKUs"). Each branch tailors its inventory to meet the needs of the customers in its local market, typically stocking approximately 4,000 to 8,000 SKUs. Our integrated supply business allows our customers to access over 1,000,000 products for direct shipment.

Representative products that we sell include:

- Electrical Supplies. Fuses, terminals, connectors, boxes, fittings, tools, lugs, tape and other MRO supplies
- Industrial Supplies. Cutting and other tools, abrasives, filters and safety equipment
- Distribution. Circuit breakers, transformers, switchboards, panelboards and busway
- Lighting. Lamps, fixtures and ballasts
- Wire and Conduit. Wire, cable and metallic and non-metallic conduit
- Control, Automation and Motors. Motor control devices, drives, programmable logic controllers, pushbuttons and operator interfaces
- Data Communications. Premise wiring, patch panels, terminals and connectors

We purchase products from a diverse group of over 24,000 suppliers. In 2002, our ten largest suppliers accounted for approximately 33% of our purchases. The largest of these was Eaton Corporation, through its Cutler-Hammer division, accounting for approximately 13% of total purchases. No other supplier accounted for more than 5% of total purchases.

Our supplier relationships are important to us, providing access to a wide range of products, technical training and sales and marketing support. We have preferred supplier agreements with approximately 179 of our suppliers and purchase approximately 65% of our stock inventory pursuant to these agreements. Consistent with industry practice, most of our agreements with suppliers, including both distribution agreements and preferred supplier agreements, are terminable by either party on 60 days' notice or less.

Services

In conjunction with product sales, we offer customers a wide range of services and procurement solutions that draw on our product and supply management expertise and systems capabilities. These services include national

accounts programs, integrated supply programs and major project programs. We are responding to the needs of our customers, particularly those in processing and manufacturing industries. To more efficiently manage the MRO process on behalf of our customers, we offer a range of supply management services, including:

- outsourcing of the entire MRO purchasing process;
- providing technical support for manufacturing process improvements using state-of-the-art automated solutions;
- implementing inventory optimization programs;
- participating in joint cost savings teams;
- assigning our employees as on-site support personnel;
- recommending energy-efficient product upgrades; and
- offering safety and product training for customer employees.

National accounts programs. The typical national account customer is a Fortune 500 industrial company, a large utility or other major customer, in each case with multiple locations. Our national accounts programs are designed to provide customers with total supply chain cost reductions by coordinating purchasing activity for MRO supplies across multiple locations. Comprehensive implementation plans establish jointly managed teams at the local and national level to prioritize activities, identify key performance measures and track progress against objectives. We involve our preferred suppliers early in the implementation process, where they can contribute expertise and product knowledge to accelerate program implementation and the achievement of cost savings and process improvements.

Integrated supply programs. Our integrated supply programs offer customers a variety of services to support their objectives for improved supply chain management. We integrate our personnel, product and distribution expertise, electronic technologies and service capabilities with the customer's own internal resources to meet particular service requirements. Each integrated supply program is uniquely configured to deliver a significant reduction in the number of MRO suppliers, reduce total procurement costs, improve operating controls and lower administrative expenses. Our solutions range from just-in-time fulfillment to assuming full responsibility for the entire procurement function for all indirect purchases. We believe that customers will increasingly seek to utilize us as an "integrator," responsible for selecting and managing the supply of a wide range of MRO and original equipment manufacturers ("OEMs") products.

Construction national accounts. We have a construction national accounts group, comprised of our most experienced construction management personnel, which focuses on serving the complex needs of North America's largest engineering and construction firms and the top 50 U.S. electrical contractors on a multi-regional basis. These contractors typically specialize in building industrial sites, water treatment plants, airport expansions, healthcare facilities, correctional institutions and new sports stadiums.

MARKETS AND CUSTOMERS

We have a large base of approximately 100,000 customers diversified across our principal markets. One customer accounted for over 3% of 2002 sales and another customer accounted for over 2% of 2002 sales. Except for these two customers, no other customer accounted for more than 2% of 2002 sales.

Industrial customers. Sales to industrial customers, which include numerous manufacturing and process industries, and OEMs accounted for approximately 42% of our sales in 2002.

MRO products are needed to maintain and upgrade the electrical and communications networks at all industrial sites. Expenditures are greatest in the heavy process industries, such as food processing, pulp and paper and petrochemical. Typically, electrical MRO is the first or second ranked product category by purchase value for total MRO requirements for an industrial site. Other MRO product categories include, among others, lubricants, pipe,

valves and fittings, fasteners, cutting tools and power transmission products.

OEM customers incorporate electrical components and assemblies into their own products. OEMs typically require a reliable, high volume supply of a narrow range of electrical items. Customers in this segment are particularly service and price sensitive due to the volume and the critical nature of the product used, and they also expect value-added services such as design and technical support, just-in-time supply and electronic commerce.

Electrical contractors. Sales to electrical contractors accounted for approximately 35% of our sales in 2002. These customers range from large contractors for major industrial and commercial projects, the customer types we principally serve, to small residential contractors, which represent a small portion of our sales. Electrical products purchased by electrical sub-contractors typically account for approximately 40% to 50% of their installed project cost, and, therefore, accurate cost estimates and competitive material costs are critical to a contractor's success in obtaining profitable projects.

Utilities. Sales to utilities accounted for approximately 17% of our sales in 2002. This market includes large investor-owned utilities, rural electric cooperatives and municipal power authorities. We provide our utility customers with power line products and an extensive range of supplies to meet their MRO and capital projects needs. Full materials management and procurement outsourcing arrangements are also important in this market as cost pressures and deregulation cause utility customers to streamline purchasing and inventory control practices.

Commercial, institutional and governmental customers ("CIG"). Sales to CIG customers accounted for approximately 6% of our sales in 2002. This fragmented market includes schools, hospitals, property management firms, retailers and government agencies of all types. Through our WR Controls Branch, we have a platform to sell integrated lighting control and distribution equipment in a single package for multi-site specialty retailers, restaurant chains and department stores.

DISTRIBUTION NETWORK

Branch network. We have over 350 branches, of which approximately 290 are located in the United States, approximately 50 are located in Canada and the remainder are located in Puerto Rico, Mexico, Guam, the United Kingdom, Nigeria and Singapore. Over the last three years, we have opened approximately seven branches per year, principally to service national account customers. In addition to consolidations in connection with acquisitions, we occasionally close or consolidate existing branch locations to improve operating efficiency.

Distribution centers. To support our branch network, we have five distribution centers located in the United States and Canada, including facilities located near Pittsburgh, Pennsylvania, serving the Northeast and Midwest United States; near Reno, Nevada, serving the Western United States; near Memphis, Tennessee, serving the Southeast and Central United States; near Montreal, Quebec, serving Eastern and Central Canada; and near Vancouver, British Columbia, serving Western Canada.

Our distribution centers add value for our branches and customers through the combination of a broad and deep selection of inventory, on-line ordering, same day shipment and central order handling and fulfillment. Our distribution center network reduces the lead-time and improves the reliability of our supply chain, giving us a distinct competitive advantage in customer service. Additionally, the distribution centers reduce the time and cost of supply chain activities through automated replenishment and warehouse management systems, and economies of scale in purchasing, inventory management, administration and transportation.

SALES ORGANIZATION

General sales force. Our general sales force is based at the local branches and comprises approximately 2,100 of our employees, almost half of whom are outside sales representatives and the remainder are inside sales personnel. Outside sales representatives are paid under a compensation structure which is primarily weighted towards commissions. They are responsible for making direct customer calls, performing on-site technical support,

generating new customer relations and developing existing territories. The inside sales force is a key point of contact for responding to routine customer inquiries such as price and availability requests and for entering and tracking orders.

National accounts. Our national accounts sales force is comprised of an experienced group of sales executives who negotiate and administer contracts, coordinate branch participation and identify sales and service opportunities. National accounts managers' efforts target specific customer industries, including automotive, pulp and paper, petrochemical, steel, mining and food processing.

Data communications. Sales of premise cable, connectors, hardware, network electronics and outside plant products are generated by our general sales force and a dedicated group of outside and inside data communications sales representatives. They are supported by a centralized customer service center and additional resources in product management, purchasing, inventory control and sales management.

Construction national accounts. We have a sales management group, comprised of our most experienced construction management personnel, which focuses on serving the complex needs of North America's largest engineering and construction firms and the top regional and national electrical contractors. These contractors typically specialize in large, complex projects such as building industrial sites, water treatment plants, airport expansions, healthcare facilities, correctional institutions and new sports stadiums.

E-Commerce. We established our initial electronic catalog on the Internet in 1996. Since that time, we have worked with a variety of large customers to establish customized electronic catalogs for their use in internal systems. Additionally, in 1999 we began a process of providing electronic catalogs to multiple e-commerce service providers, trade exchanges and industry specific electronic commerce portals. Our primary e-business strategy is to serve existing customers by tailoring our catalog and Internet-based procurement applications to their internal systems or through their preferred technology and trading exchange partnerships. We believe that we lead our industry in rapid e-implementation to customers' procurement systems and provide integrated procurement functionality using "punch-out" technology, a direct system-to-system link with our customers.

We continue to enhance "WESCOExpress," a direct ship fulfillment operation responsible for supporting smaller customers and select national account locations. Customers can order over 65,000 electrical and data communications products stocked in our warehouses through a centralized customer service center or over the Internet on WESCOdirect.com. We use a proactive telesales approach utilizing catalogs, direct mail, e-mail and personal phone selling to provide a high level of customer service. A new 2003-2004 Buyer's Guide is in production and scheduled for release in the third quarter of 2003.

INTERNATIONAL OPERATIONS

To serve the Canadian market, we operate a network of approximately 50 branches in nine provinces. Branch operations are supported by two distribution centers located near Montreal and Vancouver. With sales of approximately US\$300 million, Canada represented 9.0% of our total sales in 2002. The Canadian market for electrical distribution is considerably smaller than the U.S. market, with roughly US\$2.7 billion in total sales in 2002, according to industry sources.

We also have five locations in Mexico headquartered in Tlalnepantla, that serve all of metropolitan Mexico City and the Federal District and the states of Mexico, Morelos and Hidalgo.

We sell internationally through domestic export sales offices located within North America and sales offices in international locations. WESCO operations are in Aberdeen, Scotland and London, England to support sales efforts in Europe and the former Soviet Union. We have an operation in Nigeria to serve West Africa and an office in Singapore to support our sales to Asia. All of the international locations have been established to primarily serve WESCO's growing list of customers with global operations referenced under National Accounts above.

MANAGEMENT INFORMATION SYSTEMS

Our branch information system, WESNET, provides processing for a full range of our business operations, such

as customer service, inventory and logistics management, accounting and administrative support. The branch system utilizes decision support, executive information system analysis and retrieval capabilities to provide extensive operational analysis and detailed income statement and balance sheet variance and trend reporting at the branch level. The corporate system also provides activity-based costing capabilities for analyzing profitability by customer, sales representative and shipment type. Sales and margin trends and variances can be analyzed by branch, customer, product category, supplier or account representative.

The WESNET system operates as a distributed network of fully functional operating units, and every branch (other than our Bruckner Integrated Supply Division and certain acquired branches) utilizes its own computer system to support local business activities. All branch operations are linked through a wide area network to centralized information on inventory status in our distribution centers as well as other branches and an increasing number of on-line suppliers. Recent advances in WESNET capabilities make it possible to consolidate administrative and procurement functions, and bring systematic improvement through new pricing systems and controls.

We routinely process customer orders, shipping notices, suppliers' purchase orders, and funds transfer via EDI transactions with our trading partners. Our e-commerce strategy calls for more effective linkages to both customers and suppliers through greater use of technological advances, including Internet and electronic catalogs, enhanced EDI and other innovative improvements.

Our integrated supply services are supported by our proprietary procurement and inventory management systems. These systems provide a fully integrated, flexible supply chain platform that currently handles over 95% of our integrated supply customers' transactions electronically. Our configuration options for a customer range from on-line linkages to the customer's business and purchasing systems, to total replacement of a customer's procurement and inventory management system for MRO supplies.

COMPETITION

We operate in a highly competitive industry. We compete directly with national, regional and local providers of electrical and other industrial MRO supplies. Competition is primarily focused on the local service area, and is generally based on product line breadth, product availability, service capabilities and price. Another source of competition is buying groups formed by smaller distributors to increase purchasing power and provide some cooperative marketing capability. While increased buying power may improve the competitive position of buying groups locally, we believe these groups have not been able to compete effectively with us for national account customers due to the difficulty in coordinating a diverse ownership group. During 1999 and 2000, numerous special purpose Internet-based procurement service companies, auction businesses, and trade exchanges were organized. Many of them targeted industrial MRO and contractor customers of the type served by WESCO. We responded with our own e-commerce capabilities and believe that we have successfully outpaced our competitors in the deployment of electronic catalogs and Internet-based connectivity with more than 50 national customers.

EMPLOYEES

As of December 31, 2002, we had approximately 5,400 employees worldwide, of which approximately 4,700 were located in the United States and approximately 700 in Canada and our other international locations. Less than 5% of our employees are represented by unions. We believe our labor relations are generally good.

INTELLECTUAL PROPERTY

Our trade and service marks, including "WESCO," "the extra effort people(R)," and the running man design, are filed in the U.S. Patent and Trademark Office, the Canadian Trademark Office and the Mexican Instituto de la Propriedad Industrial.

ENVIRONMENTAL MATTERS

Our facilities and operations are subject to federal, state and local laws and regulations relating to environmental

protection and human health and safety. Some of these laws and regulations may impose strict, joint and several liability on certain persons for the cost of investigation or remediation of contaminated properties. These persons may include former, current or future owners or operators of properties, and persons who arranged for the disposal of hazardous substances. Our owned and leased real property may give rise to such investigation, remediation and monitoring liabilities under environmental laws. In addition, anyone disposing of certain products we distribute, such as ballasts, fluorescent lighting and batteries, must comply with environmental laws that regulate certain materials in these products.

We believe that we are in compliance, in all material respects, with applicable environmental laws. As a result, we will not make significant capital expenditures for environmental control matters either in the current year or in the near future.

AVAILABLE INFORMATION

WESCO's Internet address is www.wescodist.com. WESCO makes available free of charge through its website its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such documents are electronically filed with the Securities and Exchange Commission.

FORWARD LOOKING INFORMATION

This Annual Report on Form 10-K contains various "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve certain unknown risks and uncertainties, including, among others, those contained in Item 1, "Business" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." When used in this Annual Report on Form 10-K, the words "anticipates," "plans," "believes," "estimates," "intends," "expects," "projects" and similar expressions may identify forward looking statements, although not all forward looking statements contain such words. Such statements, including, but not limited to, our statements regarding business strategy, growth strategy, productivity and profitability enhancement, competition, new product and service introductions and liquidity and capital resources are based on management's beliefs, as well as on assumptions made by, and information currently available to, management, and involve various risks and uncertainties, some of which are beyond our control. Our actual results could differ materially from those expressed in any forward looking statement made by or on our behalf. In light of these risks and uncertainties, there can be no assurance that the forward looking information will in fact prove to be accurate. We have undertaken no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

RISK FACTORS

Important factors that could cause actual results to differ materially from the forward looking statements we make are described below. All forward looking statements attributable to us or persons working on our behalf are expressly qualified by the following cautionary statements:

OUR SUBSTANTIAL AMOUNT OF DEBT REQUIRES SUBSTANTIAL DEBT SERVICE OBLIGATIONS THAT COULD ADVERSELY AFFECT OUR ABILITY TO FULFILL OUR OBLIGATIONS AND COULD LIMIT OUR GROWTH AND IMPOSE RESTRICTIONS ON OUR BUSINESS.

We are and will continue to be for the foreseeable future significantly leveraged. As of December 31, 2002, we had \$418.0 million of consolidated indebtedness and stockholders' equity of \$169.3 million. We and our subsidiaries may incur additional indebtedness in the future, subject to certain limitations contained in the instruments governing our indebtedness. Accordingly, we will have significant debt service obligations. These amounts exclude WESCO's accounts receivable securitization program, through which WESCO sells accounts receivable to a third party conduit and removes these receivables from its consolidated balance sheet. See Part II, Item 7. -"Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies and Estimates."

Our debt service obligations have important consequences, including the following:

- a substantial portion of cash flow from our operations will be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available for operations, future business opportunities and acquisitions and other purposes and increasing our vulnerability to adverse general economic and industry conditions;
- our ability to obtain additional financing in the future may be limited;

- approximately \$110 million of our indebtedness is at variable rates of interest, which will make us vulnerable to increases in interest rates;
- we are substantially more leveraged than certain of our competitors, which might place us at a competitive disadvantage; and
- we may be hindered in our ability to adjust rapidly to changing market conditions.

Our ability to make scheduled payments of the principal of, or to pay interest on, or to refinance our indebtedness and to make scheduled payments under our operating leases or to fund planned capital expenditures or finance acquisitions will depend on our future performance, which to a certain extent is subject to economic, financial, competitive and other factors beyond our control. There can be no assurance that our business will continue to generate sufficient cash flow from operations in the future to service our debt, make necessary capital expenditures or meet other cash needs. If unable to do so, we may be required to refinance all or a portion of our existing debt, to sell assets or to obtain additional financing. In addition, our Receivables Facility requires an annual renewal of its terms. The current arrangement expires on June 20, 2003. There can be no assurance that available funding or that any sale of assets or additional financing would be possible in amounts on terms favorable to us. See Part II, Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

RESTRICTIVE DEBT COVENANTS CONTAINED IN OUR REVOLVING CREDIT FACILITY AND THE INDENTURE TO OUR SENIOR SUBORDINATED NOTES MAY LIMIT OUR ABILITY TO TAKE CERTAIN ACTIONS.

The revolving credit facility and the indenture contain financial and operating covenants that will limit the discretion of our management with respect to certain business matters including, incurring additional indebtedness and paying dividends. The revolving credit facility also requires us to meet certain fixed charge tests depending on credit line availability. Our ability to comply with these and other provisions of the revolving credit facility and the indenture may be affected by changes in economic or business conditions or other events beyond our control. A failure to comply with the obligations contained in the revolving credit facility or the indenture could result in an event of default under either the revolving credit facility or the indenture which could result in acceleration of the related debt and the acceleration of debt under other instruments evidencing indebtedness that may contain cross-acceleration or cross-default provisions. If the indebtedness under the revolving credit facility were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full such indebtedness and our other indebtedness. See Part II, Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations ?- Liquidity and Capital Resources."

DOWNTURNS IN THE ELECTRICAL DISTRIBUTION INDUSTRY HAVE HAD IN THE PAST, AND MAY IN THE FUTURE HAVE, AN ADVERSE EFFECT ON OUR SALES AND PROFITABILITY.

The electrical distribution industry is affected by changes in economic conditions, including national, regional and local slowdowns in construction and industrial activity, which are outside our control. Our operating results may also be adversely affected by increases in interest rates that may lead to a decline in economic activity, particularly in the construction market, while simultaneously resulting in higher interest payments under the revolving credit facility. In addition, during periods of economic slowdown such as the one we are currently experiencing, our credit losses could increase. There can be no assurance that economic slowdowns, adverse economic conditions or cyclical trends in certain customer markets will not have a material adverse effect on our operating results and financial condition.

AN INCREASE IN COMPETITION COULD DECREASE SALES OR EARNINGS.

We operate in a highly competitive industry. We compete directly with national, regional and local providers of electrical and other industrial MRO supplies. Competition is primarily focused in the local service area and is generally based on product line breadth, product availability, service capabilities and price. Other sources of competition are buying groups formed by smaller distributors to increase purchasing power and provide some cooperative marketing capability. During 1999 and 2000, numerous special purpose Internet-based procurement service companies, auction businesses and trade exchanges were organized. Many of them targeted industrial MRO

and contractor customers of the type served by us. While the entrants did not have a noticeable impact on our business we expect that new competitors could develop over time as Internet-based enterprises become more established and refine their service capabilities.

Some of our existing competitors have, and new market entrants may have, greater financial and marketing resources than we do. To the extent existing or future competitors seek to gain or retain market share by reducing prices, we may be required to lower our prices, thereby adversely affecting financial results. Existing or future competitors also may seek to compete with us for acquisitions, which could have the effect of increasing the price and reducing the number of suitable acquisitions. In addition, it is possible that competitive pressures resulting from the industry trend toward consolidation could affect growth and profit margins.

LOSS OF KEY SUPPLIERS OR LACK OF PRODUCT AVAILABILITY COULD DECREASE SALES AND EARNINGS.

Most of our agreements with suppliers are terminable by either party on 60 days' notice or less. Our ten largest suppliers in 2002 accounted for approximately 33% of our purchases for the period. Our largest supplier was Eaton Corporation, through its Cutler-Hammer division, accounting for approximately 13% of our purchases. The loss of, or a substantial decrease in the availability of, products from any of these suppliers, or the loss of key preferred supplier agreements, could have a material adverse effect on our business. In addition, supply interruptions could arise from shortages of raw materials, labor disputes or weather conditions affecting products or shipments, transportation disruptions, or other reasons beyond our control. An interruption of operations at any of our five distribution centers could have a material adverse effect on the operations of branches served by the affected distribution center. Furthermore, we cannot be certain that particular products or product lines will be available to us, or available in quantities sufficient to meet customer demand. Such limited product access could put us at a competitive disadvantage.

A DISRUPTION OF OUR INFORMATION SYSTEMS COULD INCREASE EXPENSES, DECREASE SALES OR REDUCE EARNINGS.

A serious disruption of our information systems could have a material adverse effect on our business and results of operations. Our computer systems are an integral part of our business and growth strategies. We depend on our information systems to process orders, manage inventory and accounts receivable collections, purchase products, ship products to our customers on a timely basis, maintain cost-effective operations and provide superior service to our customers.

WESCO INTERNATIONAL'S CONTROLLING SHAREHOLDERS OWN APPROXIMATELY 44% OF ITS COMMON STOCK AND CAN EXERCISE SIGNIFICANT INFLUENCE OVER OUR AFFAIRS.

Approximately 44% of the issued and outstanding shares of common stock of WESCO International is held by Cypress and its affiliates. Accordingly, Cypress and its affiliates can exercise significant influence over our affairs, including the election of our directors, appointment of our management and approval of actions requiring the approval of our stockholders, including the adoption of amendments to our certificate of incorporation and approval of mergers or sales of substantially all of our assets.

ITEM 2. PROPERTIES.

We have over 350 branches, of which approximately 290 are located in the United States, approximately 50 are located in Canada and the remainder are located in Puerto Rico, Mexico, Guam, the United Kingdom, Nigeria and Singapore. Approximately 25% of branches are owned facilities, and the remainder are leased.

The following table summarizes our distribution centers:

LOCATION -----	SQUARE FEET -----	LEASED/OWNED -----
Warrendale, PA	194,200	Owned
Sparks, NV	196,800	Leased
Byhalia, MS	148,000	Owned
Dorval, QE	90,000	Leased
Burnaby, BC	64,865	Owned

We also lease our 76,200 square foot headquarters in Pittsburgh, Pennsylvania. We do not regard the real property associated with any single branch location as material to our operations. We believe our facilities are in good operating condition.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, a number of lawsuits, claims and proceedings have been or may be asserted against us relating to the conduct of our business, including routine litigation relating to commercial and employment matters. While the outcome of litigation cannot be predicted with certainty, and some of these lawsuits, claims or proceedings may be determined adversely to the Company, the Company does not believe, based on information presently available to it, that the outcome of any of such pending matters is likely to have a material adverse effect on the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of the Company's security holders during the fourth quarter of 2002.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

On May 17, 1999, WESCO completed its initial public offering of common stock ("the Offering"). Our common stock is listed on the New York Stock Exchange under the symbol "WCC." As of February 28, 2003, there were 40,455,493 shares of common stock and 4,653,131 shares of Class B common stock outstanding and held by approximately 100 holders of record. We have not paid dividends on the common stock, and do not presently plan to pay dividends in the foreseeable future. It is currently expected that earnings will be retained and reinvested to support either business growth or debt reduction. In addition, our revolving credit facility and our indenture restrict our ability to pay dividends. See Part II, Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." The following table sets forth the high and low close price of the shares of common stock for the periods indicated.

QUARTER	CLOSING PRICES	
	HIGH	LOW
2001		
First	\$ 11.00	\$ 7.06
Second	9.25	7.30
Third	9.20	4.65
Fourth	6.50	3.95
2002		
First	\$ 7.13	\$ 4.15
Second	7.40	6.08
Third	7.25	4.23
Fourth	5.49	3.14

WESCO's board of directors has authorized a \$25 million share repurchase program which expires in May 2003. WESCO's common stock may be purchased at management's discretion, subject to meeting certain financial ratios in its revolving credit facility, in open market transactions and the program may be discontinued at any time. Under previous share repurchase programs, WESCO purchased approximately 3.9 million shares of its common stock for approximately \$32.8 million pursuant to this program. No shares were repurchased during 2002.

ITEM 6. SELECTED FINANCIAL DATA.

	YEAR ENDED DECEMBER 31,				
	2002	2001	2000	1999	1998
	(DOLLARS IN MILLIONS, EXCEPT SHARE DATA)				
INCOME STATEMENT DATA:					
Net sales	\$ 3,325.8	\$ 3,658.0	\$ 3,881.1	\$ 3,423.9	\$ 3,025.4
Gross profit	590.8	643.5	684.1	616.6	537.6
Selling, general and administrative expenses ...	494.4	517.2	524.3	471.2	415.0
Depreciation and amortization(1)	19.8	31.0	25.0	20.4	14.8
Restructuring charge (2)	--	--	9.4	--	--
Recapitalization costs(3)	--	--	--	--	51.8
Income from operations	76.6	95.3	125.4	125.0	56.0
Interest expense, net	43.0	45.1	43.8	47.0	45.1
Loss on debt extinguishment(4)	1.1	--	--	17.2	--
Other expenses(5)	6.6	16.9	24.9	19.5	10.1
Income before income taxes	25.9	33.3	56.7	41.3	0.8
Provision for income taxes(6)	2.8	13.1	23.3	16.7	8.5
Net income (loss)	\$ 23.1	\$ 20.2	\$ 33.4	\$ 24.6	\$ (7.7)
Earnings (loss) per common share(7)					
Basic	\$ 0.51	\$ 0.45	\$ 0.74	\$ 0.57	\$ (0.17)
Diluted	\$ 0.49	\$ 0.43	\$ 0.70	\$ 0.53	\$ (0.17)
Weighted average common shares outstanding(7)					
Basic	45,033,964	44,862,087	45,326,475	43,057,894	45,051,632
Diluted	46,820,093	46,901,673	47,746,607	47,524,539	45,051,632
OTHER FINANCIAL DATA:					
EBITDA(8)	\$ 96.4	\$ 126.4	\$ 158.4	\$ 145.3	\$ 74.9
Capital expenditures	9.3	13.8	21.6	21.2	10.7
Net cash provided by operating activities	20.4	161.1	46.9	66.4	276.9
Net cash used for investing activities	(23.1)	(69.2)	(60.7)	(71.9)	(184.1)
Net cash provided by (used for) financing activities	(49.9)	(38.0)	26.0	6.3	(92.3)
BALANCE SHEET DATA:					
Total assets	\$ 1,015.1	\$ 1,158.0	\$ 1,161.5	\$ 1,028.8	\$ 950.5
Total long-term debt (including current portion)	418.0	452.0	483.3	426.4	595.8
Redeemable common stock	--	--	--	--	21.5
Stockholders' equity (deficit)	169.3	144.7	125.0	117.3	(142.6)

- (1) Effective for 2002, WESCO adopted SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142") as described in Note 4 to the Consolidated Financial Statements.
- (2) Represents a restructuring charge taken in the fourth quarter of 2000 as described in Note 5 to the Consolidated Financial Statements. Cash expenses included in the total amount to \$1.4 million.
- (3) Represents a one-time charge primarily related to noncapitalized financing expenses, professional and legal fees and management compensation costs as a result of the recapitalization described in Note 1 to the Consolidated Financial Statements. Cash expenses included in the total amount to \$47.7 million.
- (4) Represents a charge, relating to the write-off of unamortized debt issuance and other costs associated with the early extinguishment of debt and the 1999 termination of the existing accounts receivable securitization program. Prior year amounts have been adjusted to conform with current presentation.
- (5) Represents costs relating to the sale of accounts receivable pursuant to the accounts receivable securitization program as described in Note 6 to the Consolidated Financial Statements.
- (6) In 2002, a benefit of \$5.3 million from the resolution of prior year tax contingencies resulted in an unusually low provision for income taxes. In 1998, certain nondeductible recapitalization costs and other permanent differences significantly exceeded income before income taxes and resulted in an unusually high provision for income taxes.
- (7) Reflects a 57.8 to one stock split effected in the form of a stock dividend of WESCO common stock effective May 11, 1999.
- (8) EBITDA represents income from operations plus depreciation, amortization, non-cash recapitalization and non-cash restructuring costs. EBITDA is presented since management believes that such information is considered by certain investors to be an additional basis for evaluating the Company's liquidity and its ability to service its financing and investing needs. EBITDA should not be considered an alternative to measures of operating performance as determined in accordance with generally accepted accounting principles or as a measure of the Company's operating results and cash flows or as a measure of the Company's liquidity. Since EBITDA is not calculated identically by all companies, the presentation herein may not be comparable to other similarly titled measures of other companies. Prior

year amounts have been adjusted to conform with current presentation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the audited consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

GENERAL

WESCO's sales can be categorized as stock, direct ship and special order. Stock orders are filled directly from existing inventory and generally represent approximately 45% of total sales. Approximately 45% of WESCO's total sales are direct ship sales. Direct ship sales are typically custom-built products, large orders or products that are too bulky to be easily handled and, as a result, are shipped directly to the customer from the supplier. Special orders are for products that are not ordinarily stocked in inventory and are ordered based on a customer's specific request. Special orders represent the remainder of total sales. Gross profit margins on stock and special order sales are approximately 60% higher than those on direct ship sales. Although direct ship gross margins are lower, operating profit margins are often comparable, since the product handling and fulfillment costs associated with direct shipments are much lower.

WESCO has historically financed its working capital needs, capital expenditures, acquisitions and new branch openings through internally generated cash flow and borrowings under its credit facilities and funding through its accounts receivable securitization program. During the initial phase of an acquisition or new branch opening, WESCO typically incurs expenses related to installing or converting information systems, training employees and other initial operating activities. With some acquisitions, WESCO may incur expenses in connection with the closure of any of its own redundant branches. Historically, the costs associated with opening new branches, and closing branches in connection with certain acquisitions, have not been material. WESCO has accounted for its acquisitions under the purchase method of accounting.

WESCO is a leading consolidator in its industry, having acquired 25 companies since August 1995, representing annual sales of approximately \$1.4 billion. Management distinguishes sales attributable to core operations separately from sales of acquired businesses. The distinction between sales from core operations and from acquired businesses is based on the Company's internal records and on management estimates where the integration of acquired businesses results in the closing or consolidation of branches. However, "core operations" typically refer to all internally started branches and all acquired branches that have been in operation for the entire current and prior year-to-date periods. "Acquired businesses" generally refer to branch operations purchased by WESCO where the branches have not been under WESCO ownership for the entire current and prior year-to-date periods.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

WESCO's discussion and analysis of its financial condition and results of operations are based upon WESCO's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires WESCO to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, WESCO evaluates its estimates, including those related to supplier programs, bad debts, inventories, insurance costs, goodwill, income taxes, restructuring cost, contingencies and litigation. WESCO bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. If actual market conditions are less favorable than those projected by management, additional adjustments to reserve items may be required. WESCO believes the following critical accounting policies affect its judgments and estimates used in the preparation of its consolidated financial statements.

Allowance for Doubtful Accounts

WESCO maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. WESCO has a systematic procedure using estimates based on historical data and reasonable assumptions of collectibility made at the local branch level and at the consolidated corporate basis to calculate the allowance for doubtful accounts. The allowance for doubtful accounts was \$10.3 million at December

31, 2002 and \$11.8 million at December 31, 2001. The total amount recorded as selling, general and administrative expense related to bad debts was \$9.0 million, \$10.3 million and \$10.0 million for 2002, 2001 and 2000, respectively.

Excess and Obsolete Inventory

WESCO writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. A systematic procedure is used to determine excess and obsolete inventory using historical data and reasonable assumptions for the percentage of excess and obsolete inventory on a consolidated basis. The valuation allowance for excess and obsolete inventories was \$11.9 million at December 31, 2002 and \$16.8 million at December 31, 2001, respectively. Direct write-offs against the reserve related to inventory disposals during 2002, totaled \$6.4 million. The total expense related to excess and obsolete inventories, included in cost of goods sold, was \$1.4 million, \$2.6 million and \$4.3 million for 2002, 2001 and 2000, respectively.

Supplier Rebates

WESCO receives rebates from certain suppliers based on contractual arrangements with such suppliers. Since there is a lag between actual sales and the rebates received from the suppliers WESCO must estimate the approximate amount of rebates available at a specific date. The asset recorded for the supplier rebate program is within other accounts receivable and was \$15.9 million at December 31, 2002 and \$23.5 million at December 31, 2001. The total amount recorded as a reduction to cost of goods sold was \$24.7 million, \$31.4 million and \$39.7 million for 2002, 2001 and 2000, respectively.

Goodwill

As described in Note 4 to the Consolidated Financial Statements, WESCO tests goodwill for impairment annually or more frequently when events or circumstances occur indicating goodwill might be impaired. This process involves estimating fair value using discounted cash flow analyses. Considerable management judgment is necessary to estimate discounted future cash flows. Assumptions used for these estimated cash flows were based on a combination of historical results and current internal forecasts. WESCO cannot predict certain events that could adversely affect the reported value of goodwill, which totaled \$314.1 million at December 31, 2002 and \$311.1 million at December 31, 2001.

Insurance Programs

WESCO uses commercial insurance for auto, workers' compensation, casualty and health claims as a risk reduction strategy to minimize catastrophic losses. Such strategy involves large deductibles where WESCO must pay all costs up to the deductible amount. WESCO estimates its reserve based on historical incident rates and costs. The total liability related to the insurance programs was \$5.8 million at December 31, 2002 and \$4.0 million at December 31, 2001.

Taxes

WESCO records its deferred tax assets at amounts that are expected to be realized. WESCO is evaluating future taxable income and potential tax planning strategies in assessing the potential need for a valuation allowance. Should WESCO determine that it would not be able to realize all or part of its net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

Accounts Receivable Securitization Program

WESCO maintains an accounts receivable securitization program (the "Receivables Facility"), whereby it sells, on a continuous basis, to WESCO Receivables Corporation, a wholly-owned, special purpose company ("SPC"), an undivided interest in all domestic accounts receivable. The SPC sells without recourse to a third-party conduit, all the eligible receivables while maintaining a subordinated interest, in the form of overcollateralization, in a portion of the receivables.

WESCO accounts for the Receivables Facility in accordance with Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time the receivables are sold, the balances are removed from the balance sheet. The Receivables Facility represents "off-balance sheet financing," since the conduit's ownership interest in the accounts receivable of the SPC results in the removal of accounts receivable from WESCO's consolidated balance sheets, rather than resulting in the addition of a liability to the conduit.

WESCO believes that the terms of the agreements governing this facility qualify our trade receivable sales transactions for "sale treatment" under generally accepted accounting principles, which require WESCO to remove the accounts receivable from our consolidated balance sheets. Absent this "sale treatment," our consolidated balance sheet would reflect additional accounts receivable and debt. Our consolidated statements of operations would not be impacted, except that other expenses would be classified as interest expense.

2002 DEVELOPMENTS

Developments affecting the 2002 results of operations and financial position of WESCO include the following:

Economic Trends

The electrical distribution industry experienced a continued overall sales decline in the markets where WESCO participates. The 2002 decrease varies dramatically depending upon the product category as well as the market channel used to distribute such product. Based upon our internal estimates, certain of our more significant competitors and suppliers, as a group, experienced an average sales decline of approximately 7.5% in 2002. WESCO's net sales decreased approximately 9.1% in 2002 due to lower capacity utilization by many of our industrial and MRO customers, coupled with a lower level of plant expansion and upgrading activity in 2002.

Refinancing

The Company has taken the following steps to improve its liquidity:

In March 2002, WESCO Distribution, Inc. entered into a \$290 million revolving credit agreement that is collateralized by substantially all inventory owned by WESCO and also by the accounts receivable of WESCO Distribution Canada, Inc. ("WESCO Canada"). Availability under the agreement, which matures in 2007, is limited to the amount of eligible inventory and Canadian receivables applied against certain advance rates. Proceeds from this agreement were used to retire WESCO Distribution, Inc.'s existing revolving credit facility. Interest on this new facility is at LIBOR plus a margin that ranges between 2.0% to 2.75% depending upon the amount of excess availability under the facility. As long as the average daily excess availability for both the preceding and projected succeeding 90-day period is greater than \$50 million, WESCO would be permitted to make acquisitions and repurchase outstanding public stock and bonds. The above permitted transactions would also be allowed if such excess availability is between \$25 million and \$50 million and WESCO's fixed charge coverage ratio, as defined by the agreement, is at least 1.25 to 1.0 after taking into consideration the permitted transaction. Additionally, if excess availability under the agreement is less than \$50 million, WESCO must maintain a fixed charge coverage ratio of 1.1 to 1.0. At December 31, 2002, amounts available under the agreement were approximately \$153.9 million and WESCO was in compliance with all covenants of the new facility.

WESCO has entered into a \$51 million mortgage financing facility, \$13 million of which was outstanding as of December 31, 2002. Total borrowings under the mortgage financing are subject to a 22-year amortization schedule with a balloon payment due at the end of the 10-year term. This mortgage financing facility provides additional liquidity and financial flexibility for WESCO as well as locks in fixed interest rates for longer-term capital. Proceeds from the borrowings were used to reduce outstanding borrowings under WESCO's 2002 Revolving Credit Facility.

RESULTS OF OPERATIONS

The following table sets forth the percentage relationship to net sales of certain items in the Company's Consolidated Statements of Operations for the periods presented:

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
Net sales	100.0%	100.0%	100.0%
Gross profit	17.8	17.6	17.6
Selling, general and administrative expenses ...	14.9	14.1	13.5
Depreciation and amortization	0.6	0.9	0.7
Restructuring charge	--	--	0.2
Income from operations	2.3	2.6	3.2
Interest expense	1.3	1.2	1.1
Loss on debt extinguishment	--	--	--
Other expenses	0.2	0.5	0.6
Net income before income taxes	0.8	0.9	1.5
Provision for income taxes	0.1	0.3	0.6
Net income	0.7%	0.6%	0.9%

2002 Compared to 2001

Net Sales. Net sales for 2002 decreased by approximately \$330 million, or 9.1%, to \$3.3 billion compared with \$3.7 billion in the prior year. The continuing weakness in the North American economy has adversely affected the major industrial and MRO markets where WESCO participates.

Gross Profit. Gross profit in 2002 decreased by \$52.7 million, or 8.2%, to \$590.8 million from \$643.5 million in the prior year due principally to the decline in net sales. Gross profit margin was 17.8% in 2002 compared with 17.6% in 2001. Billing margin improvements of 30 basis points over 2001 and a lower level of provision for slow moving and obsolete inventory, were partially offset by lower levels of supplier rebates and cash discounts that resulted from lower purchasing activity and working capital improvements.

Selling, General and Administrative Expenses ("SG&A"). SG&A expenses decreased by \$22.8 million, or 4.4%, to \$494.4 million. The decrease is primarily due to compensation and benefit program expense reductions in the current period. Employee headcount has been reduced by 4.4% since December 2001. Shipping and handling expense included in SG&A was \$37.2 million in 2002 compared with \$38.2 million in 2001. Bad debt expense was \$9.0 million for 2002 compared to \$10.3 million for 2001. The improvement in 2002 results primarily from reducing exposure to troubled accounts and industries through more stringent credit policies. SG&A expense expressed as a percentage of sales was 14.9% for 2002 compared with 14.1% in 2001. The increase in SG&A expense as a percentage of sales resulted from lower net sales in 2002.

Depreciation and Amortization. Depreciation and amortization decreased \$11.2 million to \$19.8 million in 2002 reflecting WESCO's adoption of SFAS No. 142. WESCO recorded goodwill amortization expense of \$11.9 million in 2001.

Income from Operations. Income from operations decreased \$18.7 million to \$76.6 million in 2002, compared with \$95.3 million in 2001. The decrease in operating income is principally attributable to lower gross profit caused by the decline in sales, partially offset by the decrease in SG&A expenses and discontinuing amortization of goodwill.

Interest and Other Expenses. Interest expense totaled \$43.0 million for 2002, a decrease of \$2.1 million from 2001. The decrease in interest expense results primarily from a lower level of average debt as well as lower net interest rates including the full year impact in 2002 of WESCO's interest rate swap agreement. Loss on debt extinguishment of \$1.1 million represents non-cash charges recognized upon the replacement of WESCO's previous revolving credit agreement. Other expense totaled \$6.6 million and \$16.9 million in 2002 and 2001, respectively,

reflecting costs associated with the Receivables Facility. The \$10.3 million decrease was principally due to a decrease in the program's advance rates and a lower average level of securitized accounts receivable.

Income Taxes. Income tax expense totaled \$2.8 million in 2002, a decrease of \$10.3 million from 2001. The effective tax rates for 2002 and 2001 were 11.0% and 39.4%, respectively. The decrease in the rate in 2002 is principally related to the reversal of income tax contingency accruals of \$5.3 million upon acceptance by the IRS of tax returns filed through 1998 and the expected favorable conclusion of the IRS examination for 1999, as well as a first quarter income tax benefit of approximately \$0.7 million related to the re-measurement of deferred taxes related to the cumulative impact of a change in the expected tax rate that will be applicable when these items reverse. The effective tax rate, excluding the items described above was approximately 34.0% compared with 39.4% in 2001. The decrease in the effective rate is the result of the creation of a foreign finance company and decreased amortization expense from the adoption of SFAS No. 142.

Net Income. Net income and diluted earnings per share totaled \$23.1 million and \$0.49 per share, respectively, in 2002, compared with \$20.2 million and \$0.43 per share, respectively, in 2001.

2001 Compared to 2000

Net Sales. Net sales for the year ended December 31, 2001, decreased by \$223.1 million, or 5.7%, to \$3.7 billion compared with \$3.9 billion in the prior year. The decrease was due principally to sales declines attributable to core business operations of 8.6%, partially offset by sales from acquired companies.

Gross Profit. Gross profit for the year ended December 31, 2001, decreased by \$40.6 million, or 5.9%, to \$643.5 million from \$684.1 million in the prior year due principally to the decline in net sales. Gross profit margin was 17.6% in both 2001 and 2000. Gross profit included other charges of \$4.4 million in 2000 related to inventory write-downs. Excluding these charges, gross profit was 17.7% of sales in 2000. The decline in the gross profit percentage is due principally to a decline in supplier rebates, partially offset by increased billing margins.

Selling, General and Administrative Expenses ("SG&A"). SG&A expenses decreased by \$7.2 million, or 1.4%, to \$517.2 million. The year 2000 includes \$7.0 million of other charges, related primarily to a deteriorating credit environment and customer bankruptcies that continued at similar levels in 2001. Core business SG&A expenses decreased \$15.7 million or 3.1% from 2000, due principally to decreased payroll costs as the Company reduced its headcount throughout the year as it rebalanced its branch and headquarters staff to be in line with developing economic activity. Additionally, incentive compensation expense decreased in 2001 as sales and profitability declines reduced both commission and bonus requirements. Shipping and handling expense included in SG&A was \$38.2 million in 2001 compared with \$33.7 million in 2000. Bad debt expense was \$10.3 million for 2001 compared to \$11.2 million for 2000. As a percentage of sales, excluding the other charges, SG&A expenses increased to 14.1% in 2001 from 13.3% in 2000, reflecting the negative leverage of lower sales volume.

Depreciation and Amortization. Depreciation and amortization increased \$6.0 million to \$31.0 million in 2001, reflecting depreciation related to increases in property, buildings and equipment over the prior year, higher amortization of goodwill from acquisitions and higher amortization of software costs.

Income from Operations. Income from operations decreased \$30.1 million to \$95.3 million in 2001, compared with \$125.4 million in 2000. Income from operations in 2000 includes a restructuring charge of \$9.4 million. Approximately \$8.0 million of the charge was inventory and investment write-offs associated with management's decision to close branches and no longer pursue its business strategy with an affiliate. The remaining \$1.4 million in charges related to other costs associated with the branch closures, including \$1.0 million for lease termination payments and \$0.4 million in severance payments. Excluding the restructuring charge and the aforementioned other charges of \$11.4 million, operating income decreased by \$50.8 million, due principally to the decline in gross profit and the increase in depreciation and amortization.

Interest and Other Expenses. Interest expense totaled \$45.1 million for 2001, an increase of \$1.4 million from 2000. The increase in interest expense results primarily from an increase in average debt level compared to the previous year somewhat offset by lower average interest rates. Other expense totaled \$16.9 million and \$24.9

million in 2001 and 2000, respectively, reflecting costs associated with the Receivables Facility. The \$8.0 million decrease was principally due to a decrease in the program's advance rates.

Income Taxes. Income tax expense totaled \$13.1 million in 2001, a decrease of \$10.1 million from 2000. The effective tax rates for 2001 and 2000 were 39.4% and 41.0%, respectively. The decrease in the rate in 2001 is principally related to the effect of foreign tax credits on decreased pretax income as compared to the prior year.

Net Income. Net income and diluted earnings per share totaled \$20.2 million and \$0.43 per share, respectively, in 2001, compared with \$33.4 million and \$0.70 per share, respectively, in 2000.

LIQUIDITY AND CAPITAL RESOURCES

Total assets were approximately \$1.0 billion at December 31, 2002, a \$142.8 million decrease from December 31, 2001. Stockholders' equity totaled \$169.3 million at December 31, 2002, compared with \$144.7 million at December 31, 2001.

The following table sets forth WESCO's outstanding indebtedness:

	DECEMBER 31	
	2002	2001
	(IN MILLIONS)	
Mortgage facility	\$ 13.3	\$ --
Revolving credit facility	10.0	68.6
Senior subordinated notes	389.0	377.7
Other	5.7	5.6
	418.0	451.9
Less current portion	(5.8)	(5.5)
	\$412.2	\$446.4
	=====	=====

The following table sets forth details of WESCO's Receivables Facility:

	DECEMBER 31	
	2002	2001
	(IN MILLIONS)	
Securitized accounts receivable	\$346.0	\$395.0
Subordinated retained interest	(53.0)	(65.0)
	\$293.0	\$330.0
	=====	=====

WESCO's liquidity needs arise from seasonal working capital requirements, capital expenditures, acquisitions and debt service obligations. In addition, certain of our acquisition agreements contain earn-out provisions based principally on future earnings targets. The most significant of these agreements relates to the acquisition of Bruckner Supply Company, which provides for an earn-out potential of \$80 million during any one of the next three years if certain earnings targets are achieved. WESCO paid \$10 million pursuant to this agreement in April 2002. The maximum amount payable in any single year under this agreement is \$30 million. Certain other acquisitions also contain contingent consideration provisions, only one of which could require a significant payment. Management estimates this payment could range from \$0 to \$20 million and would be made in 2008. To meet its funding requirements, WESCO uses a mix of internally generated cash flow, its revolving credit facility, its Receivables Facility and equity transactions.

The following table summarizes the impact of these items for the fiscal years presented:

	2002	DECEMBER 31 2001	2000
	-----	-----	-----
	(IN MILLIONS)		
Working capital and other assets and liabilities ...	\$ (4.3)	\$ 140.4	\$ (64.1)
Capital expenditures, net of asset sales	(8.6)	(12.9)	(20.0)
Acquisitions of businesses	(14.5)	(56.3)	(40.9)
Scheduled debt service obligations	--	(0.6)	(3.8)
Internally generated cash flow	61.8	65.7	71.0
Credit facility activity	(45.3)	(36.6)	57.1
Receivables facility	(37.0)	(45.0)	40.0
Stock transactions	0.6	0.5	(26.8)
Other	(5.2)	(1.2)	(0.2)
	-----	-----	-----
Net change in cash	\$ (52.5)	\$ 54.0	\$ 12.3
	=====	=====	=====

In 2003, WESCO anticipates capital expenditures to be similar to 2002. As of February 28, 2003, the Company has no specific near-term plans to make an acquisition. Acquisition-related earn-out payments, if required, will be based on the performance of acquired companies.

The required annual principal repayments for the next five years and thereafter, as of December 31, 2002 (in thousands):

2003	\$ 5,778
2004	315
2005	336
2006	334
2007	10,350
Thereafter	411,824

Mortgage Financing Facility

WESCO has entered into a \$51 million mortgage financing facility, \$13 million of which was outstanding as of December 31, 2002. Total borrowings under the mortgage financing are subject to a 22-year amortization schedule with a balloon payment due at the end of the 10-year term. Proceeds from the borrowings were used to reduce outstanding borrowings under the 2002 Revolving Credit Facility.

2002 Revolving Credit Facility

In March 2002, WESCO Distribution, Inc. entered into a \$290 million revolving credit agreement that is collateralized by substantially all inventory owned by WESCO and also by the accounts receivable of WESCO Canada. Availability under the agreement, which matures in 2007, is limited to the amount of eligible inventory and Canadian receivables applied against certain advance rates. Proceeds from this agreement were used to retire WESCO Distribution Inc.'s existing revolving credit facility. Interest on this facility is at LIBOR plus a margin that will range between 2.0% to 2.75% depending upon the amount of excess availability under the facility. As long as the average daily excess availability for both the preceding and projected succeeding 90 day period is greater than \$50 million, then WESCO would be permitted to make acquisitions and repurchase outstanding public stock and bonds. The above permitted transactions would also be allowed if such excess availability is between \$25 million and \$50 million and WESCO's fixed charge coverage ratio, as defined by the agreement, is at least 1.25 to 1.0 after taking into consideration the permitted transaction. Additionally, if excess availability under the agreement is less than \$50 million, then WESCO must maintain a fixed charge coverage ratio of 1.1 to 1.0. At December 31, 2002 the interest rate was 4.0%. This facility also had various restrictive covenants including financial ratios. WESCO

was in compliance with all such covenants as of December 31, 2002. At December 31, 2002, WESCO had approximately \$154 million available under its 2002 Revolving Credit Facility compared to approximately \$47 million available at December 31, 2001.

Senior Notes

WESCO has \$400 million in aggregate principal amount of senior subordinated notes due 2008. The notes were issued with an average issue price of 98%. The net proceeds received by the Company from the notes were approximately \$376 million.

Interest Rate Swap Agreements

During September and October of 2001, WESCO entered into four separate fixed-to-floating interest rate swap agreements, each with a notional amount of \$25 million. These agreements have six-year terms expiring concurrently with the 9.13% senior subordinated notes with the intent of converting \$100 million of the senior subordinated notes from a fixed-to-floating rate facility. Pursuant to these agreements, WESCO will receive fixed interest payments at the rate of 9.13% and will pay interest at three-month LIBOR plus a premium. The LIBOR rates in the agreements are reset quarterly. In 2002, the agreements had the effect of reducing the interest cost on \$100 million of the senior notes from 9.13% to 6.00%. The agreements can be terminated by the counterparty in accordance with a redemption schedule that is consistent with the redemption schedule for the senior subordinated notes.

WESCO entered into interest rate swap agreements as a means to hedge its interest rate exposure and maintain certain amounts of variable rate and fixed rate debt. Since the swaps have been designated as hedging instruments, their fair values are reflected in the Company's Consolidated Balance Sheets. Net amounts to be received or paid under the swap agreements are reflected as adjustments to interest expense.

Accounts Receivable Securitization Program

WESCO maintains a Receivables Facility with a group of financial institutions with a purchase commitment up to \$396 million. Under the Receivables Facility, which is subject to an annual renewal in June 2003, WESCO sells, on a continuous basis, to WESCO Receivables Corporation, a wholly-owned SPC, an undivided interest in all domestic accounts receivable. The SPC sells without recourse to a third-party conduit, all the eligible receivables while maintaining a subordinated interest, in the form of overcollateralization, in a portion of the receivables. WESCO has agreed to continue servicing the sold receivables for the financial institution at market rates; accordingly, no servicing asset or liability has been recorded. See Note 6 to the Consolidated Financial Statements.

Cash Flow

An analysis of cash flows for 2002 and 2001 follows:

Operating Activities. Cash provided by operating activities totaled \$20.4 million for the year ended December 31, 2002, compared to \$161.1 million a year ago. Cash provided by operations in 2002 and 2001 included \$37.0 million and \$45.0 million, respectively, of net cash outflows related to WESCO's Receivables Facility. Excluding these transactions, operating activities provided \$57.4 million in 2002 and \$206.1 million in 2001. On this basis, the year-to-year decrease in operating cash flow of \$148.7 million was primarily due to a decrease of accounts payable.

Investing Activities. Net cash used in investing activities was \$23.1 million in 2002, compared to \$69.2 million in 2001. Cash used for investing activities was higher in 2001 due to \$41.8 million more in acquisition payments and \$4.5 million more in capital expenditures. Capital expenditures in 2002 were \$9.3 million compared to \$13.8 million in 2001 and were for computer equipment and software, and branch and distribution center facility improvements.

Financing Activities. Cash used by financing activities in 2002 was \$49.9 million primarily for net debt repayments and costs associated with the issuance of debt. Cash used by financing activities was \$38.0 million in 2001 that was primarily due to net debt repayments of \$37.2 million.

Contractual Cash Obligations and Other Commercial Commitments

The following summarizes WESCO's contractual obligations at December 31, 2002, and the effect such obligations are expected to have on its liquidity and cash flow in future periods.

(IN MILLIONS)					
TOTAL	2003	2004 TO 2005	2006 TO 2007	AFTER 2007	
Contractual cash obligations:					
Mortgage facility	\$ 13.3	\$ 0.2	\$ 0.6	\$ 0.7	\$ 11.8
Revolving credit facility	10.0	--	--	10.0	--
Senior subordinated notes	400.0	--	--	--	400.0
Non-cancelable operating leases	92.1	24.7	38.4	19.9	9.1
Other long-term obligations	5.7	5.6	0.1	--	--
Total contractual cash obligations ...	\$521.1	\$ 30.5	\$ 39.1	\$ 30.6	\$420.9

(IN MILLIONS)					
TOTAL	2003	2004 TO 2005	2006 TO 2007	AFTER 2007	
Other commercial commitments:					
Standby letters of credit	\$ 16.6	\$ 16.6	\$ --	\$ --	\$ --

Management believes that cash generated from operations, together with amounts available under the credit agreement and the Receivables Facility, will be sufficient to meet WESCO's working capital, capital expenditures and other cash requirements for the foreseeable future. There can be no assurance, however, that this will be or will continue to be the case.

INFLATION

The rate of inflation, as measured by changes in the consumer price index, did not have a material effect on the sales or operating results of the Company during the periods presented. However, inflation in the future could affect the Company's operating costs. Price changes from suppliers have historically been consistent with inflation and have not had a material impact on the Company's results of operations.

SEASONALITY

The Company's operating results are affected by certain seasonal factors. Sales are typically at their lowest during the first quarter due to a reduced level of activity during the winter months. Sales increase during the warmer months beginning in March and continuing through November. Sales drop again slightly in December as the weather cools and also as a result of a reduced level of activity during the holiday season. As a result, the Company reports sales and earnings in the first quarter that are generally lower than that of the remaining quarters.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," under which a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized at fair value when the liability is incurred. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002. The Company does not believe that the adoption of this statement will have a material impact on its financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosure -- an amendment of SFAS No. 123." SFAS No. 148 was issued to provide alternative methods of transition for a voluntary change to the fair-value-based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The amendments to SFAS No. 123 in paragraphs 2(a)-2(e) of this statement shall be effective for financial statements for fiscal years ending after December 15, 2002. Currently, WESCO is evaluating the impact of adopting the fair-value-based method of accounting for stock-based compensation under SFAS No. 148.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. This interpretation does not prescribe a specific approach for subsequently measuring the guarantor's recognized liability over the term of the related guarantee. This interpretation also incorporates, without change, the guidance in FASB Interpretation No. 34, "Disclosure of Indirect Guarantees of Indebtedness of Others," which is being superseded. The initial recognition and initial measurement provisions of this interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002 and the disclosure requirements in this interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. WESCO includes the required disclosure of this interpretation in Notes 10 and 18 to the Consolidated Financial Statements.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." This interpretation requires unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse the risk and rewards of ownership among their owners and other parties involved. The provisions of this interpretation are effective immediately to all variable interest entities created after January 1, 2003 and variable interest entities in which an enterprise obtains an interest in after that date. For variable interest entities created before this date, the provisions are effective July 31, 2003. WESCO is currently evaluating the potential impact of this interpretation on its consolidated financial statements, however, WESCO does not believe it will affect the accounting treatment for its Receivables Facility.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

FOREIGN CURRENCY RISKS

Over 90% of WESCO's sales are denominated in U. S. dollars and are primarily from customers in the United States. As a result, currency fluctuations are currently not material to WESCO's operating results. WESCO does have foreign subsidiaries located in North America, Europe and Asia and may establish additional foreign subsidiaries in the future. Accordingly, WESCO may derive a more significant portion of its sales from international operations and a portion of these sales may be denominated in foreign currencies. As a result, WESCO's future operating results could become subject to fluctuations in the exchange rates of those currencies in relation to the U. S. dollar. Furthermore, to the extent that WESCO engages in international sales denominated in U. S. dollars, an increase in the value of the U. S. dollar relative to foreign currencies could make WESCO's products

less competitive in international markets. WESCO has and will continue to monitor its exposure to currency fluctuations.

INTEREST RATE RISKS

WESCO's indebtedness as of December 31, 2002 is comprised of \$10.0 million of variable-rate borrowings outstanding under its revolving credit facility and \$408.0 million of fixed-rate borrowings. Interest cost under the revolving credit facility is based on various indices plus a borrowing margin.

In September and October of 2001, WESCO entered into several fixed-to-floating interest rate swap agreements with an aggregate notional amount of \$100 million. Under the terms of these agreements, WESCO pays interest on the notional amount of the swap at LIBOR plus a premium and receives fixed payments at the rate of 9 1/8%. The LIBOR rates in the agreements are reset quarterly. At December 31, 2002, the net fair value of interest-rate-related derivatives designated as fair value hedges of debt resulted in an increase of \$5.1 million. These interest rate swap agreements reduced interest expense by approximately \$3.1 million in 2002. The agreements can be terminated under certain conditions. There is no assurance WESCO could find comparable interest rate swap agreements to continue to reduce interest expense at current levels.

At December 31, 2002, WESCO had approximately \$110.0 million of variable rate debt, which includes the effect of \$100 million in interest rate swaps. A hypothetical 10% change in interest rates based on these variable-rate borrowing levels would result in a \$0.6 million increase or decrease in interest expense.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this item is set forth in the Company's Consolidated Financial Statements contained in this Annual Report on Form 10-K. Specific financial statements can be found at the pages listed below:

WESCO International, Inc.	PAGE

Report of Independent Accountants	29
Consolidated Balance Sheets as of December 31, 2002 and 2001	30
Consolidated Statements of Operations for the years ended December 31, 2002, 2001 and 2000	31
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2002, 2001 and 2000	32
Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001 and 2000	33
Notes to Consolidated Financial Statements	34

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors
of WESCO International, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity and cash flows present fairly, in all material respects, the financial position of WESCO International, Inc. and its subsidiaries (collectively, "WESCO") at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of WESCO's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 4 to the Consolidated Financial Statements, WESCO adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Accordingly, WESCO changed its method of accounting for goodwill in 2002.

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
February 12, 2003

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	2002	2001
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 22,570	\$ 75,057
Trade accounts receivable, net of allowance for doubtful accounts of \$10,261 and \$11,816 in 2002 and 2001, respectively (NOTE 6)	182,249	217,920
Other accounts receivable	19,921	26,413
Inventories, net	338,781	380,022
Income taxes receivable	6,103	3,643
Prepaid expenses and other current assets	7,433	6,639
Current deferred income taxes (NOTE 12)	--	8,341
	-----	-----
Total current assets	577,057	718,035
Property, buildings and equipment, net (NOTE 9)	110,174	120,599
Goodwill	314,078	311,073
Other assets	13,809	8,251
	-----	-----
Total assets	\$ 1,015,118	\$ 1,157,958
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 346,513	\$ 469,107
Accrued payroll and benefit costs	19,736	16,480
Current portion of long-term debt	5,778	5,530
Current deferred income taxes (NOTE 12)	3,408	--
Other current liabilities	23,040	38,362
	-----	-----
Total current liabilities	398,475	529,479
Long-term debt (NOTE 10)	412,196	446,436
Other noncurrent liabilities	5,684	10,086
Deferred income taxes (NOTE 12)	29,475	27,306
	-----	-----
Total liabilities	845,830	1,013,307
Commitments and contingencies (NOTE 16)		
STOCKHOLDERS' EQUITY (NOTES 3 AND 11):		
Preferred stock, \$.01 par value; 20,000,000 shares authorized, no shares issued or outstanding	--	--
Common stock, \$.01 par value; 210,000,000 shares authorized, 44,483,513 and 44,269,810 shares issued in 2002 and 2001, respectively	445	443
Class B nonvoting convertible common stock, \$.01 par value; 20,000,000 shares authorized, 4,653,131 issued in 2002 and 2001	46	46
Additional capital	570,923	569,997
Retained earnings (deficit)	(366,796)	(389,919)
Treasury stock, at cost; 4,033,020 and 4,032,648 shares in 2002 and 2001, respectively	(33,841)	(33,852)
Accumulated other comprehensive income (loss)	(1,489)	(2,064)
	-----	-----
Total stockholders' equity	169,288	144,651
	-----	-----
Total liabilities and stockholders' equity	\$ 1,015,118	\$ 1,157,958
	=====	=====

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

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Net sales	\$3,325,780	\$3,658,033	\$3,881,096
Cost of goods sold	2,735,006	3,014,520	3,196,952
Gross profit	590,774	643,513	684,144
Selling, general and administrative expenses	494,382	517,156	524,309
Depreciation and amortization	19,767	30,972	24,993
Restructuring charge (NOTE 5)	--	--	9,404
Income from operations	76,625	95,385	125,438
Interest expense, net	42,985	45,140	43,780
Loss on debt extinguishment	1,073	--	--
Other expenses (NOTE 6)	6,597	16,877	24,945
Income before income taxes	25,970	33,368	56,713
Provision for income taxes (NOTE 12)	2,847	13,143	23,275
Net income	\$ 23,123	\$ 20,225	\$ 33,438
Earnings per share (NOTE 13)			
Basic	\$ 0.51	\$ 0.45	\$ 0.74
Diluted	\$ 0.49	\$ 0.43	\$ 0.70

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

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	COMPREHENSIVE INCOME	COMMON STOCK	CLASS B COMMON STOCK	ADDITIONAL CAPITAL	RETAINED EARNINGS (DEFICIT)	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
	-----	-----	-----	-----	-----	-----	-----
	(IN THOUSANDS)						
BALANCE, DECEMBER 31, 1999		\$ 433	\$ 46	\$ 565,897	\$(443,582)	\$ (4,790)	\$ (699)
Repurchase of common stock						(28,064)	
Exercise of stock options, including tax benefit, net .		8		3,391		(552)	
Net income	\$ 33,438				33,438		
Translation adjustment	(539)						(539)
Comprehensive income	\$ 32,899						
	=====	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 2000		441	46	569,288	(410,144)	(33,406)	(1,238)
Exercise of stock options, including tax benefit, net .		2		709		(446)	
Net income	\$ 20,225				20,225		
Translation adjustment	(826)						(826)
Comprehensive income	\$ 19,399						
	=====	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 2001		443	46	569,997	(389,919)	(33,852)	(2,064)
Exercise of stock options, including tax benefit, net .		2		926		(73)	
Treasury stock issuance						84	
Net income	\$ 23,123				23,123		
Translation adjustment	575						575
Comprehensive income	\$ 23,698						
	=====	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 2002		\$ 445	\$ 46	\$ 570,923	\$(366,796)	\$ (33,841)	\$ (1,489)
		=====	=====	=====	=====	=====	=====

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

WESCO INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
	(IN THOUSANDS)		
OPERATING ACTIVITIES:			
Net income	\$ 23,123	\$ 20,225	\$ 33,438
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on debt extinguishment	1,073	--	--
Restructuring charge	--	--	9,404
Depreciation and amortization	19,767	30,972	24,993
Accretion of original issue and amortization of purchase discounts	2,972	1,799	1,147
Amortization of debt issuance and interest rate cap costs	945	1,168	608
Gain on sale of property, buildings and equipment	(43)	(520)	(841)
Deferred income taxes	13,918	12,035	2,260
Changes in assets and liabilities, excluding the effects of acquisitions:			
Change in receivables facility	(37,000)	(45,000)	40,000
Trade and other receivables	79,163	106,072	(97,570)
Inventories	41,241	48,511	(16,047)
Prepaid expenses and other current assets	(2,935)	(1,642)	(1,609)
Other assets	2,402	(836)	(99)
Accounts payable	(122,594)	3,402	39,345
Accrued payroll and benefit costs	3,256	(10,547)	8,488
Other current and noncurrent liabilities	(4,860)	(4,547)	3,394
Net cash provided by operating activities	20,428	161,092	46,911
INVESTING ACTIVITIES:			
Capital expenditures	(9,349)	(13,820)	(21,552)
Proceeds from the sale of property, buildings and equipment	755	933	1,543
Receipts from affiliate	--	--	224
Acquisitions, net of cash acquired	(14,466)	(56,269)	(40,904)
Net cash used by investing activities	(23,060)	(69,156)	(60,689)
FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	552,436	766,363	724,038
Repayments of long-term debt	(597,710)	(803,548)	(670,734)
Debt issuance costs	(5,201)	(1,262)	(475)
Proceeds from issuance of common stock, net of offering costs, and exercise of options	620	489	1,273
Repurchase of common stock	--	--	(28,064)
Net cash (used) provided by financing activities	(49,855)	(37,958)	26,038
Net change in cash and cash equivalents	(52,487)	53,978	12,260
Cash and cash equivalents at the beginning of period	75,057	21,079	8,819
Cash and cash equivalents at the end of period	\$ 22,570	\$ 75,057	\$ 21,079
	=====	=====	=====
SUPPLEMENTAL DISCLOSURES:			
Cash paid for interest	\$ 38,885	\$ 41,914	\$ 41,676
Cash (refund) paid for taxes	(9,061)	3,259	19,589
Other non-cash activities:			
(Increase) decrease in fair value of interest rate swap	(8,310)	3,177	--
Write-off of investment in affiliate	--	--	4,000

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

1. ORGANIZATION

WESCO International, Inc. and its subsidiaries (collectively, "WESCO"), headquartered in Pittsburgh, Pennsylvania, is a full-line distributor of electrical supplies and equipment and is a provider of integrated supply procurement services. WESCO currently operates over 350 branch locations and five distribution centers in the United States, Canada, Mexico, Puerto Rico, Guam, the United Kingdom, Nigeria and Singapore.

On June 5, 1998, WESCO repurchased and retired all of the common stock of WESCO principally held by non-management shareholders for \$10.75 per share for net consideration of approximately \$653.5 million. In addition, WESCO repaid approximately \$379.1 million of then outstanding indebtedness, and sold 29,604,351 shares of common stock to an investor group led by affiliates of the Cypress Group LLC ("Cypress") representing approximately 88.7% of WESCO at that time for an aggregate cash consideration of \$318.1 million. Existing management retained approximately an 11.3% interest in WESCO immediately following the transaction. WESCO funded the equity consideration and the repayment of indebtedness from proceeds of the cash equity contribution, issuance of approximately \$351 million of senior subordinated and senior discount notes, a \$170 million credit facility and the sale of approximately \$250 million of accounts receivable. Given the 11.3% retained ownership, the transaction was treated as a recapitalization for financial reporting purposes and, accordingly, the historical bases of WESCO's assets and liabilities were not affected.

2. ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of WESCO International, Inc. and all of its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions WESCO may undertake in the future, actual results may ultimately differ from the estimates.

Revenue Recognition

Revenues are recognized when title, ownership and risk of loss pass to the customer, or services are rendered. In nearly all cases, this occurs at the time of shipment from our distribution point, as the terms of virtually all of WESCO's sales are FOB shipping point.

Supplier Volume Rebates

WESCO receives rebates from certain suppliers based on contractual arrangements with such suppliers. An asset on the balance sheet represents the estimated amounts due to WESCO under the rebate provisions of such contracts. The corresponding rebate income is recorded as a reduction of cost of goods sold. The appropriate level of such income is derived from the level of actual purchases being made by WESCO from suppliers, in accordance with the provisions of Emerging Issues Task Force ("EITF") Issue No. 02-16, "Accounting by a Reseller for Cash Consideration Received from a Vendor."

Shipping and Handling Costs and Fees

WESCO records the majority of costs and fees associated with transporting its products to customers as a component of selling, general and administrative expenses. These costs totaled \$37.2 million, \$38.2 million and \$33.7 million in 2002, 2001 and 2000, respectively.

The remaining shipping and handling costs relate to costs that are billed to our customers. These costs and the related revenue are included in net sales in the consolidated statement of operations.

Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less when purchased.

Asset Securitization

WESCO accounts for the securitization of accounts receivable in accordance with Statement of Financial Accounting Standards ("SFAS") No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time the receivables are sold the balances are removed from the balance sheet. SFAS No. 140 also requires retained interests in the transferred assets to be measured by allocating the previous carrying amount between the assets sold and retained interests based on their relative fair values at the date of transfer. The Company estimates fair value based on the present value of expected future cash flows discounted at a rate commensurate with the risks involved.

Allowance for Doubtful Accounts

WESCO maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. WESCO has a systematic procedure using estimates based on historical data and reasonable assumptions of collectibility made at the local branch level and at the consolidated corporate basis to calculate the allowance for doubtful accounts. If the financial condition of WESCO's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The allowance for doubtful accounts was \$10.3 million at December 31, 2002 and \$11.8 million at December 31, 2001.

Inventories

Inventories primarily consist of merchandise purchased for resale and are stated at the lower of cost or market. Cost is determined principally under the average cost method. The Company makes provisions for obsolete or slow-moving inventories as necessary to properly reflect inventory value. Reserves for excess and obsolete inventories were \$11.9 million and \$16.8 million at December 31, 2002 and 2001, respectively.

Property, Buildings and Equipment

Property, buildings and equipment are recorded at cost. Depreciation expense is determined using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over either their respective lease terms or their estimated lives, whichever is shorter. Estimated useful lives range from five to forty years for buildings and leasehold improvements, three to seven years for furniture, fixtures and equipment and two to five years for software costs.

Expenditures for new facilities and improvements that extend the useful life of an asset are capitalized. Ordinary repairs and maintenance are expensed as incurred. When property is retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any related gains or losses are recorded.

Goodwill

Prior to the adoption of SFAS No. 142 discussed in Note 4, goodwill arising from acquisitions was amortized on a straight-line basis over periods ranging from 25 to 35 years. The carrying value of goodwill was regularly reviewed by evaluating the estimated future undiscounted cash flows to determine recoverability of the assets.

Intangible Assets

WESCO's intangible assets consist primarily of non-compete agreements with contractually determined lives. The carrying value of these intangible assets were \$3.2 million and \$3.6 million at December 31, 2002 and 2001, respectively and are regularly reviewed by evaluating the estimated future undiscounted cash flows to determine recoverability of the assets. Any decrease in value is recognized on a current basis.

Income Taxes

Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances, if any, are provided when a portion or all of a deferred tax asset may not be realized.

Foreign Currency Translation

The local currency is the functional currency for all of WESCO's operations outside the United States. Assets and liabilities of these operations are translated to U.S. dollars at the exchange rate in effect at the end of each period. Income statement accounts are translated at the average exchange rate prevailing during the period. Translation adjustments arising from the use of differing exchange rates from period to period are included as a component of stockholders' equity. Gains and losses from foreign currency transactions are included in net income for the period.

Treasury Stock

Common stock purchased for treasury is recorded at cost. At the date of subsequent reissue, the treasury stock account is reduced by the cost of such stock on the weighted average cost basis.

Stock Options

WESCO accounts for stock-based compensation arrangements under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB 25") and related interpretations. WESCO currently records compensation expense for its stock options utilizing the intrinsic value method in accordance with APB 25. No stock-based employee compensation cost has been reflected in net income, as all options granted in the years ended December 31, 2002, 2001 and 2000 had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if WESCO had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," to measure stock-based compensation:

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
	(IN THOUSANDS)		
Net income, as reported	\$ 23,123	\$ 20,225	\$ 33,438
Stock-based employee compensation expense determined under SFAS No. 123 for all awards, net of related tax	2,429	2,874	2,459
Pro forma net income	\$ 20,694	\$ 17,351	\$ 30,979
Earnings per share:			
Basic as reported	\$ 0.51	\$ 0.45	\$ 0.74
Basic pro forma	\$ 0.46	\$ 0.39	\$ 0.68
Diluted as reported	\$ 0.49	\$ 0.43	\$ 0.70
Diluted pro forma	\$ 0.44	\$ 0.37	\$ 0.65

The weighted average fair value per option granted was \$4.57, \$2.99 and \$4.82 for the years ended December 31, 2002, 2001 and 2000, respectively.

For purposes of presenting pro forma results, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model and the following assumptions:

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
Risk-free interest rate	3.4%	4.9%	6.0%
Expected life (years)	6.0	6.0	6.0
Stock price volatility	75.0%	65.0%	45.0%
Employee turnover	5.0%	5.0%	5.0%

Fair Value of Financial Instruments

For certain of WESCO's financial instruments, including cash and cash equivalents, accounts receivable, notes payable and variable-rate borrowings, accounts payable and other accrued liabilities, the carrying values approximate fair value due to their short maturities. WESCO's \$400 million senior subordinated notes were issued at an average discount of 2.1% and were trading at a discount of 20% at December 31, 2002.

Interest Rate Swaps

WESCO enters into interest rate swap agreements to reduce the exposure of its debt to interest rate risk and formally documents this strategy as part of its risk management program. Interest rate swaps are used to modify the market risk exposures for a portion of WESCO's debt to achieve LIBOR-based floating interest expense. The swap transactions generally involve the exchange of fixed-for-floating interest payment obligations and are accounted for as fair value hedges. The gain or loss on the derivative instrument, as well as the offsetting gain or loss on the hedged item, is recognized in earnings in the current period.

WESCO estimates the fair value of derivatives based on quoted market prices or pricing models using current market rates, and records all derivatives on the balance sheet at fair value. At December 31, 2002, the fair value of interest-rate-related derivatives designated as fair value hedges of debt was \$5.1 million and is recorded in non-current assets. Cash flows from derivative instruments are presented in a manner consistent with the underlying transaction.

Environmental Expenditures

WESCO has facilities and operations that distribute certain products that must comply with environmental regulations and laws. Expenditures for current operations are expensed or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, and which do not contribute to future revenue, are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current year presentation.

Recent Accounting Pronouncements

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," under which a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized at fair value when the liability is incurred. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002. WESCO does not believe that the adoption of this statement will have a material impact on its financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosure -- an amendment of SFAS No. 123." SFAS No. 148 was issued to provide alternative methods of transition for a voluntary change to the fair-value-based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based

employee compensation and the effect of the method used on reported results. The amendments to SFAS No. 123 in paragraphs 2(a)-2(e) of this statement shall be effective for financial statements for fiscal years ending after December 15, 2002. Currently, WESCO is evaluating the impact of adopting the fair-value-based method of accounting for stock-based compensation under SFAS No. 148.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. This interpretation does not prescribe a specific approach for subsequently measuring the guarantor's recognized liability over the term of the related guarantee. This interpretation also incorporates, without change, the guidance in FASB Interpretation No. 34, "Disclosure of Indirect Guarantees of Indebtedness of Others," which is being superseded. The initial recognition and initial measurement provisions of this interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002 and the disclosure requirements in this interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. WESCO includes the required disclosure of this interpretation in Notes 10 and 18 to the Consolidated Financial Statements.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." This interpretation requires unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse the risk and rewards of ownership among their owners and other parties involved. The provisions of this interpretation are effective immediately to all variable interest entities created after January 1, 2003 and variable interest entities in which an enterprise obtains an interest in after that date. For variable interest entities created before this date, the provisions are effective July 31, 2003. WESCO is currently evaluating the potential impact of this interpretation on its consolidated financial statements, however, WESCO does not believe it will affect the accounting treatment for its Receivables Facility.

3. INITIAL PUBLIC OFFERING

On May 17, 1999, WESCO completed its initial public offering of 11,183,750 shares of common stock ("Offering") at \$18.00 per share. In connection with the Offering, certain employee rights to require WESCO to repurchase outstanding redeemable common stock were terminated and approximately \$31.5 million of convertible notes were converted into 1,747,228 shares of common stock. Proceeds from the Offering (after deducting Offering costs of \$14.5 million) totaling \$186.8 million and borrowings of approximately \$65 million were used to redeem all of the 11 1/8% senior discount notes (\$62.8 million) and to repay the existing revolving credit and term loan facilities (\$188.8 million).

In connection with the Offering, the Board of Directors approved a 57.8 to one stock split effected in the form of a stock dividend of WESCO's common stock. The Board of Directors also reclassified the Class A common stock into common stock, increased the authorized common stock to 210,000,000 shares and the authorized Class B common stock to 20,000,000 shares and authorized 20,000,000 shares of \$.01 par value preferred stock, all effective May 11, 1999. In this report, all share and per share data have been restated to reflect the stock split.

4. GOODWILL

Effective January 1, 2002, WESCO adopted SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 141, all business combinations are accounted for under the purchase method. Under SFAS No. 142, goodwill is no longer amortized, but will be reduced if it is found to be impaired. Goodwill is tested for impairment annually or more frequently when events or circumstances occur indicating that goodwill might be impaired. During 2002, WESCO completed its transitional and annual impairment reviews required by SFAS No. 142. Each of WESCO's seven reporting units was tested for impairment by comparing the implied fair value of each reporting unit with its carrying value using discounted cash flow analyses. Considerable management judgment is necessary to estimate discounted future cash flows. Assumptions used for these estimated cash flows were based on a combination of historical results and current internal forecasts. No impairment losses were identified as a result of these reviews.

The changes in the carrying amount of goodwill for the year ended December 31, 2002 are as follows (in thousands):

Balance as of January 1, 2002	\$311,073
Goodwill additions during year	3,005

Balance as of December 31, 2002	\$314,078
	=====

In conformity with SFAS No. 142, the results of prior periods have not been restated. The following is a reconciliation of the impact of not amortizing goodwill on prior periods of WESCO's net income and earnings per share for the years December 31, 2002, 2001 and 2000.

Dollars in thousands, except per share amounts	YEAR ENDED DECEMBER 31		
	2002	2001	2000
Reported net income	\$ 23,123	\$ 20,225	\$ 33,438
Goodwill amortization, net of tax	--	7,236	5,877
	-----	-----	-----
Adjusted net income	\$ 23,123	\$ 27,461	\$ 39,315
Basic earnings per share:			
Reported net income	\$ 0.51	\$ 0.45	\$ 0.74
Goodwill amortization, net of tax	--	0.16	0.13
	-----	-----	-----
Adjusted net income	\$ 0.51	\$ 0.61	\$ 0.87
	=====	=====	=====
Diluted earnings per share:			
Reported net income	\$ 0.49	\$ 0.43	\$ 0.70
Goodwill amortization, net of tax	--	0.15	0.12
	-----	-----	-----
Adjusted net income	\$ 0.49	\$ 0.58	\$ 0.82
	=====	=====	=====

5. RESTRUCTURING CHARGE

In the fourth quarter of 2000, WESCO commenced certain programs to reduce costs, improve productivity and exit certain operations. Total costs under these programs were \$9.4 million, and were comprised of \$5.4 million related to the closure of fourteen branch operations in the United States, Canada and the Balkans, and \$4.0 million related to the non-cash write-down of an investment in an affiliate. The \$5.4 million charge related to the closure of fourteen branch operations is principally comprised of an inventory write-down of approximately \$4.0 million and lease termination costs of approximately \$1.0 million, of which \$0.7 million was paid through December 31, 2002. The \$4.0 million investment write-down was a result of management's decision to no longer pursue its business strategy with an affiliate.

6. ACCOUNTS RECEIVABLE SECURITIZATION

WESCO maintains an accounts receivable securitization program ("Receivables Facility") that requires an annual renewal of its terms. Under the Receivables Facility, WESCO sells, on a continuous basis, to WESCO Receivables Corporation, a wholly-owned, special purpose company ("SPC"), an undivided interest in all domestic accounts receivable. The SPC sells without recourse to a third-party conduit all the eligible receivables while maintaining a subordinated interest, in the form of overcollateralization, in a portion of the receivables. WESCO has agreed to continue servicing the sold receivables for the financial institution at market rates; accordingly, no servicing asset or liability has been recorded.

As of December 31, 2002 and 2001, securitized accounts receivable totaled approximately \$346 million and \$395 million, respectively, of which the subordinated retained interest was approximately \$53 million and \$65 million, respectively. Accordingly, approximately \$293 million and \$330 million of accounts receivable balances were removed from the consolidated balance sheets at December 31, 2002 and 2001, respectively. WESCO reduced its Receivables Facility by \$37.0 million in 2002 and by \$45.0 million in 2001. Costs associated with the Receivables Facility totaled \$6.6 million, \$16.9 million and \$24.9 million in 2002, 2001 and 2000, respectively. These amounts are recorded as other expenses in the consolidated statements of operations and are primarily related to the discount and loss on the sale of accounts receivables, partially offset by related servicing revenue.

The key economic assumptions used to measure the retained interest at the date of the securitization for securitizations completed in 2002 were a discount rate of 3% and an estimated life of 1.5 months. At December 31, 2002, an immediate adverse change in the discount rate or estimated life of 10% and 20% would result in a reduction in the fair value of the retained interest of \$0.3 million and \$0.4 million, respectively. These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this example, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another.

7. ACQUISITIONS

In 2001, WESCO acquired a distributor serving contractors who install gas, lighting and communication utility infrastructure. In 2000, WESCO acquired three electrical distributors. Total goodwill recorded as a result of these acquisitions was approximately \$47 million and \$38 million for the years ended December 31, 2001 and 2000, respectively. Certain of these acquisitions also contain contingent consideration provisions that are not material to the consolidated financial statements of WESCO. A summary of certain information with respect to all acquisitions follows:

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
	(IN THOUSANDS)		
Details of acquisitions:			
Fair value of assets acquired	\$ --	\$ 72,270	\$ 63,764
Deferred acquisition payment	16,466	8,585	3,353
Liabilities assumed	--	(9,586)	(15,963)
Notes issued to seller	--	(5,000)	(2,500)
Deferred acquisition payable	(2,000)	(10,000)	(7,750)
Cash paid for acquisitions	\$ 14,466	\$ 56,269	\$ 40,904

All of the acquisitions were accounted for under the purchase method of accounting for business combinations. The results of operations of these companies are included in the consolidated financial statements prospectively from the acquisition dates. Pro forma results of these acquisitions, assuming they had been made at the beginning of each year presented, would not be materially different from the consolidated results reported herein.

In 1998, WESCO acquired substantially all the assets and assumed substantially all liabilities and obligations relating to the operations of Bruckner Supply Company, Inc. ("Bruckner"). Under the terms of the purchase agreement, additional contingent consideration, if any, is to be paid based on a multiple of increases in earnings before interest, taxes, depreciation and amortization of Bruckner through 2004. Up to 50% of the additional future contingent consideration, if any, may be converted at the election of the holder into common stock at the then market value. The purchase agreement provides for an additional earn-out potential of \$80 million during any one of the next three years if certain earning targets are achieved. WESCO paid, including interest, \$10 million pursuant to this agreement in 2002. The maximum amount payable in any single year under this agreement is \$30 million. Certain other acquisitions also contain contingent consideration provisions, only one of which could require a significant payment. Management estimates this payment could range from \$0 to \$20 million and would be made in 2008.

8. CONCENTRATIONS OF CREDIT RISK AND SIGNIFICANT SUPPLIERS

WESCO distributes its products and services and extends credit to a large number of customers in the industrial, construction, utility and manufactured structures markets. In addition, one supplier accounted for approximately 13%, 14% and 13% of WESCO's purchases for each of the three years, 2002, 2001 and 2000, respectively.

9. PROPERTY, BUILDINGS AND EQUIPMENT

The following table sets forth the components of property, buildings and equipment:

	DECEMBER 31	
	2002	2001
	(IN THOUSANDS)	
Land	\$ 18,349	\$ 18,588
Buildings and leasehold improvements	67,321	66,921
Furniture, fixtures and equipment	80,808	76,899
Software costs	31,940	28,292
	198,418	190,700
Accumulated depreciation and amortization	(90,981)	(72,705)
	107,437	117,995
Construction in progress	2,737	2,604
	\$ 110,174	\$ 120,599
	=====	=====

10. LONG-TERM DEBT

The following table sets forth WESCO's outstanding indebtedness:

	DECEMBER 31	
	2002	2001
	(IN THOUSANDS)	
Revolving credit facility	\$ 10,000	\$ 68,584
Mortgage facility	13,340	--
Senior subordinated notes (1)	389,038	377,756
Other	5,596	5,626
	417,974	451,966
Less current portion	(5,778)	(5,530)
	\$ 412,196	\$ 446,436
	=====	=====

(1) Net of original issue discount of \$8,410 and \$9,963 and purchase discount of \$7,686 and \$9,105 in 2002 and 2001, respectively and including net value of interest rate swap of \$(5,134) and \$3,176 in 2002 and 2001, respectively.

1999 Revolving Credit Facility

In June 1999, WESCO Distribution, Inc., a wholly-owned subsidiary of WESCO, entered into a \$400 million revolving credit facility with certain financial institutions ("1999 Revolving Credit Facility"). The 1999 Revolving Credit Facility consisted of up to \$365 million of revolving loans denominated in U.S. dollars and a Canadian sublimit totaling US\$35 million. Borrowings under the 1999 Revolving Credit Facility were collateralized by substantially all the assets of WESCO Distribution, Inc. other than real property and accounts receivable sold under the Receivables Facility, and are guaranteed by WESCO International, Inc. and certain subsidiaries. In August 2001, WESCO Distribution, Inc. entered into an amendment to the 1999 Revolving Credit Facility, which among other things, affected the pricing and amounts available under the 1999 Revolving Credit Facility. At December 31, 2001, the average interest rate on borrowings under this facility was 6.0%.

In March 2002, the 1999 Revolving Credit Facility was terminated. In conjunction with the termination, WESCO wrote off debt issuance costs of approximately \$1.1 million. In accordance with SFAS No. 145 this amount has not been treated as an extraordinary item.

2002 Revolving Credit Facility

In March 2002, WESCO Distribution, Inc. entered into a \$290 million revolving credit agreement ("2002 Revolving Credit Facility") that is collateralized by substantially all inventory owned by WESCO and also by the accounts receivable of WESCO Distribution Canada, Inc. Availability under the agreement, which matures in 2007, is limited to the amount of eligible inventory and Canadian receivables applied against certain advance rates. Proceeds from this agreement were used to retire WESCO Distribution, Inc.'s 1999 Revolving Credit Facility. Interest on the 2002 Revolving Credit Facility is at LIBOR plus a margin that will range between 2.0% to 2.75% depending upon the amount of excess availability under the facility. As long as the average daily excess availability for both the preceding and projected succeeding 90 day period is greater than \$50 million, WESCO would be permitted to make acquisitions and repurchase outstanding public stock and bonds.

The above permitted transactions would also be allowed if such excess availability is between \$25 million and \$50 million and WESCO's fixed charge coverage ratio, as defined by the agreement, is at least 1.25 to 1.0 after taking into consideration the permitted transaction. Additionally, if WESCO's excess availability under the agreement is less than \$50 million, WESCO must maintain a fixed charge coverage ratio of 1.1 to 1.0.

At December 31, 2002, the average interest rate on borrowings under this facility was 4.0%.

Mortgage Financing Facility

WESCO has entered into a \$51 million mortgage financing facility, \$13 million of which was outstanding as of December 31, 2002. Total borrowings under the mortgage financing are subject to a 22-year amortization schedule with a balloon payment due at the end of the 10-year term. Proceeds from the borrowings were used to reduce outstanding borrowings under the 2002 Revolving Credit Facility. Interest rates on borrowings under this facility are fixed at 6.5%.

Senior Subordinated Notes

In June 1998 and August 2001, WESCO Distribution Inc. completed an offering of \$300 million and \$100 million, respectively, in aggregate principal amount of 9 1/8% senior subordinated notes due on June 1, 2008. The notes were issued at an average issue price of 98% of par. The net proceeds received from the notes were approximately \$376 million. The net proceeds were used to repay outstanding indebtedness.

The senior subordinated notes in an aggregate principal amount of \$400 million are fully and unconditionally guaranteed by WESCO International, Inc.

The senior subordinated notes bear interest at a stated rate of 9 1/8% payable semiannually on June 1 and December 1 through June 1, 2008. The effective interest rate for the senior subordinated notes is 9.5%.

The senior subordinated notes are redeemable at the option of WESCO Distribution, Inc. in whole or in part, at any time after June 1, 2003 at the following prices:

	Redemption Price

2003	104.563%
2004	103.042
2005	101.521
2006 and thereafter	100.000

At any time prior to June 1, 2003, the senior subordinated notes may be redeemed, in whole but not in part, at the option of WESCO Distribution, Inc. at any time within 180 days after a change of control, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest and the then applicable premium. In addition, the noteholders have the right to require WESCO Distribution, Inc., upon a change of control, to repurchase all or any part of the senior subordinated notes at a redemption price equal to 101% of the principal amount provided plus accrued and unpaid interest.

In September and October 2001, WESCO entered into certain interest rate swap agreements with respect to \$100 million notional amount of indebtedness. Pursuant to the agreements, WESCO will receive semi-annual fixed

interest payments at the rate of 9 1/8% commencing December 1, 2001 and will make quarterly variable interest rate payments at rates based on LIBOR plus a margin commencing December 1, 2001 (currently rates range from 5.40% to 5.59%). The agreements can be terminated by the counterparty in accordance with a redemption schedule that is consistent with the redemption schedule for the senior subordinated notes.

Other

At December 31, 2002 and 2001, other borrowings primarily consisted of notes issued to sellers in connection with acquisitions.

The following table sets forth the aggregate principal repayment requirements for all indebtedness for the next five years and thereafter (in thousands):

2003	\$ 5,778
2004	315
2005	336
2006	334
2007	10,350
Thereafter	411,824

WESCO's credit agreements contain various restrictive covenants that, among other things, impose limitations on (i) dividend payments or certain other restricted payments or investments; (ii) the incurrence of additional indebtedness and guarantees or issuance of additional stock; (iii) creation of liens; (iv) mergers, consolidation or sales of substantially all of WESCO's assets; (v) certain transactions among affiliates; (vi) payments by certain subsidiaries to WESCO; and (vii) capital expenditures. In addition, the revolving credit agreement requires WESCO to meet certain fixed charge coverage tests depending on availability.

WESCO is permitted to pay dividends under certain limited circumstances. At December 31, 2002 and 2001, no retained earnings were available for dividend payments.

WESCO had \$16.6 million and \$1.0 million of outstanding letters of credit at December 31, 2002 and 2001, respectively. These letters of credit are used as collateral for interest rate swap agreements, potential obligation under insurance programs as well as certain foreign commercial transactions. The fair value of the letters of credit approximates the contract value.

11. CAPITAL STOCK

Preferred Stock

There are 20,000,000 shares of preferred stock authorized at a par value of \$.01 per share. The Board of Directors has the authority, without further action by the stockholders, to issue all authorized preferred shares in one or more series and to fix the number of shares, designations, voting powers, preferences, optional and other special rights and the restrictions or qualifications thereof. The rights, preferences, privileges and powers of each series of preferred stock may differ with respect to dividend rates, liquidation values, voting rights, conversion rights, redemption provisions and other matters.

Common Stock

There are 210,000,000 shares of common stock and 20,000,000 shares of Class B common stock authorized at a par value of \$.01 per share. The Class B common stock is identical to the common stock, except for voting and conversion rights. The holders of Class B common stock have no voting rights. With certain exceptions, Class B common stock may be converted, at the option of the holder, into the same number of shares of common stock.

The following table sets forth capital stock share activity:

	COMMON STOCK	TREASURY STOCK	CLASS B COMMON STOCK
	-----	-----	-----
December 31, 1999	43,291,319	(637,259)	4,653,131
Treasury shares purchased	--	(3,265,300)	--
Options exercised	802,345	(74,338)	--
	-----	-----	-----
December 31, 2000	44,093,664	(3,976,897)	4,653,131
Options exercised	176,146	(55,751)	--
	-----	-----	-----
December 31, 2001	44,269,810	(4,032,648)	4,653,131
Treasury share issuance	--	10,000	--
Options exercised	213,703	(10,372)	--
	-----	-----	-----
December 31, 2002	44,483,513	(4,033,020)	4,653,131
	=====	=====	=====

WESCO's Board of Directors has authorized a \$25 million share repurchase program that expires in May 2003. WESCO's common stock may be purchased at management's discretion, subject to meeting certain financial ratios, in open market transactions and the program may be discontinued at any time. Under previous share repurchase programs, WESCO purchased 3,898,000 shares of its common stock for \$32.8 million pursuant to this program. No shares were repurchased during 2002.

12. INCOME TAXES

The following table sets forth the components of the provision for income taxes:

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
	-----	-----	-----
	(IN THOUSANDS)		
Current taxes:			
Federal	\$(13,670)	\$ 1,051	\$19,597
State	645	(1,502)	1,030
Foreign	1,954	1,559	388
	-----	-----	-----
Total current	(11,071)	1,108	21,015
Deferred taxes:			
Federal	14,613	9,990	832
State	(176)	2,297	183
Foreign	(519)	(252)	1,245
	-----	-----	-----
Total deferred	13,918	12,035	2,260
	-----	-----	-----
	\$ 2,847	\$ 13,143	\$23,275
	=====	=====	=====

The following table sets forth the components of income before income taxes by jurisdiction:

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
	-----	-----	-----
	(IN THOUSANDS)		
United States	\$ 19,544	\$ 29,921	\$52,963
Foreign	6,426	3,447	3,750
	-----	-----	-----
	\$ 25,970	\$ 33,368	\$56,713
	=====	=====	=====

The following table sets forth the reconciliation between the federal statutory income tax rate and the effective rate:

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
Federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit	1.2	1.5	1.4
Nondeductible expenses	4.2	4.2	3.4
Foreign taxes	(2.2)	--	0.3
Reversal of income tax contingency accrual(1) ...	(20.4)	--	--
Remeasurement of deferred taxes(2)	(2.7)	--	--
Other(3)	(4.1)	(1.3)	0.9
	-----	-----	-----
	11.0%	39.4%	41.0%
	=====	=====	=====

(1) Represents a benefit of \$5.3 million from the resolution of prior tax year contingencies upon acceptance by the IRS of tax returns filed through 1998 and the expected favorable conclusion of the IRS examination for 1999.

(2) Reflects a decrease in the rate applied to deferred tax items. Management believes this revised estimate reflects the rate that will be in effect when these items reverse.

(3) Includes the impact of adjustments for certain tax liabilities and the effect of differences between the recorded provision and the final filed tax return for the prior year.

The following table sets forth deferred tax assets and liabilities:

	DECEMBER 31,			
	2002		2001	
	(IN THOUSANDS)			
	Assets	Liabilities	Assets	Liabilities
Accounts receivable	\$1,107	\$ --	\$ 6,014	\$ --
Inventory	--	1,920	2,106	972
Other	2,490	5,085	6,122	4,929
	-----	-----	-----	-----
Current deferred tax	3,597	7,005	14,242	5,901
	-----	-----	-----	-----
Intangibles	--	22,403	--	16,315
Property, buildings and equipment ...	--	6,943	--	11,794
Other	--	129	942	139
	-----	-----	-----	-----
Long term deferred tax	\$ --	\$29,475	\$ 942	\$28,248
	-----	-----	-----	-----

Current deferred income taxes changed from an asset of \$8.3 million at December 31, 2001 to a liability of \$3.4 million at December 31, 2002. The primary factors associated with the change in balance were tax accounting method changes related to certain working capital items.

13. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average common shares outstanding during the periods. Diluted earnings per share are computed by dividing net income by the weighted average common shares and common share equivalents outstanding during the periods. The dilutive effect of common share equivalents is considered in the diluted earnings per share computation using the treasury stock method.

The following table sets forth the details of basic and diluted earnings per share:

	YEAR ENDED DECEMBER 31		
	2002	2001	2000
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)		
Net income	\$ 23,123	\$ 20,225	\$ 33,438
Weighted average common shares outstanding used in computing basic earnings per share	45,033,964	44,862,087	45,326,475
Common shares issuable upon exercise of dilutive stock options	1,786,129	2,039,586	2,420,132
Weighted average common shares outstanding and common share equivalents used in computing diluted earnings per share	46,820,093	46,901,673	47,746,607
Earnings per share			
Basic	\$ 0.51	\$ 0.45	\$ 0.74
Diluted	\$ 0.49	\$ 0.43	\$ 0.70

Options to purchase 5.3 million and 4.4 million shares of common stock at a weighted average exercise price of \$8.37 per share and \$10.24 per share were outstanding as of December 31, 2002 and 2001, respectively, but were not included in the computation of diluted earnings per share because the option exercise prices were greater than the average market price of WESCO common stock.

14. EMPLOYEE BENEFIT PLANS

A majority of WESCO's employees are covered by defined contribution retirement savings plans for their service rendered subsequent to WESCO's formation. U.S. employee contributions of not more than 6% of eligible compensation are matched 50% by WESCO. WESCO's contributions for Canadian employees range from 1% to 6% of eligible compensation based on years of service. For the years ended December 31, 2002, 2001 and 2000, WESCO contributed \$4.9 million, \$5.5 million and \$5.5 million, respectively, which was charged to expense. Contributions may be taken in the form of WESCO's stock at the employee's election.

In addition, employer profit sharing contributions may be made at the discretion of the Board of Directors and can be based on WESCO's financial performance. No such contributions were made during 2002, 2001 or 2000.

15. STOCK INCENTIVE PLANS

Stock Purchase Plans

In connection with the Recapitalization, WESCO established a stock purchase plan ("1998 Stock Purchase Plan") under which certain employees may be granted an opportunity to purchase WESCO's common stock. The maximum number of shares available for purchase may not exceed 427,720. There were no shares issued in 2002, 2001 or 2000.

In 1994, WESCO established a stock purchase plan ("1994 Stock Purchase Plan") under which certain employees were granted an opportunity to purchase WESCO's common stock. Future purchases of shares under the 1994 Stock Purchase Plan were terminated in conjunction with the establishment of the 1998 Stock Purchase Plan.

Stock Option Plans

WESCO has sponsored four stock option plans, the 1999 Long-Term Incentive Plan ("LTIP"), the 1998 Stock Option Plan, the Stock Option Plan for Branch Employees and the 1994 Stock Option Plan. The LTIP was designed to be the successor plan to all prior plans. Outstanding options under prior plans will continue to be governed by their existing terms, which are substantially similar to the LTIP. Any remaining shares reserved for future issuance under the prior plans are available for issuance under the LTIP. The LTIP is administered by the Compensation Committee of the Board of Directors.

An initial reserve of 6,936,000 shares of common stock has been authorized for issuance under the LTIP. This reserve automatically increases by (i) the number of shares of common stock covered by unexercised options granted under prior plans that are canceled or terminated after the effective date of the LTIP and (ii) the number of shares of common stock surrendered by employees to pay the exercise price and/or minimum withholding taxes in connection with the exercise of stock options granted under our prior plans.

Options granted vest and become exercisable over periods ranging from four to five years or earlier based on WESCO achieving certain financial performance criteria. If the financial performance criteria are not met, all the options will vest after eight years. All options vest immediately in the event of a change in control. Each option terminates on the tenth anniversary of its grant date unless terminated sooner under certain conditions.

All awards under WESCO's stock incentive plans are designed to be issued at fair market value.

The following sets forth shares of common stock reserved for future issuance at December 31, 2002:

Stock Purchase Plan	135,830
LTIP	6,824,260

The following table sets forth a summary of stock option activity and related information for the years indicated:

	2002		2001		2000	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Beginning of year	9,999,077	\$5.96	9,588,306	\$6.13	9,254,770	\$5.44
Granted	275,500	6.74	907,350	4.70	1,606,000	9.21
Exercised	(213,703)	2.92	(176,146)	2.78	(802,345)	2.27
Canceled	(220,760)	8.24	(320,433)	9.50	(470,119)	9.54
End of year	<u>9,840,114</u>	<u>5.99</u>	<u>9,999,077</u>	<u>5.96</u>	<u>9,588,306</u>	<u>6.13</u>
Exercisable at end of year ...	6,477,016	\$4.70	6,330,661	\$4.32	6,043,337	\$4.33

The following table sets forth exercise prices for options outstanding as of December 31, 2002:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
\$1.73	2,896,624	2,896,624	1.5
\$1.98	617,707	617,707	3.0
\$3.38	895,833	895,833	4.0
\$4.34	60,112	60,112	4.9
\$4.50 - \$7.75	1,511,683	223,829	9.0
\$8.13 - \$9.31	48,000	--	7.2
\$9.75 - \$9.88	963,000	--	7.4
\$10.75	2,837,980	1,773,736	5.6
\$18.00	9,175	9,175	6.4
	<u>9,840,114</u>	<u>6,477,016</u>	

16. COMMITMENTS AND CONTINGENCIES

Future minimum rental payments required under operating leases, primarily for real property that have noncancelable lease terms in excess of one year as of December 31, 2002, are as follows:

(IN THOUSANDS)

2003	\$24,682
2004	21,926
2005	16,453
2006	11,595
2007	8,332
Thereafter	9,072

Rental expense for the years ended December 31, 2002, 2001 and 2000, was \$32.9 million, \$32.5 million and \$30.3 million, respectively.

WESCO has litigation arising from time to time in the normal course of business. In management's opinion, any present litigation WESCO is aware of will not materially affect WESCO's consolidated financial position, results of operations or cash flows.

17. SEGMENTS AND RELATED INFORMATION

WESCO is engaged principally in one line of business - the sale of electrical products and maintenance repair and operating supplies - which represents more than 90% of the consolidated net sales, income from operations and assets, for 2002, 2001 and 2000. WESCO has over 215,000 product stock keeping units and markets over one million products for direct shipment customers. It is impractical to disclose net sales by product, major product group or service group. There were no material amounts of sales or transfers among geographic areas and no material amounts of export sales.

The following table sets forth information about WESCO by geographic area:

	NET SALES YEAR ENDED DECEMBER 31			LONG-LIVED ASSETS DECEMBER 31		
	2002	2001	2000	2002	2001	2000
	(IN THOUSANDS)			(IN THOUSANDS)		
United States	\$2,943,740	\$3,266,352	\$3,494,527	\$421,048	\$427,062	\$392,820
Canada	299,844	311,471	319,823	10,509	11,257	11,286
Other foreign	82,196	80,210	66,746	1,371	1,604	1,702
	\$3,325,780	\$3,658,033	\$3,881,096	\$432,928	\$439,923	\$405,808
	=====	=====	=====	=====	=====	=====

18. OTHER FINANCIAL INFORMATION

WESCO Distribution, Inc. has issued \$400 million of 9 1/8% senior subordinated notes. The senior subordinated notes are fully and unconditionally guaranteed by WESCO International, Inc. on a subordinated basis to all existing and future senior indebtedness of WESCO International, Inc. Condensed consolidating financial information for WESCO International, Inc., WESCO Distribution, Inc. and the non-guarantor subsidiaries are as follows:

CONDENSED CONSOLIDATING BALANCE SHEETS

	DECEMBER 31, 2002				
	(IN THOUSANDS)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Cash and cash equivalents	\$ 4	\$ 12,449	\$ 10,117	\$ --	\$ 22,570
Trade accounts receivable	--	45,381	136,868	--	182,249
Inventories	--	298,495	40,286	--	338,781
Other current assets	--	15,453	19,778	(1,774)	33,457
	-----	-----	-----	-----	-----
Total current assets	4	371,778	207,049	(1,774)	577,057
Intercompany receivables, net	--	186,269	30,845	(217,114)	--
Property, buildings and equipment, net	--	41,822	68,352	--	110,174
Goodwill and other intangibles, net ...	--	247,671	66,407	--	314,078
Investments in affiliates and other noncurrent assets	387,887	347,678	1,081	(722,837)	13,809
	-----	-----	-----	-----	-----
Total assets	\$387,891	\$1,195,218	\$373,734	\$(941,725)	\$1,015,118
	=====	=====	=====	=====	=====
Accounts payable	\$ --	\$ 340,748	\$ 5,765	\$ --	\$ 346,513
Other current liabilities	--	39,022	14,714	(1,774)	51,962
	-----	-----	-----	-----	-----
Total current liabilities	--	379,770	20,479	(1,774)	398,475
Intercompany payables, net	217,114	--	--	(217,114)	--
Long-term debt	--	398,856	13,340	--	412,196
Other noncurrent liabilities	--	28,705	6,454	--	35,159
Stockholders' equity	170,777	387,887	333,461	(722,837)	169,288
	-----	-----	-----	-----	-----
Total liabilities and stockholders' equity	\$387,891	\$1,195,218	\$373,734	\$(941,725)	\$1,015,118
	=====	=====	=====	=====	=====

CONDENSED CONSOLIDATING BALANCE SHEETS

DECEMBER 31, 2001

	(IN THOUSANDS)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Cash and cash equivalents	\$ 2	\$ 17,877	\$ 57,178	\$ --	\$ 75,057
Trade accounts receivable	--	45,873	172,047	--	217,920
Inventories	--	341,597	38,425	--	380,022
Other current assets	--	47,506	24,481	(26,951)	45,036
	-----	-----	-----	-----	-----
Total current assets	2	452,853	292,131	(26,951)	718,035
Intercompany receivables, net	--	327,384	--	(327,384)	--
Property, buildings and equipment, net	--	49,330	71,269	--	120,599
Goodwill and other intangibles, net ...	--	243,512	67,561	--	311,073
Investments in affiliates and other noncurrent assets	372,598	271,300	2,869	(638,516)	8,251
	-----	-----	-----	-----	-----
Total assets	\$372,600	\$1,344,379	\$433,830	\$(992,851)	\$1,157,958
	=====	=====	=====	=====	=====
Accounts payable	\$ --	\$ 450,107	\$ 19,000	\$ --	\$ 469,107
Other current liabilities	--	53,858	33,465	(26,951)	60,372
	-----	-----	-----	-----	-----
Total current liabilities	--	503,965	52,465	(26,951)	529,479
Intercompany payables, net	225,886	--	101,498	(327,384)	--
Long-term debt	--	433,808	12,628	--	446,436
Other noncurrent liabilities	--	34,008	3,384	--	37,392
Stockholders' equity	146,714	372,598	263,855	(638,516)	144,651
	-----	-----	-----	-----	-----
Total liabilities and stockholders' equity	\$372,600	\$1,344,379	\$433,830	\$(992,851)	\$1,157,958
	=====	=====	=====	=====	=====

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2002

	(IN THOUSANDS)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales	\$ --	\$2,872,225	\$453,555	\$ --	\$3,325,780
Cost of goods sold	--	2,364,344	370,662	--	2,735,006
Selling, general and administrative expenses	--	427,307	67,075	--	494,382
Depreciation and amortization	--	15,004	4,763	--	19,767
Results of affiliates' operations	15,289	55,894	--	(71,183)	--
Interest expense (income), net	(12,056)	53,338	1,703	--	42,985
Other (income) expense	--	68,942	(61,272)	--	7,670
Provision for (benefit from) income taxes	4,222	(16,105)	14,730	--	2,847
Net income (loss)	<u>\$ 23,123</u>	<u>\$ 15,289</u>	<u>\$ 55,894</u>	<u>\$ (71,183)</u>	<u>\$ 23,123</u>

YEAR ENDED DECEMBER 31, 2001

	(IN THOUSANDS)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales	\$ --	\$3,203,752	\$454,281	\$ --	\$3,658,033
Cost of goods sold	--	2,643,448	371,072	--	3,014,520
Selling, general and administrative expenses	--	487,204	29,952	--	517,156
Depreciation and amortization	--	24,974	5,998	--	30,972
Results of affiliates' operations	15,572	93,384	--	(108,956)	--
Interest expense (income), net	(7,162)	59,045	(6,743)	--	45,140
Other (income) expense	--	91,897	(75,020)	--	16,877
Provision for income taxes	2,509	(25,004)	35,638	--	13,143
Net income (loss)	<u>\$ 20,225</u>	<u>\$ 15,572</u>	<u>\$ 93,384</u>	<u>\$ (108,956)</u>	<u>\$ 20,225</u>

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2000

	(IN THOUSANDS)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net sales	\$ --	\$3,497,076	\$384,020	\$ --	\$3,881,096
Cost of goods sold	--	2,882,626	314,326	--	3,196,952
Selling, general and administrative expenses	--	476,680	47,629	--	524,309
Depreciation and amortization	--	20,456	4,537	--	24,993
Restructuring charge	--	9,094	310	--	9,404
Results of affiliates' operations	22,984	55,278	--	(78,262)	--
Interest expense (income), net	(16,083)	68,164	(8,301)	--	43,780
Other (income) expense	--	85,005	(60,060)	--	24,945
Provision for income taxes	5,629	(12,655)	30,301	--	23,275
	-----	-----	-----	-----	-----
Net income (loss)	\$ 33,438	\$ 22,984	\$ 55,278	\$ (78,262)	\$ 33,438
	=====	=====	=====	=====	=====

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2002

(IN THOUSANDS)

	(IN THOUSANDS)				
	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash provided (used) by operating activities	\$ 8,154	\$ 59,642	\$(47,368)	\$ --	\$ 20,428
Investing activities:					
Capital expenditures	--	(8,944)	(405)	--	(9,349)
Acquisitions	--	(14,466)	--	--	(14,466)
Other	--	755	--	--	755
	-----	-----	-----	-----	-----
Net cash used in investing activities	--	(22,655)	(405)	--	(23,060)
Financing activities:					
Net borrowings (repayments)	(8,772)	(37,214)	712	--	(45,274)
Equity transactions	620	--	--	--	620
Other	--	(5,201)	--	--	(5,201)
	-----	-----	-----	-----	-----
Net cash (used in) provided by financing activities	(8,152)	(42,415)	712	--	(49,855)
	-----	-----	-----	-----	-----
Net change in cash and cash equivalents	2	(5,428)	(47,061)	--	(52,487)
Cash and cash equivalents at beginning of year	2	17,877	57,178	--	75,057
	-----	-----	-----	-----	-----
Cash and cash equivalents at end of period	\$ 4	\$ 12,449	\$ 10,117	\$ --	\$ 22,570
	=====	=====	=====	=====	=====

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2001
(IN THOUSANDS)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash provided (used) by operating activities	\$ 9,551	\$ 42,793	\$114,906	\$ (6,158)	\$ 161,092
Investing activities:					
Capital expenditures	--	(11,654)	(2,166)	--	(13,820)
Acquisitions	--	(10,496)	(45,773)	--	(56,269)
Other	--	933	--	--	933
Net cash used in investing activities	--	(21,217)	(47,939)	--	(69,156)
Financing activities:					
Net borrowings	(10,048)	(17,397)	(9,740)	--	(37,185)
Equity transactions	489	--	--	--	489
Other	--	(1,213)	(49)	--	(1,262)
Net cash used in financing activities	(9,559)	(18,610)	(9,789)	--	(37,958)
Net change in cash and cash equivalents	(8)	2,966	57,178	(6,158)	53,978
Cash and cash equivalents at beginning of year	10	14,911	--	6,158	21,079
Cash and cash equivalents at end of period	\$ 2	\$ 17,877	\$ 57,178	\$ --	\$ 75,057

YEAR ENDED DECEMBER 31, 2000

(IN THOUSANDS)

	WESCO International, Inc.	WESCO Distribution, Inc.	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Consolidated
Net cash provided (used) by operating activities	\$ 13,585	\$ 32,332	\$(23,167)	\$ 24,161	\$ 46,911
Investing activities:					
Capital expenditures	--	(18,167)	(3,385)	--	(21,552)
Acquisitions	--	(40,904)	--	--	(40,904)
Other	--	267	1,500	--	1,767
Net cash used in investing activities	--	(58,804)	(1,885)	--	(60,689)
Financing activities:					
Net borrowings (repayments)	13,206	41,858	(1,760)	--	53,304
Equity transactions	(26,791)	--	--	--	(26,791)
Other	--	(475)	--	--	(475)
Net cash (used in) provided by financing activities	(13,585)	41,383	(1,760)	--	26,038
Net change in cash and cash equivalents	--	14,911	(26,812)	24,161	12,260
Cash and cash equivalents at beginning of year	10	--	26,812	(18,003)	8,819
Cash and cash equivalents at end of period	\$ 10	\$ 14,911	\$ --	\$ 6,158	\$ 21,079

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table sets forth selected quarterly financial data for the years ended December 31, 2002 and 2001:

	FIRST QUARTER -----	SECOND QUARTER -----	THIRD QUARTER -----	FOURTH QUARTER -----
	(IN THOUSANDS, EXCEPT SHARE DATA)			
2002				
Net sales	\$808,917	\$848,449	\$852,949	\$815,465
Gross profit	145,644	149,453	146,487	149,190
Income from operations	18,413	21,622	18,331	18,259
Income before income taxes (1)	4,969	8,805	5,816	6,380
Net income	3,837	5,573	8,983	4,730
Basic earnings per share	0.09	0.12	0.20	0.10
Diluted earnings per share	0.08	0.12	0.19	0.10
2001				
Net sales	\$928,057	\$944,136	\$905,554	\$880,286
Gross profit	167,119	164,831	159,219	152,344
Income from operations	22,931	28,008	24,275	20,171
Income before income taxes	5,869	12,472	8,492	6,535
Net income	3,492	7,513	5,095	4,125
Basic earnings per share	0.08	0.17	0.11	0.09
Diluted earnings per share	0.07	0.16	0.11	0.09

(1) The first quarter includes a loss on debt extinguishment totaling \$1.1 million. This amount was classified as an extraordinary item prior to the adoption of SFAS No. 145.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

EXECUTIVE OFFICERS

Our executive officers and their respective ages and positions are set forth below.

NAME ----	AGE ---	POSITION -----
Roy W. Haley.....	56	Chairman and Chief Executive Officer
William M. Goodwin.....	57	Vice President, Operations
James H. Mehta.....	47	Vice President, Business Development
Robert B. Rosenbaum.....	45	Vice President, Operations
Patrick M. Swed.....	59	Vice President, Operations
Donald H. Thimjon.....	59	Vice President, Operations
Ronald P. Van, Jr.....	42	Vice President, Operations
Stephen A. Van Oss.....	48	Vice President and Chief Financial Officer
Daniel A. Brailer.....	45	Secretary and Treasurer

Set forth below is biographical information for our executive officers and directors listed above.

ROY W. HALEY became Chairman of the Board in August 1998. Mr. Haley has been Chief Executive Officer and a director of WESCO since February 1994. From 1988 to 1993, Mr. Haley was an executive at American General Corporation, a diversified financial services company, where he served as Chief Operating Officer and as President and Director. Mr. Haley is also a director of United Stationers, Inc. and Cambrex Corporation.

WILLIAM M. GOODWIN has been Vice President, Operations of WESCO since March 1994. Since 1987, Mr. Goodwin has served as a branch, district and region manager for WESCO in various locations and also served as Managing Director of WESCOSA, a former Westinghouse affiliated manufacturing and distribution business in Saudi Arabia.

JAMES H. MEHTA has been Vice President, Business Development of WESCO since November 1995. From 1993 to 1995, Mr. Mehta was a principal with Schroder Ventures, a private equity investment firm based in London, England.

ROBERT B. ROSENBAUM has been Vice President, Operations of WESCO since September 1998. From 1982 until 1998, Mr. Rosenbaum was the President of the Bruckner Supply Company, Inc., an integrated supply company WESCO acquired in September 1998.

PATRICK M. SWED has been Vice President, Operations of WESCO since March 1994. Mr. Swed had been Vice President of Branch Operations for WESCO from 1991 to 1994.

DONALD H. THIMJON has been Vice President, Operations of WESCO since 1991. Mr. Thimjon served as Regional Manager from 1980 to 1991.

RONALD P. VAN, JR. has been Vice President, Operations of WESCO since October 1998. Mr. Van was a Vice President and Controller of EESCO, an electrical distributor WESCO acquired in 1996.

STEPHEN A. VAN OSS has been Vice President and Chief Financial Officer of WESCO since October 2000. Mr. Van Oss served as Director, Information Systems for WESCO from 1997 to 2000 and as Director, Acquisition Management in 1997. From 1995 to 1996, Mr. Van Oss served as Chief Operating Officer and Chief Financial Officer of Paper Back Recycling of America, Inc. From 1979 to 1995, Mr. Van Oss held various management positions with Reliance Electric Corporation.

DANIEL A. BRAILER has been Treasurer and Director of Investor Relations of WESCO since March 1999. During

1999, Mr. Brailer was also appointed to the position of Corporate Secretary. From 1982 to 1999, Mr. Brailer held various positions at Mellon Financial Corporation, most recently as Senior Vice President.

ITEM 11. EXECUTIVE COMPENSATION.

The information set forth under the caption "Executive Compensation" in the Proxy Statement is incorporated herein by reference to the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 22, 2003.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information set forth under the caption "Security Ownership" in the Proxy Statement is incorporated herein by reference to the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 22, 2003.

The following table provides information as of December 31, 2002 with respect to the shares of WESCO's common stock that may be issued under WESCO's existing equity compensation plans:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	9,840,114	\$5.99	6,824,260
Equity compensation plans not approved by security holders	--	--	--
Total	9,840,114	\$5.99	6,824,260

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information set forth under the caption "Certain Transactions and Relationships with the Company" in the Proxy Statement is incorporated herein by reference to the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 22, 2003.

ITEM 14. CONTROLS AND PROCEDURES.

An evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures within 90 days before the filing date of this annual report. Based on that evaluation, management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by WESCO in reports that it files under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to their evaluation.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

The financial statements, financial statement schedules and exhibits listed below are filed as part of this annual

report:

(a)(1) FINANCIAL STATEMENTS

The list of financial statements required by this item is set forth in Item 8, "Financial Statements and Supplementary Data" and is incorporated herein by reference.

(2) FINANCIAL STATEMENT SCHEDULES

Report of Independent Accountants
Schedule II - Valuation and Qualifying Accounts

(b) REPORTS ON FORM 8-K

None

(c) EXHIBITS

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
2.1	Recapitalization Agreement, dated as of March 27, 1998, among Thor Acquisitions L.L.C., WESCO International, Inc. (formerly known as CDW Holding Corporation) and certain securityholders of WESCO International, Inc.	Incorporated by reference to Exhibit 2.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
2.2	Purchase Agreement, dated as of May 29, 1998, among WESCO International, Inc., WESCO Distribution, Inc., Chase Securities Inc. and Lehman Brothers, Inc.	Incorporated by reference to Exhibit 2.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
2.3	Asset Purchase Agreement, dated as of September 11, 1998, among Bruckner Supply Company, Inc. and WESCO Distribution, Inc.	Incorporated by reference to Exhibit 2.01 to WESCO's Current Report on Form 8-K, dated September 11, 1998
2.4	Purchase Agreement, dated August 16, 2001, among WESCO International, Inc., WESCO Distribution, Inc. and the Initial Purchasers listed therein.	Incorporated by reference to Exhibit 2.4 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
3.1	Restated Certificate of Incorporation of WESCO International, Inc.	Incorporated by reference to Exhibit 3.1 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
3.2	By-laws of WESCO International, Inc.	Incorporated by reference to Exhibit 3.2 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.1	Indenture, dated as of June 5, 1998, among WESCO International, Inc., WESCO Distribution, Inc. and Bank One, N.A.	Incorporated by reference to Exhibit 4.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
4.2	Form of 9 1/8% Senior Subordinated Note Due 2008, Series A (included in Exhibit 4.1).	Incorporated by reference to Exhibit 4.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.3	Form of 9 1/8% Senior Subordinated Note Due 2008, Series A (included in Exhibit 4.1).	Incorporated by reference to Exhibit 4.3 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.4	Exchange and Registration Rights Agreement, dated as of June 5, 1998, among the Company, WESCO International, Inc. and the Initial Purchasers (as defined therein).	Incorporated by reference to Exhibit 4.4 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.5	Exchange and Registration Rights Agreement, dated as of June 5, 1998, among WESCO International, Inc. and the Initial Purchasers (as defined therein).	Incorporated by reference to Exhibit 4.8 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
4.6	Indenture, dated as of August 23, 2001, among WESCO International, Inc., WESCO Distribution, Inc. and Bank One N.A.	Incorporated by reference to Exhibit 4.6 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.7	Exchange and Registration Rights Agreement, dated as of August 23, 2001, among WESCO International, Inc., WESCO Distribution, Inc. and the Initial Purchasers listed therein.	Incorporated by reference to Exhibit 4.7 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.8	Form of 9 1/8% Senior Subordinated Note Due 2008, (included in Exhibit 4.6).	Incorporated by reference to Exhibit 4.8 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
4.9	Form of 9 1/8% Senior Subordinated Note Due 2008, (included in Exhibit 4.6).	Incorporated by reference to Exhibit 4.9 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
10.1	CDW Holding Corporation Stock Purchase Plan.	Incorporated by reference to Exhibit 10.1 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.2	Form of Stock Subscription Agreement.	Incorporated by reference to Exhibit 10.2 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.3	CDW Holding Corporation Stock Option Plan.	Incorporated by reference to Exhibit 10.3 to WESCO's

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
		Registration Statement on Form S-4 (No. 333-43225)
10.4	Form of Stock Option Agreement.	Incorporated by reference to Exhibit 10.4 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.5	CDW Holding Corporation Stock Option Plan for Branch Employees.	Incorporated by reference to Exhibit 10.5 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.6	Form of Branch Stock Option Agreement.	Incorporated by reference to Exhibit 10.6 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.7	Non-Competition Agreement, dated as of February 28, 1996, between Westinghouse, WESCO International, Inc. and WESCO Distribution, Inc.	Incorporated by reference to Exhibit 10.8 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.8	Lease, dated as of May 24, 1995, as amended by Amendment One, dated as of June 1995, and by Amendment Two, dated as of December 24, 1995, by and between WESCO Distribution, Inc. as Tenant and Opal Investors, L.P. and Mural GEM Investors as Landlord.	Incorporated by reference to Exhibit 10.10 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.9	Lease, dated as of April 1, 1992, as renewed by Letter of Notice of Intent to Renew, dated as of December 13, 1996, by and between the Company as successor in interest to Westinghouse Electric Corporation as Tenant and Utah State Retirement Fund as Landlord.	Incorporated by reference to Exhibit 10.11 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.10	Lease, dated as of September 4, 1997, between WESCO Distribution, Inc. as Tenant and The Buncher Company as Landlord.	Incorporated by reference to Exhibit 10.12 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.11	Lease, dated as of March 1995, by and between WESCO Distribution-Canada, Inc. as Tenant and Atlantic Construction, Inc. as Landlord.	Incorporated by reference to Exhibit 10.13 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.12	Amended and Restated Registration and Participation Agreement, dated as of June 5, 1998, among WESCO International, Inc. and certain securityholders of WESCO International, Inc. named therein.	Incorporated by reference to Exhibit 10.19 to WESCO's Registration Statement on Form S-4 (No. 333-43225)
10.13	Employment Agreement between WESCO Distribution, Inc. and Roy W. Haley.	Incorporated by reference to Exhibit 10.20 to WESCO's Registration Statement on

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
		Form S-4 (No. 333-43225)
10.14	WESCO International, Inc. 1998 Stock Option Plan.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.15	Form of Management Stock Option Agreement.	Incorporated by reference to Exhibit 10.2 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
10.16	1999 Deferred Compensation Plan for Non-Employee Directors.	Incorporated by reference to Exhibit 10.22 to WESCO's Annual Report on Form 10-K for the year ended December 31, 1998
10.17	Credit Agreement, dated as of June 29, 1999, among WESCO Distribution, Inc., WESCO Distribution-Canada, Inc., WESCO International, Inc. and the Lenders identified therein.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999
10.18	Amendment, dated as of December 20, 2000, to the Credit Agreement, dated as of June 29, 1999, among WESCO Distribution, Inc., WESCO Distribution-Canada, Inc., WESCO International, Inc. and the Lenders identified therein.	Incorporated by reference to Exhibit 10.24 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2000
10.19	Amendment, dated as of August 3, 2001, to the Credit Agreement, dated as of June 29, 1999, among WESCO Distribution, Inc., WESCO Distribution-Canada, Inc., WESCO International, Inc. and the Lenders identified therein.	Incorporated by reference to Exhibit 10.19 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
10.20	Credit Agreement, dated as of March 19, 2002, among WESCO Distribution, Inc., the other Credit Parties signatory thereto, General Electric Capital Corporation, The CIT Group/Business Credit, Inc., Fleet Capital Corporation and the other Lenders signatory thereto.	Incorporated by reference to Exhibit 10.20 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2001

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PRIOR FILING OR SEQUENTIAL PAGE NUMBER
10.21	Intercreditor Agreement, dated as of March 19, 2002, among PNC Bank, National Association, General Electric Capital Corporation, WESCO Receivables Corp., WESCO Distribution, Inc., Fifth Third Bank, N.A., Mellon Bank, N.A., The Bank of Nova Scotia, Herning Enterprises, Inc. and WESCO Equity Corporation.	Incorporated by reference to Exhibit 10.21 to WESCO's Annual Report on Form 10-K for the year ended December 31, 2001
10.22	Receivables Purchase Agreement, dated as of June 30, 1999, among WESCO Receivables Corp., WESCO Distribution, Inc., Market Street Capital Corp. and PNC Bank, National Association.	Incorporated by reference to Exhibit 10.2 to WESCO's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999
10.23	Amended and Restated Receivables Purchase Agreement, dated as of September 28, 1999, among WESCO Receivables Corp., WESCO Distribution, Inc. and PNC Bank, National Association.	Incorporated by reference to Exhibit 10.1 to WESCO's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999
10.24	1999 Long-Term Incentive Plan.	Incorporated by reference to Exhibit 10.22 to WESCO's Registration Statement on Form S-1 (No. 333-73299)
10.25	Amendment dated March 29, 2002 to Asset Purchase Agreement, dated as of September 11, 1998, among Bruckner Supply Company, Inc. and WESCO Distribution, Inc.	Filed herewith
10.26	Loan Agreement between Bear Stearns Commercial Mortgage, Inc. and WESCO Real Estate IV, LLC, dated December 13, 2002.	Filed herewith
10.27	Lease dated December 13, 2002 between WESCO Distribution, Inc. and WESCO Real Estate IV, LLC.	Filed herewith
10.28	Lease Guaranty dated December 13, 2002 by WESCO International, Inc. in favor of WESCO Real Estate IV, LLC.	Filed herewith
10.29	Guaranty of Non-Recourse Exceptions Agreement dated December 13, 2002 by WESCO International, Inc. in favor of Bear Stearns Commercial Mortgage, Inc.	Filed herewith
10.30	Environmental Indemnity Agreement dated December 13, 2002 made by WESCO Real Estate IV, Inc. and WESCO International, Inc. in favor of Bear Stearns Commercial Mortgage, Inc.	Filed herewith
21.1	Significant Subsidiaries of WESCO.	Incorporated by reference to Exhibit 21.1 to WESCO's Registration Statement on Form S-4 (No. 333-70404)
23.1	Consent of PricewaterhouseCoopers LLP	Filed herewith

EXHIBIT
NO. DESCRIPTION OF EXHIBIT

PRIOR FILING OR
SEQUENTIAL PAGE NUMBER

The registrant hereby agrees to furnish supplementally to the Commission, upon request, a copy of any omitted schedule to any of the agreements contained herein.

Copies of exhibits may be retrieved electronically at the Securities and Exchange Commission's home page at www.sec.gov. Exhibits will also be furnished without charge by writing to Stephen A. Van Oss, Vice President, Chief Financial Officer, Commerce Court, Four Station Square, Suite 700, Pittsburgh, Pennsylvania 15219. Requests may also be directed to (412) 454-2200.

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.

WESCO INTERNATIONAL, INC.

By: /s/ ROY W. HALEY

Name: Roy W. Haley
Title: Chairman of the Board and
Chief Executive Officer
Date: March 14, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE -----
/s/ ROY W. HALEY ----- Roy W. Haley	Chairman and Chief Executive Officer (Principal Executive Officer)	March 14, 2003
/s/ STEPHEN A. VAN OSS ----- Stephen A. Van Oss	Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	March 14, 2003
/s/ JAMES L. SINGLETON ----- James L. Singleton	Director	March 14, 2003
/s/ JAMES A. STERN ----- James A. Stern	Director	March 14, 2003
/s/ MICHAEL J. CHESHIRE ----- Michael J. Cheshire	Director	March 14, 2003
/s/ ROBERT J. TARR, JR. ----- Robert J. Tarr, Jr.	Director	March 14, 2003
/s/ KENNETH L. WAY ----- Kenneth L. Way	Director	March 14, 2003
/s/ GEORGE L. MILES, JR. ----- George L. Miles, Jr.	Director	March 14, 2003
/s/ ROBERT Q. BRUHL ----- Robert Q. Bruhl	Director	March 14, 2003
/s/ SANDRA BEACH LIN ----- Sandra Beach Lin	Director	March 14, 2003
/s/ WILLIAM J. VARESCHI ----- William J. Vareschi	Director	March 14, 2003

CERTIFICATION PURSUANT TO
THE SARBANES-OXLEY ACT OF 2002

I, Roy W. Haley, certify that:

1. I have reviewed this annual report on Form 10-K of WESCO International, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

By: /s/ Roy W. Haley

Roy W. Haley
Chairman and Chief Executive Officer

CERTIFICATION PURSUANT TO
THE SARBANES-OXLEY ACT OF 2002

I, Stephen A. Van Oss, certify that:

1. I have reviewed this annual report on Form 10-K of WESCO International, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

By: /s/ Stephen A. Van Oss

Stephen A. Van Oss
Vice President, Chief Financial
Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of WESCO International, Inc. (the "Company") on Form 10-K for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: March 14, 2003

By: /s/ Roy W. Haley

Roy W. Haley
Chairman and Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of WESCO International, Inc. (the "Company") on Form 10-K for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: March 14, 2003

By: /s/ Stephen A. Van Oss

Stephen A. Van Oss
Vice President, Chief Financial
Officer

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULE

To the Stockholders and Board of Directors
of WESCO International, Inc.:

Our audits of the consolidated financial statements referred to in our report dated February 12, 2003 also included an audit of the financial statement schedule listed in the index appearing under Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
February 12, 2003

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

COL. A	COL. B	COL. C		COL. D	COL. E
		ADDITIONS			
	BALANCE AT BEGINNING OF PERIOD	CHARGED TO EXPENSE	CHARGED TO OTHER ACCOUNTS(1)	DEDUCTIONS(2)	BALANCE AT END OF PERIOD
Allowance for doubtful accounts:					
Year ended December 31, 2002	\$11,816	\$ 8,962	\$ --	\$(10,517)	\$10,261
Year ended December 31, 2001	9,794	10,291	504	(8,773)	11,816
Year ended December 31, 2000	7,023	9,970	574	(7,773)	9,794

(1) Represents allowance for doubtful accounts in connection with certain acquisitions.

(2) Includes a reduction in the allowance for doubtful accounts related to the sale of receivables at fair market value in connection with the Receivables Facility.

COL. A	COL. B	COL. C		COL. D	COL. E
		ADDITIONS			
	BALANCE AT BEGINNING OF PERIOD	CHARGED TO EXPENSE	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS(3)	BALANCE AT END OF PERIOD
Inventory reserve:					
Year ended December 31, 2002	\$16,795	\$ 1,445	\$ --	\$(6,367)	\$11,873
Year ended December 31, 2001	18,727	2,607	663(1)	(5,202)	16,795
Year ended December 31, 2000	16,043	4,342	3,573(1)(2)	(5,231)	18,727

(1) Includes inventory reserves in connection with certain acquisitions.

(2) Includes inventory reserves in connection with a restructuring charge taken in 2000.

(3) Includes a reduction in the inventory reserve due to disposal of inventory.

AMENDMENT
TO
ASSET PURCHASE AGREEMENT

THIS AMENDMENT TO ASSET PURCHASE AGREEMENT ("AMENDMENT") dated as of March 29, 2002 and effective as of January 1, 2002 by and between BSC Group, Inc. f/k/a Bruckner Supply Company, Inc. ("SELLER") and WESCO Distribution, Inc. ("BUYER").

WHEREAS, Buyer and Seller previously entered into that certain Asset Purchase Agreement dated September 11, 1998 (the "ASSET PURCHASE AGREEMENT");

WHEREAS, Section 7.7 of the Asset Purchase Agreement provides that it may be amended at any time after the Closing Date in a written agreement signed by Buyer and Seller; and

WHEREAS, Buyer and Seller now desire to clarify and amend the Asset Purchase Agreement in the manner set forth herein.

NOW, THEREFORE, in consideration of the premises and respective covenants contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

1. CONSIDERATION PAID.

On April 1, 2002, Buyer shall pay to Seller the sum of Ten Million Dollars (\$10,000,000.00).

2. AMENDMENTS.

(i) SECTION 1.5(c)

Section 1.5(c) is amended and restated to read in its entirety as follows:

(c) ADDITIONAL PURCHASE AMOUNT.

During the period beginning June 7, 1999 and continuing on June 7 of each year thereafter until June 7, 2005 (June 7, 1999 and each June 7 thereafter referred to as an "ADDITIONAL PURCHASE AMOUNT PAYMENT DATE"), Buyer shall pay to Seller an amount consisting of (i) \$30,000,000.00 representing the 1999 Additional Purchase Amount, as defined herein, (ii) the Current Year Additional Purchase Formula Amount, as defined herein, for calendar years 1999, 2000 and 2001, if any, and (iii) the Current Year Modified Additional Purchase Formula Amount, as defined herein (collectively the "ADDITIONAL PURCHASE AMOUNT") of up to an aggregate of One Hundred Ten Million Dollars (\$110,000,000.00), subject to the amount of any adjustments made under Section 1.6 hereof, payable as follows:

(i) On June 7, 1999, subject to any adjustments under Section 1.6 hereof, Buyer shall pay Seller an amount equal to the lesser of (x) Thirty Million Dollars (\$30,000,000.00), or (y) an amount equal to the sum of (i) the EBITDA of Seller for the

period beginning January 1, 1998, and ending on the Closing Date multiplied by eight plus (ii) the EBITDA of the Bruckner Division for calendar year 1998, multiplied by eight, LESS the Closing Purchase Amount (such payment referred to as the "1999 ADDITIONAL PURCHASE AMOUNT"). Seller acknowledges receipt of \$30,000,000.00 in satisfaction of the 1999 Additional Payment Amount.

(ii) On June 7, 2000, June 7, 2001 and June 7, 2002, Buyer shall pay Seller an amount (the "CURRENT YEAR ADDITIONAL PURCHASE FORMULA AMOUNT") equal to the lesser of (x) One Hundred Ten Million Dollars (\$110,000,000.00) less the sum of the Adjusted Additional Purchase Amounts for all prior years or (y) an amount determined pursuant to the following formula (the "ADDITIONAL PURCHASE AMOUNT FORMULA"):

$$(A \times B) - C$$

For purposes of the Additional Purchase Amount Formula, A is the EBITDA of the Bruckner Division for the immediately preceding calendar year, B is the Value Multiple, and C is equal to the sum of the Closing Purchase Amount plus the aggregate of all prior years' Adjusted Additional Purchase Amount. The Current Year Additional Purchase Formula Amount shall be paid pursuant to the terms of Section 1.5(c)(v). Seller acknowledges Buyer has no obligation to make any payments of Current Year Additional Purchase Formula Amounts for calendar years 1999, 2000 and 2001.

(iii) On June 7, 2003 and each June 7 thereafter until the earlier of (x) June 7, 2005 or (y) the date on which the sum of the Adjusted Additional Purchase Amounts shall equal One Hundred Ten Million Dollars (\$110,000,000.00) Buyer shall pay Seller an amount (the "CURRENT YEAR MODIFIED ADDITIONAL PURCHASE FORMULA AMOUNT") equal to the lesser of (x) One Hundred Ten Million Dollars (\$110,000,000.00) less the sum of the Adjusted Additional Purchase Amounts for all prior years or (y) an amount determined pursuant to the following formula (the "MODIFIED ADDITIONAL PURCHASE AMOUNT FORMULA"):

$$(A \times B) - C$$

For purposes of the Modified Additional Purchase Amount Formula, A is the EBITDA of the Bruckner Division for the immediately preceding calendar year, B is eight and C is equal to the sum of the Closing Purchase Amount plus the aggregate of all prior years' Adjusted Additional Purchase Amounts. The Current Year Modified Additional Purchase Formula Amount shall be paid pursuant to the terms of Section 1.5(c)(v) hereof.

(iv) Buyer shall cause a nationally recognized, independent accounting firm to certify audited balance sheets and related statements of income and stockholders' equity and cash flows for calendar year 1998 taking into account the results of (i) the Seller for the period beginning January 1, 1998 and ending on the Closing Balance Sheet Date and (ii) the Bruckner Division for calendar year 1998, each in accordance with GAAP (the "GAAP FINANCIAL STATEMENTS") and the terms of the Agreement and the Memorandum of Understanding by not later than March 31, 1999. Buyer shall have GAAP Financial Statements prepared by March 31 on each successive year that Seller may be entitled to receive payments in respect of the Additional Purchase Amount and shall follow the provisions of this Section

1.5(c)(iv) with respect thereto. An independent auditor selected by Seller will be allowed to observe at Seller's cost the audits to the extent requested by Seller.

By not later than the fifth (5th) business day after such independent accountants certify the GAAP Financial Statements, Buyer shall make and deliver a copy of the GAAP Financial Statements and a draft determination of EBITDA in accordance with this Agreement (the "EBITDA STATEMENT") to Seller.

Upon and after its receipt of the GAAP Financial Statements and the EBITDA Statement, Seller and its representatives shall consult with Buyer and its accountants with respect to the GAAP Financial Statements and the EBITDA Statement, shall be given an opportunity to review Buyer's accountant's workpapers relating to the preparation thereof and shall be given access to such information, including the financial books and records of the Bruckner Division and Buyer's accountants, as is reasonably necessary to perform such examination and review.

In the event that Seller disagrees in any respect with the EBITDA Statement, Seller shall deliver to Buyer within thirty (30) days after Seller's receipt of the EBITDA Statement from Buyer, a written notice (the "OBJECTION NOTICE") specifying the matters to which it objects and the basis for such disagreement (together with any authority or documentation supporting its position). In the event no such Objection Notice is timely delivered to Buyer, the EBITDA Statement shall be deemed the final determination of EBITDA as of such thirtieth (30th) day after delivery of the EBITDA Statement by Buyer (the "FINAL DETERMINATION OF EBITDA").

In the event that Buyer timely receives an Objection Notice and the parties are unable to resolve the disagreement specified in the Objection Notice within ten (10) business days after receipt by Buyer thereof, the disagreement shall be submitted to an independent public accounting firm mutually acceptable to Buyer and Seller (the "RESOLUTION ACCOUNTANT").

The Resolution Accountant shall follow such procedures, as it deems appropriate for obtaining the necessary information in considering the respective positions of Buyer and Seller. The Resolution Accountant shall have the right to review all accounting records relevant to the EBITDA Statement. The Resolution Accountant shall render its determination on the disagreement submitted to it within ten (10) days of submission of the disagreement by Buyer and Seller. The Resolution Accountant's determination shall be final, conclusive and binding upon Buyer and Seller. The EBITDA Statement, as and when adjusted to reflect the Resolution Accountant's resolution of any disagreement between Buyer and Seller, if any, shall be deemed the Final Determination of EBITDA on the date that the Resolution Accountant delivers its determination to Buyer.

Fees and expenses for the Resolution Accountant (i) shall be paid by the Seller if the EBITDA Statement is affirmed by the Resolution Accountant or (ii) shall be apportioned between Buyer and Seller if the Resolution Accountant determines that Final Determination of EBITDA exceeds the amount of the EBITDA Statement. Such apportionment shall be made so that Buyer shall pay the amount resulting when the fees and expenses are

multiplied by a fraction (not to exceed one), the numerator of which is equal to the difference between the Final Determination of EBITDA and the EBITDA Statement and the denominator of which is equal to the difference between the Seller's assertion of EBITDA and the EBITDA Statement; and Seller shall pay the remainder.

(v) The 1999 Additional Purchase Amount, the amount of any Current Year Additional Purchase Formula Amount and the amount of any Current Year Modified Additional Purchase Formula Amount shall be paid in immediately available funds, in an amount equal to the lesser of (a) Thirty Million Dollars (\$30,000,000.00) or (b) the Additional Purchase Cash Flow Amount with the balance, if any, to be evidenced by a promissory note, payable to Seller or one or more designees of Seller in substantially the same form as attached hereto as Appendix I (the "ADDITIONAL PURCHASE AMOUNT NOTE"). Buyer and Seller agree that cash payments of Additional Purchase Amounts will be permitted only to the extent that such cash payments are permitted under Buyer's bank credit agreement and the terms of Buyer's publicly traded bonds. To the extent Buyer is unable to pay the cash portion of an Additional Purchase Amount Buyer shall provide evidence reasonably satisfactory to Seller of any inability to make such cash payments, and shall issue to Seller (or one or more designees of Seller), an Additional Purchase Amount Note in the amount of such unpaid cash portion. Appendix II hereto sets forth all material restrictions under Buyer's bank credit agreements and publicly traded bonds on Buyer's ability to make such cash payments as of the date hereof. Buyer shall use its good faith efforts to minimize the scope and applicability of such current and future restrictions. If Buyer or WESCO International, Inc. ("WESCO INTERNATIONAL") becomes a Public Entity on or prior to March 31 immediately preceding the Additional Purchase Amount Payment Date, then Seller may elect to receive up to fifty percent (50%) of the 1999 Additional Purchase Amount or the Current Year Additional Purchase Formula Amount, as the case may be, in the form of shares of Public Entity Stock. For purposes of this Agreement, the Additional Purchase Cash Flow Amount shall be equal to Thirty Million Dollars (\$30,000,000.00) reduced by the amount of principal payable to Seller in the current year under one or more outstanding Additional Purchase Amount Notes. The number of shares of Public Entity Stock to be issued to Seller shall be determined by dividing the amount of the 1999 Additional Purchase Amount or the Current Year Additional Purchase Formula Amount, as the case may be, to be paid in Public Entity Stock by the lower of (x) the closing price of the Public Entity Stock on the first business day immediately preceding the Election Date or (y) the average closing price of the Public Entity Stock for the thirty (30) calendar days immediately preceding the Election Date (such Public Entity Stock price referred to herein as the "ADDITIONAL PURCHASE AMOUNT STOCK PRICE").

(vi) Seller shall elect to receive payments of Additional Purchase Amount in shares of Public Entity Stock, if permitted in this Section 1.5, by delivering written notice to Buyer on a date during the period beginning on April 1 and ending on the later of (x) April 30, or (y) the date on which EBITDA is finally determined pursuant to Section 1.5(c)(iv) (the date of receipt of such notice by Buyer the "ELECTION DATE") immediately preceding an Additional Purchase Amount Payment Date, specifying the amount of the 1999 Additional Purchase Amount or the Current Year Additional Purchase Formula Amount, as the case may be, that Seller elects to receive in the form of Public Entity Stock, subject to Section 1.5(c)(v). Following the delivery of the aforementioned notice, Seller shall execute a stock subscription agreement in substantially the form attached on Exhibit J (the "STOCK SUBSCRIPTION AGREEMENT") and the Stock Restriction Agreement.

(ii) SECTION 7.14(a)

The term "ACCELERATED ADDITIONAL PURCHASE AMOUNT" is amended and restated in its entirety as follows:

"ACCELERATED ADDITIONAL PURCHASE AMOUNT" shall mean an amount equal to the following; as applicable:

(i) With respect to the Promissory Note, if the Accelerated Additional Payment Date occurs on or after the Maturity Date of the Promissory Note and the Promissory Note has been paid or otherwise finally determined, then zero. If the Accelerated Additional Payment Date occurs prior to the Maturity Date of the Promissory Note, and

(x) the Promissory Note has been converted into the right to receive shares of Public Entity Stock in accordance with its terms, then Buyer shall transfer such shares of Public Entity Stock to Seller on the Change of Control Payment Date, or

(y) the Promissory Note has not been converted into the right to receive shares of Public Entity Stock, then an amount equal to (A) the unpaid principal amount of the Promissory Note reduced by (B) the unpaid principal amount of the Promissory Note multiplied by the Change of Control Discount Factor; plus

(ii) With respect to the 1999 Additional Purchase Amount, if the Accelerated Additional Payment Date occurs on or after June 7, 1999 and the 1999 Additional Purchase Amount has been paid or otherwise finally determined, then zero. If the Accelerated Additional Payment Date occurs prior to June 7, 1999, then an amount equal to (A) the maximum amount of the 1999 Additional Purchase Amount reduced by (B) the maximum amount of the 1999 Additional Purchase Amount multiplied by the Change of Control Discount Factor; plus the amount provided in clause (iii) or (iv) as applicable;

(iii) With respect to the Additional Purchase Amounts payable as a result of (x) an Accelerated Additional Purchase Event which arises from a Change of Control which occurs in calendar year 2002, then fifty percent (50%) of the maximum amount of all unearned and unpaid Adjusted Additional Payment Amounts, (y) an Accelerated Additional Purchase Event which arises from a Change of Control which occurs in calendar year 2003, then forty percent (40%) of the maximum amount of all unearned and unpaid Adjusted Additional Payment Amounts or (z) an Accelerated Additional Purchase Event which arises from a Change of Control which occurs in calendar year 2004, then thirty percent (30%) of the maximum amount of all unearned and unpaid Adjusted Additional Payment Amounts (For purposes of determining the applicable percentages payable under this section (iii), a Change of Control shall be deemed to have occurred during the year in which a binding agreement with respect thereto shall have been entered into, regardless of whether the Change of Control shall have occurred during such year or in a subsequent year);

(iv) With respect to the Additional Purchase Amounts which are payable as a result of (A) an Accelerated Additional Purchase Event caused by a termination of Robert Rosenbaum's employment with WESCO as a result of a Resignation for Good Reason (as defined in the Employment Agreement) then ninety percent (90%) of the maximum amount of all unearned and unpaid Adjusted Additional Payment Amounts, or (B) an Accelerated Additional Purchase Event caused by a termination of Robert Rosenbaum's employment with WESCO as a result of a termination without Cause (as defined in the Employment Agreement), then one hundred percent (100%) of the maximum amount of all unearned and unpaid Adjusted Additional Payment Amounts; or

(v) Buyer's payment of an Accelerated Additional Purchase Amount shall not affect Buyer's obligation, if any, to make a payment in respect of the Current Year Modified Purchase Formula Amount in respect of the calendar year immediately preceding the event giving rise to such accelerated additional purchase amount payment pursuant to Section 1.5(c) hereof.

The term "ADJUSTED ADDITIONAL PURCHASE AMOUNT" is amended and restated in its entirety as follows:

"ADJUSTED ADDITIONAL PURCHASE AMOUNT" means the 1999 Additional Purchase Amount, the Current Year Additional Purchase Formula Amounts and the Current Year Modified Additional Purchase Formula Amounts in each case without reduction by the amount of any adjustments to the purchase price under Section 1.6 hereof to the extent not set off against the Promissory Note, if any.

The term "EBITDA" is amended and restated in its entirety as follows:

"EBITDA" means the operating earnings of Seller or the Bruckner Division, as the case may be, before interest expense, taxes, depreciation and amortization, determined in accordance with the following provisions:

(i) Except as otherwise stated in this Agreement, EBITDA and its components will be calculated in compliance with GAAP, and in accordance with the specific accounting policies, methods and prior practices employed by Seller applied on a consistent basis. The calculation of EBITDA will be unaffected by either the accounting practices and policies of Buyer or by generally accepted accounting principles first applicable to Seller or the Bruckner Division after December 31, 1997.

(ii) The EBITDA calculation shall:

(1) Exclude any foreign exchange gains or losses;

(2) Exclude any and all acquisition costs and other costs related to this Agreement, including, but not limited to, extra auditing and accounting fees, legal fees, and due diligence costs, except as provided by the Memorandum of Understanding;

(3) Exclude any and all expense allocations from Buyer or any Buyer Affiliate, including, but not limited to, corporate overhead allocations and pushdown accounting costs, except as provided by the Memorandum of Understanding;

(4) Exclude any and all debt costs including, without limitation, interest expense, amortization or capitalized debt costs, debt restructuring costs, debt acquisition costs, any prepayment fees and prepayment penalties and any other debt-related fees and penalties of any kind;

(5) Exclude any compensation paid to Robert Rosenbaum in excess of \$100,000;

(6) To the extent that the average annual book value of the Bruckner Division's inventory, calculated on the last business day of each month of each calendar year, exceeds \$26.0 million, then EBITDA shall be reduced by an inventory investment finance charge in an amount equal to ten percent (10%) times the amount such average annual inventory book value exceeds \$26.0 million;

(7) To the extent that the Bruckner Division's capital expenditures exceed \$1,500,000.00 during any calendar year, EBITDA shall be reduced by an amount equal to 25% of the amount of capital expenditures in excess of \$1,500,000.00 provided, however, that capital expenditure projects presented to and separately approved by the Chief Executive Officer of Buyer shall be excluded in determining the amount of capital expenditures of the Bruckner Division. The amount of capital expenditures for calendar year 2002 shall be determined by annualizing the capital expenditures of the Bruckner Division for the period beginning on the date hereof and ending on December 31, 2002; and

(8) In the event that the parties agree to transfer acquired integrated supply businesses, existing integrated supply customers or existing business units of Buyer to the Bruckner Division, then the parties will develop a mutually agreed plan to adjust the EBITDA of the Bruckner Division upward or downward to reflect the financial performance of such acquired integrated supply businesses, integrated supply customers and/or business units.

(iii) Amortization excluded from EBITDA shall be amortization of goodwill and any covenants not to compete, all debt issuance costs (including, without limitation, any interest rate caps or hedging costs), and any amortization related to the transactions contemplated herein.

3. CAPITALIZED TERMS.

Unless expressly defined herein, capitalized terms used herein shall be the meaning ascribed hereto in the Asset Purchase Agreement.

4. AFFIRMATION.

Except as expressly provided in this Amendment, the other terms, conditions and agreements of the Asset Purchase Agreement are hereby ratified, affirmed and confirmed in all respects.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

WESCO DISTRIBUTION, INC.

By: /s/ Stephen Van Oss

Title: Vice President and

Chief Financial Officer

BSC GROUP, INC.

By: /s/ Eli Rosenbaum

Title: Chief Executive Officer

SOLELY AS TO SECTIONS 5.8 AND 5.10 OF THE
ASSET PURCHASE AGREEMENT:

WESCO INTERNATIONAL, INC.

By: /s/ Stephen Van Oss

Title: Vice President and

Chief Financial Officer

SOLELY AS TO SECTIONS 5.1, 5.2, 5.3 AND 5.4
OF THE ASSET PURCHASE AGREEMENT:

/s/ Robert Rosenbaum

Robert Rosenbaum

/s/ Eli Rosenbaum

Eli Rosenbaum

=====

LOAN AGREEMENT

Dated as of December 13, 2002

Between

WESCO REAL ESTATE IV, LLC,
as Borrower

and

BEAR STEARNS COMMERCIAL MORTGAGE, INC.,
as Lender

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of December 13, 2002 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this "AGREEMENT"), between BEAR STEARNS COMMERCIAL MORTGAGE, INC., a New York corporation, having an address at 383 Madison Avenue, New York, New York 10179 ("LENDER") and WESCO REAL ESTATE IV, LLC, a Delaware limited liability company having its principal place of business at 225 West Station Square Drive, Suite 700, Pittsburgh, Pennsylvania ("BORROWER").

W I T N E S S E T H:

WHEREAS, Borrower desires to obtain the Loan (as hereinafter defined) from Lender; and

WHEREAS, Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (as hereinafter defined).

NOW THEREFORE, in consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereto hereby covenant, agree, represent and warrant as follows:

I. DEFINITIONS; PRINCIPLES OF CONSTRUCTION

SECTION 1.1 DEFINITIONS.

For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"ADDITIONAL INSOLVENCY OPINION" shall have the meaning set forth in Section 4.1.30(c) hereof.

"ADJUSTED RELEASE AMOUNT" shall mean, for each Individual Property, one hundred twenty-five percent (125%) of the Pro-Rata Release Amount for such Individual Property.

"AFFILIATE" shall mean, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person or of an Affiliate of such Person.

"AFFILIATED LOANS" shall mean a loan made by Lender to an Affiliate of Borrower, WESCO Tenant or Guarantor.

"AFFILIATED MANAGER" shall mean any Manager in which Borrower, WESCO Tenant or Guarantor has, directly or indirectly, any legal, beneficial or economic interest.

"AGENT" shall mean The Bank of New York or any successor Eligible Institution acting as Agent under the Cash Management Agreement.

"AGREEMENT" shall mean this Loan Agreement, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"ALTA" shall mean American Land Title Association, or any successor thereto.

"ANNUAL BUDGET" shall mean the operating budget, including all planned capital expenditures, for the Properties prepared by Borrower in accordance with Section 5.1.11(d) hereof for the applicable Fiscal Year or other period.

"APPRAISAL" shall mean, for each Individual Property, an appraisal prepared in accordance with the requirements of FIRREA, prepared by an independent third party appraiser holding an MAI designation, who is State licensed or State certified if required under the laws of the State where the Property is located, who meets the requirements of FIRREA and who is otherwise satisfactory to Lender.

"APPROVED ANNUAL BUDGET" shall have the meaning set forth in Section 5.1.11(d) hereof.

"ASSIGNMENT OF LEASES" shall mean, with respect to each Individual Property, that certain first priority Assignment of Leases and Rents, dated as of the date hereof, from Borrower, as assignor, to Lender, as assignee, assigning to Lender all of Borrower's interest in and to the Leases and Rents of such Individual Property as security for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"ASSIGNMENT OF MANAGEMENT AGREEMENT" shall mean, with respect to each Individual Property, any assignment of management agreement and subordination of management fees, now or hereafter entered into by and among Lender, Borrower and a manager of such Individual Property, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"AWARD" shall mean any compensation paid by any Governmental Authority in connection with a Condemnation in respect of all or any part of any Individual Property.

"BANKRUPTCY ACTION" shall mean with respect to any Person (a) such Person filing a voluntary petition under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (b) the filing of an involuntary petition against such Person under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, or soliciting or causing to be solicited petitioning creditors for any involuntary petition against such Person, (c) such Person filing an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, or soliciting or causing to be solicited petitioning creditors for any involuntary petition from any Person; (d) such Person consenting to or

acquiescing in or joining in an application for the appointment of a custodian, receiver, trustee, or examiner for such person or any portion of any Individual Property; (e) such Person making an assignment for the benefit of creditors, or admitting, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due.

"BANKRUPTCY CODE" shall mean Title 11 of the United States Code, 11 U.S.C. Section 101, et seq., as the same may be amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights or any other Federal or state bankruptcy or insolvency law.

"BASIC CARRYING COSTS" shall mean, with respect to each Individual Property, the sum of the following costs associated with such Individual Property for the relevant Fiscal Year or payment period: (a) Taxes, (b) Other Charges and (c) Insurance Premiums.

"BORROWER" shall have the meaning set forth in the introductory paragraph hereto, together with its successors and permitted assigns.

"BUSINESS DAY" shall mean any day other than a Saturday, Sunday or any other day on which national banks in New York, New York, Chicago, Illinois or the place of business of any Servicer are not open for business.

"CASH MANAGEMENT ACCOUNT" shall have the meaning set forth in Section 2.6.1 hereof.

"CASH MANAGEMENT AGREEMENT" shall mean that certain Cash Management Agreement, dated as of the date hereof, by and among Borrower, Manager, Agent and Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"CASUALTY" shall have the meaning set forth in Section 6.2 hereof.

"CASUALTY CONSULTANT" shall have the meaning set forth in Section 6.4(b)(iii) hereof.

"CASUALTY RETAINAGE" shall have the meaning set forth in Section 6.4(b)(iv) hereof.

"CLOSING DATE" shall mean the date of the funding of the Loan.

"CODE" shall mean the Internal Revenue Code of 1986, as amended, as it may be further amended from time to time, and any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

"CONDEMNATION" shall mean a temporary or permanent taking by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of any Individual Property, or any interest

therein or right accruing thereto, including any right of access thereto or any change of grade affecting such Individual Property or any part thereof.

"CONDEMNATION PROCEEDS" shall have the meaning set forth in Section 6.4(b).

"CONTROL" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a Person, whether through ownership of voting securities, by contract or otherwise.

"DEBT" shall mean the outstanding principal amount set forth in, and evidenced by, this Agreement and the Note together with all interest accrued and unpaid thereon and all other sums (including the Defeasance Payment Amount and any Yield Maintenance Premium) due to Lender in respect of the Loan under the Note, this Agreement, the Mortgages or any other Loan Document.

"DEBT SERVICE" shall mean, with respect to any particular period of time, scheduled principal and interest payments due under this Agreement and the Note.

"DEBT SERVICE COVERAGE RATIO" shall mean a ratio for the applicable period in which:

- (a) the numerator is the Net Cash Flow; and
- (b) the denominator is the aggregate amount of principal and interest due and payable on the Note or, in the event a Defeasance Event has occurred, the Undefeased Note, for such period.

"DEBT SERVICE COVERAGE RATIO DETERMINATION DATE" shall mean each Payment Date, as applicable, that Lender determines, in accordance with this Agreement the ratio of Net Cash Flow to Debt Service.

"DEFAULT" shall mean the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would be an Event of Default.

"DEFAULT RATE" shall mean, with respect to the Loan, a rate per annum equal to the lesser of (a) the maximum rate permitted by applicable law or (b) five percent (5%) above the Interest Rate.

"DEFEASANCE DATE" shall have the meaning set forth in Section 2.5.1(a)(i) hereof.

"DEFEASANCE DEPOSIT" shall mean an amount equal to the remaining principal amount of the Note or the Defeased Note, as applicable, the Defeasance Payment Amount, any costs and expenses incurred or to be incurred in the purchase of U.S. Obligations necessary to meet the Scheduled Defeasance Payments and any revenue, documentary stamp or intangible taxes or any other tax or charge due in connection with the transfer of the Note or the Defeased Note, as applicable, the creation of the Defeased Note and the Undefeased Note, if applicable, or otherwise required to accomplish the agreements of Section 2.4 and Section 2.5 hereof

(including, without limitation, any fees and expenses of accountants, attorneys and the Rating Agencies incurred in connection therewith).

"DEFEASANCE EVENT" shall have the meaning set forth in Section 2.5.1(a) hereof.

"DEFEASANCE PAYMENT AMOUNT" shall mean the amount (if any) which, when added to the remaining principal amount of the Note or the principal amount of a Defeased Note, as applicable, will be sufficient to purchase U.S. Obligations providing the required Scheduled Defeasance Payments.

"DEFEASED NOTE" shall have the meaning set forth in Section 2.5.1(a)(v) hereof.

"DISCLOSURE DOCUMENT" shall mean a prospectus, prospectus supplement, private placement memorandum, offering memorandum, offering circular, term sheet, road show presentation materials or other offering documents or marketing materials, in each case in preliminary or final form, used to offer Securities in connection with a Securitization.

"ELIGIBLE ACCOUNT" shall mean a separate and identifiable account from all other funds held by the holding institution that is either (a) an account or accounts maintained with a federal or state-chartered depository institution or trust company which complies with the definition of Eligible Institution or (b) a segregated trust account or accounts maintained with a federal or state chartered depository institution or trust company acting in its fiduciary capacity which, in the case of a state chartered depository institution or trust company, is subject to regulations substantially similar to 12 C.F.R. Section 9.10(b), having in either case a combined capital and surplus of at least Fifty Million and 00/100 Dollars (\$50,000,000.00) and subject to supervision or examination by federal and state authority. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

"ELIGIBLE INSTITUTION" shall mean a depository institution or trust company, the short term unsecured debt obligations or commercial paper of which are rated at least "A-1+" by S&P, "P-1" by Moody's and "F-1+" by Fitch in the case of accounts in which funds are held for thirty (30) days or less (or, in the case of accounts in which funds are held for more than thirty (30) days, the long-term unsecured debt obligations of which are rated at least "AA" by Fitch and S&P and "Aa2" by Moody's).

"EMBARGOED PERSON" shall have the meaning set forth in Section 4.1.35 hereof.

"ENVIRONMENTAL INDEMNITY" shall mean that certain Environmental Indemnification Agreement, dated as of the date hereof, executed by Borrower and Guarantor in connection with the Loan for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"EVENT OF DEFAULT" shall have the meaning set forth in Section 8.1(a) hereof.

"EXISTING SUBLEASE" shall mean that certain Lease dated May 18, 1998 between WESCO Tenant, as sublandlord and Cutler-Hammer, Inc. subleasing 5,000 square feet in the building located on the Individual Property located at 256 Ragland Road, Skelton, West Virginia.

"EXTRAORDINARY EXPENSE" shall have the meaning set forth in Section 5.1.11(e) hereof.

"FIRREA" shall mean the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as the same may be amended from time to time.

"FISCAL YEAR" shall mean each twelve (12) month period commencing on January 1st and ending on December 31st during each year of the term of the Loan.

"FITCH" shall mean Fitch, Inc.

"GAAP" shall mean generally accepted accounting principles in the United States of America as of the date of the applicable financial report.

"GOVERNMENTAL AUTHORITY" shall mean any court, board, agency, commission, office or other authority of any nature whatsoever for any governmental unit (foreign, federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

"GROSS INCOME FROM OPERATIONS" shall mean, for any period, all income derived by Borrower pursuant to the WESCO Lease (exclusive of any reimbursements by WESCO Tenant thereunder), together with any other income, computed in accordance with GAAP, derived by Borrower from the ownership and operation of the Properties from whatever source during such period, including, but not limited to, any other Rents, utility charges, escalations, forfeited security deposits, interest on credit accounts, service fees or charges, license fees, parking fees, rent concessions or credits, business interruption or other loss of income or rental insurance proceeds or other required pass-throughs and interest on Reserve Accounts, if any, but excluding Rents from month-to-month tenants or tenants that are included in any Bankruptcy Action, sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any Governmental Authority, refunds and uncollectible accounts, sales of furniture, fixtures and equipment, Insurance Proceeds (other than business interruption or other loss of income or rental insurance), Awards, unforfeited security deposits, utility and other similar deposits and any disbursements to Borrower from the Reserve Funds, if any. Gross income shall not be diminished as a result of payments made with respect to the Mortgages, ground rent or other payments due to the creation of any intervening underlying estates or interest in the Properties or any part thereof. Gross Income from Operations shall be adjusted to an amount reflective of the greater of (a) the actual vacancy rate in effect at the time of the calculation, but in no event less than five percent (5%), and (b) the then current underwriting market standard for occupancy adjustments in the area where such Individual Property is located, as may be adjusted from time to time, based upon Lender's reasonable good faith belief that there has been a change in occupancy in the relevant market where the Individual Properties are located, based upon a survey prepared by a nationally recognized real estate brokerage service and provided, further that Lender shall be permitted to impose such adjustments only at the time of a release of an Individual Property in accordance with Section 2.5.6.

"GUARANTOR" shall mean WESCO International, Inc., a Delaware corporation, guarantor pursuant to the Guaranty.

"GUARANTY" shall mean that certain Guaranty of Non-Recourse Exceptions Agreement, dated as of the date hereof, executed and delivered by Guarantor in connection with the Loan to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, whereby Guarantor delivers a limited guaranty of certain exceptions to the non-recourse provisions set forth in Section 9.3.

"IMPROVEMENTS" shall have the meaning set forth in the granting clause of the related Mortgage with respect to each Individual Property.

"INDEBTEDNESS" of a Person, at a particular date, means the sum (without duplication) at such date of (a) all indebtedness or liability of such Person (including, without limitation, amounts for borrowed money and indebtedness in the form of mezzanine debt or preferred equity); (b) obligations evidenced by bonds, debentures, notes, or other similar instruments; (c) obligations for the deferred purchase price of property or services (including trade obligations due more than ninety (90) days from the date of incurrence); (d) obligations under letters of credit; (e) obligations under acceptance facilities; (f) all guaranties, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds, to invest in any Person or entity, or otherwise to assure a creditor against loss; and (g) obligations secured by any Liens, whether or not the obligations have been assumed (other than the Permitted Encumbrances).

"INDEMNIFIED LIABILITIES" shall have the meaning set forth in Section 5.1.11(e) hereof.

"INDEPENDENT DIRECTOR" shall mean a director of the Borrower or a manager on Borrower's board of managers who is not at the time of initial appointment, or at any time while serving as a director or manager of Borrower, and has not been at any time during the preceding five (5) years: (a) a stockholder, director (with the exception of serving as the Independent Director of the Borrower), officer, employee, partner, member, attorney or counsel of Borrower or any Affiliate thereof (unless such natural person is a director provided by a nationally recognized company that provides professional independent managers and which also provides other corporate services in the ordinary course of business, in which case such Person may receive reasonable fees for servicing as director of the Borrower or its Affiliate); (b) a creditor, customer, supplier or other Person who derives any of its purchases or revenues from its activities with Borrower or any Affiliate of any of them; (c) a Person controlling or under common control with any such stockholder, director, officer, employee, partner, member, creditor, customer, supplier or other Person; or (d) a member of the immediate family of any such stockholder, director, officer, employee, partner, member, creditor, customer, supplier or other person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a Person, whether through ownership of voting securities, by contract or otherwise.

"INDIVIDUAL PROPERTY" shall mean each parcel of real property, the Improvements thereon and the personal property, if any, owned by Borrower and encumbered by a Mortgage,

together with all rights pertaining to such property and Improvements, as more particularly described in the Granting Clauses of each Mortgage and referred to therein as the "Property".

"INSOLVENCY OPINION" shall mean that certain non-consolidation opinion letter dated the date hereof delivered by Kirkpatrick & Lockhart, LLP in connection with the Loan.

"INSURANCE PREMIUMS" shall have the meaning set forth in Section 6.1(b) hereof.

"INSURANCE PROCEEDS" shall have the meaning set forth in Section 6.4(b) hereof.

"INTEREST RATE" shall mean a rate of six and one half percent (6.50%) per annum.

"LEASE" shall mean the WESCO Lease, together with any other lease, sublease or subsublease, letting, license, concession or other agreement (whether written or oral and whether now or hereafter in effect) pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in any Individual Property, and every modification, amendment or other agreement relating to such WESCO Lease or such other lease, sublease, subsublease, or other agreement entered into in connection with such lease, sublease, subsublease, or other agreement and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto.

"LEGAL REQUIREMENTS" shall mean, with respect to each Individual Property, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting such Individual Property or any part thereof, or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting such Individual Property or any part thereof, including, without limitation, any which may (a) require repairs, modifications or alterations in or to such Individual Property or any part thereof, or (b) in any way limit the use and enjoyment thereof.

"LENDER" shall have the meaning set forth in the introductory paragraph hereto, together with its successors and assigns.

"LICENSES" shall have the meaning set forth in Section 4.1.22 hereof.

"LIEN" shall mean, with respect to each Individual Property, any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance, charge or transfer of, on or affecting Borrower, the related Individual Property, any portion thereof or any interest therein, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic's, materialmen's and other similar liens and encumbrances.

"LOAN" shall mean the loan made by Lender to Borrower pursuant to this Agreement.

"LOAN TO VALUE RATIO" shall mean, as of the date of its calculation, the ratio, expressed in the form a percentage, of (a) the sum of the outstanding principal amount of the Note (or, in the event a Defeasance Event has occurred, the Undeferred Note), for such period as of the date of such calculation to (b) an Appraisal (dated not more than six (6) months prior to the date of such calculation) of each of the remaining Individual Properties following a proposed release.

"LOAN DOCUMENTS" shall mean, collectively, this Agreement, the Note, the Mortgages, the Assignments of Leases, the Environmental Indemnity, the O&M Agreement, the Assignment of Management Agreement, the Guaranty, the Cash Management Agreement and all other documents executed and/or delivered in connection with the Loan..

"MANAGEMENT AGREEMENT" shall mean, with respect to each Individual Property, any management agreement entered into by and between Borrower and Manager, pursuant to which Manager is to provide management and other services with respect to such Individual Property, or, if the context requires, the Replacement Management Agreement.

"MANAGER" shall mean a Qualified Manager, if any, who is managing the Properties in accordance with the terms and provisions of this Agreement.

"MATURITY DATE" shall mean January 1, 2013, or such other date on which the final payment of principal of the Note becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise.

"MAXIMUM LEGAL RATE" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"MONTHLY DEBT SERVICE PAYMENT AMOUNT" shall mean a constant monthly payment of \$95,106.06.

"MOODY'S" shall mean Moody's Investors Service, Inc.

"MORTGAGE" shall mean, with respect to each Individual Property, that certain first priority Mortgage (or Deed of Trust or Deed to Secure Debt) and Security Agreement, dated the date hereof, executed and delivered by Borrower to Lender as security for the Loan and encumbering such Individual Property, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"NET CASH FLOW" shall mean, for any period, the amount obtained by subtracting (a) Operating Expenses and (b) the normalized amount expended by Borrower for items capitalized under GAAP (including expenditures for building improvements or major repairs, leasing commissions and tenant improvements), but in no event less than \$149,800.52 per year, from Gross Income from Operations for such period.

"NET CASH FLOW SCHEDULE" shall have the meaning set forth in Section 5.1.11(b) hereof.

"NET OPERATING INCOME" shall mean the amount obtained by subtracting Operating Expenses from Gross Income from Operations.

"NET PROCEEDS" shall have the meaning set forth in Section 6.4(b) hereof.

"NET PROCEEDS DEFICIENCY" shall have the meaning set forth in Section 6.4(b)(vi) hereof.

"NOTE" shall mean that certain Promissory Note, dated the date hereof, in the principal amount of Thirteen Million Three Hundred and Forty Thousand and 00/100 Dollars (\$13,340,000.00), made by Borrower in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, including any Defeased Note and Undefeased Note that may exist from time to time.

"O&M AGREEMENT" shall mean, with respect to each Individual Property referenced on Schedule V attached hereto, that certain Operations and Maintenance Agreement, dated as of the date hereof, between Borrower and Lender given in connection with the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"OFFICER'S CERTIFICATE" shall mean a certificate delivered to Lender by Borrower which is signed by an authorized officer of the general partner or managing member of Borrower.

"OPERATING EXPENSES" shall mean the total of all expenditures, computed in accordance with GAAP, of whatever kind relating to the operation, maintenance and management of the Properties that are incurred by Borrower on a regular monthly or other periodic basis (and that are not otherwise paid for by WESCO Tenant pursuant to the terms of the WESCO Lease), including, without limitation, utilities, ordinary repairs and maintenance, insurance, property taxes and assessments, an underwritten management fee of not less than two percent (2%) of Gross Income from Operations, payroll and related taxes, computer processing charges, operational equipment or other equipment lease payments as approved by Lender, and other similar costs, but excluding depreciation, Debt Service, capital expenditures and contributions to the Reserve Funds.

"OTHER CHARGES" shall mean all ground rents, maintenance charges, impositions other than Taxes, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining any Individual Property, now or hereafter levied or assessed or imposed against such Individual Property or any part thereof.

"OTHER OBLIGATIONS" shall have the meaning as set forth in the Mortgages.

"PAYMENT DATE" shall mean the first (1st) day of each calendar month during the term of the Loan or, if such day is not a Business Day, the immediately preceding Business Day.

"PENDING LITIGATION MATTER" shall mean that certain civil action captioned Casper, et al v. ESCO Distribution, Inc., No. 02-1110, United States District Court for the Western District of Pennsylvania.

"PERMITTED ENCUMBRANCES" shall mean, with respect to an Individual Property, collectively, (a) the Liens and security interests created by the Loan Documents, (b) all Liens, encumbrances and other matters disclosed in the Title Insurance Policies relating to such Individual Property or any part thereof, (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet due or delinquent, and (d) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's sole discretion, which Permitted Encumbrances in the aggregate do not materially adversely affect the value or use of such Individual Property or Borrower's ability to repay the Loan.

"PERMITTED INVESTMENTS" shall have the meaning set forth in the Cash Management Agreement.

"PERMITTED LEASE TRANSACTION" shall have the meaning set forth in Section 5.1.20 hereof.

"PERMITTED RELEASE DATE" shall mean the earlier of (i) the date that is two (2) years from the "startup day" within the meaning of Section 860G(a)(9) of the Code of the REMIC Trust or (ii) the third (3rd) anniversary of this Agreement.

"PERMITTED TRANSFER" means any of the following: (a) any transfer, directly as a result of the death of a natural person, of stock, membership interests or other ownership interests previously held by the decedent in question to the Person or Persons lawfully entitled thereto and (b) any transfer, directly as a result of the legal incapacity of a natural person, of stock, membership interests or other ownership interests previously held by such natural person to the Person or Persons lawfully entitled thereto.

"PERSON" shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"PERSONAL PROPERTY" shall have the meaning set forth in the granting clause of the Mortgage with respect to each Individual Property.

"PHYSICAL CONDITIONS REPORT" shall mean, with respect to each Individual Property, a structural engineering report prepared by a company satisfactory to Lender regarding the physical condition of such Individual Property, satisfactory in form and substance to Lender in its sole discretion, which report shall, among other things, (a) confirm that such Individual Property and its use complies, in all material respects, with all applicable Legal Requirements (including, without limitation, zoning, subdivision and building laws) and (b) include a copy of a final certificate of occupancy with respect to all Improvements on such Individual Property (or such other evidence that the related Individual Property may be legally occupied that is satisfactory to Lender in its sole discretion.

"POLICIES" shall have the meaning specified in Section 6.1(b) hereof.

"POLICY" shall have the meaning specified in Section 6.1(b) hereof.

"PREPAYMENT RATE DETERMINATION DATE" shall mean the date which is five (5) Business Days prior to the date that such prepayment shall be applied in accordance with the terms and provisions of Section 2.4.3 hereof.

"PREPAYMENT RATE" shall mean the bond equivalent yield (in the secondary market) on the United States Treasury Security that as of the Prepayment Rate Determination Date has a remaining term to maturity closest to, but not exceeding, the remaining term to the Maturity Date, as most recently published in the "Treasury Bonds, Notes and Bills" section in The Wall Street Journal as of such Prepayment Rate Determination Date. If more than one issue of United States Treasury Securities has the remaining term to the Maturity Date, the "Prepayment Rate" shall be the yield on such United States Treasury Security most recently issued as of the Prepayment Rate Determination Date. The rate so published shall control absent manifest error. If the publication of the Prepayment Rate in The Wall Street Journal is discontinued, Lender shall determine the Prepayment Rate on the basis of "Statistical Release H.15 (519), Selected Interest Rates," or any successor publication, published by the Board of Governors of the Federal Reserve System, or on the basis of such other publication or statistical guide as Lender may reasonably select.

"PROPERTIES" shall mean, collectively, each and every Individual Property which is subject to the terms of this Agreement.

"PRO-RATA RELEASE AMOUNT" shall mean, for each Individual Property, the product of (a) the quotient obtained by dividing the Release Amount for such Individual Properties by the sum of the Release Amount for all Properties, and (b) the outstanding principal balance of the Loan.

"PROPERTY" shall mean the parcel of real property, the Improvements thereon and the personal property, if any, owned by Borrower and encumbered by the Mortgage, together with all rights pertaining to such property and Improvements, as more particularly described in the granting clauses of the Mortgage and referred to therein as the "Property".

"PROVIDED INFORMATION" shall mean any and all financial and other information provided at any time by, or on behalf of, any Indemnifying Person with respect to the Property, Borrower, Guarantor and/or any Manager.

"QUALIFIED MANAGER" shall mean, in the reasonable judgment of Lender, a reputable and experienced management organization (which may be an Affiliate of Borrower) possessing experience in managing properties similar in size, scope, use and value as the Properties, provided Lender, at its option may require that Borrower shall have obtained (a) prior written confirmation from the applicable Rating Agencies that management of the Properties by such Person will not cause a downgrade, withdrawal or qualification of the then current ratings of the Securities or any class thereof and (b) if such Person is an Affiliate of Borrower, an Additional Insolvency Opinion.

"QUALIFIED TRANSFEREE" shall mean any of the following entities:

(a) a real estate investment trust, bank, saving and loan association, investment bank, insurance company, trust company, commercial credit corporation, pension plan, pension fund or pension advisory firm, mutual fund, government entity or plan, (B) an investment company, money management firm or "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, or an institutional "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, as amended, which is regularly engaged in the business of owning and managing properties similar in size, scope, class, use and value as the Property, or (C) an institution substantially similar to any of the foregoing entities described in clauses (A) or (B) of this definition, provided that any such entity must (x) have total assets in excess of \$1,000,000,000.00 and capital/statutory surplus or shareholder's equity of \$500,000,000.00 and (y) be regularly engaged in the business of owning and managing properties similar in size, scope, class, use and value as the Property, or

(b) an entity approved by the Rating Agencies prior to a Transfer, or

(c) in the reasonable judgment of Lender, a reputable and experienced real estate organization having a net worth in excess of \$1,000,000,000.00 and possessing experience in owning and managing properties similar in size, scope, class, use and value as the Property, provided, that such organization shall be deemed to have sufficient experience if such organization owns or manages (or has owned or managed within the past five (5) years) retail properties similar in size, scope, class, use and value as the Property which comprise in the aggregate at least five million (5,000,000) square feet of leasable space; or

(d) an entity, (i) the equity of which is listed on the New York Stock Exchange or another nationally recognized stock exchange ("Publicly Traded Entity"), or a wholly owned subsidiary of a Publicly Traded Entity rated not less than BB- by S&P at the time of such transfer and (ii) in Lender's reasonable judgment, which is (A) regularly engaged in the business of owning and operating warehouse and distribution facilities similar in size, scope, class, use and value as the Properties or (B) a nationally recognized industrial concern one of the principal businesses of which is component manufacture, general industrial distribution or integrated supply (e.g., EATON Corporation; Schneider Electric; Siemens; ABB; Consolidated Electrical Distributors, Inc.; General Electric Supply Company; Graybar Electric Company Inc.; Hagemeyer North America; Rexel Inc. and Sonepar USA) which concern (I) has experience owning or managing real estate of any kind as part of its existing operations, (II) has engaged a Qualified Manager to operate and manage the Properties, (III) will acquire and continue to employ the current employees of WESCO Tenant who operate and manage the Properties or (IV) will hire a group of persons who have sufficient experience in the operation and management of real estate such as to be comparable to the group of persons described in clause (III); or

(e) a privately owned entity which is a nationally recognized financial buyer (e.g. Clayton, Dubilier and Rice; Kohlberg, Kravis and Roberts; Forstmann Little and the Blackstone Group) which shall (i) have total assets equal to or in excess of \$1,000,000,000.00, (ii) have a net worth equal to or in excess of \$140,000,000.00 and (iii) (A) in Lender's

reasonable judgment, be regularly engaged in the business of owning and operating warehouse and distribution facilities similar in size, scope, class, use and value as the Properties, (B) engage a Qualified Manager to operate and manage the Properties, (C) acquire and continue to employ the current employees of WESCO Tenant who operate and manage the Properties or (D) hire a group of persons who, in Lender's reasonable judgment, have sufficient experience in the operation and management of real estate such as to be comparable to the group of persons described in clause (C); or

(f) a privately owned entity which is a nationally recognized industrial concern one of the principal businesses of which is component manufacture, general industrial distribution or integrated supply (e.g., EATON Corporation; Schneider Electric; Siemens; ABB; Consolidated Electrical Distributors, Inc.; General Electric Supply Company; Graybar Electric Company Inc.; Hagemeyer North America; Rexel Inc. and Sonepar USA), which shall (i) have total assets equal to or in excess of \$1,000,000,000.00, (ii) have a net worth equal to or in excess of \$140,000,000.00 and (iii) (A) have experience owning or managing real estate of any kind as part of its existing operations, (B) have engaged a Qualified Manager to operate and manage the Properties, (C) acquire and continue to employ the current employees of WESCO Tenant who operate and manage the Properties or (D) will hire a group of persons who, in Lender's reasonable discretion, have sufficient experience in the operation and management of real estate such as to be comparable to the group of persons described in clause (C); or

(g) any entity controlled by any one or more of the entities described in subsections (a) - (f).

"RATING AGENCIES" shall mean each of S&P, Moody's and Fitch, or any other nationally recognized statistical rating agency which has been approved by Lender.

"REMIC TRUST" shall mean a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code that holds the Note.

"RELEASE AMOUNT" shall mean for an Individual Property the amount set forth on Schedule I hereto.

"RENTS" shall mean, for so long as the WESCO Lease shall remain in effect, , and in all other cases in which the WESCO Lease shall not be in effect such other Leases, any and all rent due thereunder (including percentage rents), rent equivalents, moneys payable as damages or in lieu of rent or rent equivalents, royalties (including, without limitation, all oil and gas or other mineral royalties and bonuses), income, receivables, receipts, revenues, deposits (including, without limitation, security, utility and other deposits), accounts, cash, issues, profits, charges for services rendered, all other amounts payable as rent under any Lease or other agreement relating to the Property, including, without limitation, charges for electricity, oil, gas, water, steam, heat, ventilation, air-conditioning and any other energy, telecommunication, telephone, utility or similar items or time use charges, HVAC equipment charges, sprinkler charges, escalation charges, license fees, maintenance fees, charges for Taxes, Operating Expenses or other reimbursables payable to Borrower (or to the Manager for the account of Borrower) under any Lease, and other consideration of whatever form or nature received by or paid to or for the

account of or benefit of Borrower or its agents or employees from any and all sources arising from or attributable to the Individual Property.

"REPLACEMENT MANAGEMENT AGREEMENT" shall mean, following the expiration or termination of any Management Agreement hereafter entered into, a management agreement with a Qualified Manager, which management agreement shall be reasonably acceptable to Lender in form and substance, provided Lender, at its option, may require that Borrower shall have obtained prior written confirmation from the applicable Rating Agencies that such management agreement will not cause a downgrade, withdrawal or qualification of the then current rating of the Securities or any class thereof and (b) an assignment of management agreement and subordination of management fees substantially in the form then used by Lender (or of such other form and substance reasonably acceptable to Lender), executed and delivered to Lender by Borrower and such Qualified Manager at Borrower's expense.

"REPLACEMENT RESERVE ACCOUNT" shall have the meaning set forth in Section 7.3.1 hereof.

"REPLACEMENT RESERVE FUND" shall have the meaning set forth in Section 7.3.1 hereof.

"REPLACEMENT RESERVE MONTHLY DEPOSIT" shall have the meaning set forth in Section 7.3.1 hereof.

"REPLACEMENTS" shall have the meaning set forth in Section 7.3.1 hereof.

"REQUIRED REPAIR ACCOUNT" shall have the meaning set forth in Section 7.1.1 hereof.

"REQUIRED REPAIR FUND" shall have the meaning set forth in Section 7.1.1 hereof.

"REQUIRED REPAIRS" shall have the meaning set forth in Section 7.1.1 hereof.

"RESERVE FUNDS" shall mean, collectively, the Tax and Insurance Escrow Fund, the Replacement Reserve Fund, the Required Repair Fund and any other escrow fund established by the Loan Documents.

"RESTORATION" shall mean the repair and restoration of the an Individual Property after a Casualty or Condemnation as nearly as possible to the condition the Individual Property was in immediately prior to such Casualty or Condemnation, with such alterations as may be reasonably approved by Lender.

"RESTORATION THRESHOLD FLOOR AREA" shall mean, either (a) twenty-five percent of the total floor area attributable to all of the Properties, calculated on an aggregate basis or (b) in the case of damage or destruction to the Individual Properties located in Byhalia, Mississippi and Warrendale, Pennsylvania, fifty percent (50%) of the total floor area attributable to either of such Individual Properties, as applicable.

"RESTRICTED PARTY" shall mean collectively, (a) Borrower, Guarantor, and any Affiliated Manager and (b) any shareholder, partner, member, non-member manager, any direct or indirect legal or beneficial owner of, Borrower, any Affiliated Manager or any non-member manager.

"S&P" shall mean Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies.

"SALE OR PLEDGE" shall mean a voluntary or involuntary sale, conveyance, assignment, transfer, encumbrance or pledge of a legal or beneficial interest, whether direct or indirect.

"SCHEDULED DEFEASANCE PAYMENTS" shall have the meaning set forth in Section 2.5.1(b) hereof.

"SECURITIES" shall have the meaning set forth in Section 9.1 hereof.

"SECURITIZATION" shall have the meaning set forth in Section 9.1 hereof.

"SECURITY AGREEMENT" shall have the meaning set forth in Section 2.5.1(a)(vi) hereof.

"SERVICER" shall have the meaning set forth in Section 9.5 hereof.

"SERVICING AGREEMENT" shall have the meaning set forth in Section 9.5 hereof.

"SEVERED LOAN DOCUMENTS" shall have the meaning set forth in Section 8.2(c) hereof.

"SPECIAL PURPOSE ENTITY" shall mean a corporation, limited partnership or limited liability company which, at all times on and after the date hereof, complies with the following requirements unless it has received the prior consent of Lender or a permitted administrative agent thereof, or, while the Loan is securitized, unless it has received confirmation from each of the applicable Rating Agencies that such action would not result in the requalification, withdrawal, or downgrade of the ratings of any Securities or any class thereof:

(i) is organized solely for the purpose of acquiring, developing, owning, holding, selling, leasing, transferring, exchanging, managing and operating the Properties, entering into this Agreement with Lender, refinancing the Properties in connection with a permitted repayment of the Loan, and transacting lawful business that is incident, necessary and appropriate to accomplish the foregoing;

(ii) is not engaged and will not engage in any business unrelated to (A) the acquisition, development, ownership, management or operation of the Properties, (B) acting as general partner of the limited partnership that owns the Properties or (C) acting as a member of the limited liability company that owns the Properties, as applicable;

(iii) does not have and will not have any assets other than those related to the Properties or its partnership interest in the limited partnership or the member interest in the limited liability company that owns the Properties or acts as the general partner or managing member thereof, as applicable;

(iv) has not engaged, sought or consented to and will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger, sale of all or substantially all of its assets, transfer of partnership or membership interests (if such entity is a general partner in a limited partnership or a member in a limited liability company) or amendment of its limited partnership agreement, articles of incorporation, articles of organization, certificate of formation or operating agreement (as applicable) with respect to the matters set forth in this definition;

(v) if such entity is a limited partnership, has, as its only general partners, Special Purpose Entities that are corporations, limited partnerships or limited liability companies (with more than one (1) member);

(vi) if such entity is a corporation, has at least two (2) Independent Directors, and has not caused or allowed and will not cause or allow the board of directors of such entity to take any action requiring the unanimous affirmative vote of one hundred percent (100%) of the members of its board of directors unless two Independent Directors shall have participated in such vote;

(vii) if such entity is a limited liability company, has two (2) independent managers that own no equity in Borrower, provided Borrower additionally complies with the requirements set forth in clause (xxxvi) of this definition;

(viii) shall not, and if such entity is (a) a limited liability company, has articles of organization, a certificate of formation and/or an operating agreement, as applicable, (b) a limited partnership, has a limited partnership agreement, or (c) a corporation, has a certificate of incorporation or articles that, in each case, provide that such entity shall not, (1) dissolve, merge, liquidate, consolidate; (2) sell all or substantially all of its assets or the assets of Borrower (as applicable); (3) engage in any other business activity, or amend its organizational documents with respect to the matters set forth in this definition without the consent of Lender; or (4) without the affirmative vote of two Independent Directors and of all other directors of the corporation (that is such entity or the general partner or managing or co-managing member of such entity), on behalf of or with respect to itself or to any other entity in which it has a direct or indirect legal or beneficial ownership interest: (A) file or consent to the filing of any bankruptcy, insolvency or reorganization case or proceeding, institute any proceedings under any applicable insolvency law or otherwise seek relief under any laws relating to the relief from debts or the protection of debtors generally, file a bankruptcy or insolvency petition or otherwise institute insolvency proceedings; (B) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for the entity or a

substantial portion of its property; (C) make an assignment for the benefit of the creditors of the entity; or (D) take any action in furtherance of any of the foregoing;

(ix) if such entity is a limited partnership or a limited liability company that is the general partner of a limited partnership or the member of a limited liability company that is Borrower, has a corporation that has at least two Independent Directors and that owns at least one percent (1.0%) of the equity of such entity as its general partner or managing member, as applicable, that is a Special Purpose Entity;

(x) is and will remain solvent and pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due, and is maintaining and will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(xi) has not failed and will not fail to correct any known misunderstanding regarding the separate identity of such entity and has not and will not identify itself as a division of any other Person;

(xii) has maintained and will maintain its bank accounts, books of account, books and records separate from those of any other Person and will file its own tax returns, except to the extent that it is required by law to file consolidated tax returns and, if it is a corporation, will not file a consolidated federal income tax return with any other corporation, except to the extent that it is required by law to file consolidated tax returns;

(xiii) has maintained and will maintain its own records, books, resolutions and agreements;

(xiv) has not commingled and will not commingle its funds or assets with those of any other Person and has not participated and will not participate in any cash management system with any other Person;

(xv) has held and will hold its assets in its own name;

(xvi) has conducted and will conduct its business in its name or in a name franchised or licensed to it by an entity other than an Affiliate of itself or of Borrower, except for services rendered under a business management services agreement with an Affiliate that complies with the terms contained in subsection (xxx) below, so long as the manager, or equivalent thereof, under such business management services agreement holds itself out as an agent of Borrower;

(xvii) (a) has maintained and will maintain its financial statements, accounting records and other entity documents separate from those of any other Person; (b) shall, in its financial statements, show its asset and liabilities separate and apart from those of any other Person; and (c) has not permitted and will not

permit its assets to be listed as assets on the financial statement of any other Person except as required by GAAP; provided, however, that any such consolidated financial statement shall contain a note indicating that its separate assets and liabilities are neither available to pay the debts of the consolidated entity nor constitute obligations of the consolidated entity;

(xviii) has paid and will pay its own liabilities and expenses, including the salaries of its own employees, out of its own funds and assets, and has maintained and will maintain a sufficient number of employees in light of its contemplated business operations;

(xix) has observed and will observe all partnership, corporate or limited liability company formalities, as applicable;

(xx) has and will have no Indebtedness other than (i) the Loan, (ii) liabilities incurred in the ordinary course of business relating to the ownership and operation of the Property and the routine administration of Borrower, in amounts not to exceed \$266,800, which liabilities are not more than ninety (90) days past the date incurred, are not evidenced by a note and are paid when due, and which amounts are normal and reasonable under the circumstances and (iii) such other liabilities that are permitted pursuant to this Agreement;

(xxi) has not and will not assume or guarantee or become obligated for the debts of any other Person, hold out its credit as being available to satisfy the obligations of any other Person or pledge its assets for the benefit of any other Person, except as permitted pursuant to this Agreement;

(xxii) has not and will not acquire obligations or securities of its partners, members or shareholders or any other Affiliate;

(xxiii) has allocated and will allocate fairly and reasonably any overhead expenses that are shared with any Affiliate, including, but not limited to, paying for shared office space and services performed by any employee of an Affiliate;

(xxiv) maintains and uses and will maintain and use separate stationery, invoices and checks bearing its name. The stationery, invoices, and checks utilized by the Special Purpose Entity or utilized to collect its funds or pay its expenses shall bear its own name and shall not bear the name of any other entity unless such entity is clearly designated as being the Special Purpose Entity's agent;

(xxv) has not pledged and will not pledge its assets for the benefit of any other Person;

(xxvi) has held itself out and identified itself and will hold itself out and identify itself as a separate and distinct entity under its own name or in a name franchised or licensed to it by an entity other than an Affiliate of Borrower and not as a division or part of any other Person, except for services rendered under a

business management services agreement with an Affiliate that complies with the terms contained in Subsection (xxx) below, so long as the manager, or equivalent thereof, under such business management services agreement holds itself out as an agent of Borrower;

(xxvii) has maintained and will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xxviii) has not made and will not make loans to any Person or hold evidence of indebtedness issued by any other Person or entity (other than cash and investment-grade securities issued by an entity that is not an Affiliate of or subject to common ownership with such entity);

(xxix) has not identified and will not identify its partners, members or shareholders, or any Affiliate of any of them, as a division or part of it, and has not identified itself and shall not identify itself as a division of any other Person;

(xxx) maintains an arm's-length relationship with its Affiliates and has not entered into or been a party to, and will not enter into or be a party to, any transaction with its partners, members, shareholders or Affiliates except (A) in the ordinary course of its business and on terms which are intrinsically fair, commercially reasonable and are no less favorable to it than would be obtained in a comparable arm's-length transaction with an unrelated third party and (B) in connection with this Agreement;

(xxxi) has not and will not have any obligation to, and will not, indemnify its partners, officers, directors or members, as the case may be, unless such an obligation is fully subordinated to the Debt and will not constitute a claim against it in the event that cash flow in excess of the amount required to pay the Debt is insufficient to pay such obligation;

(xxxii) if such entity is a corporation, it shall consider the interests of its creditors in connection with all corporate actions;

(xxxiii) does not and will not have any of its obligations guaranteed by any Affiliate;

(xxxiv) shall not form, acquire or hold any subsidiary; and

(xxxv) has complied and will comply with all of the terms and provisions contained in its organizational documents. The statement of facts contained in its organizational documents are true and correct and will remain true and correct.

(xxxvi) is a Delaware limited liability company, whose limited liability company agreement (the "LLC Agreement") provides that (A) Borrower shall have at least two (2) Independent Managers in its Board of Managers or as independent managers of Borrower, (B) upon the occurrence of any event that

causes the current sole member, CDW REALCO, Inc., a Delaware corporation ("Borrower's Sole Member") to cease to be the member of Borrower (other than (1) upon an assignment by Borrower's Sole Member of all of its limited liability company interest in Borrower and the admission of the transferee in accordance with the Loan Documents and the LLC Agreement, or (2) the resignation of Borrower's Sole Member and the admission of an additional member of Borrower in accordance with the terms of the Loan Documents and the LLC Agreement), any person acting as Independent Director of Borrower shall, without any action of any other Person and simultaneously with Borrower's Sole Member ceasing to be the member of Borrower, automatically be admitted to Borrower ("Special Member") and shall continue Borrower without dissolution and (C) Special Member may not resign from Borrower or transfer its rights as Special Member unless (1) a successor Special Member has been admitted to Borrower as Special Member in accordance with requirements of all applicable provisions of the laws of the State of Delaware and (2) such successor Special Member has also accepted its appointment as an Independent Director. The LLC Agreement shall further provide that (v) Special Member shall automatically cease to be a member of Borrower upon the admission to Borrower of a substitute Member, (w) Special Member shall be a member of Borrower that has no interest in the profits, losses and capital of Borrower and has no right to receive any distributions of Borrower assets, (x) pursuant to Section 18-301 of the Delaware Limited Liability Company Act (the "Act"), Special Member shall not be required to make any capital contributions to Borrower and shall not receive a limited liability company interest in Borrower, (y) Special Member, in its capacity as Special Member, may not bind Borrower and (z) except as required by any mandatory provision of the Act, Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, Borrower, including, without limitation, the merger, consolidation or conversion of Borrower; provided, however, such prohibition shall not limit the obligations of Special Member, in its capacity as Independent Director, to vote on such matters known as "Special Decisions" required by the LLC Agreement. In order to implement the admission to Borrower of Special Member, Special Member shall execute a counterpart to the LLC Agreement. Prior to its admission to Borrower as Special Member, Special Member shall not be a member of Borrower. Upon the occurrence of any event that causes Borrower's Sole Member to cease to be a member of Borrower, to the fullest extent permitted by law, the personal representative of Borrower's Sole Member shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of Borrower's Sole Member, agree in writing (A) to continue Borrower and (B) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of Borrower, effective as of the occurrence of the event that terminated the continued membership of Borrower's Sole Member in Borrower. Any action initiated by or brought against Borrower's Sole Member or Special Member under any Creditors Rights Laws shall not cause Borrower's Sole Member or Special Member to cease to be a member of Borrower and upon the occurrence of such an event, the business of

Borrower shall continue without dissolution. The LLC Agreement shall provide that both Borrower's Sole Member and Special Member waive any right it might have to agree in writing to dissolve Borrower upon the occurrence of any action initiated by or brought against Borrower's Sole Member or Special Member under any Creditors Rights Laws, or the occurrence of an event that causes Borrower's Sole Member or Special Member to cease to be a member of Borrower.

"STATE" shall mean, with respect to an Individual Property, the State or Commonwealth in which such Individual Property or any part thereof is located.

"SUBSTITUTE PROPERTIES" shall have the meaning set forth in Section 2.7 hereof.

"SUBSTITUTE PROPERTY" shall have the meaning set forth in Section 2.7 hereof.

"SUBSTITUTE RELEASE AMOUNT" shall have the meaning set forth in Section 2.7(k) hereof.

"SUBSTITUTED PROPERTY" shall have the meaning set forth in Section 2.7 hereof.

"SUCCESSOR BORROWER" shall have the meaning set forth in Section 2.5.3 hereof.

"SURVEY" shall mean a survey of the Individual Property in question prepared by a surveyor licensed in the State and reasonably satisfactory to Lender and the company or companies issuing the Title Insurance Policies, and containing a certification of such surveyor satisfactory to Lender.

"TAX AND INSURANCE ESCROW FUND" shall have the meaning set forth in Section 7.2 hereof.

"TAXES" shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against any Individual Property or part thereof.

"TENANT LETTER OF CREDIT" shall mean a transferable, clean, irrevocable, unconditional, standby sight draft letter of credit in form, substance and amount satisfactory to Lender in its sole discretion issued or confirmed by a commercial bank with a long term debt obligation rating of a least "A" or better by S&P or "A2" or better by Moody's (or a comparable long term debt obligation rating) as determined by S&P and Moody's and otherwise satisfactory to Lender in its reasonable discretion (the "Issuing Bank"). The Tenant Letter of Credit shall be payable upon presentation of a sight draft only to the order of Lender or upon a transfer of the Loan, to another party, as the case may be. The Tenant Letter of Credit shall have an initial expiration date of not less than one (1) year and shall be automatically renewed for successive one (1) year periods for so long as the Tenant Letter of Credit would be required pursuant to the terms hereof. The Tenant Letter of Credit shall be transferable by Lender and its successors and assigns at a New York City bank.

"TENANT PROPERTY" shall mean property owned by the WESCO Tenant and located or installed in the Properties, including, but not limited to, computer systems, phone

systems, security systems, office furniture, books and records, supplies, inventory, equipment and material handling equipment (including conveyors and flow-thru racking), mezzanine racking systems, shelving, bin shelving, fork lifts, vehicles and signs.

"THRESHOLD AMOUNT" shall have the meaning set forth in Section 5.1.20 hereof.

"TITLE INSURANCE POLICIES" shall mean, with respect to each Individual Property, an ALTA mortgagee title insurance policy in the form acceptable to Lender (or, if an Individual Property is in a State which does not permit the issuance of such ALTA policy, such form as shall be permitted in such State and acceptable to Lender) issued with respect to such Individual Property and insuring the lien of the Mortgage encumbering such Individual Property.

"TRANSFER" shall have the meaning set forth in Section 5.2.10(b) hereof.

"TRIGGER EVENT" shall mean that, (a) except for the circumstances described in clause (b), an Event of Default has occurred and is continuing, (b) Borrower or Manager shall become bankrupt or insolvent or (c) as of any Debt Service Coverage Ratio Determination Date the ratio of (i) Net Cash Flow to (ii) Debt Service is less than 1.20 to 1.00.

"UNDEFEASED NOTE" shall have the meaning set forth in Section 2.5.1(a)(v) hereof.

"UCC" or "UNIFORM COMMERCIAL CODE" shall mean the Uniform Commercial Code as in effect in the applicable State in which an Individual Property is located.

"U.S. OBLIGATIONS" shall mean non-redeemable securities evidencing an obligation to timely pay principal and/or interest in a full and timely manner that are (a) direct obligations of the United States of America for the payment of which its full faith and credit is pledged, or (b) to the extent acceptable to the Rating Agencies, other "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, as amended.

"WESCO INTERNATIONAL" shall mean WESCO International, Inc., a Delaware corporation.

"WESCO LEASE" shall mean that certain Lease Agreement dated as of the date hereof between Borrower, as landlord, and WESCO Tenant, as tenant.

"WESCO TENANT" shall mean WESCO Distribution, Inc., a Delaware corporation.

"YIELD MAINTENANCE PREMIUM" shall mean an amount equal to the greater of (a) one percent (1%) of the outstanding principal balance of the Loan to be prepaid or satisfied and (b) the excess, if any, of (i) the sum of the present values of all then-scheduled payments of principal and interest under the Note including, but not limited to, principal and interest due on the Maturity Date (with each such payment discounted to its present value at the date of prepayment at the rate which, when compounded monthly, is equivalent to the Prepayment Rate when compounded semi-annually), over (ii) the principal amount being prepaid.

SECTION 1.2 PRINCIPLES OF CONSTRUCTION.

All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. All uses of the word "including" shall mean "including, without limitation" unless the context shall indicate otherwise. Unless otherwise specified, the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

II. GENERAL TERMS

SECTION 2.1 LOAN COMMITMENT; DISBURSEMENT TO BORROWER.

2.1.1 AGREEMENT TO LEND AND BORROW. Subject to and upon the terms and conditions set forth herein, Lender hereby agrees to make and Borrower hereby agrees to accept the Loan on the Closing Date.

2.1.2 SINGLE DISBURSEMENT TO BORROWER. Borrower may request and receive only one (1) borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be reborrowed.

2.1.3 THE NOTE, MORTGAGE AND LOAN DOCUMENTS. The Loan shall be evidenced by the Note and secured by the Mortgages, the Assignments of Leases and the other Loan Documents.

2.1.4 USE OF PROCEEDS. Borrower shall use the proceeds of the Loan to (a) acquire the Properties or repay and discharge any existing loans relating to the Properties, (b) pay all past-due Basic Carrying Costs, if any, with respect to the Properties, (c) make deposits into the Reserve Funds on the Closing Date in the amounts provided herein, (d) pay costs and expenses incurred in connection with the closing of the Loan, as approved by Lender, (e) fund any working capital requirements of the Properties and (f) for general corporate purposes not inconsistent with the terms of the Loan Documents.

SECTION 2.2 INTEREST RATE.

2.2.1 INTEREST RATE. Interest on the outstanding principal balance of the Loan shall accrue from the Closing Date to but excluding the Maturity Date.

2.2.2 INTEREST CALCULATION. Interest on the outstanding principal balance of the Loan shall be calculated by multiplying (a) the actual number of days elapsed in the period for which the calculation is being made by (b) a daily rate based on a three hundred sixty (360) day year by (c) the outstanding principal balance.

2.2.3 DEFAULT RATE. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the outstanding principal balance of the Loan and, to the extent permitted by law, all accrued and unpaid interest in respect of the Loan and any other amounts due pursuant to the Loan Documents, shall accrue interest at the Default Rate,

calculated from the date such payment was due without regard to any grace or cure periods contained herein.

2.2.4 USURY SAVINGS. This Agreement, the Note and the other Loan Documents are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If, by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

SECTION 2.3 LOAN PAYMENT.

2.3.1 MONTHLY DEBT SERVICE PAYMENTS. Borrower shall pay to Lender (a) on the first Payment Date following the Closing Date, an amount equal to interest only on the outstanding principal balance of the Loan from the Closing Date up to but not including such Payment Date (unless such Closing Date is the first (1st) day of the month, in which case no such interest only payment shall be due) and (b) on each Payment Date thereafter up to and including the Maturity Date, Borrower shall make a payment to Lender of principal and interest in an amount equal to the Monthly Debt Service Payment Amount, which payments shall be applied first to accrued and unpaid interest and the balance to principal.

2.3.2 PAYMENTS GENERALLY. The first (1st) interest accrual period hereunder shall commence on and include the Closing Date and shall end on and include the last date of the month in which the Closing Date occurs. Each interest accrual period thereafter shall commence on the first (1st) day of each calendar month during the term of this Agreement and shall end on and include the final calendar date of such calendar month. For purposes of making payments hereunder, but not for purposes of calculating interest accrual periods, if the day on which such payment is due is not a Business Day, then amounts due on such date shall be due on the immediately succeeding Business Day and with respect to payments of principal due on the Maturity Date, interest shall be payable at the Interest Rate or the Default Rate, as the case may be, through and including the day immediately preceding such Maturity Date. All amounts due under this Agreement and the other Loan Documents shall be payable without setoff, counterclaim, defense or any other deduction whatsoever.

2.3.3 PAYMENT ON MATURITY DATE. Borrower shall pay to Lender on the Maturity Date the outstanding principal balance of the Loan, all accrued and unpaid interest and all other amounts due hereunder and under the Note, the Mortgages and the other Loan Documents.

2.3.4 LATE PAYMENT CHARGE. If any principal, interest or any other sums due under the Loan Documents (including the amounts due on the Maturity Date) are not paid by Borrower on or prior to the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of five percent (5%) of such unpaid sum or the Maximum Legal Rate in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Mortgages and the other Loan Documents to the extent permitted by applicable law.

2.3.5 METHOD AND PLACE OF PAYMENT. Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 12:00 noon, New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender's office or as otherwise directed by Lender, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

SECTION 2.4 PREPAYMENTS.

2.4.1 VOLUNTARY PREPAYMENTS. (a) Except as otherwise provided this Section 2.4, Borrower shall not have the right to prepay the Loan in whole or in part prior to the Maturity Date.

2.4.2 MANDATORY PREPAYMENTS. On the next occurring Payment Date following the date on which Lender actually receives any Net Proceeds, if Lender is not obligated to make such Net Proceeds available to Borrower for the Restoration of any Individual Property, Borrower shall prepay or authorize Lender to apply such Net Proceeds as a prepayment of all or a portion of the outstanding principal balance of the Loan together with accrued interest and any other sums due hereunder in an amount equal to one hundred percent (100%) of such Net Proceeds; provided, however, if an Event of Default has occurred and is continuing, Lender may apply such Net Proceeds to the Debt (until paid in full) in any order or priority in its sole discretion. Other than following an Event of Default, no Yield Maintenance Premium shall be due in connection with any prepayment made pursuant to this Section 2.4.2. Notwithstanding anything to the contrary contained herein, provided that an Event of Default has not occurred and is continuing, any partial prepayment under this Section shall be applied to the last payments of principal due under the Loan.

2.4.3 PREPAYMENTS AFTER DEFAULT. If following an Event of Default, payment of all or any part of the Debt is tendered by Borrower or otherwise recovered by Lender, such tender or recovery shall be (a) made on the next occurring Payment Date together with the Monthly Debt Service Payment and (b) deemed a voluntary prepayment by Borrower in violation of the prohibition against prepayment set forth in Section 2.4.1 hereof and Borrower shall pay, in addition to the Debt, an amount equal to the Yield Maintenance Premium.

2.4.4 PREPAYMENTS PRIOR TO PREPAYMENT RELEASE DATE. Prior to the Permitted Release Date and if a Securitization has not occurred, Lender may, in its sole discretion, permit Borrower to prepay the Loan in part in order to obtain the release of an Individual Property from

the Lien of the Mortgage thereon, provided, that (i) no Event of Default exists; (ii) the requirements of Section 6 have been satisfied; (iii) Borrower pays Lender, in addition to the Adjusted Release Amount for the applicable Individual Property, (A) all interest which would have accrued on such Adjusted Release Amount through and including the last day of the Interest Period related to the Payment Date next occurring following the date of such prepayment, or, if such prepayment occurs on a Payment Date, through and including the last day of the Interest Period related to such Payment Date, (B) all other sums then due and payable under this Agreement, the Note and the other Loan Documents, including, but not limited to all of Lender's reasonable costs and expenses (including reasonable attorney's fees and disbursements) incurred by Lender in connection with such prepayment, and (C) an amount equal to twenty-five hundredths of one percent (0.25%) of such Adjusted Release Amount.

2.4.5 OTHER PREPAYMENTS.

Notwithstanding anything herein to the contrary, but provided no Event of Default shall have occurred and be continuing, Borrower shall be permitted to prepay the Loan in full at any time on or following the Payment Date occurring immediately prior to the Maturity Date, together with any interest which would have accrued on the date such prepayment was made through and including the Maturity Date. Other than following an Event of Default, no Yield Maintenance Premium shall be due in connection with any prepayment made pursuant to this Section 2.4.5.

SECTION 2.5 DEFEASANCE.

2.5.1 VOLUNTARY DEFEASANCE. (a) Provided no Event of Default shall have occurred and be continuing, Borrower shall have the right at any time after the Permitted Release Date to voluntarily defease all, or in connection with a release of an Individual Property in accordance with Section 2.5.5 hereof, any portion of the Loan by and upon satisfaction of the following conditions (such event being a "DEFEASANCE EVENT"):

(i) Borrower shall provide not less than thirty (30) days prior written notice to Lender specifying the Payment Date (the "DEFEASANCE DATE") on which the Defeasance Event, in connection with the release of a Property in accordance with Section 2.5.5 hereof, and the principal amount of the Loan to be defeased;

(ii) Borrower shall pay to Lender all accrued and unpaid interest on the principal balance of the Loan to and including the Defeasance Date;

(iii) Borrower shall pay to Lender all other sums, not including scheduled interest or principal payments, then due under the Note, this Agreement, the Mortgage and the other Loan Documents;

(iv) Borrower shall deliver to Lender the Defeasance Deposit applicable to the Defeasance Event;

(v) In the event only a portion of the Loan is the subject of the Defeasance Event, Borrower shall prepare all necessary documents to modify this Agreement and to amend and restate the Note and issue two substitute notes, one

note having a principal balance equal to the defeased portion of the original Note and a maturity date equal to Maturity Date (the "DEFEASED NOTE") and the other note having a principal balance equal to the undefeased portion of the Note (the "UNDEFEASED NOTE"). The Defeased Note and Undefeased Note shall otherwise have terms identical to the Note, except that a Defeased Note cannot be the subject of any further Defeasance Event;

(vi) Borrower shall execute and deliver a pledge and security agreement, in form and substance that would be reasonably satisfactory to a prudent lender creating a first priority lien on the Defeasance Deposit and the U.S. Obligations purchased with the Defeasance Deposit in accordance with the provisions of this Section 2.5 (the "SECURITY AGREEMENT");

(vii) Borrower shall deliver an opinion of counsel for Borrower that is standard in commercial lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that Borrower has legally and validly transferred and assigned the U.S. Obligations and all obligations, rights and duties under and to the Note or the Defeased Note (as applicable) to the Successor Borrower, that Lender has a perfected first priority security interest in the Defeasance Deposit and the U.S. Obligations delivered by Borrower and that any REMIC Trust formed pursuant to a Securitization will not fail to maintain its status as a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code as a result of such Defeasance Event;

(viii) Borrower shall deliver confirmation in writing from each of the applicable Rating Agencies to the effect that such release will not result in a downgrade, withdrawal or qualification of the respective ratings in effect immediately prior to such Defeasance Event for the Securities issued in connection with the Securitization which are then outstanding. If required by the applicable Rating Agencies, Borrower shall also deliver or cause to be delivered an Additional Insolvency Opinion with respect to the Successor Borrower in form and substance satisfactory to Lender and the applicable Rating Agencies;

(ix) Borrower shall deliver an Officer's Certificate certifying that the requirements set forth in this Section 2.5.1(a) have been satisfied;

(x) Borrower shall deliver a certificate of Borrower's independent certified public accountant certifying that the U.S. Obligations purchased with the Defeasance Deposit generate monthly amounts equal to or greater than the Scheduled Defeasance Payments;

(xi) Borrower shall deliver such other certificates, documents or instruments as Lender may reasonably request; and

(xii) Borrower shall pay all costs and expenses of Lender incurred in connection with the Defeasance Event, including (A) any costs and expenses

associated with a release of the Lien of the Mortgage as provided in 2.5.3 hereof, (B) reasonable attorneys' fees and expenses incurred in connection with the Defeasance Event, (C) the costs and expenses of the Rating Agencies, (D) any revenue, documentary stamp or intangible taxes or any other tax or charge due in connection with the transfer of the Note, or otherwise required to accomplish the defeasance and (E) the costs and expenses of Servicer and any trustee, including reasonable attorneys' fees.

(b) In connection with each Defeasance Event, Borrower shall use the Defeasance Deposit to purchase U.S. Obligations which provide payments on or prior to, but as close as possible to, all successive scheduled payment dates after the Defeasance Date upon which interest and principal payments are required under the Note, in the case of a Defeasance Event for the entire outstanding principal balance of the Loan, or the Defeased Note, in the case of a Defeasance Event for only a portion of the outstanding principal balance of the Loan, as applicable, and in amounts equal to the scheduled payments due on such dates under this Agreement and the Note or the Defeased Note (as applicable) (including, without limitation, scheduled payments of principal, interest, servicing fees (if any), and any other amounts due under the Loan Documents on such dates) and assuming the Note or the Defeased Note (as applicable) is prepaid in full on the Maturity Date (the "SCHEDULED DEFEASANCE PAYMENTS"). Borrower, pursuant to the Security Agreement or other appropriate document, shall authorize and direct that the payments received from the U.S. Obligations may be made directly to the Cash Management Account (unless otherwise directed by Lender) and applied to satisfy the obligations of Borrower under this Agreement and the Note or the Defeased Note (as applicable). Any portion of the Defeasance Deposit in excess of the amount necessary to purchase the U.S. Obligations required by this Section 2.5 and satisfy Borrower's other obligations under this Section 2.5 and 2.5.3 shall be remitted to Borrower.

2.5.2 COLLATERAL. Each of the U.S. Obligations that are part of the defeasance collateral shall be duly endorsed by the holder thereof as directed by Lender or accompanied by a written instrument of transfer in form and substance that would be satisfactory to a prudent lender (including, without limitation, such instruments as may be required by the depository institution holding such securities or by the issuer thereof, as the case may be, to effectuate book-entry transfers and pledges through the book-entry facilities of such institution) in order to perfect upon the delivery of the defeasance collateral a first priority security interest therein in favor of Lender in conformity with all applicable state and federal laws governing the granting of such security interests.

2.5.3 SUCCESSOR BORROWER. In connection with any Defeasance Event, Borrower may at its option, or if so required by the applicable Rating Agencies shall, establish or designate a successor entity (the "SUCCESSOR BORROWER") acceptable to Lender, which shall be a Special Purpose Entity with two (2) Independent Directors approved by the Rating Agencies, and Borrower shall transfer and assign all obligations, rights and duties under and to the Note or the Defeased Note (as applicable), together with the pledged U.S. Obligations to such Successor Borrower. Such Successor Borrower shall assume the obligations under the Note or the Defeased Note (as applicable) and the Security Agreement and Borrower shall be relieved of its obligations under such documents. Borrower shall pay One Thousand and 00/100 Dollars (\$1,000) to any such Successor Borrower as consideration for assuming the obligations under the

Note or the Defeased Note (as applicable) and the Security Agreement. Notwithstanding anything in this Agreement to the contrary, no other assumption fee shall be payable upon a transfer of the Note or the Defeased Note (as applicable) in accordance with this Section 2.5.3, but Borrower shall pay all costs and expenses incurred by Lender, including Lender's reasonable attorneys' fees and expenses and any fees and expenses of any Rating Agencies, incurred in connection therewith.

2.5.4 RELEASE OF PROPERTY.

Except as set forth in this Section 2.5, no repayment, prepayment or defeasance of all or any portion of the Loan shall cause, give rise to a right to require, or otherwise result in, the release of any Lien of any Mortgage on any Individual Property.

2.5.5 RELEASE OF PROPERTY.

(a) If Borrower has elected to defease all or a portion of the Loan and the requirements of Section 2.5 have been satisfied, all of the Properties to which the defeasance applies shall be released from the Liens of their respective Mortgages.

(b) In connection with the release of the Mortgages, Borrower shall submit to Lender, not less than thirty (30) days prior to the Defeasance Date, a release of Lien (and related Loan Documents) for each Individual Property for execution by Lender. Such release shall be in a form appropriate in each jurisdiction in which an Individual Property is located and that would be satisfactory to a prudent lender and contains standard provisions, if any, protecting the rights of the releasing lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such release, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, and (ii) will effect such releases in accordance with the terms of this Agreement.

2.5.6 RELEASE OF INDIVIDUAL PROPERTY. If Borrower has elected to prepay a portion of the Loan and the requirements of Section 2.5 have been satisfied, and provided that no Event of Default has occurred and is continuing, Borrower may obtain the release of an Individual Property from the Lien of the Mortgage thereon (and related Loan Documents) and the release of Borrower's obligations under the Loan Documents with respect to such Individual Property (other than those expressly stated to survive), upon the satisfaction of each of the following conditions:

(a) The amount of the outstanding principal balance of the Loan to be prepaid shall equal or exceed the Adjusted Release Amount for the applicable Individual Property, and such prepayment shall be deemed a voluntary prepayment for all purposes hereunder;

(b) Borrower shall submit to Lender, not less than thirty (30) days prior to the Payment Date on which the prepayment will be made, a release of Lien (and related Loan Documents) for such Individual Property for execution by Lender. Such release shall be in a form appropriate in each jurisdiction in which the Individual Property is located and that would be satisfactory to a prudent lender and contains standard provisions, if any, protecting the rights of the releasing lender. In addition, Borrower shall provide all other documentation

Lender reasonably requires to be delivered by Borrower in connection with such release, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, (ii) will effect such release in accordance with the terms of this Agreement, and (iii) will not impair or otherwise adversely affect the Liens, security interests and other rights of Lender under the Loan Documents not being released (or as to the parties to the Loan Documents and Properties subject to the Loan Documents not being released);

(c) After giving effect to such release (including the amount prepaid in Section 2.5.2 above), (i) the Debt Service Coverage Ratio for the Properties then remaining subject to the Liens of the Mortgages following the release shall equal or exceed the greater (a) 1.35 to 1.00 (based upon a calculation using payments of Debt Service in excess of the payments used for the Defeased Note) and (b) the Debt Service Coverage Ratio for all of the then remaining Properties (including the Individual Property to be released) for the twelve (12) full calendar months immediately preceding the release of the Individual Property and (ii) the Loan to Value Ratio shall equal or be less than sixty-five percent (65%), provided further that in the event that payment of the Adjusted Release Amount for the applicable Individual Property does not result in a Loan to Value Ratio sufficient to permit a release hereunder, Borrower shall have the option, but not the obligation, of paying an additional sum in excess of the Adjusted Release Amount sufficient to permit the required Loan to Value Ratio to be attained; and

(d) The Individual Property to be released shall be conveyed to a Person other than a Borrower or any of its Affiliates.

2.5.7 RELEASE ON PAYMENT IN FULL. Lender shall, upon the written request and at the expense of Borrower, upon payment in full of all principal and interest due on the Loan and all other amounts due and payable under the Loan Documents in accordance with the terms and provisions of the Note and this Agreement, release the Lien of the Mortgage on the Property.

SECTION 2.6 CASH MANAGEMENT.

2.6.1 CASH MANAGEMENT ACCOUNT. (a) During the term of the Loan, Borrower shall establish and maintain an account (the "CASH MANAGEMENT ACCOUNT") with Agent in the trust for the benefit of Lender, which Cash Management Account shall be under the sole dominion and control of Lender. The Cash Management Account shall be entitled "WESCO REAL ESTATE IV, LLC as Borrower and Bear Stearns Commercial Mortgage, Inc., as Lender, pursuant to Loan Agreement dated as of December 13, 2002 - Cash Management Account". Borrower hereby grants to Lender a first-priority security interest in the Cash Management Account and all deposits at any time contained therein and the proceeds thereof and will take all actions necessary to maintain in favor of Lender a perfected first priority security interest in the Cash Management Account, including, without limitation, executing and filing UCC-1 Financing Statements and continuations thereof. Lender and Servicer shall have the sole right to make withdrawals from the Cash Management Account and all costs and expenses for establishing and maintaining the Cash Management Account shall be paid by Borrower. All monies now or hereafter deposited into the Cash Management Account shall be deemed additional security for the Debt.

(b) Borrower shall deliver an irrevocable written instruction to WESCO Tenant and any other tenants under Leases pursuant to which some portion of the WESCO Lease has been assigned in accordance with the terms hereof to deliver all Rents payable thereunder directly to the Cash Management Account. Borrower shall deposit all amounts received by Borrower constituting Rents into the Cash Management Account within one (1) Business Day after receipt thereof.

(c) Intentionally deleted.

(d) Upon the occurrence of an Event of Default or a Trigger Event, Lender may, in addition to any and all other rights and remedies available to Lender, apply any sums then present in the Cash Management Account to the payment of the Debt in any order in its sole discretion.

(e) The Cash Management Account shall be an Eligible Account and shall not be commingled with other monies held by Borrower or Agent.

(f) Borrower shall not further pledge, assign or grant any security interest in the Cash Management Account or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto.

(g) Borrower shall indemnify Lender and hold Lender harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys fees and expenses) arising from or in any way connected with the Cash Management Account and/or the Cash Management Agreement (unless arising from the gross negligence or willful misconduct of Lender) or the performance of the obligations for which the Cash Management Account was established.

(h) The insufficiency of funds on deposit in the Cash Management Account shall not relieve Borrower from the obligation to make any payments, as and when due pursuant to this Agreement and the other Loan Documents, and such obligations shall be separate and independent, and not conditioned on any event or circumstance whatsoever.

(i) All funds on deposit in the Cash Management Account following the occurrence of an Event of Default may be applied by Lender in such order and priority as Lender shall determine.

2.6.2 PAYMENTS RECEIVED UNDER THE CASH MANAGEMENT AGREEMENT.

Notwithstanding anything to the contrary contained in this Agreement or the other Loan Documents, and provided no Event of Default has occurred and is continuing, Borrower's obligations with respect to the payment of the Monthly Debt Service Payment Amount and amounts required to be deposited into the Reserve Funds, if any, shall be deemed satisfied to the extent sufficient amounts are deposited in the Cash Management Account to satisfy such obligations pursuant to the Cash Management Agreement on the dates each such payment is required, regardless of whether any of such amounts are so applied by Lender.

SECTION 2.7 SUBSTITUTION OF PROPERTIES.

Subject to the terms and conditions set forth in this Section 2.7, Borrower may obtain a release of the Lien of a single Mortgage (and the related Loan Documents) encumbering an Individual Property (a "SUBSTITUTED PROPERTY") by substituting therefor another property of like kind and quality acquired by Borrower, up to a maximum of four (4) times during the term of the Loan (individually, a "SUBSTITUTE PROPERTY" and collectively, the "SUBSTITUTE PROPERTIES"), provided that the following conditions precedent are satisfied:

(a) the Maturity Date shall have not occurred.

(b) Lender shall have received at least sixty (60) days prior written notice requesting the substitution and identifying the Substitute Property and Substituted Property.

(c) Lender shall have received a copy of a deed conveying all of Borrower's right, title and interest in and to the Substituted Property to an entity other than Borrower pursuant to an arms length transaction and a letter from Borrower countersigned by a title insurance company acknowledging receipt of such deed and agreeing to record such deed in the real estate records for the county in which the Substituted Property is located.

(d) Lender shall have received a fee in the amount of one percent (1.0%) of the Pro-Rata Release Amount for the Substitute Property.

(e) If the Loan is part of a Securitization, Lender shall have received an appraisal of the Substitute Property and Substituted Property, dated no more than sixty (60) days prior to the substitution date, by an appraiser acceptable to the Rating Agencies.

(f) The fair market value of the Substitute Property is not less than one hundred five percent (105%) of the greater of (A) the fair market value of the Substituted Property as of the Closing Date and (B) the fair market value of the Substituted Property as of the date immediately preceding the substitution, which determination shall be made by (I) Lender in its sole discretion if the Loan is not part of a Securitization and (II) Lender based on the appraisals delivered pursuant to clause (e) above if the Loan is part of a Securitization.

(g) After giving effect to the substitution, the Debt Service Coverage Ratio for the Loan for all of the Properties (excluding the Substituted Property and including the Substitute Property) is not less than the Debt Service Coverage Ratio for the Loan for all of the Properties as of the Closing Date and as of the date immediately preceding the substitution.

(h) The Substitute Property will be made subject to the WESCO Lease providing for a rent payment no less than the payment for the Individual Property that is being substituted.

(i) If the Loan is part of a Securitization, Lender shall have received confirmation in writing from the Rating Agencies to the effect that such substitution will not result in a withdrawal, qualification or downgrade of the respective ratings in effect immediately prior to such substitution for the Securities, or any class thereof, issued in

connection with the Securitization that are then outstanding. If the Loan is not part of a Securitization, Lender shall have consented in writing to such substitution, which consent shall be given in Lender's sole discretion and not unreasonably withheld.

(j) No Event of Default shall have occurred and be continuing and Borrower shall be in compliance in all material respects with all terms and conditions set forth in this Agreement and in each Loan Document on Borrower's part to be observed or performed. Lender shall have received a certificate from Borrower confirming the foregoing, stating that the representations and warranties of Borrower contained in this Agreement and the other Loan Documents are true and correct in all material respects on and as of the date of the substitution with respect to Borrower, the Properties and the Substitute Property and containing any other representations and warranties with respect to Borrower, the Properties, the Substitute Property or the Loan as the Rating Agencies may require, unless such certificate would be inaccurate, such certificate to be in form and substance satisfactory to the Rating Agencies.

(k) Borrower shall (A) have executed, acknowledged and delivered to Lender (I) a Mortgage, an Assignment of Leases and Rents and two UCC-1 Financing Statements with respect to the Substitute Property, together with a letter from Borrower countersigned by a title insurance company acknowledging receipt of such Mortgage, Assignment of Leases and Rents and UCC-1 Financing Statements and agreeing to record or file, as applicable, such Mortgage, Assignment of Leases and Rents and one of the UCC-1 Financing Statements in the real estate records for the county in which the Substitute Property is located and to file one of the UCC-1 Financing Statements in the office of the Secretary of State (or other central filing office) of the state in which the Substitute Property is located, so as to effectively create upon such recording and filing valid and enforceable Liens upon the Substitute Property, of the requisite priority, in favor of Lender (or such other trustee as may be desired under local law), subject only to the Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents and (II) an Environmental Indemnity with respect to the Substitute Property and (B) have caused the Guarantor to acknowledge and confirm its respective obligations under the Loan Documents. The Mortgage, Assignment of Leases and Rents, UCC-1 Financing Statements and Environmental Indemnity shall be the same in form and substance as the counterparts of such documents executed and delivered with respect to the related Substituted Property subject to modifications reflecting only the Substitute Property as the Individual Property that is the subject of such documents and such modifications reflecting the laws of the state in which the Substitute Property is located as shall be recommended for similar transactions by the counsel admitted to practice in such state and delivering the opinion as to the enforceability of such documents required pursuant to clause (xviii) below. The Mortgage encumbering the Substitute Property shall secure all amounts evidenced by the Note, provided that in the event that the jurisdiction in which the Substitute Property is located imposes a mortgage recording, intangibles or similar tax and does not permit the allocation of indebtedness for the purpose of determining the amount of such tax payable, the principal amount secured by such Mortgage shall be equal to one hundred twenty-five percent (125%) of the fair market value of the Substitute Property. The amount of the Loan allocated to the Substitute Property (such amount being hereinafter referred to as the "SUBSTITUTE RELEASE AMOUNT") shall equal the Release Amount of the related Substituted Property.

(l) Lender shall have received (A) to the extent available any "tie-in" or similar endorsement to each title insurance policy insuring the Lien of an existing Mortgage as of the date of the substitution with respect to the title insurance policy insuring the Lien of the Mortgage with respect to the Substitute Property and (B) a title insurance policy (or a marked, signed and redated commitment to issue such title insurance policy) insuring the Lien of the Mortgage encumbering the Substitute Property, issued by the title company that issued the title insurance policies insuring the Lien of the existing Mortgages and dated as of the date of the substitution, with reinsurance and direct access agreements that replace such agreements issued in connection with the title insurance policy insuring the Lien of the Mortgage encumbering the Substituted Property. The title insurance policy issued with respect to the Substitute Property shall (1) provide coverage in the amount of the Substitute Release Amount if the "tie-in" or similar endorsement described above is available or, if such endorsement is not available, or otherwise at Borrower's election and without Borrower having to obtain a "tie-in" endorsement, in an amount equal to one hundred fifty percent (150%) of the Substitute Release Amount, (2) insure Lender that the relevant Mortgage creates a valid first lien on the Substitute Property encumbered thereby, free and clear of all exceptions from coverage other than Permitted Encumbrances and standard exceptions and exclusions from coverage (as modified by the terms of any endorsements), (3) contain such endorsements and affirmative coverages as are then available and are contained in the title insurance policies insuring the Liens of the existing Mortgages, and (4) name Lender as the insured. Lender also shall have received copies of paid receipts or other evidence showing that all premiums in respect of such endorsements and title insurance policies have been paid.

(m) Lender shall have received a current survey for each Substitute Property, certified to the title company and Lender and their successors and assigns, in the same form and having the same content as the certification of the survey of the Substituted Property prepared by a professional land surveyor licensed in the state in which the Substitute Property is located and acceptable to the Rating Agencies in accordance with the 1992 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys. Such survey shall reflect the same legal description contained in the title insurance policy relating to such Substitute Property and shall include, among other things, a metes and bounds description of the real property comprising part of such Substitute Property (unless such real property has been satisfactorily designated by lot number on a recorded plat). The surveyor's seal shall be affixed to each survey and each survey shall certify that the surveyed property is not located in a "one-hundred-year flood hazard area."

(n) Lender shall have received valid certificates of insurance indicating that the requirements for the policies of insurance required for an Individual Property hereunder have been satisfied with respect to the Substitute Property and evidence of the payment of all premiums payable for the existing policy period.

(o) Lender shall have received a Phase I environmental report acceptable to Lender and, if recommended under the Phase I environmental report, a Phase II environmental report acceptable to Lender, which conclude that the Substitute Property does not contain any hazardous materials and is not subject to any risk of contamination from any off-site hazardous materials. If any such report discloses the presence of any hazardous materials or the risk of contamination from any off-site hazardous materials, such report shall include an

estimate of the cost of any related remediation and Borrower shall deposit with Lender an amount equal to one hundred twenty-five percent (125%) of such estimated cost, which deposit shall constitute additional security for the Loan and shall be released to Borrower upon the delivery to Lender of (A) an update to such report indicating that there is no longer any hazardous materials on the Substitute Property or any danger of contamination from any off-site hazardous materials that has not been fully remediated and (B) paid receipts indicating that the costs of all such remediation work have been paid.

(p) Borrower shall deliver or cause to be delivered to Lender (A) updates certified by Borrower of all organizational documentation related to Borrower and/or the formation, structure, existence, good standing and/or qualification to do business delivered to Lender on the Closing Date; (B) good standing certificates, certificates of qualification to do business in the jurisdiction in which the Substitute Property is located (if required in such jurisdiction); and (C) resolutions of Borrower authorizing the substitution and any actions taken in connection with such substitution.

(q) Lender shall have received the following opinions of Borrower's counsel: (A) an opinion or opinions of counsel admitted to practice under the laws of the state in which the Substitute Property is located stating that the Loan Documents delivered with respect to the Substitute Property pursuant to clause (xii) above are valid and enforceable in accordance with their terms, subject to the laws applicable to creditors' rights and equitable principles, and that Borrower is qualified to do business and in good standing under the laws of the jurisdiction where the Substitute Property is located or that Borrower is not required by applicable law to qualify to do business in such jurisdiction; (B) an opinion of counsel acceptable to the Rating Agencies if the Loan is part of a Securitization, or the Lender if the Loan is not part of a Securitization, stating that the Loan Documents delivered with respect to the Substitute Property pursuant to clause (xii) above were duly authorized, executed and delivered by Borrower and that the execution and delivery of such Loan Documents and the performance by Borrower of its obligations thereunder will not cause a breach of, or a default under, any agreement, document or instrument to which Borrower is a party or to which it or its properties are bound; (C) an opinion of counsel acceptable to, the Rating Agencies if the Loan is part of a Securitization, or the Lender if the Loan is not part of a Securitization, stating that subjecting the Substitute Property to the Lien of the related Mortgage and the execution and delivery of the related Loan Documents does not and will not affect or impair the ability of Lender to enforce its remedies under all of the Loan Documents or to realize the benefits of the cross-collateralization provided for thereunder; (D) an update of the Insolvency Opinion indicating that the substitution does not affect the opinions set forth therein; (E) an opinion of counsel acceptable to, the Rating Agencies if the Loan is part of a Securitization, or the Lender if the Loan is not part of a Securitization, stating that the substitution and the related transactions are arms length transactions and do not constitute a fraudulent conveyance under applicable bankruptcy and insolvency laws and (F) if the Loan is part of a Securitization, an opinion of counsel acceptable to the Rating Agencies that the substitution does not constitute a "significant modification" of the Loan under Section 1001 of the Code or otherwise cause a tax to be imposed on a "prohibited transaction" by any REMIC Trust.

(r) Borrower shall have paid, or escrowed with Lender, all Basic Carrying Costs relating to each of the Properties and the Substitute Property, including without

limitation, (i) accrued but unpaid insurance premiums relating to each of the Properties and the Substitute Property, and (ii) currently due and payable Taxes (including any in arrears) relating to each of the Properties and the Substitute Property and (iii) currently due and payable maintenance charges and other impositions relating to each of the Properties and Substitute Property.

(s) Borrower shall have paid or reimbursed Lender for all reasonable costs and expenses incurred by Lender (including, without limitation, reasonable attorneys fees and disbursements) in connection with the substitution and Borrower shall have paid all recording charges, filing fees, taxes or other expenses (including, without limitation, mortgage and intangibles taxes and documentary stamp taxes) payable in connection with the substitution. Borrower shall have paid all costs and expenses of the Rating Agencies incurred in connection with the substitution.

(t) To the extent available, Lender shall have received annual operating statements and occupancy statements for the Substitute Property for the most current completed fiscal year and a current operating statement for the Substituted Property, each certified to Lender as being true and correct and a certificate from Borrower certifying that there has been no adverse change in the financial condition of the Substitute Property since the date of such operating statements.

(u) Borrower shall have delivered to Lender estoppel certificates from any existing tenants of the Substitute Property. All such estoppel certificates shall be substantially in the form approved by Lender in connection with the origination of the Loan and shall indicate that (1) the subject lease is a valid and binding obligation of the tenant thereunder, (2) there are no defaults under such lease on the part of the landlord or tenant thereunder, (3) the tenant thereunder has no defense or offset to the payment of rent under such leases, (4) no rent under such lease has been paid more than one (1) month in advance, (5) the tenant thereunder has no option under such lease to purchase all or any portion of the Substitute Property, and (6) all tenant improvement work required under such lease has been completed and the tenant under such lease is in actual occupancy of its leased premises. If an estoppel certificate indicates that all tenant improvement work required under the subject lease has not yet been completed, Borrower shall, if required by the Rating Agencies, deliver to Lender financial statements indicating that Borrower has adequate funds to pay all costs related to such tenant improvement work as required under such lease.

(v) Lender shall have received copies of all tenant leases affecting the Substitute Property certified by Borrower as being true and correct.

(w) Lender shall have received (A) an endorsement to the title insurance policy insuring the Lien of the Mortgage encumbering the Substitute Property insuring that the Substitute Property constitutes a separate tax lot or, if such an endorsement is not available in the state in which the Substitute Property is located, a letter from the title insurance company issuing such Title Insurance Policy stating that the Substitute Policy constitutes a separate tax lot or (B) a letter from the appropriate taxing authority stating that the Substitute Property constitutes a separate tax lot.

(x) Lender shall have received a Physical Conditions Report with respect to the Substitute Property stating that the Substitute Property and its use comply in all material respects with all applicable Legal Requirements (including, without limitation, zoning, subdivision and building laws) and that the Substitute Property is in good condition and repair and free of damage or waste. If compliance with any Legal Requirements are not addressed by the Physical Conditions Report, such compliance shall be confirmed by delivery to Lender of a certificate of an architect licensed in the state in which the Substitute Property is located, a letter from the municipality in which such Property is located, a certificate of a surveyor that is licensed in the state in which the Substitute Property is located (with respect to zoning and subdivision laws), an ALTA 3.1 zoning endorsement (if available in the jurisdiction where the Substitute Property is located) to the title insurance policy delivered pursuant to clause (xiii) above (with respect to zoning laws) or a subdivision endorsement (if available in the jurisdiction where the Substitute Property is located) to the title insurance policy delivered pursuant to clause (xiii) above (with respect to subdivision laws). If the Physical Conditions Report recommends that any repairs be made with respect to the Substitute Property, such Physical Conditions Report shall include an estimate of the cost of such recommended repairs and Borrower shall deposit with Lender an amount equal to one hundred twenty-five percent (125%) of such estimated cost, which deposit shall constitute additional security for the Loan and shall be released to Borrower upon the delivery to Lender of (A) an update to such Physical Conditions Report or a letter from the engineer that prepared such Physical Conditions Report indicating that the recommended repairs were completed in good and workmanlike manner and (B) paid receipts indicating that the costs of all such repairs have been paid.

(y) Lender shall have received a certified copy of an amendment to the Management Agreement, if any, reflecting the deletion of the Substituted Property and the addition of the Substitute Property as a property managed pursuant thereto and Manager shall have executed and delivered to Lender an amendment to the Assignment of Management Agreement reflecting such amendment to the Management Agreement.

(z) Lender shall have received such other and further approvals, opinions, documents and information in connection with the substitution as requested by the Rating Agencies if the Loan is part of a Securitization, or as reasonably requested by Lender if the Loan is not part of a Securitization.

(aa) Lender shall have received copies of all contracts and agreements relating to the leasing and operation of the Substitute Property with a certification of Borrower attached to each such contract or agreement certifying that the attached copy is a true and correct copy of such contract or agreement and all amendments thereto.

(bb) Borrower shall submit to Lender, not less than thirty (30) days prior to the date of such substitution, a release of Lien (and related Loan Documents) for the Substituted Property for execution by Lender. Such release shall be in a form appropriate for the jurisdiction in which the Substituted Property is located. Borrower shall deliver an Officer's Certificate certifying that the requirements set forth in this Section 2.7 have been satisfied.

(cc) Upon the satisfaction of the foregoing conditions precedent, Lender will release its Lien from the Substituted Property to be released and the Substitute Property shall be deemed to be an Individual Property for purposes of this Agreement and the Substitute Release Amount with respect to such Substitute Property shall be deemed to be the Release Amount with respect to such Substitute Property for all purposes hereunder.

III. CONDITIONS PRECEDENT

SECTION 3.1 CONDITIONS PRECEDENT TO CLOSING.

The obligation of Lender to make the Loan hereunder is subject to the fulfillment by Borrower or waiver by Lender of the following conditions precedent no later than the Closing Date:

3.1.1 REPRESENTATIONS AND WARRANTIES; COMPLIANCE WITH CONDITIONS. The representations and warranties of Borrower contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of such date, and no Default or an Event of Default shall have occurred and be continuing; and Borrower shall be in compliance in all material respects with all terms and conditions set forth in this Agreement and in each other Loan Document on its part to be observed or performed.

3.1.2 LOAN AGREEMENT AND NOTE. Lender shall have received a copy of this Agreement and the Note, in each case, duly executed and delivered on behalf of Borrower.

3.1.3 DELIVERY OF LOAN DOCUMENTS; TITLE INSURANCE; REPORTS; LEASES.

(a) MORTGAGES, ASSIGNMENTS OF LEASES. Lender shall have received from Borrower fully executed and acknowledged counterparts of the Mortgages and the Assignments of Leases and evidence that counterparts of the Mortgages and Assignments of Leases have been delivered to the title company for recording, in the reasonable judgment of Lender, so as to effectively create upon such recording valid and enforceable Liens upon each Individual Property, of the requisite priority, in favor of Lender (or such other trustee as may be required or desired under local law), subject only to the Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents. Lender shall have also received from Borrower fully executed counterparts of the other Loan Documents.

(b) TITLE INSURANCE. Lender shall have received Title Insurance Policies issued by a title company acceptable to Lender and dated as of the Closing Date. Such Title Insurance Policies shall (i) provide coverage in amounts satisfactory to Lender, (ii) insure Lender that the relevant Mortgage creates a valid lien on the Individual Property encumbered thereby of the requisite priority, free and clear of all exceptions from coverage other than Permitted Encumbrances and standard exceptions and exclusions from coverage (as modified by the terms of any endorsements), (iii) contain such endorsements and affirmative coverages as Lender may reasonably request, and (iv) name Lender as the insured. The Title Insurance Policies shall be assignable. Lender also shall have received evidence that all premiums in respect of such Title Insurance Policies have been paid.

(c) SURVEY. Lender shall have received a current title survey for each Individual Property, certified to the title company and Lender and their successors and assigns, in form and content satisfactory to Lender and prepared by a professional and properly licensed land surveyor satisfactory to Lender in accordance with the Accuracy Standards for ALTA/ACSM Land Title Surveys as adopted by American Land Title Association, American Congress on Surveying & Mapping and National Society of Professional Surveyors in 1999. Each such survey shall reflect the same legal description contained in the Title Insurance Policies relating to such Individual Property referred to in clause (b) above and shall include, among other things, a metes and bounds description of the real property comprising part of such Individual Property reasonably satisfactory to Lender. The surveyor's seal shall be affixed to each survey and the surveyor shall provide a certification for each survey in form and substance acceptable to Lender.

(d) INSURANCE. Lender shall have received valid certificates of insurance for the policies of insurance required hereunder, satisfactory to Lender in its sole discretion, and evidence of the payment of all premiums payable for the existing policy period.

(e) ENVIRONMENTAL REPORTS. Lender shall have received a Phase I environmental report (and, if recommended by the Phase I environmental report, a Phase II environmental report) in respect of each Individual Property, in each case satisfactory in form and substance to Lender.

(f) ZONING. With respect to each Individual Property, Lender shall have received, at Lender's option, (i) letters or other evidence with respect to each Individual Property from the appropriate municipal authorities (or other Persons) concerning applicable zoning and building laws, and (ii) either (A) an ALTA 3.1 zoning endorsement for the applicable Title Insurance Policy or (B) a zoning letter from the local municipality, in each case in substance reasonably satisfactory to Lender.

(g) ENCUMBRANCES. Borrower shall have taken or caused to be taken such actions in such a manner so that Lender has a valid and perfected first priority Lien as of the Closing Date with respect to each Mortgage on the applicable Individual Property, subject only to applicable Permitted Encumbrances and such other Liens as are permitted pursuant to the Loan Documents, and Lender shall have received satisfactory evidence thereof.

3.1.4 RELATED DOCUMENTS. Each additional document not specifically referenced herein, but relating to the transactions contemplated herein, shall be in form and substance reasonably satisfactory to Lender, and shall have been duly authorized, executed and delivered by all parties thereto and Lender shall have received and approved certified copies thereof.

3.1.5 DELIVERY OF ORGANIZATIONAL DOCUMENTS. On or before the Closing Date, Borrower shall deliver or cause to be delivered to Lender copies certified by Borrower of all organizational documentation related to Borrower and/or the formation, structure, existence, good standing and/or qualification to do business, as Lender may request in its sole discretion, including, without limitation, amendments (as requested by Lender), good standing certificates,

qualifications to do business in the appropriate jurisdictions, resolutions authorizing the entering into of the Loan and incumbency certificates as may be requested by Lender.

3.1.6 OPINIONS OF BORROWER'S COUNSEL. Lender shall have received opinions from Borrower's counsel (a) the Insolvency Opinion, and (b) with respect to due execution, authority, enforceability of the Loan Documents and such other matters as Lender may require, all such opinions in form, scope and substance satisfactory to Lender and Lender's counsel in their sole discretion.

3.1.7 BUDGETS. Borrower shall have delivered, and Lender shall have approved, the Annual Budget for the current Fiscal Year.

3.1.8 BASIC CARRYING COSTS. Borrower shall have paid all Basic Carrying Costs relating to the Properties which are in arrears, including without limitation, (a) accrued but unpaid Insurance Premiums due pursuant to the Policies, (b) currently due Taxes (including any in arrears) relating to the Properties, and (c) currently due Other Charges relating to the Properties, which amounts shall be funded with proceeds of the Loan.

3.1.9 COMPLETION OF PROCEEDINGS. All organizational and other proceedings taken or to be taken in connection with the transactions contemplated by this Agreement and other Loan Documents and all documents incidental thereto shall be satisfactory in form and substance to Lender, and Lender shall have received all such counterpart originals or certified copies of such documents as Lender may reasonably request.

3.1.10 PAYMENTS. All payments, deposits or escrows required to be made or established by Borrower under this Agreement, the Note and the other Loan Documents on or before the Closing Date shall have been paid.

3.1.11 INTENTIONALLY DELETED.

3.1.12 TRANSACTION COSTS. Borrower shall have paid or reimbursed Lender for all title insurance premiums, recording and filing fees, costs of environmental reports, Physical Conditions Reports, appraisals and other reports, the fees and costs of Lender's counsel and all other third party out-of-pocket expenses incurred in connection with the origination and closing of the Loan.

3.1.13 MATERIAL ADVERSE CHANGE. There shall have been no material adverse change in the financial condition or business condition of Borrower, WESCO Tenant, Guarantor or the Properties since the date of the most recent financial statements delivered to Lender. The income and expenses of the Properties, the occupancy thereof, and all other features of the transaction shall be as represented to Lender without material adverse change. Neither Borrower, Guarantor nor any of their respective constituent Persons shall be the subject of any bankruptcy, reorganization, or insolvency proceeding.

3.1.14 LEASES AND RENT ROLL. Lender shall have received an executed copy of the WESCO Lease, which shall be certified by Borrower as being true, correct and complete and certified copies of all leases affecting the Properties, if any. Lender shall have received a current

certified rent roll of the Properties, reasonably satisfactory in form and substance to Lender, a copy of which is attached hereto as Schedule II.

3.1.15 INTENTIONALLY DELETED.

3.1.16 TAX LOT. Lender shall have received evidence that each Individual Property constitutes one (1) or more separate tax lots, which evidence shall be reasonably satisfactory in form and substance to Lender.

3.1.17 PHYSICAL CONDITIONS REPORT. Lender shall have received a Physical Conditions Reports with respect to each Individual Property, which reports shall be issued by an engineer selected by Lender and shall be reasonably satisfactory in form and substance to Lender.

3.1.18 INTENTIONALLY DELETED.

3.1.19 APPRAISAL. Lender shall have received an appraisal of each Individual Property, from an appraiser selected by Lender, which appraisal shall be satisfactory in form and substance to Lender.

3.1.20 INTENTIONALLY DELETED.

3.1.21 FURTHER DOCUMENTS. Lender or its counsel shall have received such other documents and further approvals, opinions, documents and information as Lender or its counsel may have reasonably requested including the Loan Documents in form and substance satisfactory to Lender and its counsel.

IV. REPRESENTATIONS AND WARRANTIES

SECTION 4.1 BORROWER REPRESENTATIONS.

Borrower represents and warrants as of the date hereof and as of the Closing Date that:

4.1.1 ORGANIZATION. Borrower has been duly organized and is validly existing and in good standing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged. Borrower is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations. Borrower possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged, and the sole business of Borrower is the ownership, management and operation of the Properties. The ownership interests in Borrower are as set forth on the organizational chart attached hereto as Schedule IV.

4.1.2 PROCEEDINGS. Borrower has taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Loan Documents. This Agreement and such other Loan Documents have been duly executed and delivered by or on behalf of Borrower and constitute legal, valid and binding obligations of Borrower enforceable

against Borrower in accordance with their respective terms, subject only to applicable bankruptcy, insolvency, moratorium and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

4.1.3 NO CONFLICTS. The execution, delivery and performance of this Agreement and the other Loan Documents by Borrower will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (other than pursuant to the Loan Documents) upon any of the property or assets of Borrower pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, partnership agreement, management agreement or other agreement or instrument to which Borrower is a party or by which any of Borrower's property or assets is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any Governmental Authority having jurisdiction over Borrower or any of Borrower's properties or assets, and any consent, approval, authorization, order, registration or qualification of or with any court or any such Governmental Authority required for the execution, delivery and performance by Borrower of this Agreement or any other Loan Documents has been obtained and is in full force and effect.

4.1.4 LITIGATION. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or threatened against or affecting Borrower, WESCO Tenant, Guarantor, or any Individual Property, which actions, suits or proceedings, if determined against Borrower, WESCO Tenant, Guarantor, or any Individual Property, might materially adversely affect the condition (financial or otherwise) or business of Borrower, WESCO Tenant or Guarantor or the condition or ownership of any Individual Property.

4.1.5 AGREEMENTS. Borrower is not a party to any agreement or instrument or subject to any restriction which might materially and adversely affect Borrower or any Individual Property, or Borrower's business, properties or assets, operations or condition, financial or otherwise. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which Borrower or any of the Properties is bound. Borrower has no material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower is a party or by which Borrower or the Properties are otherwise bound, other than (a) obligations incurred in the ordinary course of the operation of the Properties as permitted pursuant to clause (xx) of the definition of "Special Purpose Entity" set forth in Section 1.1 hereof and (b) obligations under the Loan Documents.

4.1.6 TITLE. Borrower has good, marketable and insurable fee simple title to the real property comprising part of each Individual Property and good title to the balance of such Individual Property, free and clear of all Liens whatsoever except the Permitted Encumbrances, such other Liens as are permitted pursuant to the Loan Documents and the Liens created by the Loan Documents. The Permitted Encumbrances in the aggregate do not materially and adversely affect the value, operation or use of the applicable Individual Property (as currently used) or Borrower's ability to repay the Loan. Each Mortgage, when properly recorded in the appropriate

records, together with any Uniform Commercial Code financing statements required to be filed in connection therewith, will create (a) a valid, perfected first priority lien on the applicable Individual Property, subject only to Permitted Encumbrances and the Liens created by the Loan Documents and (b) perfected security interests in and to, and perfected collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances, such other Liens as are permitted pursuant to the Loan Documents and the Liens created by the Loan Documents. There are no claims for payment for work, labor or materials affecting the Properties which are or may become a Lien prior to, or of equal priority with, the Liens created by the Loan Documents that has not been insured against under the Title Insurance Policies.

4.1.7 SOLVENCY. Borrower has (a) not entered into this transaction or executed the Note, this Agreement or any other Loan Documents with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under such Loan Documents. Giving effect to the Loan, the fair saleable value of Borrower's assets exceeds and will, immediately following the making of the Loan, exceed Borrower's total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. The fair saleable value of Borrower's assets is and will, immediately following the making of the Loan, be greater than Borrower's probable liabilities, including the maximum amount of its contingent liabilities on its debts as such debts become absolute and matured. Borrower's assets do not and, immediately following the making of the Loan will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. Borrower does not intend to, and does not believe that it will, incur debt and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debt and liabilities as they mature (taking into account the timing and amounts of cash to be received by Borrower and the amounts to be payable on or in respect of obligations of Borrower). No petition in bankruptcy has been filed against Borrower or any constituent Person in the last seven (7) years, and neither Borrower nor any constituent Person in the last seven (7) years has ever made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. Neither Borrower nor any of its constituent Persons are contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of Borrower's assets or property, and Borrower has no knowledge of any Person contemplating the filing of any such petition against it or such constituent Persons.

4.1.8 FULL AND ACCURATE DISCLOSURE. No statement of fact made by Borrower in this Agreement or in any of the other Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no material fact presently known to Borrower which has not been disclosed to Lender which adversely affects, nor as far as Borrower can foresee, might adversely affect, any Individual Property or the business, operations or condition (financial or otherwise) of Borrower.

4.1.9 NO PLAN ASSETS. Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101. In addition, (a) Borrower is not a "governmental plan" within the meaning of Section 3(32) of ERISA and (b) transactions by or with Borrower are not subject to

any state statute regulating investments of, or fiduciary obligations with respect to, governmental plans similar to the provisions of Section 406 of ERISA or Section 4975 of the Code currently in effect, which prohibit or otherwise restrict the transactions contemplated by this Agreement.

4.1.10 COMPLIANCE. Borrower and the Properties and the use thereof comply in all material respects with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes. Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority. There has not been committed by Borrower or any other Person in occupancy of or involved with the operation or use of the Properties any act or omission affording the federal government or any other Governmental Authority the right of forfeiture as against any Individual Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents.

4.1.11 FINANCIAL INFORMATION. All financial data that has been delivered to Lender in connection with the Loan (i) is true, complete and correct in all material respects, (ii) accurately represents the financial condition of Borrower, WESCO Tenant, Guarantor and the Properties, as applicable, as of the date of the reports included in such data, and (iii) to the extent prepared or audited by an independent certified public accounting firm, has been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. Except for Permitted Encumbrances, Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a materially adverse effect on any Individual Property or the operation thereof as a warehouse, distribution and office facility, except as referred to or reflected in said financial statements. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Borrower, WESCO Tenant or Guarantor from that set forth in said financial statements.

4.1.12 CONDEMNATION. No Condemnation or other proceeding has been commenced or, to Borrower's best knowledge, is threatened or contemplated with respect to all or any portion of any Individual Property or for the relocation of roadways providing access to any Individual Property.

4.1.13 FEDERAL RESERVE REGULATIONS. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements or by the terms and conditions of this Agreement or the other Loan Documents.

4.1.14 UTILITIES AND PUBLIC ACCESS. Each Individual Property has rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities adequate to service such Individual Property for its respective intended uses. All public utilities necessary or convenient to the full use and enjoyment of the Property are located either in the public right-of-way abutting such Individual Property (which are connected so as to serve such Individual Property without passing over other property) or in recorded easements serving the

such Individual Property and such easements are set forth in and insured by the Title Insurance Policies. All roads necessary for the use of each Individual Property for their current respective purposes have been completed and dedicated to public use and accepted by all Governmental Authorities.

4.1.15 NOT A FOREIGN PERSON. Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Code.

4.1.16 SEPARATE LOTS. Each Individual Property is comprised of one (1) or more parcels which constitute a separate tax lot or lots and does not constitute a portion of any other tax lot not a part of such Individual Property.

4.1.17 ASSESSMENTS. There are no pending or proposed special or other assessments for public improvements or otherwise affecting any Individual Property, nor are there any contemplated improvements to any Individual Property that may result in such special or other assessments.

4.1.18 ENFORCEABILITY. The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by Borrower or Guarantor, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable (subject to principles of equity and bankruptcy, insolvency and other laws generally affecting creditors' rights and the enforcement of debtors' obligations), and neither Borrower nor Guarantor have asserted any right of rescission, set-off, counterclaim or defense with respect thereto.

4.1.19 NO PRIOR ASSIGNMENT. There are no prior assignments of the Leases or any portion of the Rents due and payable or to become due and payable which are presently outstanding.

4.1.20 INSURANCE. Borrower has obtained and has delivered to Lender certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Agreement. No claims have been made or are currently pending, outstanding or otherwise remain unsatisfied under any such Policy, and neither Borrower nor any other Person, has done, by act or omission, anything which would impair the coverage of any such Policy.

4.1.21 USE OF PROPERTY. Each Individual Property is used exclusively for warehouse, office and/or distribution purposes and other appurtenant and related uses.

4.1.22 CERTIFICATE OF OCCUPANCY; LICENSES. All certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits required for the legal use, occupancy and operation of each Individual Property as a warehouse, office and/or distribution facility (collectively, the "LICENSES"), have been obtained and are in full force and effect. Borrower shall keep and maintain all Licenses necessary for the operation of each Individual Property as a warehouse, office and/or distribution facility. The use being made of each Individual Property is in conformity with the certificate of occupancy issued for such Individual Property.

4.1.23 FLOOD ZONE. None of the Improvements on any Individual Property are located in an area as identified by the Federal Emergency Management Agency as an area having special flood hazards and, if so located, the flood insurance required pursuant to Section 6.1(a)(i) is in full force and effect with respect to each such Individual Property.

4.1.24 PHYSICAL CONDITION. Each Individual Property, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, plumbing systems, HVAC systems, fire protection systems, electrical systems, equipment, elevators, exterior sidings and doors, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects; there exists no structural or other material defects or damages in any Individual Property, whether latent or otherwise, and Borrower has not received notice from any insurance company or bonding company of any defects or inadequacies in any Individual Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

4.1.25 BOUNDARIES. All of the improvements which were included in determining the appraised value of each Individual Property lie wholly within the boundaries and building restriction lines of such Individual Property, and no improvements on adjoining properties encroach upon any Individual Property, and no easements or other encumbrances upon any Individual Property encroach upon any of the Improvements, so as to affect the value or marketability of applicable Individual Property except those which are insured against by the applicable Title Insurance Policy.

4.1.26 LEASES. (a) Borrower is the owner and lessor of landlord's interest in the WESCO Lease.

(b) Subject to the right of Borrower to permit the assignment or sublease by WESCO Tenant of a portion of the WESCO Lease and/or the Properties in accordance with the terms and conditions set forth in Section 5.1.20, the Properties are not subject to any leases other than the WESCO Lease and the Existing Sublease and (ii) and no Person has any possessory interest in any Individual Property or right to occupy the same except under and pursuant to the provisions of the WESCO Lease and the Existing Sublease.

(c) The WESCO Lease is in full force and effect and there are no defaults thereunder by either party and there are no conditions that, with the passage of time or the giving of notice, or both, would constitute defaults thereunder.

(d) No Rent has been paid more than one (1) month in advance of its due date.

(e) All work to be performed by Borrower under the WESCO Lease has been performed as required and has been accepted by the WESCO Tenant, and any payments, free rent, partial rent, rebate of rent or other payments, credits, allowances or abatements required to be given by Borrower to the WESCO Tenant has already been received by the WESCO Tenant.

(f) Subject to the right of Borrower to permit the assignment or sublease of a portion of the WESCO Lease in accordance with the terms and conditions set forth in Section 5.1.20, (i)

there has been no prior sale, transfer or assignment, hypothecation or pledge of the WESCO Lease or of the Rents received therein (ii) Borrower has not assigned the WESCO Lease or sublet all or any portion of the Properties or permitted the WESCO Tenant to assign or sublet its interest in the WESCO Lease other than in connection with the Existing Sublease, and (iii) no one except the WESCO Tenant and its employees occupy such leased premises other than in connection with the Existing Sublease.

(g) No tenant under any Lease, including the WESCO Tenant under the WESCO Lease or the tenant under the Existing Sublease, has a right or option pursuant to the WESCO Lease or otherwise to purchase all or any part of the leased premises or the building of which the leased premises are a part.

(h) No tenant under any Lease, including the WESCO Tenant under the WESCO Lease or the tenant under the Existing Sublease, has any right or option for additional space in the Improvements.

(i) No hazardous wastes or toxic substances, as defined by applicable federal, state or local statutes, rules and regulations, have been disposed, stored or treated by any tenant under any Lease on or about the leased premises nor does Borrower have any knowledge of any tenant's intention to use its leased premises for any activity which, directly or indirectly, involves the use, generation, treatment, storage, disposal or transportation of any petroleum product or any toxic or hazardous chemical, material, substance or waste. (other than such quantities of hazardous wastes or toxic substances that are necessary and customarily and lawfully used in the current operation of the Individual Properties, and which are stored, used and disposed of in compliance with all applicable federal, state or local statutes, rules and regulations).

4.1.27 SURVEY. The Survey for each Individual Property delivered to Lender in connection with this Agreement has been prepared in accordance with the provisions of Section 3.1.3(c) hereof, and does not fail to reflect any material matter affecting such Individual Property or the title thereto.

4.1.28 FIXTURES. Other than Tenant Property, Borrower is the owner of all of the Fixtures (as such term is defined in the Mortgages) located on or at each Individual Property and shall not lease any Fixtures other than as permitted hereunder. All of the Fixtures are sufficient to operate the Properties in the manner required hereunder and in the manner in which they are currently operated.

4.1.29 FILING AND RECORDING TAXES. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the transfer of the Properties to Borrower have been paid. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Mortgages, have been paid, and, under current Legal Requirements, each of the Mortgages are enforceable in accordance with their respective terms by Lender (or any subsequent holder

thereof), subject to principles of equity and bankruptcy, insolvency, moratorium and other laws generally applicable to creditors' rights and the enforcement of debtors' obligations.

4.1.30 SPECIAL PURPOSE ENTITY/SEPARATENESS.(a) Until the Debt has been paid in full, Borrower hereby represents, warrants and covenants that Borrower is, shall be and shall continue to be a Special Purpose Entity.

(b) The representations, warranties and covenants set forth in Section 4.1.30(a) shall survive for so long as any amount remains payable to Lender under this Agreement or any other Loan Document.

(c) All of the assumptions made in the Insolvency Opinion, including, but not limited to, any exhibits attached thereto, are true and correct in all respects and any assumptions made in any subsequent non-consolidation opinion required to be delivered in connection with the Loan Documents (an "ADDITIONAL INSOLVENCY OPINION"), including, but not limited to, any exhibits attached thereto, will have been and shall be true and correct in all respects. Borrower has complied and will comply with all of the assumptions made with respect to Borrower in the Insolvency Opinion. Borrower will have complied and will comply with all of the assumptions made with respect to Borrower in any Additional Insolvency Opinion. Each entity other than Borrower with respect to which an assumption shall be made in any Additional Insolvency Opinion will have complied and will comply with all of the assumptions made with respect to it in any Additional Insolvency Opinion.

4.1.31 INTENTIONALLY DELETED.

4.1.32 ILLEGAL ACTIVITY. No portion of any Individual Property has been or will be purchased with proceeds of any illegal activity.

4.1.33 NO CHANGE IN FACTS OR CIRCUMSTANCES; DISCLOSURE. All information submitted by and on behalf of Borrower to Lender and in all financial statements, reports, certificates and other documents submitted in connection with the Loan or in satisfaction of the terms thereof and all statements of fact made by Borrower in this Agreement or in any other Loan Document, are accurate, complete and correct in all material respects. There has been no material adverse change in any condition, fact, circumstance or event that would make any such information, when taken as a whole, inaccurate, incomplete or otherwise misleading in any material respect or that otherwise materially and adversely affects or might materially and adversely affect the use, operation or value of the Properties or the business operations or the financial condition of Borrower. Borrower has disclosed to Lender all material facts and has not failed to disclose any material facts with respect to Borrower, WESCO Tenant, Guarantor or the Properties that could cause any Provided Information or representation or warranty made herein to be materially misleading.

4.1.34 INVESTMENT COMPANY ACT. Borrower is not (a) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or

(c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

4.1.35 EMBARGOED PERSON. As of the date hereof and at all times throughout the term of the Loan, including after giving effect to any Transfers permitted pursuant to the Loan Documents, (a) none of the funds or other assets of Borrower, WESCO Tenant and Guarantor constitute property of, or are beneficially owned, directly or indirectly, by any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Borrower, WESCO Tenant and Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan made by the Lender is in violation of law ("EMBARGOED PERSON"); (b) no Embargoed Person has any interest of any nature whatsoever in Borrower, WESCO Tenant and Guarantor, as applicable, with the result that the investment in Borrower, WESCO Tenant and Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law; and (c) none of the funds of Borrower, WESCO Tenant and Guarantor, as applicable, have been derived from any unlawful activity with the result that the investment in Borrower, WESCO Tenant and Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law.

4.1.36 PRINCIPAL PLACE OF BUSINESS; STATE OF ORGANIZATION. Borrower's principal place of business as of the date hereof is the address set forth in the introductory paragraph of this Agreement. The Borrower is organized under the laws of the State of Delaware.

4.1.37 LOAN TO VALUE. The maximum principal amount of the Loan does not exceed sixty-five percent (65%) of the fair market value of the Properties.

4.1.38 MORTGAGE TAXES. As of the date hereof, Borrower represents that it has paid all state, county and municipal recording and all other taxes imposed upon the execution and recordation of the Mortgages.

4.1.39 CASH MANAGEMENT ACCOUNT. Borrower hereby represents and warrants to Lender that, as of the date hereof:

(a) This Agreement, together with the other Loan Documents, create a valid and continuing security interest (as defined in the Uniform Commercial Code of the State of Delaware) in the Cash Management Account in favor of Lender, which security interest is prior to all other Liens, other than Permitted Encumbrances, and is enforceable as such against creditors of and purchasers from Borrower. Other than in connection with the Loan Documents and except for Permitted Encumbrances, Borrower has not sold, pledged, transferred or otherwise conveyed the Cash Management Account ;

(b) The Cash Management Account constitutes a "deposit accounts" within the meaning of the Uniform Commercial Code of the State of Delaware);

(c) Pursuant and subject to the terms hereof, the Agent have agreed to comply with all instructions originated by Lender, without further consent by Borrower, directing

disposition of the Cash Management Account and all sums at any time held, deposited or invested therein, together with any interest or other earnings thereon, and all proceeds thereof (including proceeds of sales and other dispositions), whether accounts, general intangibles, chattel paper, deposit accounts, instruments, documents or securities; and

(d) The Cash Management Account is not in the name of any Person other than Borrower, as pledgor, or Lender, as pledgee. Borrower has not consented to Agent complying with instructions with respect to the Cash Management Account from any Person other than Lender.

SECTION 4.2 SURVIVAL OF REPRESENTATIONS.

Borrower agrees that all of the representations and warranties of Borrower set forth in Section 4.1 hereof and elsewhere in this Agreement and in the other Loan Documents shall survive for so long as any amount remains owing to Lender under this Agreement or any of the other Loan Documents by Borrower. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by Borrower shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

V. BORROWER COVENANTS

SECTION 5.1 AFFIRMATIVE COVENANTS.

From the date hereof and until payment and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the Liens of the Mortgages encumbering the Properties (and all related obligations) in accordance with the terms of this Agreement and the other Loan Documents, Borrower hereby covenants and agrees to with Lender that (and provided that if with respect to any of the foregoing matters, Borrower shall cause WESCO Tenant, as tenant under the WESCO Lease, to perform such obligations, Lender shall consider each such obligation satisfied for purposes of compliance hereunder):

5.1.1 EXISTENCE; COMPLIANCE WITH LEGAL REQUIREMENTS. Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises and comply with all Legal Requirements applicable to it and the Properties. There shall never be committed by Borrower, and Borrower shall never permit any other Person in occupancy of or involved with the operation or use of the Properties to commit any act or omission affording the federal government or any state or local government the right of forfeiture against any Individual Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents. Borrower hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording such right of forfeiture. Borrower shall at all times maintain, preserve and protect all franchises and trade names and preserve all the remainder of its property used or useful in the conduct of its business and shall keep the Properties in good working order and repair, and from time to time make, or cause to be made, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto, all as more fully provided in the Mortgages. Borrower shall keep the Properties insured at all times by financially sound and

reputable insurers, to such extent and against such risks, and maintain liability and such other insurance, as is more fully provided in this Agreement. Borrower shall operate any Individual Property that is the subject of the O&M Agreement in accordance with the terms and provisions thereof in all material respects. After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the validity of any Legal Requirement, the applicability of any Legal Requirement to Borrower or any Individual Property or any alleged violation of any Legal Requirement, provided that (i) no Default or Event of Default has occurred and remains uncured; (ii) Borrower is permitted to do so under the provisions of any mortgage or deed of trust superior in lien to the applicable Mortgage; (iii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable statutes, laws and ordinances; (iv) no Individual Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (v) Borrower shall promptly upon final determination thereof comply with any such Legal Requirement determined to be valid or applicable or cure any violation of any Legal Requirement; (vi) such proceeding shall suspend the enforcement of the contested Legal Requirement against Borrower or any Individual Property; and (vii) Borrower shall furnish such security as may be required in the proceeding, or as may be requested by Lender, to insure compliance with such Legal Requirement, together with all interest and penalties payable in connection therewith. Lender may apply any such security, as necessary to cause compliance with such Legal Requirement at any time when, in the reasonable judgment of Lender, the validity, applicability or violation of such Legal Requirement is finally established or any Individual Property (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost.

5.1.2 TAXES AND OTHER CHARGES. Borrower shall pay all Taxes and Other Charges now or hereafter levied or assessed or imposed against the Properties or any part thereof as the same become due and payable; provided, however, Borrower's obligation to directly pay Taxes shall be suspended for so long as Borrower complies with the terms and provisions of Section 7.2 hereof. Borrower will deliver to Lender receipts for payment or other evidence satisfactory to Lender that the Taxes and Other Charges have been so paid or are not then delinquent no later than ten (10) days prior to the date on which the Taxes and/or Other Charges would otherwise be delinquent if not paid. Borrower shall furnish to Lender receipts for the payment of the Taxes and the Other Charges prior to the date the same shall become delinquent (provided, however, Borrower is not required to furnish such receipts for payment of Taxes in the event that such Taxes have been paid by Lender pursuant to Section 7.2 hereof). Borrower shall not suffer and shall promptly cause to be paid and discharged any Lien or charge whatsoever which may be or become a Lien or charge against the Properties, and shall promptly pay for all utility services provided to the Properties. After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Taxes or Other Charges, provided that (i) no Default or Event of Default has occurred and remains uncured; (ii) Borrower is permitted to do so under the provisions of any mortgage or deed of trust superior in lien to the applicable Mortgage; (iii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder and such

proceeding shall be conducted in accordance with all applicable statutes, laws and ordinances; (iv) no Individual Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (v) Borrower shall promptly upon final determination thereof pay the amount of any such Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (vi) such proceeding shall suspend the collection of such contested Taxes or Other Charges from the applicable Individual Property; and (vii) Borrower shall furnish such security as may be required in the proceeding, or as may be requested by Lender, to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon. Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the judgment of Lender, the entitlement of such claimant is established or any Individual Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Mortgage being primed by any related Lien.

5.1.3 LITIGATION. Borrower shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened against Borrower and/or Guarantor which might materially adversely affect Borrower's or Guarantor's condition (financial or otherwise) or business or any Individual Property.

5.1.4 ACCESS TO PROPERTIES. Borrower shall permit agents, representatives and employees of Lender to inspect the Properties or any part thereof at reasonable hours upon reasonable advance notice.

5.1.5 NOTICE OF DEFAULT. Borrower shall promptly advise Lender of any material adverse change in Borrower's condition, financial or otherwise, or of the occurrence of any Default or Event of Default of which Borrower has knowledge.

5.1.6 COOPERATE IN LEGAL PROCEEDINGS. Borrower shall cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

5.1.7 PERFORM LOAN DOCUMENTS. Borrower shall observe, perform and satisfy all the terms, provisions, covenants and conditions of, and shall pay when due all costs, fees and expenses to the extent required under the Loan Documents executed and delivered by, or applicable to, Borrower.

5.1.8 AWARD AND INSURANCE BENEFITS. Borrower shall cooperate with Lender in obtaining for Lender the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with any Individual Property, and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable attorneys' fees and disbursements, and the payment by Borrower of the expense of an appraisal on behalf of Lender in case of Casualty or Condemnation affecting any Individual Property or any part thereof) out of such Insurance Proceeds.

5.1.9 FURTHER ASSURANCES. Borrower shall, at Borrower's sole cost and expense:

(a) furnish to Lender all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, appraisals, title and other insurance reports and agreements, and each and every other document, certificate, agreement and instrument required to be furnished by Borrower pursuant to the terms of the Loan Documents or which are reasonably requested by Lender in connection therewith;

(b) execute and deliver to Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the obligations of Borrower under the Loan Documents, as Lender may reasonably; and

(c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of this Agreement and the other Loan Documents, as Lender shall reasonably require from time to time.

5.1.10 PRINCIPAL PLACE OF BUSINESS, STATE OF ORGANIZATION. Borrower will not cause or permit any change to be made in its name, identity or corporate or partnership structure unless Borrower shall have first notified Lender in writing of such change at least thirty (30) days prior to the effective date of such change, and shall have first taken all action required by Lender for the purpose of perfecting or protecting the lien and security interests of Lender pursuant to this Agreement, the Cash Management Agreement and the other Loan Documents. Borrower's principal place of business and chief executive office, and the place where Borrower keeps its books and records, including recorded data of any kind or nature, regardless of the medium or recording, including software, writings, plans, specifications and schematics, has been for the preceding four months (or, if less, the entire period of the existence of Borrower) and will continue to be the address of Borrower set forth at the introductory paragraph of this Agreement (unless Borrower notifies Lender in writing at least thirty (30) days prior to the date of such change). Borrower's organizational identification number, if any, assigned by the state of incorporation or organization is correctly set forth in the introductory paragraph of this Agreement. Borrower shall promptly notify Lender of any change in its organizational identification number. If Borrower does not now have an organizational identification number and later obtains one, Borrower promptly shall notify Lender of such organizational identification number.

5.1.11 FINANCIAL REPORTING. (a) Borrower will keep and maintain or will cause to be kept and maintained on a Fiscal Year basis, in accordance GAAP (or such other accounting basis acceptable to Lender), proper and accurate books, records and accounts reflecting all of the financial affairs of Borrower and all items of income and expense in connection with the operation on an individual basis of the Properties. Lender shall have the right from time to time at all times during normal business hours upon reasonable notice to examine such books, records and accounts at the office of Borrower or any other Person maintaining such books, records and accounts and to make such copies or extracts thereof as Lender shall desire. After the occurrence of an Event of Default, Borrower shall pay any costs and expenses incurred by Lender to

examine Borrower's accounting records with respect to the Properties, as Lender shall determine to be necessary or appropriate in the protection of Lender's interest. Upon Lender's reasonable request, Borrower shall deliver such other information necessary and sufficient to fairly represent the financial condition of Borrower and the Properties.

(b) Borrower will furnish to Lender annually, within ninety (90) days following the end of each Fiscal Year of Borrower, a complete copy of Borrower's annual financial statements audited by a "Big Five" accounting firm or other independent certified public accountant acceptable to Lender in accordance with GAAP (or such other accounting basis acceptable to Lender) covering the Properties on a combined basis as well as each Individual Property for such Fiscal Year and containing statements of profit and loss for Borrower and the Properties and a balance sheet for Borrower. Such statements shall set forth the financial condition and the results of operations for the Properties for such Fiscal Year, and shall include, but not be limited to, amounts representing annual Net Cash Flow, Net Operating Income, Gross Income from Operations and Operating Expenses. Borrower's annual financial statements shall be accompanied by (i) a comparison of the budgeted income and expenses and the actual income and expenses for the prior Fiscal Year, (ii) an Officer's Certificate stating that each such annual financial statement presents fairly the financial condition and the results of operations of Borrower and the Property being reported upon and has been prepared in accordance GAAP, (iii) an unqualified opinion of a "Big Five" accounting firm or other independent certified public accountant reasonably acceptable to Lender, (iv) a list of tenants, if any, occupying more than twenty percent (20%) of the total floor area of the Improvements and (v) a breakdown showing the year in which each Lease then in effect expires and the percentage of total floor area of the Improvements and the percentage of base rent with respect to which Leases shall expire in each such year, each such percentage to be expressed on both a per year and cumulative basis, and (vi) a schedule audited by such independent certified public accountant reconciling Net Operating Income to Net Cash Flow (the "NET CASH FLOW SCHEDULE"), which shall itemize all adjustments made to Net Operating Income to arrive at Net Cash Flow deemed material by such independent certified public accountant. Together with Borrower's annual financial statements, Borrower shall furnish to Lender an Officer's Certificate certifying as of the date thereof whether there exists an event or circumstance which constitutes a Default or Event of Default under the Loan Documents executed and delivered by, or applicable to, Borrower, and if such Default or Event of Default exists, the nature thereof, the period of time it has existed and the action then being taken to remedy the same.

(c) Borrower will furnish, or cause to be furnished, to Lender on or before twenty (20) days after the end of each calendar month the following items, accompanied by an Officer's Certificate stating that such items are true, correct, accurate, and complete and fairly present the financial condition and results of the operations of Borrower and the Properties on a combined basis as well as each Individual Property (subject to normal year-end adjustments) as applicable: (i) a occupancy report for the subject month accompanied by an Officer's Certificate with respect thereto; (ii) monthly and year-to-date operating statements (including capital expenditures) prepared for each calendar month, noting Net Operating Income, Gross Income from Operations, and Operating Expenses (not including any contributions to the Replacement Reserve Fund and the Required Repair Fund), and other information necessary and sufficient to fairly represent the financial position and results of operation of the

Properties during such calendar month, and containing a comparison of budgeted income and expenses and the actual income and expenses together with a detailed explanation of any variances of five percent (5%) or more between budgeted and actual amounts for such periods, all in form satisfactory to Lender; (iii) a calculation reflecting the annual Debt Service Coverage Ratio for the immediately preceding twelve (12) month period as of the last day of such month accompanied by an Officers' Certificate with respect thereto; and (iv) a Net Cash Flow Schedule. In addition, such Officer's Certificate shall also state the representations and warranties of Borrower set forth in Section 4.1.30 are true and correct as of the date of such certificate and that there are no trade payables outstanding for more than sixty (60) days.

(d) For the partial year period commencing on the date hereof, and for each Fiscal Year thereafter, Borrower shall submit to Lender an Annual Budget not later than sixty (60) days prior to the commencement of such period or Fiscal Year in form reasonably satisfactory to Lender. The Annual Budget shall be subject to Lender's written approval (each such Annual Budget, an "APPROVED ANNUAL BUDGET"). In the event that Lender objects to a proposed Annual Budget submitted by Borrower, Lender shall advise Borrower of such objections within fifteen (15) days after receipt thereof (and deliver to Borrower a reasonably detailed description of such objections) and Borrower shall promptly revise such Annual Budget and resubmit the same to Lender. Lender shall advise Borrower of any objections to such revised Annual Budget within ten (10) days after receipt thereof (and deliver to Borrower a reasonably detailed description of such objections) and Borrower shall promptly revise the same in accordance with the process described in this subsection until Lender approves the Annual Budget. Until such time that Lender approves a proposed Annual Budget, the most recently Approved Annual Budget shall apply; provided that, such Approved Annual Budget shall be adjusted to reflect actual increases in Taxes, Insurance Premiums and Other Charges.

(e) In the event that, Borrower must incur an extraordinary operating expense or capital expense not set forth in the Approved Annual Budget (each an "EXTRAORDINARY EXPENSE"), then Borrower shall promptly deliver to Lender a reasonably detailed explanation of such proposed Extraordinary Expense for Lender's approval.

(f) Notwithstanding anything to the contrary contained in this Section 5.1.11, for so long as the WESCO Lease is in effect and no Event of Default has occurred and is continuing, Borrower shall be required to deliver or cause to be delivered, the following financial documentation, and compliance with such obligations shall be deemed compliance with the delivery requirements for financial documentation in accordance with this Section 5.1.11:

(i) on a monthly basis, an occupancy statement (certified by an Officer's Certificate from Borrower);

(ii) on an annual basis, a rent roll (certified by an Officer's Certificate of both Borrower and WESCO Tenant), indicating payments made pursuant to the WESCO Lease (including any subleases or assignments thereof), in the form attached hereto as Schedule II; and

(iii) provided the stock of WESCO Tenant and WESCO International is listed on the New York Stock Exchange or such other nationally recognized stock exchange, such other financial documentation as is required to be made available to the general public or any Governmental Authority due to such public listing, at the same time such documentation is to be delivered or reasonably promptly thereafter.

5.1.12 BUSINESS AND OPERATIONS. Borrower will continue to engage in the businesses presently conducted by it as and to the extent the same are necessary for the ownership and operation of the Properties. Borrower will qualify to do business and will remain in good standing under the laws of each jurisdiction as and to the extent the same are required for the ownership and operation of the Properties. Borrower shall at all times during the term of the Loan, continue to own or shall cause WESCO Tenant to obtain and own all of the Equipment, Fixtures and Personal Property which are necessary to operate the Properties in the manner required hereunder and in the manner in which it is currently operated.

5.1.13 TITLE TO THE PROPERTIES. Borrower will warrant and defend (a) the title to each Individual Property and every part thereof, subject only to Liens permitted hereunder (including Permitted Encumbrances) and (b) the validity and priority of the Liens of the Mortgages and the Assignments of Leases on the Properties, subject only to Liens permitted hereunder (including Permitted Encumbrances), in each case against the claims of all Persons whomsoever. Borrower shall reimburse Lender for any losses, costs, damages or expenses (including reasonable attorneys' fees and court costs) incurred by Lender if an interest in any Individual Property, other than as permitted hereunder, is claimed by another Person.

5.1.14 COSTS OF ENFORCEMENT. In the event (a) that any Mortgage encumbering any Individual Property is foreclosed in whole or in part or that any such Mortgage is put into the hands of an attorney for collection, suit, action or foreclosure, (b) of the foreclosure of any mortgage prior to or subsequent to any Mortgage encumbering any Individual Property in which proceeding Lender is made a party, or (c) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower or any of its constituent Persons or an assignment by Borrower or any of its constituent Persons for the benefit of its creditors, Borrower, its successors or assigns, shall be chargeable with and agrees to pay all costs of collection and defense, including attorneys' fees and costs, incurred by Lender or Borrower in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, together with all required service or use taxes.

5.1.15 ESTOPPEL STATEMENT. (a) After request by Lender, Borrower shall within ten (10) days furnish Lender with a statement, duly acknowledged and certified, setting forth (i) the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the Interest Rate of the Note, (iv) the date installments of interest and/or principal were last paid, (v) any offsets or defenses to the payment of the Debt, if any, and (vi) that the Note, this Agreement, the Mortgages and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification.

(b) Borrower shall deliver to Lender upon request, tenant estoppel certificates from each commercial tenant leasing space at the Properties in form and substance reasonably

satisfactory to Lender provided that Borrower shall not be required to deliver such certificates more frequently than two (2) times in any calendar year.

5.1.16 LOAN PROCEEDS. Borrower shall use the proceeds of the Loan received by it on the Closing Date only for the purposes set forth in Section 2.1.4 hereof.

5.1.17 PERFORMANCE BY BORROWER. Borrower shall in a timely manner observe, perform and fulfill each and every covenant, term and provision of each Loan Document executed and delivered by, or applicable to, Borrower, and shall not enter into or otherwise suffer or permit any amendment, waiver, supplement, termination or other modification of any Loan Document executed and delivered by, or applicable to, Borrower without the prior written consent of Lender.

5.1.18 CONFIRMATION OF REPRESENTATIONS. Without in any way limiting Borrower's obligations set forth in Section 9.1 hereof, Borrower shall deliver, in connection with any Securitization, (a) one (1) or more Officer's Certificates certifying as to the accuracy of all representations made by Borrower in the Loan Documents as of the date of the Closing Date in all relevant jurisdictions, and (b) certificates of the relevant Governmental Authorities in all relevant jurisdictions indicating the good standing and qualification of Borrower and Guarantor as of the Closing Date.

5.1.19 NO JOINT ASSESSMENT. Borrower shall not suffer, permit or initiate the joint assessment of any Individual Property (a) with any other real property constituting a tax lot separate from such Individual Property, and (b) which constitutes real property with any portion of such Individual Property which may be deemed to constitute personal property, or any other procedure whereby the lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to such real property portion of the Individual Property.

5.1.20 LEASING MATTERS. Any Leases with respect to an Individual Property written after the date hereof, shall be approved by Lender, which approval shall not be unreasonably withheld, conditioned or delayed, provided, however that Lender shall be permitted to withhold its consent in its sole discretion with respect to a Lease (other than the current WESCO Lease) of all or substantially all of any Individual Property. Upon request, Borrower shall furnish Lender with executed copies of all Leases. All proposed Leases shall be on commercially reasonable terms and shall not contain any terms which would materially affect Lender's rights under the Loan Documents. All Leases executed after the date hereof shall provide that they are subordinate to the Mortgage encumbering the applicable Individual Property and that the lessee agrees to attorn to Lender or any purchaser at a sale by foreclosure or power of sale. Borrower (i) shall observe and perform the obligations imposed upon the lessor under the Leases in a commercially reasonable manner; (ii) shall enforce and may amend or terminate the terms, covenants and conditions contained in the Leases to be observed or performed in a commercially reasonable manner and in a manner not to impair the value of the Individual Property involved or in a manner not consistent with the provisions of the Loan Documents, except that no termination by Borrower or acceptance of surrender by a tenant of any Leases (other than subleases, sub-subleases, licenses and concessions) shall be permitted unless by reason of a tenant default and then only in a commercially reasonable manner to preserve and protect the Individual Property, provided, however, that the WESCO Lease shall

not be amended or terminated in any manner without the written consent of Lender, which consent may be withheld in its sole discretion; (iii) shall not collect any of the rents more than one (1) month in advance (other than security deposits); (iv) shall not execute any other assignment of lessor's interest in the Leases or the Rents (except as contemplated by the Loan Documents) and (v) shall execute and deliver at the request of Lender all such further assurances, confirmations and assignments in connection with the Leases as Lender shall from time to time reasonably require. Notwithstanding anything to the contrary contained herein, WESCO Tenant may assign or sublet an interest in the WESCO Lease without the consent of Lender provided that, at any given time: (A) WESCO Tenant assigns or subleases to an Affiliate of Borrower, Tenant or Guarantor, (B) (I) WESCO Tenant subleases to an existing supplier or customer of WESCO Tenant or Guarantor, (II) such subleases do not comprise more than an aggregate of thirty percent (30%) of the leaseable floor space contained in the Properties and (III) WESCO Tenant continues to occupy a portion of space at each Individual Property pursuant to the WESCO Lease, or (C) (I) the sublessee is a Person other than the Persons referred to in clauses (A) and (B) and (II) such subleases do not comprise more than an aggregate of ten percent (10%) of the leaseable floor space contained in the Properties, and provided further that, in all cases, both WESCO Tenant and any guarantor of the WESCO Lease shall continue to remain liable for the obligations of WESCO Tenant under the WESCO Lease (any sublease or assignment of the WESCO Lease described in clauses (A) through (C) hereinafter collectively referred to as a "PERMITTED LEASE TRANSACTION").

5.1.21 ALTERATIONS. Borrower shall obtain Lender's prior written consent to any alterations to any Improvements costing, in any one instance, in excess of \$100,000.00 (other than any alteration pertaining to the replacement of the roof of a building situated on an Individual Property, for which no consent shall be required) or would otherwise have a material adverse effect on the applicable Individual Property, which consent shall not be unreasonably withheld or delayed except with respect to alterations that may have a material adverse effect on Borrower's financial condition, the value of the applicable Individual Property or the Net Operating Income. Notwithstanding the foregoing, Lender's consent shall not be required in connection with any alterations that will not have a material adverse effect on Borrower's financial condition, the value of the applicable Individual Property or the Net Operating Income, provided that such alterations are made in connection with (a) tenant improvement work performed pursuant to the terms of any Lease executed on or before the date hereof, (b) tenant improvement work performed pursuant to the terms and provisions of a Lease and not adversely affecting any structural component of any Improvements, any utility or HVAC system contained in any Improvements or the exterior of any building constituting a part of any Improvements, or (c) alterations performed in connection with the Restoration of an Individual Property after the occurrence of a Casualty or Condemnation in accordance with the terms and provisions of this Agreement. If the total unpaid amounts due and payable with respect to alterations to the Improvements at any Individual Property (other than such amounts to be paid or reimbursed by tenants under the Leases) shall at any time exceed Two Hundred Thousand and 00/100 Dollars (\$200,000.00) (the "THRESHOLD AMOUNT"), Borrower shall promptly deliver to Lender as security for the payment of such amounts and as additional security for Borrower's obligations under the Loan Documents any of the following: (A) cash, (B) U.S. Obligations, (C) other securities having a rating acceptable to Lender and that the applicable Rating Agencies have confirmed in writing will not, in and of itself, result in a downgrade, withdrawal or qualification of the initial, or, if higher, then current ratings assigned to any Securities or any class thereof in

connection with any Securitization or (D) a completion and performance bond or an irrevocable letter of credit (payable on sight draft only) issued by a financial institution having a rating by S&P of not less than "A-1+" if the term of such bond or letter of credit is no longer than three (3) months or, if such term is in excess of three (3) months, issued by a financial institution having a rating that is acceptable to Lender and that the applicable Rating Agencies have confirmed in writing will not, in and of itself, result in a downgrade, withdrawal or qualification of the initial, or, if higher, then current ratings assigned to any Securities or class thereof in connection with any Securitization. Such security shall be in an amount equal to the excess of the total unpaid amounts with respect to alterations to the Improvements on the applicable Individual Property (other than such amounts to be paid or reimbursed by tenants under the Leases) over the Threshold Amount and Lender may apply such security from time to time at the option of Lender to pay for such alterations.

5.1.22 OPERATION OF PROPERTY. (a) Borrower shall cause the Properties to be operated, in all material respects, in accordance with any Management Agreement (or Replacement Management Agreement) as applicable. In the event that a Management Agreement expires or is terminated (without limiting any obligation of Borrower to obtain Lender's consent to any termination or modification of the Management Agreement in accordance with the terms and provisions of this Agreement), Borrower shall promptly enter into a Replacement Management Agreement with Manager or another Qualified Manager, as applicable.

(b) Borrower shall: (i) promptly perform and/or observe, in all material respects, all of the covenants and agreements required to be performed and observed by it under the Management Agreement and do all things necessary to preserve and to keep unimpaired its material rights thereunder; (ii) promptly notify Lender of any material default under any Management Agreement of which it is aware; (iii) promptly deliver to Lender a copy of each financial statement, business plan, capital expenditures plan, notice, report and estimate received by it under any Management Agreement; and (iv) enforce the performance and observance of all of the covenants and agreements required to be performed and/or observed by Manager under any Management Agreement, in a commercially reasonable manner.

5.1.23 SUPPLEMENTAL MORTGAGE AFFIDAVITS. As of the date hereof, Borrower represents that it has paid all state, county and municipal recording and all other taxes imposed upon the execution and recordation of the Mortgages. If at any time Lender determines, based on applicable law, that Lender is not being afforded the maximum amount of security available from any one or more of the Properties which was contemplated by the parties hereto as of the Closing Date, as a direct or indirect result of applicable taxes not having been paid with respect to any Individual Property, Borrower agrees that Borrower will execute, acknowledge and deliver to Lender, immediately upon Lender's request, supplemental affidavits increasing the amount of the Debt attributable to any such Individual Property (as set forth as the Release Amount on Schedule I annexed hereto) for which all applicable taxes have been paid to an amount determined by Lender to be equal to the lesser of (a) the greater of the fair market value of the applicable Individual Property (i) as of the date hereof and (ii) as of the date such supplemental affidavits are to be delivered to Lender, and (b) the amount of the Debt attributable

to any such Individual Property (as set forth as the Release Amount on Schedule I annexed hereto), and Borrower shall, on demand, pay any additional taxes.

SECTION 5.2 NEGATIVE COVENANTS.

From the date hereof until payment and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the Liens encumbering the Properties in accordance with the terms of this Agreement and the other Loan Documents, Borrower covenants and agrees with Lender that it will not do, or permit to occur, directly or indirectly, any of the following acts or omissions described in this Section 5.2.

5.2.1 OPERATION OF PROPERTY. (a) Borrower shall not, without Lender's prior written consent (which consent shall not be unreasonably withheld): (i) surrender, terminate, cancel, amend or modify any Management Agreement; provided, that Borrower may, without Lender's consent, replace the Manager so long as the replacement manager is a Qualified Manager pursuant to a Replacement Management Agreement; (ii) reduce or consent to the reduction of the term of any Management Agreement; (iii) increase or consent to the increase of the amount of any charges under any Management Agreement; or (iv) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, any Management Agreement in any material respect.

(b) Following the occurrence and during the continuance of an Event of Default, Borrower shall not exercise any rights, make any decisions, grant any approvals or otherwise take any action under any Management Agreement without the prior written consent of Lender, which consent may be granted, conditioned or withheld in Lender's sole discretion.

5.2.2 LIENS. Borrower shall not create, incur, assume or suffer to exist any Lien on any portion of any Individual Property or permit any such action to be taken, except:

(i) Permitted Encumbrances;

(ii) Liens created by or permitted pursuant to the Loan Documents; and

(iii) Liens for Taxes or Other Charges not yet due and payable and delinquent.

5.2.3 DISSOLUTION. Borrower shall not (a) engage in any dissolution, liquidation or consolidation or merger with or into any other business entity, (b) engage in any business activity not related to the ownership and operation of the Properties, (c) transfer, lease or sell, in one transaction or any combination of transactions, the assets or all or substantially all of the properties or assets of Borrower except to the extent permitted by the Loan Documents, (d) modify, amend, waive or terminate its organizational documents or its qualification and good standing in any jurisdiction or (e) cause the current sole member to (i) dissolve, wind up or liquidate or take any action, or omit to take an action, as a result of which the current sole member would be dissolved, wound up or liquidated in whole or in part, or (ii) amend, modify, waive or terminate the certificate of incorporation or bylaws of the current sole member, in each case, without obtaining the prior written consent of Lender or Lender's designee.

5.2.4 CHANGE IN BUSINESS. Borrower shall not enter into any line of business other than the ownership and operation of the Properties, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business. Nothing contained in this Section 5.2.4 is intended to expand the rights of Borrower contained in Section ERROR! REFERENCE SOURCE NOT FOUND. hereof.

5.2.5 DEBT CANCELLATION. Borrower shall not cancel or otherwise forgive or release any claim or debt (other than termination of Leases in accordance herewith) owed to Borrower by any Person, except for adequate consideration and in the ordinary course of Borrower's business.

5.2.6 ZONING. Borrower shall not initiate or consent to any zoning reclassification of any portion of any Individual Property or seek any variance under any existing zoning ordinance or use or permit the use of any portion of any Individual Property in any manner that could result in such use becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation, without the prior consent of Lender.

5.2.7 NO JOINT ASSESSMENT. Borrower shall not suffer, permit or initiate the joint assessment of any Individual Property with (a) any other real property constituting a tax lot separate from such Individual Property, or (b) any portion of any Individual Property which may be deemed to constitute personal property, or any other procedure whereby the Lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to such Individual Property.

5.2.8 CHANGE OF NAME, IDENTITY, STRUCTURE OR PLACE OF ORGANIZATION. Borrower shall not change its' name, identity (including its trade name or names), place of organization or formation (as set forth in Section 4.1.36 hereof) or Borrower's corporate, partnership or other structure without notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and, in the case of a change in Borrower's structure, without first obtaining the prior written consent of Lender. Upon Lender's request, Borrower shall execute and deliver additional financing statements, security agreements and other instruments which may be necessary to effectively evidence or perfect Lender's security interest in the Property as a result of such change of principal place of business or place of organization.

5.2.9 ERISA. (a) Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under the Note, this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA.

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Loan, as requested by Lender in its sole discretion, that (A) Borrower is not and does not maintain an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (B) Borrower is not subject to any state statute regulating investment of, or fiduciary

obligations with respect to governmental plans and (C) one or more of the following circumstances is true:

- (i) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b)(2);
- (ii) Less than twenty-five percent (25%) of each outstanding class of equity interests in Borrower is held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f)(2); or
- (iii) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e).

5.2.10 TRANSFERS. (a) Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its general partners, members, principals and (if Borrower is a trust) beneficial owners in owning and operating properties such as the Properties in agreeing to make the Loan, and will continue to rely on Borrower's ownership of the Properties as a means of maintaining the value of the Properties as security for repayment of the Debt and the performance of the Other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Properties so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Properties.

(b) Without the prior written consent of Lender, and except to the extent otherwise set forth in this Section 5.2.10, Borrower shall not, and shall not permit any Restricted Party do any of the following (collectively, a "TRANSFER"): (i) sell, convey, mortgage, grant, bargain, encumber, pledge, assign, grant options with respect to, or otherwise transfer or dispose of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) the Properties or any part thereof or any legal or beneficial interest therein or (ii) permit a Sale or Pledge of an interest in any Restricted Party, other than (A) pursuant to the WESCO Lease or other Leases in accordance with the provisions of Section 5.1.20 and (B) Permitted Transfers.

(c) A Transfer shall include, but not be limited to, (i) an installment sales agreement wherein Borrower agrees to sell the Properties or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of any Individual Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (iii) if a Restricted Party is a corporation, any merger, consolidation or Sale or Pledge of such corporation's stock or the creation or issuance of new stock; (iv) if a Restricted Party is a limited or general partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Sale or Pledge of the partnership interest of any general partner or any profits or proceeds relating to such partnership interest, or the Sale or Pledge of limited partnership interests or any profits or proceeds relating to such limited partnership interest or the creation or issuance of new limited partnership interests; (v) if a Restricted Party is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing

member or non-member manager (or if no managing member, any member) or the Sale or Pledge of the membership interest of a managing member (or if no managing member, any member) or any profits or proceeds relating to such membership interest, or the Sale or Pledge of non-managing membership interests or the creation or issuance of new non-managing membership interests; (vi) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the Sale or Pledge of the legal or beneficial interest in a Restricted Party or the creation or issuance of new legal or beneficial interests; or (vii) the removal or the resignation of any Manager (including, without limitation, an Affiliated Manager) other than in accordance with Section 5.1.22 hereof.

(d) Notwithstanding the provisions of this Section 5.2.10(d), the following transfers shall not be deemed to be a Transfer: (i) the Sale or Pledge, in one or a series of transactions, of not more than forty-nine percent (49%) of the stock in a Restricted Party; provided, however, no such Transfers shall result in the change of voting control in the Restricted Party, and as a condition to each such Transfer, Lender shall receive not less than thirty (30) days prior written notice of such proposed Transfer, (ii) the Sale or Pledge, in one or a series of transactions, of not more than forty-nine percent (49%) of the limited partnership interests or non-managing membership interests (as the case may be) in a Restricted Party; provided, however, as a condition to each such Transfer, Lender shall receive not less than thirty (30) days prior written notice of such proposed Transfer, (iii) the sale, transfer or issuance of stock in WESCO International, Inc. provided such stock is listed on the New York Stock Exchange or such other nationally recognized stock exchange, (iv) the Sale or Pledge, in one or a series of transactions, of WESCO Distribution, Inc. or WESCO International, Inc. to a Qualified Transferee, provided that (A) no Event of Default shall have occurred and be continuing and (B) Lender shall receive not less than thirty (30) days prior written notice of such proposed transfer. The following additional conditions must be satisfied in connection with any Sale or Pledge described in clause (iv) above (I) such sale or transfer is permitted pursuant to the terms of the respective organizational documents of the entity in which such interests are held, or if not so permitted, the requisite percentage of interest holders set forth in such organizational documents consent to such sale or transfer; (II) Lender has received payment of a transfer fee equal to one percent (1%) of the outstanding principal balance of the Loan at the time of such transfer and (III) Borrower shall pay all other expenses of Lender incurred in connection with such transfer. Lenders agrees to make good faith attempts to promptly respond to such request for a Transfer, but Lender's failure to respond shall under no circumstances be deemed in any way an approval of such request or a waiver of any other rights it may have under the Loan Documents.

(e) Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon Borrower's Transfer without Lender's consent. This provision shall apply to every Transfer regardless of whether voluntary or not, or whether or not Lender has consented to any previous Transfer.

VI. INSURANCE; CASUALTY; CONDEMNATION; REQUIRED REPAIRS

SECTION 6.1 INSURANCE.

(a) Borrower shall obtain and maintain, or cause to be maintained, insurance for Borrower and the Properties providing at least the following coverages:

(i) comprehensive all risk insurance ("SPECIAL FORM") including, but not limited to, loss caused by any type of windstorm or hail on the Improvements and the Personal Property, (A) in an amount equal to the lesser of (I) one hundred percent (100%) of the "FULL REPLACEMENT COST," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation or (II) than the outstanding principal balance of the Loan; (B) containing an agreed amount endorsement with respect to the Improvements and Personal Property waiving all co-insurance provisions or to be written on a no co-insurance form; (C) providing for no deductible in excess of One Hundred Thousand and 00/100 Dollars (\$100,000.00) for all such insurance coverage excluding windstorm and earthquake and (D) if any of the Improvements or the use of the Individual Property shall at any time constitute legal non-conforming structures or uses, coverage for loss due to operation of law in an amount equal to the full Replacement Cost, coverage for demolition costs and coverage for increased costs of construction. In addition, Borrower shall obtain: (x) if any portion of the Improvements is currently or at any time in the future located in a federally designated "special flood hazard area", flood hazard insurance in an amount equal to the lesser of (1) the outstanding principal balance of the Note or (2) the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended or such greater amount as Lender shall require and (y) earthquake insurance in amounts and in form and substance satisfactory to Lender in the event the Individual Property is located in an area with a high degree of seismic activity;

(ii) business income insurance (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in subsection (i) above; (C) in an amount equal to one hundred percent (100%) of the projected gross revenues from the operation of the Properties (as reduced to reflect expenses not incurred during a period of Restoration) for a period of at least twelve (12) months after the date of the Casualty; and (D) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements and Personal Property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of twelve (12) months from the date that the applicable Individual Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such business income insurance shall be determined prior to the date hereof and at least once each year thereafter based on Borrower's reasonable estimate of the gross revenues from each Individual Property for the succeeding twelve (12) month period. Notwithstanding the provisions of Section 2.5.5 hereof, all proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied to

the obligations secured by the Loan Documents from time to time due and payable hereunder and under the Note; provided, however, that nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured by the Loan Documents on the respective dates of payment provided for in the Note and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such business income insurance;

(iii) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements, and only if the Individual Property coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance, otherwise known as Owner Contractor's Protective Liability, covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy and (B) the insurance provided for in subsection (i) above written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to subsection (i) above, (3) including permission to occupy the Individual Property and (4) with an agreed amount endorsement waiving co-insurance provisions;

(iv) comprehensive boiler and machinery insurance, if steam boilers or other pressure-fixed vessels are in operation, in amounts as shall be reasonably required by Lender on terms consistent with the commercial property insurance policy required under subsection (i) above;

(v) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Individual Property, such insurance (A) to be on the so-called "occurrence" form with a combined limit of not less than Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate and One Million and 00/100 Dollars (\$1,000,000.00) per occurrence; (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) blanket contractual liability for all written contracts and (5) contractual liability covering the indemnities contained in Article 9 of the Mortgages to the extent the same is available;

(vi) if necessary, automobile liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of One Million Dollars and 00/100 Dollars (\$1,000,000.00), with a deductible not to exceed \$100,000.00;

(vii) worker's compensation and employee's liability subject to the worker's compensation laws of the applicable state with a deductible not to exceed \$250,000.00;

(viii) umbrella and excess liability insurance in an amount not less than Five Million and 00/100 Dollars (\$5,000,000.00) per occurrence on terms otherwise consistent with the commercial general liability insurance policy required under subsection (v) above, including, but not limited to, supplemental coverage for employer liability and automobile liability, which umbrella liability coverage shall apply in excess of the automobile liability coverage in clause (vi) above;

(ix) the commercial property and business income insurance required under Section 6.1(a)(i) and (ii) above shall cover perils of terrorism and acts of terrorism and Borrower shall maintain commercial property and business income insurance for loss resulting from perils and acts of terrorism on terms in an amount not less than Five Million and 00/100 Dollars (\$5,000,000.00) per occurrence and otherwise consistent with those required under Section 6.1(a)(i) and (ii) above at all times during the term of the Loan so long as (A) Lender determines that either (I) prudent owners of real estate comparable to the Properties are maintaining same or (II) prudent institutional lenders (including, without limitation, investment banks) to such owners are requiring that such owners maintain such insurance; or (B) if such insurance is obtainable from any insurer or the United States of America or any agency or instrumentality thereof and is required by any prospective investor in connection with a Securitization pursuant to Section 9.1 hereof or the lack of such insurance in and of itself will result in a qualification, downgrade or withdrawal of the then current ratings assigned, or to be assigned, or prevent ratings from being assigned, to the Securities or any class thereof in any applicable Securitization; provided, however, that with respect to the Individual Property located in Warrendale, Butler County, Pennsylvania, the amount of insurance shall not be less than the Full Replacement Cost for such Individual Property; and

(x) upon sixty (60) days written notice, such other reasonable insurance, including, but not limited to, sinkhole or land subsidence insurance, and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Individual Property located in or around the region in which the Individual Property is located.

(b) All insurance provided for in Section 6.1(a) hereof (i) shall be obtained under valid and enforceable policies (collectively, the "POLICIES" or in the singular, the "POLICY") and (ii) shall be subject to the approval of Lender as to insurance companies, amounts, deductibles, loss payees and insureds, provided, however that the amount of said deductibles may be subject to adjustment based on fluctuations in the Consumer Price Index or similar standard. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the State and having a claims paying ability rating of "A" or better by S&P or a financial class of VII or better by A.M. Best Company, Inc. The Policies described in Section 6.1 hereof (other than those strictly limited to liability protection) shall designate Lender as loss payee. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, certificates of insurance

evidencing the Policies accompanied by evidence satisfactory to Lender of payment of the premiums due thereunder (the "INSURANCE PREMIUMS"), shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall specifically allocate to the Individual Property the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Properties in compliance with the provisions of Section 6.1(a) hereof.

(d) All Policies provided for or contemplated by Section 6.1(a) hereof, except for the Policy referenced in Section 6.1(a)(vii) of this Agreement, shall name Borrower as the insured and Lender as the additional insured, as its interests may appear, and in the case of property damage, boiler and machinery, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policy shall not be materially changed (other than to increase the coverage provided thereby) or canceled without at least thirty (30) days written notice to Lender and any other party named therein as an additional insured;

(iii) the issuers thereof shall give written notice to Lender if the Policy has not been renewed thirty (30) days prior to its expiration; and

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Properties, including, without limitation, the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate after three (3) Business Days notice to Borrower if prior to the date upon which any such coverage will lapse or at any time Lender deems necessary (regardless of prior notice to Borrower) to avoid the lapse of any such coverage. All premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and, until paid, shall be secured by the Mortgages and shall bear interest at the Default Rate.

SECTION 6.2 CASUALTY.

If any Individual Property shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "CASUALTY"), Borrower shall give prompt notice of such damage to Lender and shall promptly commence and diligently prosecute the completion of the Restoration of the Individual Property pursuant to Section 6.4 hereof as nearly as possible to the condition the Property was in immediately prior to such Casualty, with such alterations as may be reasonably approved by Lender and otherwise in accordance with Section 6.4 hereof. Borrower shall pay all costs of such Restoration whether or not such costs are covered by insurance. Lender may, but shall not be obligated to make proof of loss if not made promptly by Borrower. In addition, Lender may participate in any settlement discussions with any insurance companies with respect to any Casualty in which the Net Proceeds or the costs of completing the Restoration are equal to or greater than Two Hundred Thousand and 00/100 Dollars (\$200,000.00) and Borrower shall deliver to Lender all instruments required by Lender to permit such participation.

SECTION 6.3 CONDEMNATION.

Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of any Individual Property and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Award shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. If any Individual Property or any portion thereof is taken by a condemning authority, Borrower shall promptly commence and diligently prosecute the Restoration of the applicable Individual Property or any portion thereof pursuant to Section 6.4 hereof and otherwise comply with the provisions of Section 6.4 hereof. If any Individual Property is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof sufficient to pay the Debt.

SECTION 6.4 RESTORATION.

The following provisions shall apply in connection with the Restoration of any Individual Property:

(a) If the Net Proceeds shall be less than Two Hundred Thousand and 00/100 Dollars (\$200,000.00) and the costs of completing the Restoration shall be less than Two Hundred Thousand and 00/100 Dollars (\$200,000.00), the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Section 6.4(b)(i) hereof are met and Borrower delivers (or causes the WESCO Tenant to deliver) to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Agreement.

(b) If the Net Proceeds are equal to or greater than Two Hundred Thousand and 00/100 Dollars (\$200,000.00) or the costs of completing the Restoration is equal to or greater than Two Hundred Thousand and 00/100 Dollars (\$200,000.00), Lender shall make the Net Proceeds available for the Restoration in accordance with the provisions of this Section 6.4. The term "NET PROCEEDS" for purposes of this Section 6.4 shall mean: (i) the net amount of all insurance proceeds received by Lender pursuant to Section 6.1(a)(i), (iv), (ix) and (x) as a result of such damage or destruction, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same ("INSURANCE PROCEEDS"), or (ii) the net amount of the Award, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same ("CONDEMNATION PROCEEDS"), whichever the case may be.

(i) The Net Proceeds shall be made available to Borrower for Restoration provided that each of the following conditions are met:

(A) no Event of Default shall have occurred and be continuing;

(B) (1) in the event the Net Proceeds are Insurance Proceeds, less than the Restoration Threshold Floor Area has been damaged, destroyed or rendered unusable as a result of such Casualty or (2) in the event the Net Proceeds are Condemnation Proceeds, less than twenty percent (20%) of the land constituting the Individual Property is taken, and such land is located along the perimeter or periphery of the Individual Property, and no portion of the Improvements is located on such land;

(C) the WESCO Lease shall remain in full force and effect during and after the completion of the Restoration (or, if the WESCO Lease is not longer in effect, then at least ninety percent (90%) of the Leases that were in effect at the time of such Casualty or Condemnation), notwithstanding the occurrence of any such Casualty or Condemnation, whichever the case may be, and will make all necessary repairs and restorations thereto at their sole cost and expense.

(D) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than the earlier of (i) than sixty (60) days after the adjustment of any insurance claim or (ii) one hundred twenty (120) days after such Casualty or Condemnation, whichever the case may be, occurs) and shall diligently pursue the same to satisfactory completion;

(E) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Maturity Date or (2) such time as may be required under all applicable Legal Requirements in order to repair and restore the applicable Individual Property to the condition it was in immediately prior to such Casualty or to as nearly as possible the condition it was in immediately prior to such Condemnation, as applicable, or (4) the expiration of the insurance coverage referred to in Section 6.1(a)(ii) hereof;

(F) the Individual Property and the use thereof after the Restoration will be in compliance with and permitted under all applicable Legal Requirements;

(G) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements;

(H) such Casualty or Condemnation, as applicable, does not result in the loss of access to the Individual Property or the related Improvements;

(I) the Debt Service Coverage Ratio for all of the Individual Properties on an aggregate basis, after giving effect to the Restoration, shall be equal to or greater than 1.40 to 1.0;

(J) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be acceptable to Lender; and

(K) if the WESCO Lease is no longer in effect, the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's discretion to cover the cost of the Restoration.

(ii) The Net Proceeds in excess of \$200,000 shall be held by Lender in an interest-bearing account and, until disbursed in accordance with the provisions of this Section 6.4(b), shall constitute additional security for the Debt and Other Obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the Restoration have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Individual Property which have not either been fully bonded to the satisfaction of Lender and

discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with any Restoration costing in excess of Two Hundred Thousand and 00/100 Dollars (\$200,000.00) in the aggregate shall be subject to prior review and acceptance in all respects by Lender and by an independent consulting engineer selected by Lender (the "CASUALTY CONSULTANT"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to prior review and acceptance by Lender and the Casualty Consultant. All costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable counsel fees and disbursements and the Casualty Consultant's fees, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, minus the Casualty Retainage. The term "CASUALTY RETAINAGE" shall mean an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until the Restoration has been completed. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section 6.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 6.4(b) and that all approvals necessary for the re-occupancy and use of the Individual Property have been obtained from all appropriate governmental and quasi-governmental authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage; provided, however, that Lender will release the portion of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Casualty Consultant certifies to Lender that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's or materialman's contract, the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the lien of the related Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety

company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Lender in consultation with the Casualty Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "NET PROCEEDS DEFICIENCY") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 6.4(b) shall constitute additional security for the Debt and Other Obligations under the Loan Documents.

(vii) The excess, if any, of the Net Proceeds (and the remaining balance, if any, of the Net Proceeds Deficiency) deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 6.4(b), and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be deposited in the Cash Management Account to be disbursed in accordance with the Cash Management Agreement, provided no Event of Default shall have occurred and shall be continuing under the Note, this Agreement or any of the other Loan Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Section 6.4(b)(vii) hereof may be retained and applied by Lender toward the payment of the Debt in accordance with Section 2.4.1 hereof, whether or not then due and payable in such order, priority and proportions as Lender in its sole discretion shall deem proper, or, at the discretion of Lender, the same may be paid, either in whole or in part, to Borrower for such purposes as Lender shall approve, in its discretion.

(d) In the event of foreclosure of the Mortgage with respect to an Individual Property, or other transfer of title of an Individual Property in extinguishment in whole or in part of the Debt all right, title and interest of Borrower in and to the Policies that are not blanket Policies then in force concerning such Individual Property and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or Lender or other transferee in the event of such other transfer of title.

VII. RESERVE FUNDS

SECTION 7.1 REQUIRED REPAIRS.

7.1.1 DEPOSITS. Borrower shall perform the repairs at the Properties, as more particularly set forth on Schedule III hereto (such repairs hereinafter referred to as "REQUIRED REPAIRS"). Borrower shall complete the Required Repairs on or before the required deadline for each repair as set forth on Schedule III. It shall be an Event of Default under this Agreement if (a) Borrower does not complete the Required Repairs at each Individual Property by the required deadline for each repair as set forth on Schedule III, or (b) Borrower does not satisfy each condition contained in Section 7.1.2 hereof. Upon the occurrence of such an Event of Default, Lender, at its option, may withdraw all Required Repair Funds from the Required Repair Account and Lender may apply such funds either to completion of the Required Repairs at one or more of the Properties or toward payment of the Debt in such order, proportion and priority as Lender may determine in its sole discretion. Lender's right to withdraw and apply Required Repair Funds shall be in addition to all other rights and remedies provided to Lender under this Agreement and the other Loan Documents. On the Closing Date, Borrower shall deposit with Lender the amount for each Individual Property set forth on such Schedule III hereto to perform the Required Repairs for such Individual Property. Amounts so deposited with Lender shall be held by Lender in accordance with Section 7.5 hereof. Amounts so deposited shall hereinafter be referred to as Borrower's "REQUIRED REPAIR FUND" and the account in which such amounts are held shall hereinafter be referred to as Borrower's "REQUIRED REPAIR ACCOUNT".

7.1.2 RELEASE OF REQUIRED REPAIR FUNDS. Lender shall disburse to Borrower the Required Repair Funds from the Required Repair Account from time to time upon satisfaction by Borrower of each of the following conditions: (a) Borrower shall submit a written request for payment to Lender at least thirty (30) days prior to the date on which Borrower requests such payment be made and specifies the Required Repairs to be paid, (b) on the date such request is received by Lender and on the date such payment is to be made, no Default or Event of Default shall exist and remain uncured, (c) Lender shall have received an Officers' Certificate (i) stating that all Required Repairs at the applicable Individual Property to be funded by the requested disbursement have been completed in good and workmanlike manner and in accordance with all applicable federal, state and local laws, rules and regulations, such certificate to be accompanied by a copy of any license, permit or other approval by any Governmental Authority required to commence and/or complete the Required Repairs, (ii) identifying each Person that supplied materials or labor in connection with the Required Repairs performed at such Individual Property to be funded by the requested disbursement, and (iii) stating that each such Person has been paid in full or will be paid in full upon such disbursement, such Officers' Certificate to be accompanied by lien waivers or other evidence of payment satisfactory to Lender, (d) at Lender's option, a title search for such Individual Property indicating that such Individual Property is free from all liens, claims and other encumbrances not previously approved by Lender, and (e) Lender shall have received such other evidence as Lender shall reasonably request that the Required Repairs at such Individual Property to be funded by the requested disbursement have been completed and are paid for or will be paid upon such disbursement to Borrower. Lender shall not be required to make disbursements from the Required Repair Account with respect to any Individual Property unless such requested disbursement is in an amount greater than Twenty-five Thousand and 00/100 Dollars (\$25,000.00) (or a lesser amount if the total amount in the Required Repair Account is less than Twenty-five Thousand and 00/100 Dollars (\$25,000.00), in which case only one disbursement of the amount remaining in the account shall be made) and such disbursement shall be made only upon satisfaction of each condition contained in this Section 7.1.2.

SECTION 7.2 TAX AND INSURANCE ESCROW FUND.

Borrower shall pay to Lender on each Payment Date (a) one-twelfth (1/12) of the Taxes and Other Charges that Lender estimates will be payable during the next ensuing twelve (12) months in order to accumulate with Lender sufficient funds to pay all such Taxes and Other Charges at least thirty (30) days prior to their respective due dates, and (b) one-twelfth (1/12) of the Insurance Premiums that Lender estimates will be payable for the renewal of the coverage afforded by the Policies upon the expiration thereof in order to accumulate with Lender sufficient funds to pay all such Insurance Premiums at least thirty (30) days prior to the expiration of the Policies (said amounts in (a) and (b) above hereinafter called the "TAX AND INSURANCE ESCROW FUND"). The Tax and Insurance Escrow Fund and the Monthly Debt Service Payment Amount, shall be added together and shall be paid as an aggregate sum by Borrower to Lender. Lender will apply the Tax and Insurance Escrow Fund to payments of Taxes and Insurance Premiums required to be made by Borrower pursuant to Section 5.1.2 hereof and under the Mortgages. In making any payment relating to the Tax and Insurance Escrow Fund, Lender may do so according to any bill, statement or estimate procured from the appropriate public office (with respect to Taxes) or insurer or agent (with respect to Insurance Premiums), without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If the amount of the Tax and Insurance Escrow Fund shall exceed the amounts due for Taxes, Other Charges and Insurance Premiums pursuant to Section 5.1.2 hereof, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax and Insurance Escrow Fund. Any amount remaining in the Tax and Insurance Escrow Fund after the Debt has been paid in full shall be returned to Borrower. In allocating such excess, Lender may deal with the Person shown on the records of Lender to be the Owner of the Properties. If at any time Lender reasonably determines that the Tax and Insurance Escrow Fund is not or will not be sufficient to pay Taxes, Other Charges and Insurance Premiums by the dates set forth in (a) and (b) above, Lender shall notify Borrower of such determination and Borrower shall increase its monthly payments to Lender by the amount that Lender estimates is sufficient to make up the deficiency at least thirty (30) days prior to the due date of the Taxes and Other Charges and/or thirty (30) days prior to expiration of the Policies, as the case may be. Notwithstanding the foregoing, for so long as Borrower maintains the blanket Policy of insurance in effect as of the date hereof and no Event of Default shall have occurred and be continuing, Borrower shall not be obligated to deposit the cost of Insurance Premiums in the Tax and Insurance Escrow Fund.

SECTION 7.3 REPLACEMENTS AND REPLACEMENT RESERVE.

7.3.1 REPLACEMENT RESERVE FUND. Borrower shall pay to Lender on each Payment Date \$7002.78 (the "REPLACEMENT RESERVE MONTHLY DEPOSIT") reasonably estimated by Lender in its sole discretion to be due for replacements and repairs required to be made to the Properties during the calendar year (collectively, the "REPLACEMENTS"). Amounts so deposited shall hereinafter be referred to as Borrower's "REPLACEMENT RESERVE FUND" and the account in which such amounts are held shall hereinafter be referred to as Borrower's "REPLACEMENT RESERVE ACCOUNT". Lender may reassess its estimate of the amount necessary for the Replacement Reserve Fund from time to time, and may increase the monthly amounts required to be deposited into the Replacement Reserve Fund upon thirty (30) days notice to Borrower if Lender determines in its reasonable discretion that an increase is necessary to maintain the

proper maintenance and operation of the Properties. Any amount held in the Replacement Reserve Account and allocated for an Individual Property shall be retained by Lender and credited toward the future Replacement Reserves Monthly Deposits required by Lender hereunder in the event such Individual Property is released from the Lien of its related Mortgage in accordance with Section 2.5 hereof.

7.3.2 DISBURSEMENTS FROM REPLACEMENT RESERVE ACCOUNT. (a) Lender shall make disbursements from the Replacement Reserve Account to pay Borrower only for the costs of the Replacements. Lender shall not be obligated to make disbursements from the Replacement Reserve Account to reimburse Borrower for the costs of routine maintenance to an Individual Property, replacements of inventory or for costs which are to be reimbursed from the Required Repair Fund.

(b) Lender shall, upon written request from Borrower and satisfaction of the requirements set forth in this Section 7.3.2, disburse to Borrower amounts from the Replacement Reserve Account necessary to pay for the actual approved costs of Replacements or to reimburse Borrower therefor, upon completion of such Replacements (or, upon partial completion in the case of Replacements made pursuant to Section 7.3.2(e) hereof) as determined by Lender. In no event shall Lender be obligated to disburse funds from the Replacement Reserve Account if a Default or an Event of Default exists.

(c) Each request for disbursement from the Replacement Reserve Account shall be in a form specified or approved by Lender and shall specify (i) the specific Replacements for which the disbursement is requested, (ii) the quantity and price of each item purchased, if the Replacement includes the purchase or replacement of specific items, (iii) the price of all materials (grouped by type or category) used in any Replacement other than the purchase or replacement of specific items, and (iv) the cost of all contracted labor or other services applicable to each Replacement for which such request for disbursement is made. With each request Borrower shall certify that all Replacements have been made in accordance with all applicable Legal Requirements of any Governmental Authority having jurisdiction over the applicable Individual Property to which Replacements are being provided. Each request for disbursement shall include copies of invoices for all items or materials purchased and all contracted labor or services provided and, unless Lender has agreed to issue joint checks as described below in connection with a particular Replacement, each request shall include evidence satisfactory to Lender of payment of all such amounts. Except as provided in Section 7.3.2(e) hereof, each request for disbursement from the Replacement Reserve Account shall be made only after completion of the Replacement for which disbursement is requested. Borrower shall provide Lender evidence of completion of the subject Replacement satisfactory to Lender in its reasonable judgment.

(d) Borrower shall pay all invoices in connection with the Replacements with respect to which a disbursement is requested prior to submitting such request for disbursement from the Replacement Reserve Account or, at the request of Borrower, Lender will issue joint checks, payable to Borrower, the WESCO Tenant and the contractor, supplier, materialman, mechanic, subcontractor or other party to whom payment is due in connection with a Replacement. In the case of payments made by joint check, Lender may require a waiver of lien from each Person receiving payment prior to Lender's disbursement from the

Replacement Reserve Account. In addition, as a condition to any disbursement, Lender may require Borrower to obtain lien waivers from each contractor, supplier, materialman, mechanic or subcontractor who receives payment in an amount equal to or greater than Twenty-five Thousand and 00/100 Dollars (\$25,000.00) for completion of its work or delivery of its materials. Any lien waiver delivered hereunder shall conform to the requirements of applicable law and shall cover all work performed and materials supplied (including equipment and fixtures) for the applicable Individual Property by that contractor, supplier, subcontractor, mechanic or materialman through the date covered by the current reimbursement request (or, in the event that payment to such contractor, supplier, subcontractor, mechanic or materialmen is to be made by a joint check, the release of lien shall be effective through the date covered by the previous release of funds request).

(e) If (i) the cost of a Replacement exceeds Twenty-five Thousand and 00/100 Dollars (\$25,000.00), (ii) the contractor performing such Replacement requires periodic payments pursuant to terms of a written contract, and (iii) Lender has approved in writing in advance such periodic payments, a request for reimbursement from the Replacement Reserve Account may be made after completion of a portion of the work under such contract, provided (A) such contract requires payment upon completion of such portion of the work, (B) the materials for which the request is made are on site at the applicable Individual Property and are properly secured or have been installed in such Individual Property, (C) all other conditions in this Agreement for disbursement have been satisfied, (D) funds remaining in the Replacement Reserve Account are, in Lender's judgment, sufficient to complete such Replacement and other Replacements when required, and (E) if required by Lender, each contractor or subcontractor receiving payments under such contract shall provide a waiver of lien with respect to amounts which have been paid to that contractor or subcontractor.

(f) Borrower shall not make a request for disbursement from the Replacement Reserve Account more frequently than once in any calendar month and (except in connection with the final disbursement) the total cost of all Replacements in any request shall not be less than Five Thousand and 00/100 Dollars (\$5,000.00).

7.3.3 PERFORMANCE OF REPLACEMENTS. (a) Borrower shall make Replacements when required in order to keep each Individual Property in condition and repair consistent with other similar facilities in the same market segment in the metropolitan area in which the respective Individual Property is located, and to keep each Individual Property or any portion thereof from deteriorating. Borrower shall complete all Replacements in a good and workmanlike manner as soon as practicable following the commencement of making each such Replacement.

(b) Lender reserves the right, at its option, to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors or other parties providing labor or materials in connection with the Replacements exceeds Fifty Thousand and 00/100 Dollars (\$50,000.00), which approval shall not be unreasonably withheld. Upon Lender's request, Borrower shall assign any contract or subcontract to Lender.

(c) In the event Lender determines in its reasonable discretion that any Replacement is not being performed in a workmanlike or timely manner or that any

Replacement has not been completed in a workmanlike or timely manner, Lender shall have the option, following notice to Borrower, to withhold disbursement for such unsatisfactory Replacement and to proceed under existing contracts or to contract with third parties to complete such Replacement, to apply the Replacement Reserve Fund toward the labor and materials necessary to complete such Replacement, and to exercise any and all other remedies available to Lender upon an Event of Default hereunder.

(d) Following notice to Borrower, in order to facilitate Lender's completion or making of such Replacements pursuant to Section 7.3.3(c), Borrower grants Lender the right to enter onto any Individual Property and perform any and all work and labor necessary to complete or make such Replacements and/or employ watchmen to protect such Individual Property from damage. All sums so expended by Lender, to the extent not from the Replacement Reserve Fund, shall be deemed to have been advanced under the Loan to Borrower and secured by the Mortgages. For this purpose Borrower constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution to complete or undertake such Replacements in the name of Borrower. Such power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked. Borrower empowers said attorney-in-fact as follows: (i) to use any funds in the Replacement Reserve Account for the purpose of making or completing such Replacements; (ii) to make such additions, changes and corrections to such Replacements as shall be necessary or desirable to complete such Replacements; (iii) to employ such contractors, subcontractors, agents, architects and inspectors as shall be required for such purposes; (iv) to pay, settle or compromise all existing bills and claims which are or may become Liens against any Individual Property, or as may be necessary or desirable for the completion of such Replacements, or for clearance of title; (v) to execute all applications and certificates in the name of Borrower which may be required by any of the contract documents; (vi) to prosecute and defend all actions or proceedings in connection with any Individual Property or the rehabilitation and repair of any Individual Property; and (vii) to do any and every act which Borrower might do in its own behalf to fulfill the terms of this Agreement.

(e) Nothing in this Section 7.3.3 shall: (i) make Lender responsible for making or completing any Replacements; (ii) require Lender to expend funds in addition to the Replacement Reserve Fund to make or complete any Replacement; (iii) obligate Lender to proceed with any Replacements; or (iv) obligate Lender to demand from Borrower additional sums to make or complete any Replacement.

(f) Borrower shall permit Lender and Lender's agents and representatives (including, without limitation, Lender's engineer, architect, or inspector) or third parties making Replacements pursuant to this Section 7.3.3 to enter onto each Individual Property during normal business hours (subject to the rights of tenants under their Leases) to inspect the progress of any Replacements and all materials being used in connection therewith, to examine all plans and shop drawings relating to such Replacements which are or may be kept at each Individual Property, and to complete any Replacements made pursuant to this Section 7.3.3. Borrower shall cause all contractors and subcontractors to cooperate with Lender or Lender's representatives or such other persons described above in connection with inspections described in this Section 7.3.3(f) or the completion of Replacements pursuant to this Section 7.3.3.

(g) Lender may require an inspection of the Individual Property at Borrower's reasonable expense prior to making a monthly disbursement from the Replacement Reserve Account in order to verify completion of the Replacements for which reimbursement is sought. Lender may require that such inspection be conducted by an appropriate independent qualified professional (selected by Lender in all cases where the amount of the disbursement exceeds \$100,000, otherwise said inspection may be conducted by Borrower's in-house architect) and/or may require a copy of a certificate of completion by such independent qualified professional acceptable to Lender prior to the disbursement of any amounts from the Replacement Reserve Account. Borrower shall pay the reasonable expense of the inspection as required hereunder, whether such inspection is conducted by Lender or by an independent qualified professional.

(h) The Replacements and all materials, equipment, fixtures, or any other item comprising a part of any Replacement shall be constructed, installed or completed, as applicable, free and clear of all mechanic's, materialmen's or other liens (except for those Liens existing on the date of this Agreement which have been approved in writing by Lender).

(i) Before each disbursement from the Replacement Reserve Account, Lender may require Borrower to provide Lender with a search of title to the applicable Individual Property effective to the date of the disbursement, which search shows that no mechanic's or materialmen's liens or other liens of any nature have been placed against the applicable Individual Property since the date of recordation of the related Mortgage and that title to such Individual Property is free and clear of all Liens (other than the lien of the related Mortgage and any other Liens previously approved in writing by Lender, if any).

(j) All Replacements shall comply with all applicable Legal Requirements of all Governmental Authorities having jurisdiction over the applicable Individual Property and applicable insurance requirements including, without limitation, applicable building codes, special use permits, environmental regulations, and requirements of insurance underwriters.

(k) In addition to any insurance required under the Loan Documents, Borrower shall provide or cause to be provided workmen's compensation insurance, builder's risk, and public liability insurance and other insurance to the extent required under applicable law in connection with a particular Replacement. All such policies shall be in form and amount reasonably satisfactory to Lender. All such policies which can be endorsed with standard mortgagee clauses making loss payable to Lender or its assigns shall be so endorsed. Certificates of insurance for such policies shall be delivered to Lender.

7.3.4 FAILURE TO MAKE REPLACEMENTS. (a) It shall be an Event of Default under this Agreement if Borrower fails to comply with any provision of this Section 7.3 and such failure is not cured within thirty (30) days after notice from Lender. Upon the occurrence of such an Event of Default, Lender may use the Replacement Reserve Fund (or any portion thereof) for any purpose, including but not limited to completion of the Replacements as provided in Section 7.3.3, or for any other repair or replacement to any Individual Property or toward payment of the Debt in such order, proportion and priority as Lender may determine in its sole discretion. Lender's right to withdraw and apply the Replacement Reserve Funds shall be in

addition to all other rights and remedies provided to Lender under this Agreement and the other Loan Documents.

(b) Nothing in this Agreement shall obligate Lender to apply all or any portion of the Replacement Reserve Fund on account of an Event of Default to payment of the Debt or in any specific order or priority.

7.3.5 BALANCE IN THE REPLACEMENT RESERVE ACCOUNT. The insufficiency of any balance in the Replacement Reserve Account shall not relieve Borrower from its obligation to fulfill all preservation and maintenance covenants in the Loan Documents.

SECTION 7.4 LIQUIDITY RESERVE.

7.4.1 DEPOSITS TO LIQUIDITY RESERVE FUND. Borrower will be required to deposit an amount equal to six (6) months of Monthly Debt Service with Lender or its designee on the Closing Date, which amounts shall be deposited with and held by Lender for tenant improvement and leasing commission obligations incurred following the date hereof. Amounts so deposited shall hereinafter be referred to as the "LIQUIDITY RESERVE FUND" and the account to which such amounts are held shall hereinafter be referred to as the "LIQUIDITY RESERVE ACCOUNT". Lender shall hold all funds in the Liquidity Reserve Account as additional security for the Loan.

7.4.2 ADDITIONAL DEPOSITS TO THE LIQUIDITY RESERVE FUND. (a) If at any time during the term of the Loan either (i) the credit rating of Guarantor is downgraded to "B" or withdrawn by S&P or (ii) there is a financial restatement of financial operating results provided to the Securities and Exchange Commission by Guarantor and its subsidiaries, Borrower shall cause WESCO Tenant or Guarantor to deposit an additional six (6) months of Monthly Debt Service into the Liquidity Reserve. Notwithstanding the foregoing, funds in the Liquidity Reserve that were deposited as a result of the credit rating of Guarantor shall be released to Borrower if Guarantor is rated "investment grade" by both S&P and Moody's, provided, however, that if any such "investment grade" rating is subsequently downgraded below "investment grade" or withdrawn by either or both Rating Agencies, Borrower shall cause WESCO Tenant or Guarantor to immediately deposit an additional amount equal to twelve (12) months of Monthly Debt Service into the Liquidity Reserve.

(b) If at any time during the term of the Loan, the Pending Litigation Matter is scheduled for trial and there has been a final certification of a collective action under the Fair Labor Standards Act, Borrower shall cause WESCO Tenant or Guarantor to immediately deposit an additional amount equal to six (6) months of Monthly Debt Service into the Liquidity Reserve. Notwithstanding the foregoing, funds in the Liquidity Reserve deposited in connection with the Pending Litigation Matter shall be released to Borrower if in connection with the Pending Litigation Matter, (i) a final, non-appealable order or judgment declaring that the defendant has no liability is issued, (ii) said matter is dismissed with prejudice and no payment is made by any defendant in connection with such dismissal or (iii) Lender determines in its reasonable discretion that any settlement or resolution of the Pending Litigation Matter shall not materially adversely affect the condition (financial or otherwise) or business of Borrower, WESCO Tenant or Guarantor or the condition or ownership of any Individual Property.

7.4.3 LETTER OF CREDIT ALTERNATIVE TO CASH LIQUIDITY RESERVE. In lieu of its requirements to deposit cash into the Liquidity Reserve Account to satisfy its obligations under this Section 7.4, Borrower may in lieu thereof (a) post a Tenant Letter of Credit in the amounts required under Section 7.4.2 or (b) deliver evidence satisfactory to Lender in its sole discretion that WESCO Tenant has posted a Tenant Letter of Credit in the amounts required under Section 7.4.2 as a security deposit for its performance under the WESCO Lease, and Borrower's rights under the WESCO Lease in and to the Tenant Letter of Credit have, in Lender's sole determination, been duly and unconditionally assigned and transferred to Lender in connection with its assignment of the WESCO Lease to Lender pursuant to the Assignment of Leases. Borrower shall also immediately cause WESCO Tenant to increase the amount of the Tenant Letter of Credit or obtain a replacement Tenant Letter of Credit in accordance with the terms of the WESCO Lease, in the event the amount required to be deposited into the Liquidity Reserve is increased pursuant to the terms of Section 7.4.2. The WESCO Lease may provide that any interest which accrues on such security deposit, if in the form of cash rather than in the form of a letter of credit, shall be paid to WESCO Tenant and shall not be deemed a part of such security deposit.

SECTION 7.5 RESERVE FUNDS, GENERALLY.

Borrower grants to Lender a first-priority perfected security interest in each of the Reserve Funds and any and all monies now or hereafter deposited in each Reserve Fund as additional security for payment of the Debt. Until expended or applied in accordance herewith, the Reserve Funds shall constitute additional security for the Debt. Upon the occurrence of an Event of Default, Lender may, in addition to any and all other rights and remedies available to Lender, apply any sums then present in any or all of the Reserve Funds to the payment of the Debt in any order in its sole discretion. The Reserve Funds shall not constitute trust funds and may be commingled with other monies held by Lender. The Reserve Funds shall be held in an Eligible Account in Permitted Investments in accordance with the terms and provisions of the Cash Management Agreement. All interest on a Reserve Fund shall not be added to or become a part thereof and shall be the sole property of and shall be paid to Lender. Borrower shall be responsible for payment of any federal, state or local income or other tax applicable to the interest earned on the Reserve Funds. Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in any Reserve Fund or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto. Lender shall not be liable for any loss sustained on the investment of any funds constituting the Reserve Funds. Borrower shall indemnify Lender and hold Lender harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys fees and expenses) arising from or in any way connected with the Reserve Funds or the performance of the obligations for which the Reserve Funds were established. Borrower shall assign to Lender all rights and claims Borrower may have against all persons or entities supplying labor, materials or other services which are to be paid from or secured by the Reserve Funds; provided, however, that Lender may not pursue any such right or claim unless an Event of Default has occurred and remains uncured.

VIII. DEFAULTS

SECTION 8.1 EVENT OF DEFAULT.

(a) Each of the following events shall constitute an event of default hereunder (an "EVENT OF DEFAULT"):

(i) if any portion of the Debt is not paid when due;

(ii) if any of the Taxes or Other Charges are not paid when the same are due and payable;

(iii) if the Policies are not kept in full force and effect, or if certificates of insurance relating to each of the Policies are not delivered to Lender upon request;

(iv) if Borrower Transfers or otherwise encumbers any portion of the Properties without Lender's prior written consent in violation of the provisions of this Agreement and Article 6 of any Mortgage;

(v) if any representation or warranty made by Borrower herein or in any other Loan Document, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Lender shall have been false or misleading in any material respect as of the date the representation or warranty was made;

(vi) if Borrower, WESCO Tenant, Guarantor or any other guarantor under any guaranty issued in connection with the Loan shall make an assignment for the benefit of creditors;

(vii) if a receiver, liquidator or trustee shall be appointed for Borrower, WESCO Tenant, Guarantor or any other guarantor under any guarantee issued in connection with the Loan or if Borrower, WESCO Tenant, Guarantor or such other guarantor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Borrower, WESCO Tenant, Guarantor or such other guarantor, or if any proceeding for the dissolution or liquidation of Borrower, WESCO Tenant, Guarantor or such other guarantor shall be instituted; provided, however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Borrower, WESCO Tenant, Guarantor or such other guarantor, upon the same not being discharged, stayed or dismissed within thirty (30) days;

(viii) if Borrower attempts to assign its rights under this Agreement or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;

(ix) if Borrower breaches any covenant contained in Section 4.1.30 hereof;

(x) with respect to any term, covenant or provision set forth herein which specifically contains a notice requirement or grace period, if Borrower shall be in default under such term, covenant or condition after the giving of such notice or the expiration of such grace period;

(xi) if any of the assumptions contained in the Insolvency Opinion delivered to Lender in connection with the Loan, or in any Additional Insolvency Opinion delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect;

(xii) if a material default has occurred and continues beyond any applicable cure period under any Management Agreement (or any Replacement Management Agreement) and if such default permits the Manager thereunder to terminate or cancel any Management Agreement (or any Replacement Management Agreement);

(xiii) if Borrower shall continue to be in Default under any of the other terms, covenants or conditions of this Agreement not specified in subsections (i) to (xii) above, for ten (10) days after notice to Borrower from Lender, in the case of any Default which can be cured by the payment of a sum of money, or for thirty (30) days after notice from Lender in the case of any other Default; provided, however, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period and provided further that Borrower shall have commenced to cure such Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for such time as is reasonably necessary for Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed sixty (60) days; or

(xiv) if there shall be default under any of the other Loan Documents beyond any applicable cure periods contained in such documents, whether as to Borrower or any Individual Property, or if any other such event shall occur or condition shall exist, if the effect of such default, event or condition is to accelerate the maturity of any portion of the Debt or to permit Lender to accelerate the maturity of all or any portion of the Debt.

(xv) If there is a default beyond all applicable notice and cure periods under the terms and conditions of the WESCO Lease by any party thereto.

(b) Upon the occurrence of an Event of Default (other than an Event of Default described in clauses (vi), (vii) or (viii) above) and at any time thereafter, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, Lender may take such action, without notice or demand, that Lender deems advisable to protect and enforce its rights against Borrower and in and to

all or any Individual Property, including, without limitation, declaring the Debt to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against Borrower and any or all of the Properties, including, without limitation, all rights or remedies available at law or in equity; and upon any Event of Default described in clauses (vi), (vii) or (viii) above, the Debt and Other Obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

SECTION 8.2 REMEDIES.

(a) Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrower under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Debt shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to all or any part of any Individual Property. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singularly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents. Without limiting the generality of the foregoing, Borrower agrees that if an Event of Default is continuing (i) Lender is not subject to any "one action" or "election of remedies" law or rule, and (ii) all liens and other rights, remedies or privileges provided to Lender shall remain in full force and effect until Lender has exhausted all of its remedies against the Properties and each Mortgage has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Debt or the Debt has been paid in full.

(b) With respect to Borrower and the Properties, nothing contained herein or in any other Loan Document shall be construed as requiring Lender to resort to any Individual Property for the satisfaction of any of the Debt in any preference or priority to any other Individual Property, and Lender may seek satisfaction out of all of the Properties, or any part thereof, in its absolute discretion in respect of the Debt. In addition, Lender shall have the right from time to time to partially foreclose the Mortgages in any manner and for any amounts secured by the Mortgages then due and payable as determined by Lender in its sole discretion including, without limitation, the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Lender may foreclose one or more of the Mortgages to recover such delinquent payments or (ii) in the event Lender elects to accelerate less than the entire outstanding principal balance of the Loan, Lender may foreclose one or more of the Mortgages to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by one or more of the Mortgages as Lender may elect. Notwithstanding one or more partial foreclosures, the Property shall remain subject to the

Mortgages to secure payment of sums secured by the Mortgages and not previously recovered.

(c) Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, mortgages and other security documents (the "SEVERED LOAN DOCUMENTS") in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder. Borrower shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Lender. Borrower hereby absolutely and irrevocably appoints Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof; provided, however, Lender shall not make or execute any such documents under such power until three (3) days after notice has been given to Borrower by Lender of Lender's intent to exercise its rights under such power. Borrower shall not be obligated to pay any third party costs or expenses incurred in connection with the preparation, execution, recording or filing of the Severed Loan Documents and the Severed Loan Documents shall not contain any representations, warranties or covenants not contained in the Loan Documents and any such representations and warranties contained in the Severed Loan Documents will be given by Borrower only as of the Closing Date.

SECTION 8.3 REMEDIES CUMULATIVE; WAIVERS.

The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against Borrower pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued singularly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

IX. SPECIAL PROVISIONS

SECTION 9.1 SALE OF NOTES AND SECURITIZATION.

Borrower acknowledges and agrees that Lender may sell all or any portion of the Loan and the Loan Documents, or issue one or more participations therein, or consummate one or more private or public securitizations of rated single- or multi-class securities (the "SECURITIES") secured by or evidencing ownership interests in all or any portion of the Loan and the Loan Documents or a pool of assets that include the Loan and the Loan Documents (such sales, participations and/or securitizations, collectively, a "SECURITIZATION"). At the request of

Lender, and to the extent not already required to be provided by or on behalf of Borrower under this Agreement, Borrower shall use reasonable efforts to provide information not in the possession of Lender or which may be reasonably required by Lender or take other actions reasonably required by Lender, in each case in order to satisfy the market standards to which Lender customarily adheres or which may be reasonably required by prospective investors and/or the Rating Agencies in connection with any such Securitization including, without limitation, to:

(a) provide additional and/or updated Provided Information, together with appropriate verification and/or consents related to the Provided Information through letters of auditors or opinions of counsel of independent attorneys reasonably acceptable to Lender, prospective investors and/or the Rating Agencies;

(b) assist in preparing descriptive materials for presentations to any or all of the Rating Agencies, and work with, and if requested, supervise, third-party service providers engaged by Borrower and its respective affiliates to obtain, collect, and deliver information requested or required by Lender, prospective investors and/or the Rating Agencies;

(c) deliver (i) an Additional Insolvency Opinion and an opinion with respect to , due execution and enforceability with respect to the Property, Borrower, Guarantor and their respective Affiliates and the Loan Documents, including, without limitation, a so called "10b-5" opinion, and (ii) revised organizational documents for Borrower, which counsel opinions and organizational documents shall be reasonably satisfactory to Lender, prospective investors and/or the Rating Agencies;

(d) if required by any prospective investor and/or any Rating Agency, use commercially reasonable efforts to deliver such additional tenant estoppel letters, subordination agreements or other agreements from parties to agreements that affect the Property, which estoppel letters, subordination agreements or other agreements shall be reasonably satisfactory to Lender, prospective investors and/or the Rating Agencies;

(e) make such representations and warranties as of the Closing Date, the Securitization with respect to the Property, Borrower, the WESCO Tenant, Guarantor and the Loan Documents as may be reasonably requested by Lender, prospective investors and/or the Rating Agencies and consistent with the facts covered by such representations and warranties as they exist on the date thereof, including the representations and warranties made in the Loan Documents;

(f) execute such amendments to the Loan Documents as may be requested by Lender, prospective investors and/or the Rating Agencies to effect the Securitization;

(g) if requested by Lender, review any information regarding the Property, Borrower, Guarantor, Manager and the Loan which is contained in a preliminary or final private placement memorandum, prospectus, prospectus supplement (including any amendment or supplement to either thereof), or other disclosure document to be used by Lender or any affiliate thereof; and

(h) supply to Lender such documentation, financial statements and reports in form and substance required in order to comply with any applicable securities laws.

9.1.2 LOAN COMPONENTS. Borrower covenants and agrees that in connection with any Securitization of the Loan, upon Lender's request Borrower shall deliver one or more new component notes to replace the original note or modify the original note to reflect multiple components of the Loan (and such new notes or modified note shall have the same initial weighted average coupon as the original note, but such new notes or modified note may subsequently change the weighted average coupon and apply principal, interest rates and amortization of the Loan between the components in a manner specified by Lender in its sole discretion) and modify the Cash Management Agreement with respect to the newly created components such that the pricing and marketability of the Securities and the size of each class of Securities and the rating assigned to each such class by the Rating Agencies shall provide the most favorable rating levels and achieve the optimum rating levels for the Loan.

9.1.3 SECURITIZATION COSTS. All reasonable third party costs and expenses incurred by Borrower in connection with Borrower's complying with requests made under this Section 9.1 (including, without limitation, the fees and expenses of the Rating Agencies) shall be paid by Lender.

SECTION 9.2 INTENTIONALLY DELETED.

SECTION 9.3 EXCULPATION.

Subject to the qualifications below, Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in the Note, this Agreement, the Mortgages or the other Loan Documents by any action or proceeding wherein a money judgment shall be sought against Borrower, except that Lender may bring a foreclosure action, an action for specific performance or any other appropriate action or proceeding to enable Lender to enforce and realize upon its interest under the Note, this Agreement, the Mortgages and the other Loan Documents, or in the Properties, the Rents, or any other collateral given to Lender pursuant to the Loan Documents; provided, however, that, except as specifically provided herein, any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Properties, in the Rents and in any other collateral given to Lender, and Lender, by accepting the Note, this Agreement, the Mortgages and the other Loan Documents, agrees that it shall not sue for, seek or demand any deficiency judgment against Borrower in any such action or proceeding under or by reason of or under or in connection with the Note, this Agreement, the Mortgages or the other Loan Documents. The provisions of this Section shall not, however, (a) constitute a waiver, release or impairment of any obligation evidenced or secured by any of the Loan Documents; (b) impair the right of Lender to name Borrower as a party defendant in any action or suit for foreclosure and sale under any of the Mortgages; (c) affect the validity or enforceability of or any guaranty made in connection with the Loan or any of the rights and remedies of Lender thereunder; (d) impair the right of Lender to obtain the appointment of a receiver; (e) impair the enforcement of any of the Assignments of Leases; (f) constitute a prohibition against Lender to seek a deficiency judgment against Borrower in order to fully realize the security granted by each of the Mortgages or to commence any other appropriate action or proceeding in order for Lender to exercise its remedies against all of the Properties; or (g) constitute a waiver of the right of Lender to enforce the liability and obligation of Borrower, by money judgment or otherwise, to the extent of any

loss, damage, cost, expense, liability, claim or other obligation incurred by Lender (including attorneys' fees and costs reasonably incurred) arising out of or in connection with the following:

- (i) fraud or intentional misrepresentation by Borrower or Guarantor in connection with the Loan;
- (ii) the gross negligence or willful misconduct of Borrower;
- (iii) the breach of any representation, warranty, covenant or indemnification provision in the Environmental Indemnity Agreement or in the Mortgages concerning environmental laws, hazardous substances and asbestos and any indemnification of Lender with respect thereto in either document;
- (iv) the removal or disposal of any portion of the Properties after an Event of Default;
- (v) the misapplication or conversion by Borrower of (A) any Insurance Proceeds paid by reason of any loss, damage or destruction to the Properties, (B) any Awards received in connection with a Condemnation of all or a portion of the Properties, (C) any Rents following an Event of Default, or (D) any Rents paid more than one month in advance;
- (vi) failure to pay charges for labor or materials or other charges that can create Liens on any portion of the Properties;
- (vii) any security deposits, advance deposits or any other deposits collected with respect to the Properties which are not delivered to Lender upon a foreclosure of the Properties or action in lieu thereof, except to the extent any such security deposits were applied in accordance with the terms and conditions of any of the Leases prior to the occurrence of the Event of Default that gave rise to such foreclosure or action in lieu thereof;
- (viii) failure to comply with the obligations set forth in Section 2(e) of that certain Letter Agreement dated as of the date hereof given by Borrower to Lender.

Notwithstanding anything to the contrary in this Agreement, the Note or any of the Loan Documents, (A) Lender shall not be deemed to have waived any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Debt secured by the Mortgages or to require that all collateral shall continue to secure all of the Debt owing to Lender in accordance with the Loan Documents, and (B) the Debt shall be fully recourse to Borrower (i) in the event of: (a) Borrower filing a voluntary petition under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (b) the filing of an involuntary petition against Borrower under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, or soliciting or causing to be solicited petitioning creditors for any involuntary petition against Borrower from any Person, (c) Borrower filing an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any

other Federal or state bankruptcy or insolvency law, or soliciting or causing to be solicited petitioning creditors for any involuntary petition from any Person; (d) Borrower consenting to or acquiescing in or joining in an application for the appointment of a custodian, receiver, trustee, or examiner for Borrower or any portion of any Individual Property; (e) Borrower making an assignment for the benefit of creditors, or admitting, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due; (ii) if the first full monthly payment of principal and interest on the Note is not paid when due; (iii) if Borrower fails to permit on-site inspections of the Properties, fails to provide financial information, fails to maintain its status as a Single Purpose Entity or fails to appoint a new property manager upon the request of Lender as permitted under this Agreement, each as required by, and in accordance with, the terms and provisions of this Agreement or the Mortgages; (iv) if Borrower fails to obtain Lender's prior written consent to any Indebtedness or voluntary Lien encumbering the Properties; or (v) if Borrower fails to obtain Lender's prior written consent to any Transfer as required by this Agreement or the Mortgages.

SECTION 9.4 INTENTIONALLY DELETED.

SECTION 9.5 SERVICER.

At the option of Lender, the Loan may be serviced by a servicer/trustee (any such servicer/trustee, together with its agents, nominees or designees, are collectively referred to as "SERVICER") selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to Servicer pursuant to a servicing agreement (the "SERVICING AGREEMENT") between Lender and Servicer. Borrower shall be responsible for any reasonable set-up fees or any other initial costs relating to or arising under the Servicing Agreement; provided, however, that Borrower shall not be responsible for payment of the monthly servicing fee due to Servicer under the Servicing Agreement.

X. MISCELLANEOUS

SECTION 10.1 SURVIVAL.

This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Debt is outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

SECTION 10.2 LENDER'S DISCRETION.

Whenever pursuant to this Agreement, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide whether arrangements or terms are satisfactory or

not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive.

SECTION 10.3 GOVERNING LAW.

(A) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, THE LOAN WAS MADE BY LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE LOAN DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS AND THE OBLIGATIONS ARISING HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA, EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE CREATION, PERFECTION, AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED PURSUANT HERETO AND PURSUANT TO THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE IN WHICH THE APPLICABLE INDIVIDUAL PROPERTY IS LOCATED, IT BEING UNDERSTOOD THAT, TO THE FULLEST EXTENT PERMITTED BY THE LAW OF SUCH STATE, THE LAW OF THE STATE OF NEW YORK SHALL GOVERN THE CONSTRUCTION, VALIDITY AND ENFORCEABILITY OF ALL LOAN DOCUMENTS AND ALL OF THE OBLIGATIONS ARISING HEREUNDER OR THEREUNDER. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS, AND THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

(B) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS MAY AT LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND BORROWER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER HEREBY IRREVOCABLY SUBMITS TO THE

JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER DOES HEREBY DESIGNATE AND APPOINT:

CT Corporation System
1515 Market Street, Suite 1210
Philadelphia, PA 19102

AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

SECTION 10.4 MODIFICATION, WAIVER IN WRITING.

No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, or of the Note, or of any other Loan Document, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Borrower, shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

SECTION 10.5 DELAY NOT A WAIVER.

Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under the Note or under any other Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Note or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement, the Note or the other Loan

Documents, or to declare a default for failure to effect prompt payment of any such other amount.

SECTION 10.6 NOTICES.

All notices, consents, approvals and requests required or permitted hereunder or under any other Loan Document shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, and by telecopier (with answer back acknowledged), addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section):

If to Lender: Bear, Stearns Commercial Mortgage, Inc.
383 Madison Avenue
New York, New York 10179
Attention: J. Christopher Hoeffel
Facsimile No.: (212) 272-7047

with a copy to: Thacher Proffitt & Wood
11 West 42nd Street
New York, New York 10306
Attention: Donald F. Simone, Esq.
Facsimile No.: (212) 789-3500

If to Borrower: WESCO REAL ESTATE IV, LLC
c/o WESCO Distribution, Inc
225 West Station Square Drive
Suite 700
Pittsburgh, Pennsylvania 15219
Attention: Daniel A. Brailer
Facsimile No.: (412) 454-2595

With a copy to: Kirkpatrick & Lockhart LLP
Henry W. Oliver Building
535 Smithfield Street
Pittsburgh, Pennsylvania
Attention: W. Henry Snyder, Esq.
Facsimile No.: (412) 355-6501

A notice shall be deemed to have been given: in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; or in the case of expedited prepaid delivery and telecopy, upon the first attempted delivery on a Business Day; or in the case of telecopy, upon sender's receipt of a machine-generated confirmation of successful transmission after advice by telephone to recipient that a telecopy notice is forthcoming.

SECTION 10.7 TRIAL BY JURY.

BORROWER HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY BORROWER.

SECTION 10.8 HEADINGS.

The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 10.9 SEVERABILITY.

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

SECTION 10.10 PREFERENCES.

Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

SECTION 10.11 WAIVER OF NOTICE.

Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan

Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower.

SECTION 10.12 REMEDIES OF BORROWER.

In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, Borrower agrees that neither Lender nor its agents shall be liable for any monetary damages, and Borrower's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment.

SECTION 10.13 EXPENSES; INDEMNITY.

(a) Borrower covenants and agrees to pay or, if Borrower fails to pay, to reimburse, Lender upon receipt of written notice from Lender for all reasonable costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection with (i) the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the transactions contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by Lender as to any legal matters arising under this Agreement or the other Loan Documents with respect to the Properties); (ii) Borrower's ongoing performance of and compliance with Borrower's respective agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including, without limitation, confirming compliance with environmental and insurance requirements; (iii) Lender's ongoing performance and compliance with all agreements and conditions contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date; (iv) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by Lender; (v) securing Borrower's compliance with any requests made pursuant to the provisions of this Agreement; (vi) the filing and recording fees and expenses, title insurance and reasonable fees and expenses of counsel for providing to Lender all required legal opinions, and other similar expenses incurred in creating and perfecting the Liens in favor of Lender pursuant to this Agreement and the other Loan Documents; (vii) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, this Agreement, the other Loan Documents, the Properties, or any other security given for the Loan; and (viii) enforcing any obligations of or collecting any payments due from Borrower under this Agreement, the other Loan Documents or with respect to the Properties (including any fees incurred by Servicer in connection with the transfer of the Loan to a special servicer prior to a Default or Event of Default) or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; provided, however, that Borrower shall not be liable for the payment of any such costs and

expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Lender. Any cost and expenses due and payable to Lender may be paid from any amounts in the Cash Management Account.

(b) Borrower shall indemnify, defend and hold harmless Lender from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for Lender in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not Lender shall be designated a party thereto), that may be imposed on, incurred by, or asserted against Lender in any manner relating to or arising out of (i) any breach by Borrower of its obligations under, or any material misrepresentation by Borrower contained in, this Agreement or the other Loan Documents, or (ii) the use or intended use of the proceeds of the Loan (collectively, the "INDEMNIFIED LIABILITIES"); provided, however, that Borrower shall not have any obligation to Lender hereunder to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

(c) Borrower covenants and agrees to pay for or, if Borrower fails to pay, to reimburse Lender for, any fees and expenses incurred by any consent, approval, waiver or confirmation obtained from any Rating Agency pursuant to the terms and conditions of this Agreement or any other Loan Document and Lender shall be entitled to require payment of such fees and expenses as a condition precedent to the obtaining of any such consent, approval, waiver or confirmation.

SECTION 10.14 SCHEDULES INCORPORATED.

The Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

SECTION 10.15 OFFSETS, COUNTERCLAIMS AND DEFENSES.

Any assignee of Lender's interest in and to this Agreement, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

SECTION 10.16 NO JOINT VENTURE OR PARTNERSHIP; NO THIRD PARTY BENEFICIARIES.

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in the Properties other than that of mortgagee, beneficiary or lender.

(b) This Agreement and the other Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in this Agreement or the other Loan Documents shall be deemed to confer upon anyone other than Lender and Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

SECTION 10.17 PUBLICITY.

All news releases, publicity or advertising by Borrower, Lender or either of its Affiliates through any media intended to reach the general public which refers to the Loan Documents or the financing evidenced by the Loan Documents shall be subject to the prior written approval of the other party, which approval shall not be unreasonably withheld.

SECTION 10.18 CROSS-DEFAULT; CROSS-COLLATERALIZATION; WAIVER OF MARSHALLING OF ASSETS.

(a) Borrower acknowledges that Lender has made the Loan to Borrower upon the security of its collective interest in the Properties and in reliance upon the aggregate of the Properties taken together being of greater value as collateral security than the sum of each Individual Property taken separately. Borrower agrees that the Mortgages are and will be cross-collateralized and cross-defaulted with each other so that (i) an Event of Default under any of the Mortgages shall constitute an Event of Default under each of the other Mortgages which secure the Note; (ii) an Event of Default under the Note or this Loan Agreement shall constitute an Event of Default under each Mortgage; (iii) each Mortgage shall constitute security for the Note as if a single blanket lien were placed on all of the Properties as security for the Note; and (iv) such cross-collateralization shall in no event be deemed to constitute a fraudulent conveyance.

(b) To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners and others with interests in Borrower, and of the Properties, or to a sale in inverse order of alienation in the event of foreclosure of all or any of the Mortgages,, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan

Documents to a sale of the Properties for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Properties in preference to every other claimant whatsoever. In addition, Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Mortgages, any equitable right otherwise available to Borrower which would require the separate sale of the Properties or require Lender to exhaust its remedies against any Individual Property or any combination of the Properties before proceeding against any other Individual Property or combination of Properties; and further in the event of such foreclosure Borrower does hereby expressly consents to and authorizes, at the option of Lender, the foreclosure and sale either separately or together of any combination of the Properties.

SECTION 10.19 WAIVER OF COUNTERCLAIM.

Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents.

SECTION 10.20 CONFLICT; CONSTRUCTION OF DOCUMENTS; RELIANCE.

In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

SECTION 10.21 BROKERS AND FINANCIAL ADVISORS.

Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Agreement except L.J. Melody & Co. Borrower hereby agrees to indemnify, defend and hold Lender harmless from and against any and all claims, liabilities, costs and expenses of any kind (including Lender's reasonable attorneys' fees and expenses) in any way relating to or arising from a claim by any Person that such Person acted on behalf of Borrower or Lender in connection with the transactions contemplated herein. The provisions of this Section 10.21 shall survive the expiration and termination of this Agreement and the payment of the Debt.

SECTION 10.22 PRIOR AGREEMENTS.

This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, including, without limitation, the Commitment Letter dated November 12, 2002 (as amended) between Borrower and Lender with respect to the financing of the Properties are superseded by the terms of this Agreement and the other Loan Documents.

SECTION 10.23 JOINT AND SEVERAL LIABILITY.

If Borrower consists of more than one (1) Person the obligations and liabilities of each Person shall be joint and several.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

WESCO REAL ESTATE IV, LLC, a Delaware limited liability company

By: _____
Name:
Title:

BEAR STEARNS COMMERCIAL MORTGAGE, INC., a New York corporation

By: _____
Name:
Title:

SCHEDULE I

PROPERTIES ALLOCATED LOAN AMOUNTS

SCH. 1-1

SCHEDULE II

SCH. 2-1

SCHEDULE III

(REQUIRED REPAIRS - DEADLINES FOR COMPLETION)

SCH. 3-1

SCHEDULE IV

(ORGANIZATIONAL CHART OF BORROWER)

SCHEDULE V
(O & M AGREEMENTS)

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LEASE AGREEMENT

Dated as of December 13, 2002

between

WESCO REAL ESTATE IV, LLC,
as Landlord,

and

WESCO DISTRIBUTION, INC.,
as Tenant

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Properties Identified on Exhibit A Hereto

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EXHIBITS

Exhibit A	Properties
Exhibit B	Renewal Terms and Basic Rent
Exhibit C	Allocated Value
Exhibit D	California Provisions

THIS LEASE AGREEMENT made as of the 13th day of December, 2002, by and between WESCO Real Estate IV, LLC, a Delaware limited liability company, having an office at 225 West Station Square Drive, Suite 700, Pittsburgh, Pennsylvania 15219 ("Landlord"), and WESCO Distribution, Inc., a Delaware corporation, having its principal office at 225 West Station Square Drive, Suite 700, Pittsburgh, Pennsylvania 15219 ("Tenant").

In consideration of the rents and provisions herein stipulated to be paid and performed, Landlord and Tenant, intending to be legally bound, hereby covenant and agree as follows:

1. Demise of Properties. Landlord hereby demises and lets to Tenant and Tenant hereby takes and leases from Landlord for the term and upon the provisions hereinafter specified the following described property (individually, a "Property" and collectively, the "Properties"): (i) the real properties, individually or collectively, whose parcels of land are described in Exhibit "A" attached hereto and made a part hereof, together with the easements, rights and appurtenances thereunto belonging or appertaining ("Land"); (ii) the buildings, structures and other improvements on the Land (collectively, the "Improvements"); and (iii) the machinery and equipment which is attached to the Improvements in such a manner as to become fixtures under applicable law, together with all additions and accessions thereto, substitutions therefor and replacements thereof permitted by this Lease (collectively, the "Equipment"), excepting therefrom the Trade Fixtures and inventory.

2. Certain Definitions.

"Additional Rent" shall mean Additional Rent as defined in Paragraph 32.

"Adjoining Property" shall mean all sidewalks, curbs, gores and vault spaces adjoining a Property.

"Affected Property" shall mean an Affected Property as defined in Paragraph 13.

"Alteration" or "Alterations" shall mean any or all changes, additions (whether or not adjacent to or abutting any then existing buildings), expansions (whether or not adjacent to or abutting any then existing buildings), improvements, reconstructions, removals or replacements of any of the Improvements or Equipment, both interior or exterior, and ordinary and extraordinary.

"Basic Rent" shall mean Basic Rent as defined in Paragraph 6.

"Basic Rent Payment Dates" shall mean the Basic Rent Payment Dates as defined in Paragraph 6.

"Commencement Date" shall mean the Commencement Date as defined in Paragraph 5.

"Condemnation" shall mean a Taking and/or a Requisition.

"Debt Documents" shall mean (i) the Note, (ii) the Mortgages, (iii) the Loan Agreement and any other Loan Documents (as defined in the Loan Agreement).

"Default Rate" shall mean the Default Rate as defined in Paragraph 19(b)(iv).

"Environmental Laws" shall mean and include the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Federal Water Pollution Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the Rivers and Harbors Appropriation Act. The term "Environmental Laws" also includes, but is not limited to, any present and future federal, state and local laws, statute ordinances, rules, regulations, permits or authorizations and the like, as well as common law that (a) condition transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of the Property; (b) require notification or disclosure of releases of Hazardous Materials or other environmental condition of the Property to any Governmental Authority or other Person, whether or not in connection with transfer of title to or interest in property; (c) impose conditions or requirements in connection with permits or other authorization for lawful activity; (d) relate to nuisance, trespass or other causes of action related to the environmental condition of the Property; or (e) relate to wrongful death, personal injury, or property or other damage in connection with the environmental condition or use of the Property.

"Environmental Reports" shall mean those reports covering all Properties prepared by Property Solutions and delivered to Lender and Landlord prior to the date hereof.

"Equipment" shall mean the Equipment as defined in Paragraph 1.

"Event of Default" shall mean an Event of Default as defined in Paragraph 19(a).

"Governmental Action" shall mean all permits, authorizations, registrations, consents, approvals, waivers, exceptions, variances, orders, judgments, decrees, licenses, exemptions, publications, filings, notices to and declarations of or with, or required by, any Governmental Authority, or required by any Legal Requirements, and shall include, without

limitation, all citations, environmental and operating permits and licenses that are required for the use, occupancy, zoning and operation of the Properties.

"Governmental Authority" shall mean any federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality, court or quasi governmental authority.

"Guarantor" shall mean WESCO International, Inc.

"Hazardous Materials" includes but is not limited to any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, or words of similar meaning or regulatory effect under any present or future Environmental Laws, including but not limited to petroleum and petroleum products, asbestos, asbestos-containing materials, polychlorinated-biphenyls, lead, radon, radioactive materials, flammables and explosives, but excluding substances of kinds and in amounts ordinarily and customarily used or stored in similar properties for the purposes of cleaning, maintenance, or operations and otherwise in compliance with all Environmental Laws.

"Impositions" shall mean the Impositions as defined in Paragraph 8.

"Improvements" shall mean the Improvements as defined in Paragraph 1.

"Indebtedness" shall mean the Indebtedness evidenced by the Notes and secured by the Mortgages.

"Initial Security Deposit Amount" shall be \$570,636.36; provided, however, that if either (i) the credit rating of Guarantor is downgraded to "B" or withdrawn by S&P or (ii) there is a financial restatement of financial operating results provided to the Securities and Exchange Commission by Guarantor and its subsidiaries, the Initial Security Deposit Amount shall be increased to \$1,141,272.72; provided, further, that, if at any time, Guarantor is rated "investment grade" by S&P and Moody's, then the Initial Security Deposit Amount shall be zero unless thereafter Guarantor is downgraded below "investment grade" or its rating is withdrawn by either of S&P or Moody's in which event the Initial Security Deposit Amount shall again become \$1,141,272.72.

"Insurance Requirement" or "Insurance Requirements" shall mean, as the case may be, any one or more of the terms of each insurance policy required to be carried by Tenant under this Lease and the requirements of the issuer of such policy.

"Land" shall mean the Land as defined in Paragraph 1.

"Law" shall mean any constitution, statute or rule of law.

"Legal Requirement" or "Legal Requirements" shall mean, as the case may be, any one or more of all present and future laws, codes, ordinances, orders, judgments,

decrees, injunctions, rules, regulations and requirements, even if unforeseen or extraordinary, of every duly constituted governmental authority or agency (but excluding those which by their terms are not applicable to and do not impose any obligation on Tenant, Landlord or the Properties) and all covenants, restrictions and conditions now of record which may be applicable to Tenant, Landlord (with respect to the Properties) or to all or any part of or interest in the Properties, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Properties, even if compliance therewith (i) necessitates structural changes or improvements (including changes required to comply with the "Americans with Disabilities Act") or results in interference with the use or enjoyment of the Properties or (ii) requires Tenant to carry insurance other than as required by the provisions of this Lease.

"Lender" shall mean Bear Stearns Commercial Mortgage, Inc., its successors and assigns.

"Letter of Credit" shall mean a transferable, clean, irrevocable, unconditional, standby sight draft letter of credit in form, substance and amount satisfactory to Landlord and Lender in their sole discretion issued or confirmed by a commercial bank with a long term debt obligation rating of at least "A" or better by S&P or "A2" or better by Moody's (or a comparable long term debt obligation rating) as determined by S&P and Moody's and otherwise satisfactory to Lender in its reasonable discretion (the "Issuing Bank"). The Letter of Credit shall be payable upon presentation of a sight draft only to the order of Landlord (or Lender upon its assignment to Lender in connection with any Assignment of Leases and Rents) or upon a transfer of the Loan, to another party, as the case may be. The Letter of Credit shall have an initial expiration date of not less than one (1) year and shall be automatically renewed for successive one (1) year periods. The Letter of Credit shall be transferable by Landlord to Lender and by Lender to Lender's successors and assigns at a New York City bank.

"Lien" shall mean any lien, mortgage, deed of trust, deed to secured debt, encumbrance, pledge, charge, lease, easement, servitude, right of others, security title or security interest of any kind, including any thereof arising under any conditional sale or other title retention agreement.

"Loan" shall mean a loan made by a Lender to Landlord secured by a Mortgage and evidenced by a Note.

"Loan Agreement" shall mean that certain Loan Agreement dated as of December __, 2002, between Landlord named herein, as Borrower, and Bear Stearns Commercial Mortgage, Inc., as Lender.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgage" shall mean a first priority mortgage or similar security instrument hereafter executed covering a Property from Landlord to Lender.

"Net Award" shall mean the entire award payable to Landlord by reason of a Condemnation, less any reasonable expenses incurred by Landlord in collecting such award.

"Net Proceeds" shall mean the entire proceeds of any insurance required under clauses (i), (iii), (iv) and (ix) of Paragraph 14(a), less any actual and reasonable expenses incurred by Landlord in collecting such proceeds.

"Note" or "Notes" shall mean a Promissory Note or Notes hereafter executed from Landlord to Lender, which Note or Notes will be secured by a Mortgage and an assignment of leases and rents.

"Pending Litigation Matter" shall mean that certain civil action captioned Casper, et al v. WESCO Distribution, Inc., No. 02-1110, United State District Court for the Western District of Pennsylvania.

"Permitted Encumbrances" shall mean those covenants, restrictions, reservations, liens, conditions, encroachments, easements and other matters of title that affect a Property as of the date of Landlord's acquisition thereof, excepting, however, any such matters arising from the acts of Landlord (such as liens arising as a result of judgments against Landlord).

"Person" shall mean individual, corporation, partnership, joint venture, association, joint-stock company, trust, limited liability company, nonincorporated organization or government or any agency or political subdivision thereof.

"Property" or "Properties" shall mean those Properties, individually or collectively, as defined in Paragraph 1.

"Replaced Equipment" or "Replacement Equipment" shall mean the Replaced Equipment and Replacement Equipment, respectively, as defined in Paragraph 11(d).

"Required Security Deposit Amount" shall be an amount equal to the Initial Security Deposit Amount plus the Supplemental Security Deposit Amount.

"Requisition" shall mean any temporary condemnation or confiscation of the use or occupancy of a Property by any governmental authority, civil or military, whether pursuant to an agreement with such governmental authority in settlement of or under threat of any such requisition or confiscation, or otherwise.

"Restoration" shall mean the Restoration as defined in Paragraph 13(c)(i).

"S&P" shall mean Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Security Deposit" shall mean the Security Deposit as defined in Paragraph 34(a).

"State" shall mean the State or Commonwealth in which a Property is situated.

"Supplemental Security Deposit Amount" shall be zero; provided, however, that if, at any time during the Term, the Pending Litigation Matter shall be scheduled for trial and there has been a final certification of a collective action under the Fair Labor Standards Act, the Supplemental Security Deposit Amount shall be increase to \$570,636.36; provided, further that if, in connection with the Pending Litigation Matter, (i) a final, non-appealable order or judgment declaring that the defendant has no liability is issued, (ii) said matter is dismissed with prejudice and no payment is made by any defendant in connection with such dismissal or (iii) Lender permits the Supplemental Security Deposit Amount to be reduced to zero, then, the Supplemental Security Deposit Amount shall thereupon become zero.

"Taking" shall mean any taking of a Property in or by condemnation or other eminent domain proceedings pursuant to any law, general or special, or by reason of any agreement with any condemnor in settlement of or under threat of any such condemnation or other eminent domain proceedings or by any other means, or any de facto condemnation.

"Term" shall mean the Term as defined in Paragraph 5.

"Termination Date" shall mean the Termination Date as defined in Paragraph 13(b)(i)(A).

"Title Policy" shall mean the title insurance policy issued by National Land Tenure Company, LLC to Landlord on the Commencement Date.

"Trade Fixtures" shall mean property owned by Tenant and located or installed in the Properties, including, but not limited to, computer systems, phone systems, security systems, office furniture, books and records, supplies, inventories, material handling equipment (including conveyors and flow-thru racking), mezzanine racking systems, shelving, bin shelving, fork lifts, vehicles and signs.

3. Title and Condition.

(a) The Properties are demised and let subject to (i) the Permitted Encumbrances, (ii) all Legal Requirements and Insurance Requirements, including any existing violation of any thereof, and (iii) the condition of the Properties as of the commencement of the Term; without representation or warranty by Landlord; it being understood and agreed, however, that the recital of the Permitted Encumbrances herein shall not be construed as a revival of any thereof which for any reason may have expired.

(b) LANDLORD HAS NOT MADE AND WILL NOT MAKE ANY INSPECTION OF ANY OF THE PROPERTIES, AND LANDLORD LEASES AND WILL LEASE AND TENANT TAKES AND WILL TAKE EACH OF THE PROPERTIES "AS IS", AND TENANT ACKNOWLEDGES THAT LANDLORD (WHETHER ACTING AS

LANDLORD HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LANDLORD BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE PROPERTIES, INCLUDING ANY WARRANTY OR REPRESENTATION AS TO ITS FITNESS FOR USE OR PURPOSE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, AS TO LANDLORD'S TITLE THERETO, OR AS TO VALUE, COMPLIANCE WITH SPECIFICATIONS, LOCATION, USE, CONDITION, MERCHANTABILITY, QUALITY, DESCRIPTION, DURABILITY OR OPERATION, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY TENANT. Tenant acknowledges that the Properties are of its selection and to its specifications, and that each of the Properties has been inspected by Tenant and is satisfactory to it. In the event of any defect or deficiency in any Property of any nature, whether patent or latent, Landlord shall not have any responsibility or liability with respect thereto or for any incidental or consequential damages (including strict liability in tort). The provisions of this Paragraph 3(b) have been negotiated, and the foregoing provisions are intended to be a complete exclusion and negation of any warranties by Landlord, express or implied, with respect to any Property, arising pursuant to the uniform commercial code or any other law now or hereafter in effect or otherwise.

(c) Tenant acknowledges and agrees that Tenant has examined the title to each of the Properties prior to the execution and delivery of this Lease and has found each such title to be satisfactory for the purposes contemplated by this Lease.

(d) Landlord hereby assigns, without recourse or warranty whatsoever, to Tenant, all warranties, guaranties and indemnities, express or implied, and similar rights which Landlord may have against any manufacturer, seller, engineer, contractor or builder in respect of any of the Properties, including, but not limited to, any rights and remedies existing under contract or pursuant to the uniform commercial code (collectively, the "guaranties"). Such assignment shall remain in effect until the termination of this Lease. Landlord shall also retain the right to enforce any guaranties assigned in the name of Tenant upon the occurrence of an Event of Default. Landlord hereby agrees to execute and deliver at Tenant's expense such further documents, including powers of attorney, as Tenant may reasonably request in order that Tenant may have the full benefit of the assignment effected or intended to be effected by this Paragraph 3(d). Upon the termination of this Lease, the guaranties shall automatically revert to Landlord. The foregoing provision of reversion shall be self-operative and no further instrument of reassignment shall be required. In confirmation of such reassignment Tenant shall execute and deliver promptly any certificate or other instrument which Landlord may request. Any monies collected by Tenant under any of the guaranties after the occurrence of and during the continuation of an Event of Default shall be held in trust by Tenant and promptly paid over to Landlord.

(e) Landlord agrees to enter into, at Tenant's expense, such easements, covenants, waivers, approvals or restrictions for utilities, parking or other matters as desirable for operation of each of the Properties or properties adjacent thereto (collectively, "Easements") as reasonably requested by Tenant, subject to Lender's and Landlord's approval of the form

thereof, not to be unreasonably withheld or delayed; provided, however, that no such Easement shall result in any diminution in the value or utility of Properties for use as a warehouse, distribution or office site and further provided that no such Easement shall render the use of Properties dependent upon any other property or condition the use of Properties upon the use of any other property, each of which Tenant shall certify to Landlord and Lender in writing delivered with Tenant's request with respect to such Easement. Tenant's request shall also include Tenant's written undertaking acknowledging that Tenant shall remain liable hereunder as principal and not merely as a surety or guarantor notwithstanding the establishment of any Easement. If either Landlord or Lender shall fail to approve or disapprove the form of any such Easements, within a period of thirty (30) days from their respective receipt of same, then either Landlord or Lender, as the case may be, shall be deemed to have approved the form of any such Easement.

(f) Tenant agrees that Tenant is obligated to and shall perform all obligations of the owner of the Properties under and pay all expenses which the owner of the Properties may be required to pay in accordance with any reciprocal easement agreement or any other agreement or document of record now affecting the Properties, herein referred to collectively as the "REA", and that Tenant shall comply with all of the terms and conditions of the REA during the Term of this Lease. Tenant further covenants and agrees to indemnify, defend and hold harmless Landlord and Lender against any claim, loss or damage suffered by Landlord or Lender by reason of Tenant's failure to perform any obligations or pay any expenses as required under any REA or comply with the terms and conditions of any REA as hereinabove provided during the Term of this Lease.

4. Use of Properties; Quiet Enjoyment.

(a) Tenant may use the Properties as a warehouse, distribution or office site or for any other lawful purpose so long as such other lawful purpose would not (i) have a material adverse effect on the value of the Properties, (ii) materially increase (when compared to use as a warehouse, distribution or office site) the likelihood that Tenant, Landlord or Lender would incur liability under any provisions of the Environmental Laws, or (iii) result in or give rise to any material environmental deterioration or degradation of the Properties. In no event shall the Properties be used for any purpose which shall violate any of the provisions of any Permitted Encumbrance or any covenants, restrictions or agreements hereafter created by or consented to by Tenant applicable to the Properties. Tenant agrees that with respect to the Permitted Encumbrances and any covenants, restrictions or agreements hereafter created by or consented to by Tenant, Tenant shall observe, perform and comply with and carry out the provisions thereof required therein to be observed and performed by Landlord.

(b) Subject to Tenant's rights under Paragraph 18 hereof, Tenant shall not permit any unlawful occupation, business or trade to be conducted on the Properties or any use to be made thereof contrary to applicable Legal Requirements or Insurance Requirements. Subject to Tenant's rights under Paragraph 18, Tenant shall not use, occupy or permit any of the Properties to be used or occupied, nor do or permit anything to be done in or on any of the Properties, in a manner which would (i) make void or voidable any insurance which Tenant is required hereunder to maintain then in force with respect to any of the Properties, (ii) affect the

ability of Tenant to obtain any insurance which Tenant is required to furnish hereunder, or (iii) cause any injury or damage to any of the Improvements unless pursuant to Alterations permitted under Paragraph 12 hereof.

(c) Subject to all of the provisions of this Lease, so long as no Event of Default exists hereunder, Landlord covenants to do no act to disturb the peaceful and quiet occupation and enjoyment of the Properties by Tenant.

5. Term.

(a) Subject to the provisions hereof Tenant shall have and hold the Properties for an initial term commencing on December 13, 2002 (the "Commencement Date") and ending on December 31, 2027 (the "Expiration Date") (such initial term, together with any Renewal Term, hereinafter defined, which comes into effect as hereinafter provided, is herein called the "Term").

(b) Provided this Lease shall not have been terminated pursuant to the provisions of Paragraphs 13(b) or 19, this Lease and the Term shall be automatically extended for that number of consecutive renewal terms set forth in Exhibit "B" attached hereto and made part hereof (each, "Renewal Term") each for the duration set forth in Exhibit "B" upon condition that Tenant may cancel any Renewal Term by giving notice ("Renewal Term Cancellation Notice") to Landlord in writing at least six (6) months prior to the expiration of the then current Term. If Tenant does not timely give to Landlord a Renewal Term Cancellation Notice, the date by which Tenant may give such Renewal Term Cancellation Notice to Landlord shall be extended to the date occurring ten (10) days after the date on which Landlord shall have given to Tenant a written notice reciting the provisions of this Paragraph 5(b). Upon the giving of a Renewal Term Cancellation Notice this Lease and the Term shall terminate and come to an end as of the later of (i) the ninetieth (90th) day following the giving of the Renewal Term Cancellation Notice, or (ii) the last day of the then current Term (and if the effect of this sentence is to extend the Term it shall be so extended on the terms and conditions and for the Rent in effect for the Term then expiring). Any Renewal Term shall be subject to all of the provisions of this Lease, and all such provisions shall continue in full force and effect, except that the Basic Rent for each Renewal Term shall be the amounts determined in accordance with the schedule set forth in Exhibit "B" attached hereto and made a part hereof. If Tenant shall timely give a Renewal Term Cancellation Notice, then all options with regard to subsequent Renewal Terms shall expire and be null and void.

6. Rent.

(a) Tenant shall pay to Landlord (or to Lender, if directed by Landlord), as minimum annual rent for the Properties during the Term, the amounts set forth in Exhibit "B" attached hereto ("Basic Rent"), commencing on the first day of February, 2003 for the preceding month and continuing on the first day of each month thereafter during the Term, in each case for the preceding month, and on the last day of the Term for the month then ending (the said days being called the "Basic Rent Payment Dates"), and shall pay the same at Landlord's address set forth below, or at such other place as Landlord from time to time may designate to Tenant in writing, in funds which at the time of such payment shall be legal tender for the payment of public or private debts in the United States of America and if required by Lender by wire transfer in immediately available federal funds to such account in such bank as Lender shall designate, from time to time. Basic Rent for the period from and including the Commencement Date through and including December 31, 2002 shall be paid on the Commencement Date in the amount equal to one thirtieth (1/30) of the monthly Basic Rent for the initial term set forth on Exhibit "B" attached hereto for each day from and including the Commencement Date through and including December 31, 2002.

(b) Tenant shall pay and discharge before the imposition of any fine, lien, interest or penalty may be added thereto for late payment thereof, as Additional Rent, all other amounts and obligations which Tenant assumes or agrees to pay or discharge pursuant to this Lease, together with every fine, penalty, interest and cost which may be added by the party to whom such payment is due for nonpayment or late payment thereof. In the event of any failure by Tenant to pay or discharge any of the foregoing, Landlord shall have all rights, powers and remedies provided herein, by law or otherwise, in the event of nonpayment of Basic Rent.

(c) If any installment of Basic Rent is not paid within five (5) days after written notice is given by Landlord or Lender (or Lender's servicer or other designee of Lender) to Tenant that the same is overdue, Tenant shall pay to Landlord or Lender, as the case may be, on demand, as Additional Rent, a late charge equal to five percent (5%) (the "Late Charge") on such overdue installment of Basic Rent.

(d) Landlord and Tenant agree that this Lease is a true lease and does not represent a financing arrangement. Each party shall reflect the transactions represented by this Lease in all applicable books, records and reports (including, without limitation, income tax filings) in a manner consistent with "true lease" treatment rather than "financing" treatment.

7. Net Lease; Non-Terminability.

(a) This is a net Lease and Basic Rent, Additional Rent and all other sums payable hereunder by Tenant shall be paid, except as otherwise expressly set forth in this Lease, without notice, demand, setoff, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense.

(b) Except as otherwise expressly provided in this Lease, this Lease shall not terminate and Tenant shall not have any right to terminate this Lease, during the Term.

Except as otherwise expressly provided in this Lease, Tenant shall not be entitled to any setoff, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense of or to Basic Rent, Additional Rent or any other sums payable under this Lease; and except as otherwise expressly provided in this Lease, the obligations of Tenant under this Lease shall not be affected by any interference with Tenant's use of any Property for any reason, including but not limited to the following: (i) any damage to or destruction of any Property by any cause whatsoever, (ii) any Condemnation, (iii) the prohibition, limitation or restriction of Tenant's use of any Property, (iv) any eviction by paramount title or otherwise, (v) Tenant's acquisition of ownership of any Property other than pursuant to an express provision of this Lease, (vi) any default on the part of Landlord under this Lease or under any other agreement, (vii) any latent or other defect in, or any theft or loss of, any Property, (viii) the breach of any warranty of any seller or manufacturer of any of the Equipment, (ix) any violation of Paragraph 4 (c) by Landlord, or (x) any other cause, whether similar or dissimilar to the foregoing, any present or future Law to the contrary notwithstanding. It is the intention of the parties hereto that the obligations of Tenant under this Lease shall be separate and independent covenants and agreements, and that Basic Rent, Additional Rent and all other sums payable by Tenant hereunder shall continue to be payable in all events (or, in lieu thereof, Tenant shall pay amounts equal thereto), and that the obligations of Tenant under this Lease shall continue unaffected, unless this Lease shall have been terminated pursuant to an express provision of this Lease.

(c) Tenant agrees that it shall remain obligated under this Lease in accordance with its provisions and that, except as otherwise expressly provided herein, it shall not take any action to terminate, rescind or avoid this Lease, notwithstanding (i) the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting Landlord, (ii) the exercise of any remedy, including foreclosure, under the Mortgage, or (iii) any action with respect to this Lease (including the disaffirmance hereof) which may be taken by Landlord under the Federal Bankruptcy Code or by any trustee, receiver or liquidator of Landlord or by any court under the Federal Bankruptcy Code or otherwise.

(d) This Lease is the absolute and unconditional obligation of Tenant. Tenant waives all rights which are not expressly stated in this Lease but which may now or hereafter otherwise be conferred by Law (i) to quit, terminate or surrender this Lease or any of the Properties, (ii) to any setoff, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense of or to Basic Rent, Additional Rent or any other sums payable under this Lease, except as otherwise expressly provided in this Lease, and (iii) for any statutory lien or offset right against Landlord or its property.

8. Payment of Impositions; Compliance with
Legal Requirements and Insurance Requirements

(a) (i) Subject to the provisions of Paragraph 18 hereof relating to contests, Tenant shall, before interest or penalties are due thereon, pay and discharge (all of the following being herein collectively called the "Impositions"): all taxes of every kind and nature (including real, ad valorem, personal property, gross income, franchise, withholding, profits and gross receipts taxes) on or with respect to the Properties; all charges and/or taxes for any

easement or agreement maintained for the benefit of the Properties; all general and special assessments, levies, permits, inspection and license fees on or with respect to the Properties; all water and sewer rents and other utility charges on or with respect to the Properties; all ground rents on or with respect to the Properties; and all other public charges and/or taxes whether of alike or different nature, even if unforeseen or extraordinary, imposed or assessed upon or with respect to the Properties, prior to or during the Term, against Landlord, Tenant or any of the Properties as a result of or arising in respect of the occupancy, leasing, use, maintenance, operation, management, repair or possession thereof, or any activity conducted on the Properties, or the Basic Rent or Additional Rent, including without limitation, any gross income tax, sales tax, occupancy tax or excise tax levied by any governmental body on or with respect to such Basic Rent or Additional Rent. If received by Landlord, Landlord shall promptly deliver to Tenant any bill or invoice with respect to any Imposition.

(ii) Nothing herein shall obligate Tenant to pay, and the term "Impositions" shall exclude, federal, state or local (A) transfer taxes as the result of a conveyance by (or suffered by) Landlord, (B) franchise, capital stock or similar taxes if any, of Landlord, (C) income, excess profits or other taxes, if any, of Landlord, determined on the basis of or measured by its net income, or (D) any estate, inheritance, succession, gift, capital levy or similar taxes, unless the taxes referred to in clauses (B) and (C) above are in lieu of or a substitute for any other tax or assessment upon or with respect to any Property which, if such other tax or assessment were in effect at the commencement of the Term, would be payable by Tenant. In the event that any assessment against any Property may be paid in installments, Tenant shall have the option to pay such assessment in installments; and in such event, Tenant shall be liable only for those installments which become due and payable during the Term. Tenant shall prepare and file all tax reports required by governmental authorities which relate to the Impositions. Tenant shall deliver to Landlord and to Lender, within twenty (20) days after Landlord's written request therefor, copies of all settlements and notices pertaining to the Impositions which may be issued by any governmental authority and receipts for payments of all Impositions made during each calendar year of the Term, within thirty (30) days after payment.

(b) Subject to the provisions of Paragraph 18 hereof, Tenant shall promptly comply with and conform to all of the Legal Requirements and Insurance Requirements.

9. Liens; Recording and Title.

(a) Subject to the provisions of Paragraph 18 hereof, Tenant shall not, directly or indirectly, create or permit to be created or to remain, and shall promptly discharge, any lien on the Properties, on the Basic Rent, Additional Rent or on any other sums payable by Tenant under this Lease, other than the Mortgage, the Permitted Encumbrances and any mortgage, lien, encumbrance or other charge created by or resulting from any act or omission by Landlord or those claiming by, through or under Landlord (except Tenant). Notice is hereby given that Landlord shall not be liable for any labor, services or materials furnished or to be furnished to Tenant, or to anyone holding any Property through or under Tenant, and that no mechanic's or other liens for any such labor, services or materials shall attach to or affect the interest of Landlord in and to any Property.

(b) Each of Landlord and Tenant shall execute, acknowledge and deliver to the other a written Memorandum of this Lease to be recorded in the appropriate land records of the jurisdiction in which each Property is located, in order to give public notice and protect the validity of this Lease. In the event of any discrepancy between the provisions of said recorded Memorandum of this Lease and the provisions of this Lease, the provisions of this Lease shall prevail.

(c) Nothing in this Lease and no action or inaction by Landlord shall be deemed or construed to mean that Landlord has granted to Tenant any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest or lien in or upon the estate of Landlord in any Property.

10. Indemnification.

(a) Tenant agrees to defend, pay, protect, indemnify, save and hold harmless Landlord and Lender, and their officers, directors, shareholders, partners, beneficial owners, trustees, members, managers and employees, from and against any and all liabilities, losses, damages, penalties, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature whatsoever, howsoever caused, arising from the Properties or the use, non-use, occupancy, condition, design, construction, maintenance, repair or rebuilding of the Properties, and any injury to or death of any person or persons or any loss of or damage to any property, real or personal, in any manner arising therefrom connected therewith or occurring thereon, whether or not such indemnified party has or should have knowledge or notice of the defect or conditions, if any, causing or contributing to said injury, death, loss, damage or other claim; except to the extent that any such liability, loss, damage, penalty, cost, expense, cause of action, suit, claim, demand or judgment is the result of the gross negligence of such indemnified party or the intentional wrongful act of such indemnified party. In case any action or proceeding is brought against any indemnified party by reason of any such claim against which Tenant has agreed to defend, pay, protect, indemnify, save and hold harmless pursuant to the preceding sentence, Tenant covenants upon notice from such indemnified party to resist or defend such indemnified party in such action, with the expenses of such defense paid by Tenant, and such indemnified party will cooperate and assist in the defense of such action or proceeding if reasonably requested so to do by Tenant.

(b) The obligations of Tenant under this Paragraph 10 shall survive any termination of this Lease.

11. Maintenance and Repair

(a) Except for any Alterations that Tenant is permitted to make pursuant to this Lease, Tenant shall at all times, including any Requisition period, put, keep and maintain the Properties (including, without limitation, the roof, landscaping, walls, footings, foundations and structural components of the Properties) and the Equipment in the same condition and order of repair as exists as of the date of this Lease or, if the building or buildings and related improvements on the Properties are not substantially complete as of the date of this

Lease, then in the same condition and order of repair as exists as of substantial completion, except for ordinary wear and tear, and shall promptly make all repairs and replacements of every kind and nature, whether foreseen or unforeseen, which may be required to be made upon or in connection with the Properties in order to keep and maintain the Properties in the order and condition required by this Paragraph 11(a). Tenant shall do or cause others to do all shoring of the Properties or of foundations and walls of the Improvements and every other act necessary or appropriate for preservation and safety thereof, by reason of or in connection with any excavation or other building operation upon any Property, whether or not Landlord shall, by reason of any Legal Requirements or Insurance Requirements, be required to take such action or be liable for failure to do so. Landlord shall not be required to make any repair, whether foreseen or unforeseen, or to maintain any Property or Adjoining Property in any way, and Tenant hereby expressly waives the right to make repairs at the expense of the Landlord, which right may be provided for in any Law now or hereafter in effect. Nothing in the preceding sentence shall be deemed to preclude Tenant from being entitled to insurance proceeds or condemnation awards for Restoration pursuant to Paragraphs 13 (c) and 14 (g) of this Lease. Tenant shall, in all events, make all repairs for which it is responsible hereunder promptly, and all repairs shall be in a good, proper and workmanlike manner.

(b) In the event that any Improvement shall violate any Legal Requirements or Insurance Requirements and as a result of such violation enforcement action is threatened or commenced against Tenant or with respect to the Properties, then Tenant, at the request of Landlord, shall either (i) obtain valid and effective waivers or settlements of all claims, liabilities and damages resulting from each such violation, whether the same shall affect Landlord, Tenant or both, or (ii) take such action as shall be necessary to remove such violation, including, if necessary, any Alteration. Any such repair or Alteration shall be made in conformity with the provisions of Paragraph 12.

(c) If Tenant shall be in default under any of the provisions of this Paragraph 11, Landlord may after thirty (30) business days written notice given to Tenant and failure of Tenant to cure during said period, but without notice in the event of an emergency, do whatever is necessary to cure such default as may be appropriate under the circumstances for the account of and at the expense of Tenant. In the event of an emergency Landlord shall notify Tenant of the situation by phone or other available communication. All reasonable sums so paid by Landlord and all reasonable costs and expenses (including, without limitation, attorneys' fees and expenses) so incurred, together with interest thereon at the Default Rate from the date of payment or incurring the expense, shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand.

(d) Tenant shall from time to time replace with other operational equipment or parts (the "Replacement Equipment") any of the Equipment (the "Replaced Equipment") which shall have become worn out or unusable for the purpose for which it is intended, been taken by a Condemnation as provided in Paragraph 13, or been lost, stolen, damaged or destroyed as provided in Paragraph 14. Tenant shall repair at its sole cost and expense all damage to any Property caused by the removal of Equipment or Replaced Equipment or other personal property of Tenant or the installation of Replacement Equipment. All Replacement Equipment shall become the property of Landlord, shall be free and clear of all

liens and rights of others and shall become a part of the Equipment as if originally demised herein.

(e) In the event that Tenant shall make repairs or replacements with respect to which Landlord is permitted to request disbursements from the Required Repair Fund or the Replacement Reserve Fund (as both such terms are defined in the Loan Agreement) in connection therewith and, provided that (i) such disbursements are approved by Lender in writing and (ii) funds from the Required Repair Fund or the Replacement Reserve Fund are made available to the Landlord, Landlord shall reimburse Tenant for the cost of such repairs and replacements on such terms and conditions as are acceptable to Landlord.

12. Alterations.

(a) Tenant shall not make any Alterations which would (after the completion thereof) impair the structural integrity of a Property, without Landlord's written consent, which consent Landlord agrees not unreasonably to withhold or delay if permitted pursuant to the Loan Agreement. Landlord shall request the consent of the Lender with respect to any Alterations for which such consent is required pursuant to the Loan Agreement but Landlord shall have no liability to Tenant for failure to obtain such consent. Tenant may make any other Alterations without the prior written consent of the Landlord provided such Alterations are made in accordance with the requirements of the Loan Agreement.

(b) In the event that Landlord gives its prior written consent to any Alterations, or if such consent is not required, Tenant agrees that in connection with any Alteration, Tenant shall comply with the requirements of the Loan Agreement and: (i) the fair market value of the related Property shall not be lessened after the completion of any such Alteration, or its structural integrity impaired; (ii) the Alteration and any Alteration theretofore made or thereafter to be made shall not in the aggregate reduce the gross floor area of the Improvements other than to a de minimis extent; (iii) all such Alterations shall be performed in a good and workmanlike manner, and shall be expeditiously completed in compliance with all Legal Requirements; (iv) all work done in connection with any such Alteration shall comply with all Insurance Requirements; (v) Tenant shall promptly pay all costs and expenses of any such Alteration, and shall (subject to the provisions of Paragraph 18 hereof) discharge all liens filed against such Property arising out of the same; (vi) Tenant shall procure and pay for all permits and licenses required in connection with any such Alteration; (vii) if the Loan Agreement shall require that security be provided in order to insure the payment for any such Alteration, Tenant shall provide such security; and (viii) all such Alterations shall be the property of Landlord and shall be subject to this Lease.

13. Condemnation.

(a) Tenant, promptly after obtaining knowledge of the institution of any proceeding for Condemnation, shall notify Landlord thereof and Landlord shall be entitled to participate in any Condemnation proceeding. Landlord, promptly after obtaining knowledge of the institution of any proceeding for Condemnation, shall notify Tenant thereof and Tenant shall have the right to participate in such proceedings. Subject to the provisions of this Paragraph 13

and Paragraph 15, Tenant hereby irrevocably assigns to Lender or to Landlord, in that order, any award or payment in respect of any Condemnation of Landlord's interest in a Property (the "Affected Property"), except that (except as hereinafter provided) nothing in this Lease shall be deemed to assign to Landlord or Lender any award or payment on account of the Trade Fixtures, moving expenses and out-of-pocket expenses incidental to the move, if available, to the extent Tenant shall have a right to make a separate claim therefor against the condemnor, it being agreed, however, that Tenant shall in no event be entitled to any payment that reduces the award to which Landlord is or would be entitled for the condemnation of Landlord's interest in the Affected Property. In no event Tenant shall be entitled to any award or payment on account of Tenant's leasehold interest under this Lease.

(b) (i) In the event of a Condemnation of any Affected Property, subject to the requirements of Paragraph 15, the Net Award of such Condemnation shall be retained by Landlord; and promptly after such Condemnation, Tenant shall commence and diligently continue to restore the Affected Property as nearly as possible to its value, condition and character immediately prior to such Condemnation, in accordance with the provisions of this Lease, including but not limited to the provisions of Paragraphs 11(a), 12 and 15 (such restoration following a Condemnation and restoration following a casualty is, as the context shall require, herein called a "Restoration").

(ii) Upon the payment to Landlord of the Net Award of a Taking which falls within the provisions of this Paragraph 13(b), Landlord and Lender shall, to the extent received, make that portion of the Net Award equal to the cost of Restoration (the "Restoration Award") available to Tenant for Restoration, in accordance with the provisions of Paragraph 15, and promptly after completion of the Restoration, the balance of the Net Award shall be paid to Tenant and all Basic Rent, Additional Rent and other sums payable hereunder shall continue unabated and unreduced.

(iii) In the event of a Requisition of a Property, Landlord shall apply the Net Award of such Requisition, to the extent available, to the installments of Basic Rent, Additional Rent or other sums payable by Tenant hereunder thereafter payable and Tenant shall pay any balance remaining thereafter. Upon the expiration of the Term, any portion of such Net Award which shall not have been previously credited to Tenant on account of the Basic Rent and Additional Rent shall be retained by Landlord.

(c) Except with respect to an award or payment to which Tenant is entitled pursuant to the provisions of Paragraph 13(a) and 13(b), no agreement with any condemnor in settlement of or under threat of any Condemnation shall be made by either Landlord or Tenant without the written consent of the other, and of Lender, if the Affected Property is then subject to a Mortgage, which consent in the case of Landlord shall not be unreasonably withheld or delayed.

(d) If an Affected Property is located in the State of California, there is attached hereto Exhibit "D" entitled "California Provisions" and all of the provisions, terms and conditions thereof are incorporated herein and made a part hereof. Exhibit "F" includes

Paragraph 13(d) which is incorporated at this point if an Affected Property is located in the State of California.

14. Insurance.

(a) Tenant shall maintain at its sole cost and expense the following insurance on each of the Properties:

(i) comprehensive all risk insurance ("Special Form") including, but not limited to, loss caused by any type of windstorm or hail on the Improvements and the personal property, (A) in an amount equal to the lesser of (I) one hundred percent (100%) of the "Full Replacement Cost," which for purposes of this Lease shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation or (II) the then outstanding principal balance of the Loan; (B) containing an agreed amount endorsement with respect to the Improvements and personal property waiving all co-insurance provisions or to be written on a no co-insurance form; (C) providing for no deductible in excess of One Hundred Thousand and 00/100 Dollars (\$100,000.00) for all such insurance coverage excluding windstorm and earthquake and (D) if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses, coverage for loss due to operation of law in an amount equal to the full Replacement Cost, coverage for demolition costs and coverage for increased costs of construction. In addition, Tenant shall obtain: (x) if any portion of the Improvements is currently or at any time in the future located in a federally designated "special flood hazard area", flood hazard insurance in an amount equal to the lesser of (1) the outstanding principal balance of the Loan or (2) the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended or such greater amount as Landlord shall require and (y) earthquake insurance in amounts and in form and substance satisfactory to Landlord in the event the Property is located in an area with a high degree of seismic activity;

(ii) business income insurance (A) with loss payable to Landlord and Lender, as their interests may appear; (B) covering all risks required to be covered by the insurance provided for in subsection (i) above; (C) in an amount equal to one hundred percent (100%) of the projected gross revenues from the operation of the Properties (as reduced to reflect expenses not incurred during a period of Restoration) for a period of at least twelve (12) months after the date of the casualty; and (D) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements and personal property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of twelve (12) months from the date that the applicable Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such business income insurance shall be determined prior to the date hereof and at least once each year thereafter based on Tenant's reasonable estimate of the gross revenues from each Property for the succeeding twelve (12) month period.

(iii) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements, and only if the Property coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance, otherwise known as Owner Contractor's Protective Liability, covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy and (B) the insurance provided for in subsection (i) above written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to subsection (i) above, (3) including permission to occupy the Property and (4) with an agreed amount endorsement waiving co-insurance provisions;

(iv) comprehensive boiler and machinery insurance, if steam boilers or other pressure-fixed vessels are in operation, in amounts as shall be required by Landlord on terms consistent with the commercial property insurance policy required under subsection (i) above;

(v) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about each Property, such insurance (A) to be on the so-called "occurrence" form with a combined limit of not less than Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate and One Million and 00/100 Dollars (\$1,000,000.00) per occurrence; (B) to continue at not less than the aforesaid limit until required to be changed by Landlord in writing by reason of changed economic conditions making such protection inadequate and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) blanket contractual liability for all written contracts and (5) contractual liability covering the indemnities contained in Loan Documents to the extent the same is available;

(vi) if necessary, automobile liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of One Million Dollars and 00/100 Dollars (\$1,000,000.00), with a deductible not to exceed \$100,000.00;

(vii) worker's compensation and employee's liability subject to the worker's compensation laws of the applicable state with a deductible not to exceed \$100,000.00;

(viii) umbrella and excess liability insurance in an amount not less than Five Million and 00/100 Dollars (\$5,000,000.00) per occurrence on terms otherwise consistent with the commercial general liability insurance policy required under subsection (v) above, including, but not limited to, supplemental coverage for employer liability and automobile liability, which umbrella liability coverage shall apply in excess of the automobile liability coverage in clause (vi) above;

(ix) the commercial property and business income insurance required under Paragraph 14(a)(i) and (ii) above shall cover perils of terrorism and acts of terrorism and Tenant shall maintain commercial property and business income insurance for loss

resulting from perils and acts of terrorism on terms in an amount not less than Five Million and 00/100 Dollars (\$5,000,000.00) per occurrence and otherwise consistent with those required under Paragraph 14(a)(i) and (ii) above at all times during the term of this Lease so long as (A) Landlord determines that either (I) prudent owners of real estate comparable to the Properties are maintaining same or (II) prudent institutional lenders (including, without limitation, investment banks) to such owners are requiring that such owners maintain such insurance; or (B) if such insurance is obtainable from any insurer or the United States of America or any agency or instrumentality thereof and is required by any prospective investor in connection with a securitization which is backed by the Loan or the lack of such insurance in and of itself will result in a qualification, downgrade or withdrawal of the then current ratings assigned, or to be assigned, or prevent ratings from being assigned, to the securities or any class thereof in any applicable securitization; provided, however, that with respect to the Property located in Warrendale, Butler County, Pennsylvania, the amount of insurance shall not be less than the Full Replacement Cost for such Property; and

(x) upon sixty (60) days written notice, such other reasonable insurance, including, but not limited to, sinkhole or land subsidence insurance, and in such reasonable amounts as Landlord from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in or around the region in which the Property is located.

(b) All insurance provided for in hereof (i) shall be obtained under valid and enforceable policies (collectively, the "Policies" or in the singular, the "Policy") and (ii) shall be subject to the approval of Landlord and Lender as to insurance companies, amounts, deductibles, loss payees and insureds, provided, however that the amount of said deductibles may be subject to adjustment based on fluctuations in the Consumer Price Index or similar standard. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the State and having a claims paying ability rating of "A" or better by S&P or a financial class of VII or better by A.M. Best Company, Inc. The Policies described in Section 14 hereof (other than those strictly limited to liability protection) shall designate Landlord and Lender as loss payees. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Landlord and Lender, certificates of insurance evidencing the Policies accompanied by evidence satisfactory to Landlord and Lender of payment of the premiums due thereunder (the "Insurance Premiums"), shall be delivered by Tenant to Landlord and Lender.

(c) Any blanket insurance Policy shall specifically allocate to each Property the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Properties in compliance with the provisions of hereof.

(d) All Policies provided for or contemplated by hereof, except for the Policy referenced in Paragraph 14(a)(vii) of this Agreement, shall name Tenant as the insured and Landlord and Lender as additional insured, as its interests may appear, and in the case of property damage, boiler and machinery, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Landlord and Lender

providing that the loss thereunder shall be payable to Landlord and Lender, as their interest may appear.

(e) All Policies shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Tenant, or anyone acting for Tenant, or of any tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Landlord and Lender are concerned;

(ii) the Policy shall not be materially changed (other than to increase the coverage provided thereby) or canceled without at least thirty (30) days written notice to Landlord and Lender and any other party named therein as an additional insured;

(iii) the issuers thereof shall give written notice to Landlord and Lender if the Policy has not been renewed thirty (30) days prior to its expiration; and

(iv) Neither Landlord or Lender shall be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

(f) If at any time Landlord is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Landlord shall have the right, without notice to Tenant, to take such action as Landlord deems necessary to protect its interest in the Properties, including, without limitation, the obtaining of such insurance coverage as Landlord in its sole discretion deems appropriate after three (3) Business Days notice to Tenant if prior to the date upon which any such coverage will lapse or at any time Landlord deems necessary (regardless of prior notice to Tenant) to avoid the lapse of any such coverage. All premiums incurred by Landlord in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Tenant to Landlord upon demand and, until paid, shall bear interest at the Default Rate.

(g) If a Property is located in the State of New York, the parties intend that the terms of this Paragraph 14 and those of Paragraphs 7 and 15, constitute an "express agreement to the contrary" under Section 227 of the New York Real Property Law.

15. Restoration. Net Proceeds and Restoration Award (the aggregate of which being herein defined as the "Restoration Fund") shall, unless otherwise provided in the Loan Agreement, be disbursed in accordance with the following conditions:

(a) If the cost of Restoration will exceed \$200,000, prior to commencement of the Restoration the architects, general contractor(s), and plans and specifications for the Restoration shall be approved by Landlord, which approval shall not be unreasonably withheld or delayed; and which approval shall be granted to the extent that the plans and specifications depict a Restoration which is substantially similar to the Improvements

and Equipment which existed prior to the occurrence of the Casualty or Taking, whichever is applicable.

(b) At the time of any disbursement, no Event of Default shall exist and no mechanics' or materialmen's liens shall have been filed and remain undischarged or unbonded.

(c) Disbursements shall be made from time to time in an amount not exceeding the hard and soft cost of the work and costs incurred since the last disbursement upon receipt of (1) satisfactory evidence, including architects' certificates of the stage of completion, of the estimated cost of completion and of performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (2) partial releases of liens, and (3) other reasonable evidence of cost and payment so that Landlord can verify that the amounts disbursed from time to time are represented by work that is completed in place or delivered to the site and free and clear of mechanics' lien claims.

(d) Each request for disbursement shall be accompanied by a certificate of Tenant describing the work, materials or other costs or expenses, for which payment is requested, stating the cost incurred in connection therewith and stating that Tenant has not previously received payment for such work or expense and the certificate to be delivered by Tenant upon completion of the work shall, in addition, state that the work has been substantially completed and complies with the applicable requirements of this Lease.

(e) Landlord or Lender may retain ten percent (10%) of the Restoration Fund until the Restoration is substantially complete.

(f) The Restoration Fund shall be kept in a separate interest-bearing federally insured account or by Lender.

(g) At all times the undisbursed balance of the Restoration Fund held by Trustee plus any funds contributed thereto by Tenant shall be not less than the cost of completing the Restoration, free and clear of all liens.

(h) In addition, prior to commencement of Restoration and at any time during Restoration, if the estimated cost of Restoration, as reasonably determined by Landlord or Lender, exceeds the amount of the Net Proceeds and the Restoration Award available for such Restoration, the amount of such excess shall be paid by Tenant to Landlord or Lender to be added to the Restoration Fund or Tenant shall fund at its own expense the costs of such Restoration until the remaining Restoration Fund is sufficient for the completion of the Restoration. Any sum in the Restoration Fund which remains in the Restoration Fund upon the completion of Restoration shall, subject to the Loan Agreement, be paid to Tenant.

16. Subordination to Financing.

(a) Tenant agrees that this Lease shall at all times be subject and subordinate to any Mortgage, and Tenant agrees, upon demand, without cost, to execute instruments as may be required to further effectuate or confirm such subordination.

(b) Notwithstanding the provisions of Paragraph 16(a), the holder of any Mortgage to which this Lease is subject and subordinate shall have the right, at its sole option, at any time, to subordinate and subject the Mortgage, in whole or in part, to this Lease by recording a unilateral declaration to such effect.

(c) At any time prior to the expiration of the Term, Tenant agrees, at the election and upon demand of any owner of the Properties, to attorn, from time to time, to any such owner or Lender, upon the terms and conditions of this Lease, for the remainder of the Term. The provisions of this Paragraph 16(c) shall inure to the benefit of any such owner, shall apply notwithstanding that, as a matter of law, this Lease may terminate upon the foreclosure of the Mortgage, shall be self-operative upon any such demand, and no further instrument shall be required to give effect to said provisions.

(d) Tenant, however, upon demand of any Lender or any owner, hereby agrees to execute, from time to time, instruments in confirmation of the foregoing provisions of Paragraphs 16(a) and 16(c), reasonably satisfactory to such Lender or owner acknowledging such subordination, and attornment as are provided in such subsections and setting forth the terms and conditions of its tenancy.

17. Assignment, Subleasing

(a) Tenant may not assign its interest in this Lease or sublet the Properties in whole or in part, at any time, without the prior written consent of Landlord, which may be refused in Landlord's sole and absolute discretion. Landlord hereby consents to any subleases which are in existence on the Commencement Date.

(b) Each sublease of the Properties or any part thereof shall be subject and subordinate to the provisions of this Lease. No assignment or sublease shall affect or reduce any of the obligations of Tenant hereunder, and all such obligations shall continue in full force and effect as obligations of a principal and not as obligations of a guarantor, as if no assignment or sublease had been made. Notwithstanding any assignment or subletting Tenant shall continue to remain liable and responsible for the payment of the Basic Rent and Additional Rent and the performance of all its other obligations under this Lease. No assignment or sublease shall impose any obligations on Landlord under this Lease. Tenant agrees that in the case of an assignment of the Lease, Tenant shall, within fifteen (15) days after the execution and delivery of any such assignment, deliver to Landlord (i) a duplicate original of such assignment in recordable form and (ii) an agreement executed and acknowledged by the assignee in recordable form wherein the assignee shall agree to assume and agree to observe and perform all of the

terms and provisions of this Lease on the part of the Tenant to be observed and performed from and after the date of such assignment. In the case of a sublease, Tenant shall, within fifteen (15) days after the execution and delivery of such sublease, deliver to Landlord a duplicate original of such sublease.

(c) Upon the occurrence of an Event of Default under this Lease, Landlord shall have the right to collect and enjoy all rents and other sums of money payable under any sublease of any of the Properties, and Tenant hereby irrevocably and unconditionally assigns such rents and money to Landlord, which assignment may be exercised upon and after (but not before) the occurrence of an Event of Default.

18. Permitted Contests.

(a) After prior written notice to Landlord, Tenant shall not be required to (i) pay any Imposition, (ii) comply with any Legal Requirement, (iii) discharge or remove any lien referred to in Paragraphs 9 or 12, or (iv) take any action with respect to any violation referred to in Paragraph 11 (b) so long as Tenant shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its or Landlord's liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent (A) the collection of, or other realization upon, the Imposition or lien so contested, (B) the sale, forfeiture or loss of any of the Properties, any Basic Rent or any Additional Rent to satisfy the same or to pay any damages caused by the violation of any such Legal Requirement or by any such violation, (C) any interference with the use or occupancy of any of the Properties, (D) any interference with the payment of any Basic Rent or any Additional Rent, and (E) the cancellation of any fire or other insurance policy.

(b) In no event shall Tenant pursue any contest with respect to any Imposition, Legal Requirement, lien, or violation, referred to above in such manner that exposes Landlord or Lender to (i) criminal liability, penalty or sanction, (ii) any civil liability, penalty or sanction for which Tenant has not made provisions reasonably acceptable to Landlord and Lender or (iii) defeasance of its interest in the Properties.

(c) Tenant agrees that each such contest shall be promptly and diligently prosecuted to a final conclusion, except that Tenant shall, have the right to attempt to settle or compromise such contest through negotiations. Tenant shall pay and save Lender and Landlord harmless against any and all losses, judgments, decrees and costs (including all attorneys' fees and expenses) in connection with any such contest and shall, promptly after the final determination of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest, costs and expenses thereof or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof.

19. Conditional Limitations; Default Provisions.

(a) The occurrence of any one or more of the following events (any such event being specified herein as a "failure" or "default") shall constitute an Event of Default under this Lease: (i) a failure by Tenant to make (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity or before any administrative tribunal which had or might have the effect of preventing Tenant from complying with the provisions of this Lease): (x) any payment of Basic Rent which continues unremedied for a period of three (3) days after written notice ("Nonpayment Notice") thereof given to Tenant by Landlord or Lender or Lender's designee, or (y) any payment of Additional Rent or other sum herein required to be paid by Tenant which continues unremedied for a period of fifteen (15) days after a Nonpayment Notice is given to Tenant by Landlord or Lender or Lender's designee; (ii) failure by Tenant to perform and observe, or a violation or breach of, any other provision in this Lease and such default shall continue for a period of sixty (60) days after written notice thereof is given by Landlord or Lender or Lender's designee to Tenant or if such default is of such a nature that it cannot reasonably be cured within such period of sixty (60) days, such period shall be extended for such longer time as is reasonably necessary provided that Tenant has commenced to cure such default within said period of sixty (60) days and is actively, diligently and in good faith proceeding with continuity to remedy such default, provided, however, that in no event shall Tenant be permitted a cure period greater than ten (10) days less than the period allowed to Landlord to cure an equivalent default under the Loan Documents; (iii) Tenant or any guarantor of Tenant's obligations hereunder shall (A) voluntarily be adjudicated a bankrupt or insolvent, (B) or voluntarily consent to the appointment of a receiver or trustee for itself or for any of the Properties, (C) voluntarily file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, or (D) voluntarily file a general assignment for the benefit of creditors; (iv) a court shall enter an order, judgment or decree appointing, with the voluntary consent of Tenant or any guarantor of Tenant's obligations hereunder, a receiver or trustee for Tenant or any guarantor of Tenant's obligations hereunder or for the Properties or approving a petition filed against Tenant or any guarantor of Tenant's obligations hereunder which seeks relief under the bankruptcy or other similar laws of the United States or any State, and such order, judgment or decree shall remain in force, undischarged or unstayed, sixty (60) days after it is entered; (v) Tenant or any guarantor of Tenant's obligations hereunder shall in any insolvency proceedings be liquidated or dissolved or shall voluntarily commence proceedings towards its liquidation or dissolution; or (vi) the estate or interest of Tenant in any Property shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such process shall not be vacated or discharged within sixty (60) days after such levy or attachment.

(b) If any Event of Default shall have occurred, Landlord shall have the right at its option, then or at any time thereafter, to do any one or more of the following without demand upon or notice to Tenant:

(i) Landlord may give Tenant notice (following the occurrence of an Event of Default) of Landlord's intention to terminate this Lease on a date specified in such notice (which date shall be no sooner than five (5) days after the date of the notice). Upon the date therein specified, the Term and the estate hereby granted and all rights of Tenant hereunder shall expire and terminate as if such date were the date hereinabove fixed for the expiration of the Term, but Tenant shall remain liable for all its obligations hereunder through the date

hereinabove fixed for the expiration of the Term, including its liability for Basic Rent and Additional Rent as hereinafter provided.

(ii) Landlord may, whether or not the Term of this Lease shall have been terminated pursuant to clause (i) above give Tenant notice (following the occurrence of an Event of Default) to surrender any or all of the Properties to Landlord on a date specified in such notice (which date shall be no sooner than five (5) days after the date of the notice), at which time Tenant shall surrender and deliver possession of any or all of the Properties to Landlord unless the Event of Default for which the termination is effected has been cured by Tenant. Upon or at any time after taking possession of any or all of the Properties, Landlord may remove any persons or property therefrom. Landlord shall be under no liability for or by reason of any such entry, repossession or removal. No such entry or repossession shall be construed as an election by Landlord to terminate this Lease unless Landlord gives a written notice of such intention to Tenant pursuant to clause (i) above.

(iii) After repossession of any or all of the Properties pursuant to clause (ii) above, whether or not this Lease shall have been terminated pursuant to clause (i) above, Landlord may relet the Property or any part thereof to such tenant or tenants for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) for such rent, on such conditions (which may include concessions or free rent) and for such uses as Landlord, in its reasonable discretion, may determine; and Landlord shall collect and receive any rents payable by reason of such reletting. The rents received on such reletting shall be applied (A) first to the reasonable and actual expenses of such reletting and collection, including without limitation necessary renovation and alterations of the Properties, reasonable and actual attorneys' fees and any reasonable and actual real estate commissions paid, and (B) thereafter toward payment of all sums due or to become due Landlord hereunder. If a sufficient amount to pay such expenses and sums shall not be realized or secured, then Tenant shall pay Landlord any such deficiency monthly, and Landlord may bring an action therefor as such monthly deficiency shall arise. Landlord shall not, in any event, be required to pay Tenant any sums received by Landlord on a reletting of the Properties in excess of the rent provided in this Lease, but such excess shall reduce any accrued present or future obligations of Tenant hereunder. Landlord's re-entry and reletting of the Properties without termination of this Lease shall not preclude Landlord from subsequently terminating this Lease as set forth above. Landlord may make such Alterations as Landlord in its reasonable discretion may deem advisable. Tenant agrees to pay Landlord, as Additional Rent, immediately upon demand, all reasonable expenses incurred by Landlord in obtaining possession, in performing Alterations and in reletting any of the Properties, including fees and commissions of attorneys, architects, agents and brokers.

(iv) If Tenant shall fail to make payment of any installment of Basic Rent or any Additional Rent on or before the date when each such payment is due, Tenant shall pay to Landlord, a sum equal to five (5%) percent per annum above the then current Prime Rate, as hereinafter defined, of the amount unpaid (the "Default Rate") computed from the date such payment of Basic Rent or Additional Rent was due to and including the date of payment. The term "Prime Rate" shall mean the prime rate of interest published in the Wall Street Journal or its successor, from time to time.

(v) Landlord may exercise any other right or remedy now or hereafter existing by law or in equity. If a Property is located in the State of California, there is attached hereto Exhibit "D" entitled "California Provisions" and all of the provisions, terms and conditions thereof are incorporated herein and made a part hereof. Exhibit "D" includes an addition to Paragraph 19(b)(v) which is incorporated at this point if a Property is located in the State of California.

(c) In the event of any expiration or termination of this Lease or repossession of any of the Properties by reason of the occurrence of an Event of Default, Tenant shall pay to Landlord Basic Rent, Additional Rent and all other sums required to be paid by Tenant to and including the date of such expiration, termination or repossession and, thereafter, Tenant shall, until the end of what would have been the Term in the absence of such expiration, termination or repossession, and whether or not any of the Properties shall have been relet, be liable to Landlord for and shall pay to Landlord as liquidated and agreed current damages: (i) Basic Rent, Additional Rent and all other sums which would be payable under this Lease by Tenant in the absence of such expiration, termination or repossession, less (ii) the net proceeds, if any, of any reletting pursuant to paragraph 19 (b) (iii), after deducting from such proceeds all of Landlord's reasonable expenses in connection with such reletting (including all reasonable repossession costs, brokerage commissions, legal expenses, attorneys' fees, employees' expenses, costs of Alteration and expenses of preparation for reletting). Tenant hereby agrees to be and remain liable for all sums aforesaid and Landlord may recover such damages from Tenant and institute and maintain successive actions or legal proceedings against Tenant for the recovery of such damages. Nothing herein contained shall be deemed to require Landlord to wait to begin such action or other legal proceedings until the date when the Term would have expired by limitation had there been no such Event of Default.

(d) At any time after such expiration or sooner termination of this Lease pursuant to Paragraph 19 or pursuant to law or if Landlord shall have reentered any or all of the Properties, as the case may be, whether or not Landlord shall have recovered any amounts under Paragraph 19(b)(iii) or 19(c), Landlord shall be entitled to recover from Tenant and Tenant shall pay to Landlord, on demand, as and for liquidated and agreed final damages for Tenant's default, the Basic Rent, and all Additional Rent reserved hereunder for the unexpired portion of the Term demised herein as if the Lease had not expired or been terminated, minus any such monthly deficiencies previously recovered from Tenant under Paragraph 19(b)(iii) if applicable to such period.

(e) If any statute or rule of law governing a proceeding in which such liquidated final damages provided for in Paragraph 19(d) are to be proved shall validly limit the amount thereof to an amount less than the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such statute or rule of law.

20. Tenant Representations and Warranties. Tenant represents and warrants to Landlord as of the date hereof as follows:

(a) Tenant is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware. Tenant has the corporate power and authority to conduct its business as now conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Lease. Tenant is duly qualified to do business and is in good standing as a foreign corporation or partnership in any jurisdiction where the failure to so qualify would have a material adverse effect on its ability to perform its obligations under this Lease.

(b) This Lease has been duly authorized by all necessary corporate action on the part of Tenant and has been duly executed and delivered by Tenant, and the execution, delivery and performance thereof by Tenant will not, (i) require any approval of the stockholders of Tenant or any approval or consent of any trustee or holder of any indebtedness or obligation of Tenant, other than such consents and approvals as have been obtained, (ii) contravene any Legal Requirements binding on Tenant or the charter or by-laws or other organizational documents of Tenant or (iii) contravene or result in any breach of or constitute any default under Tenant's charter or by-laws or other organizational documents, or any indenture, mortgage, loan agreement, lease or other agreement or instrument to which Tenant is a party or by which Tenant is bound, or result in the creation of any Lien upon any property of Tenant, where such breach, default or creation of Lien would (x) have a material adverse effect on the ability of Tenant to perform its obligations under this Lease or (y) be a material breach or default, or result in a Lien arising, under a material indenture, mortgage, loan agreement, lease of other agreement.

(c) All Governmental Action required in connection with the execution, delivery and performance by Tenant of this Lease, has been or will have been obtained, given or made except for those either (x) not required on the Commencement Date or (y) typically not applied for prior to the time required (and Tenant has no reason to believe will not be timely obtained).

(d) This Lease constitutes the legal, valid and binding obligation of Tenant, enforceable against it in accordance with the terms thereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors', mortgagees' or Landlords' rights in general and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) Tenant has not retained any broker, finder or financial advisor in connection with this Lease.

(f) Tenant will, on behalf of Landlord, forever warrant and defend Landlord's title to the Properties against any and all claims whatsoever. The foregoing warranty of title shall survive the foreclosure of the Mortgages and shall inure to the benefit of and be enforceable by Lender in the event Lender acquires title to the Properties. Under no circumstances shall any third party, including any title insurer, be a beneficiary of the representation and warranty made in this paragraph (f).

(g) Tenant is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(h) Tenant has not offered any interest in the Properties or the Lease, or any similar securities of Tenant to, or solicited any offer to acquire any of the same from, any Person, in violation of Section 5 of the Securities Act, nor has it authorized any Person to take any such action, and Tenant has not taken any action that would subject any interest in the Properties, or the Lease to the registration requirements of Section 5 of the Securities Act. Nothing herein is intended to imply or shall be construed to suggest that the interests in the Properties or the Lease constitute securities.

(i) Except as may be identified in the Environmental Reports, (I) Tenant has complied and is now complying in all material respects with all Environmental Laws and the requirements of any permits issued under such Environmental Laws with respect to each of the Properties, (II) there are no circumstances that may prevent or interfere in any material respect with Tenant's ability to operate and maintain each of the Properties in full compliance with applicable Environmental Laws; (III) there are no pending or threatened Environmental Claims against Tenant or the Properties; (IV) no regulated underground storage tanks are currently present at the Properties; (V) there is no known asbestos contained in, forming part of, or contaminating any part of the Properties; and (VI) no polychlorinated biphenyls (PCBs) are used, stored, located at or contaminate any part of the Properties.

(j) The Properties are capable of being legally occupied.

(k) No bankruptcy or insolvency proceedings are pending or contemplated by Tenant.

(l) This Lease does not provide Tenant with the right to obtain a lien or encumbrance upon the Properties superior to the lien of any Mortgage.

(m) All financial data that has been delivered to Landlord in connection with this Lease (i) is true, complete and correct in all material respects, (ii) accurately represents the financial condition of Tenant and the Properties, as applicable, as of the date of the reports included in such data, and (iii) to the extent prepared or audited by an independent certified public accounting firm, has been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. Except for Permitted Encumbrances, Tenant does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Tenant and reasonably likely to have a materially adverse effect on any Property or the operation thereof as a warehouse, distribution and office facility, except as referred to or reflected in said financial statements. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Tenant from that set forth in said financial statements.

(n) The Properties and the Improvements and the intended use thereof by Landlord and Tenant under this Lease comply in all material respects with all applicable restrictive covenants, zoning ordinances, subdivision and building codes, flood disaster laws, applicable health and environmental laws and regulations and all other ordinances, order or requirements issued by any state, federal or municipal authorities having or claiming jurisdiction over the Properties. Each Property constitutes a separate tax parcel for purposes of ad valorem taxation. The Properties and the Improvements do not require any rights over, or restrictions against, other property in order to comply with any of the aforesaid governmental ordinances, orders or requirements. There has not been committed by Tenant or any other Person in occupancy of or involved with the operation or use of the Properties any act or omission affording the federal government or any other Governmental Authority the right of forfeiture as against any Property or any part thereof or any monies paid in performance of Tenant's obligations under this Lease.

(o) All utility services necessary and sufficient for the use, occupancy, and operation of the Properties for their intended purposes are available to the Properties, including water, storm sewer, sanitary sewer, gas or propane, electric and telephone facilities, through public rights-of-way or perpetual private easements approved by Lender (provided that such approval shall not be required to the extent that such public right-of-way or perpetual private easements are insured under the Title Policy with respect to the Properties issued in favor of Lender as of the date hereof).

(p) All streets, roads, highways, bridges and waterways necessary for access to and full use, occupancy, and operation of the Properties for their current use and purposes have been completed, have been dedicated to and accepted by the appropriate municipal authority and are open and available to the Properties and the Improvements without further condition or cost to Landlord.

(q) All curb cuts, driveways and traffic signals shown on the survey delivered to Landlord prior to the execution and delivery of this Lease and material to the use and value of the Properties for their intended purposes are existing and have been fully approved by the appropriate governmental authority.

(r) There are no judicial, administrative, mediation or arbitration actions, suits or proceedings pending or threatened against or affecting Tenant (or, if Tenant is a partnership or a limited liability company, any of its general partners or members) or, any Property, which, if adversely determined, would materially impair either the Property or Tenant's ability to perform the covenants or obligations required to be performed under this Lease.

(s) The Properties are free from delinquent water charges, sewer rents, taxes and assessments.

(t) As of the date hereof, the Properties are free from unrepaired damage caused by fire, accident or other casualty. None of the Improvements on any Property are located in an area as identified by the Federal Emergency Management Agency as an area

having special flood hazards and, if so located, the flood insurance required pursuant to Paragraph 14(a)(i) is in full force and effect with respect to such Property.

(u) Each Property, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, plumbing systems, HVAC systems, fire protection systems, electrical systems, equipment, elevators, exterior sidings and doors, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects; there exists no structural or other material defects or damages in any Property, whether latent or otherwise, and Tenant has not received notice from any insurance company or bonding company of any defects or inadequacies in any Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

(v) All of the improvements which were included in determining the appraised value of each Property for purposes of the Loan lie wholly within the boundaries and building restriction lines of such Property, and no improvements on adjoining properties encroach upon any Property, and no easements or other encumbrances upon any Property encroach upon any of the Improvements, so as to affect the value or marketability of applicable Property except those which are insured against by the applicable Title Insurance Policy.

(w) Each Property is used exclusively for warehouse, office and distribution purposes and other appurtenant and related uses.

(x) There are no security agreements or financing statements affecting any of the Properties other than (i) as disclosed in writing by Tenant to Landlord and Lender, prior to the date hereof (including Permitted Encumbrances existing as of the date hereof) and (ii) the security agreements and financing statements created in favor of Lender.

(y) This Lease constitutes the legal, valid and binding obligation of Tenant, and is enforceable against Tenant. No default exists, or with the passing of time or the giving of notice or both would exist, in the aggregate, have a material adverse effect on Landlord or the Properties.

(z) As of the date of this Lease, no part of the Properties and Improvements have been taken in condemnation, eminent domain or like proceeding nor is any such proceeding pending or, to Tenant's knowledge and belief, threatened or contemplated.

(aa) Tenant has delivered to Landlord a true, correct and complete copy of the Lease and all amendments thereto or modifications thereof and, to the best of Tenant's knowledge, all other leases, subleases, licenses, concessions or other agreements in connection therewith or substitution therefor.

(bb) This Lease does not grant Tenant any period(s) of free rent or any offset, credits or rights of abatement against Tenant's obligation to pay rent thereunder.

(cc) All work to be performed by Tenant under this Lease, if any, has been substantially performed and all other conditions precedent to Tenant's obligations thereunder, if any, have been satisfied.

21. Merger, etc. Tenant shall not consolidate with any Person, merge into any Person, or convey, transfer, lease or otherwise dispose of to any Person all or substantially all of its assets in any single transaction (or series of related transactions), unless:

(a) in each case, such Person (the "Surviving Tenant") shall be a corporation or organization organized under the laws of the United States of America, a state or commonwealth thereof or the District of Columbia and shall have assumed in writing each obligation, and succeeded to each right, of Tenant under this Lease;

(b) no Event of Default shall be continuing at the time of such transaction;

(c) the Surviving Tenant shall have delivered to Landlord and Lender an Officers' Certificate stating that such transaction complies with the terms and conditions of this Paragraph 21 and that all Governmental Action, if any, required prior to the consummation of such transaction in connection with such transaction have been obtained unless the failure to obtain such Governmental Action would not have a material adverse effect on the ability of the Surviving Tenant to perform its obligations under this Lease; and.

(d) the Surviving Tenant shall represent and warrant to Landlord and Lender, and shall have caused to be delivered to Landlord and Lender an opinion of counsel, in form and substance reasonably satisfactory to Landlord and Lender, that (w) the Surviving Tenant is a corporation in good standing in the state of its incorporation; (x) all documents executed and delivered by Surviving Tenant pursuant to this Paragraph 21 have been duly authorized, executed and delivered by the Surviving Tenant and constitute the valid, legal and binding obligations of Surviving Tenant; and (y) the Lease will, upon the consummation of such transaction, be the valid, legal and binding obligations of Surviving Tenant, subject in each case to customary exceptions for creditors' rights and equity principles, as well as such other customary exceptions as were contained in the legal opinions delivered concurrently with the execution and delivery of this Lease.

Upon the consummation of such transaction, the Surviving Tenant, if other than Tenant immediately prior thereto, shall succeed to, and be substituted for, and may exercise every right and power of, Tenant immediately prior to such transaction under this Lease, with the same effect as if the Surviving Tenant had been named herein and therein, and Tenant immediately prior thereto shall have no further obligation under this Lease.

22. Additional Rights of Landlord and Tenant.

(a) No right or remedy conferred upon or reserved to Landlord in this Lease is intended to be exclusive of any other right or remedy; and each and every right and remedy shall be cumulative and in addition to any other right or remedy contained in this Lease. No delay or failure by Landlord or Tenant to enforce its rights under this Lease shall be construed as a waiver, modification or relinquishment thereof. In addition to the other remedies provided in this Lease, Landlord and Tenant shall be entitled, to the extent permitted by applicable law, to injunctive relief in case of the violation or attempted or threatened violation of any of the provisions of this Lease, or to specific performance of any of the provisions of this Lease.

(b) Tenant hereby waives and surrenders for itself and all those claiming under it, including creditors of all kinds, any right and privilege which it or any of them may have under any present or future law to redeem any of the Properties or to have a continuance of this Lease after termination of this Lease or of Tenant's right of occupancy or possession pursuant to any court order or any provision hereof.

(c) Landlord hereby waives any right to distrain or levy upon Trade Fixtures or any property of Tenant and any Landlord's lien or similar lien upon Trade Fixtures and any other property of Tenant regardless of whether such lien is created or otherwise. Landlord agrees at the request of Tenant, to execute a waiver of any Landlord's or similar lien for the benefit of any present or future holder of a security interest in or lessor of any of Trade Fixtures or any other personal property of Tenant.

(d) Landlord acknowledges and agrees in the future to acknowledge (in a written form reasonably satisfactory to Tenant) to such persons and entities at such times and for such purposes as Tenant may reasonably request that the Trade Fixtures and inventory are Tenant's property and not part of the Improvements (regardless of whether or to what extent such Trade Fixtures and inventory are affixed to the Improvements) or otherwise subject to the terms of this Lease.

(e) Each of Tenant and Landlord (herein called "Paying Party") agrees to pay to the other party (herein called "Demanding Party") any and all reasonable costs and expenses incurred by the Demanding Party in connection with any litigation or other action instituted by the Demanding Party to enforce the obligations of the Paying Party under this Lease, to the extent that the Demanding Party has prevailed in any such litigation or other action. Any amount payable by Tenant to Landlord pursuant to this Paragraph 20(e) shall be due and payable by Tenant to Landlord as Additional Rent. No sum payable by Landlord to Tenant under this subparagraph will be payable or recoverable from any sums pledged or assigned (or intended to have been pledged or assigned) by Landlord to Lender, Tenant's right to recover such sums from Landlord being subordinate to the rights of Lender, such sums only being recoverable after payment to Lender in full of the Loan as constituted on the date hereof. As used in this Paragraph, "costs and expenses" shall include, without limitation, reasonable attorneys' fees at trial, on appeal and on any petition for review, and in any proceeding in bankruptcy, in addition to all other sums provided by law.

23. [Intentionally Deleted]

24. Notices. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease (collectively "Notice" or "Notices") shall be in writing and shall be deemed to have been given for all purposes (i) three (3) days after having been sent by United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address as stated below, or (ii) one (1) day after having been sent by Federal Express, United Parcel or other nationally recognized air courier service.

To the Addresses stated below:

If to Landlord:

WESCO Real Estate IV, LLC
225 West Station Square Drive
Suite 700
Pittsburgh, Pennsylvania 15219
Attn: Gary Habsburg
Facsimile No.: (412) 454-2515

If to Tenant:

WESCO Distribution, Inc.
225 West Station Square Drive
Suite 700
Pittsburgh, Pennsylvania 15219
Attn: Daniel A. Brailer
Facsimile No.: (412) 454-2595

With a copy to:

Kirkpatrick & Lockhart LLP
Henry W. Oliver Building
535 Smithfield Street
Pittsburgh, Pennsylvania 15222-2312
Attn: W. Henry Snyder, Esq.
Facsimile No.: (412) 355-6501

If any Lender shall have advised Tenant by Notice in the manner aforesaid that it is the holder of a Mortgage and states in said Notice its address for the receipt of Notices, then simultaneously with the giving of any Notice by Tenant to Landlord, Tenant shall send a copy of such Notice to Lender in the manner aforesaid. For the purposes of this Paragraph 24, any party may substitute its address by giving fifteen days' notice to the other party in the manner provided above. Any Notice may be given on behalf of any party by its counsel.

25. Estoppel Certificates. Landlord and Tenant shall at any time and from time to time, upon not less than twenty days' prior written request by the other, execute, acknowledge and deliver to the other a statement in writing, certifying (i) that this Lease is unmodified and in full effect (or, if there have been modifications, that this Lease is in full effect as modified, setting forth such modifications), (ii) the dates to which Basic Rent, payable hereunder has been paid, (iii) that to the knowledge of the signer of such certificate no default by either Landlord or Tenant exists hereunder or specifying each such default of which the signer may have knowledge, (iv) the remaining Term hereof, (v) with respect to a certificate signed on behalf of Tenant, that to the knowledge of the signer of such certificate, there are no proceedings pending or threatened against Tenant before or by any court or administrative agency which if adversely decided would materially and adversely affect the financial condition and operations of Tenant or if any such proceedings are pending or threatened to said signer's knowledge, specifying and describing the same, and (vi) such other matters as may reasonably be requested by the party requesting the certificate. It is intended that any such statements may be relied upon by Lender, the recipient of such statements or their assignees or by any prospective purchaser, assignee or subtenant of any or all of the Properties.

26. Surrender and Holding Over.

(a) Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Properties (except as to any portion thereof with respect to which this Lease has previously terminated) to Landlord. Tenant shall remove from the Properties on or prior to such expiration or earlier termination the Trade Fixtures, inventory and personal property which is owned by Tenant or third parties other than Landlord, and Tenant at its expense shall, on or prior to such expiration or earlier Termination, repair any damage caused by such removal. Trade Fixtures, inventory and personal property not so removed at the end of the Term or within thirty days after the earlier termination of the Term for any reason whatsoever shall become the property of Landlord, and Landlord may thereafter cause such property to be removed from the Properties. The cost of removing and disposing of such property and repairing any damage to any Property caused by such removal shall be borne by Tenant. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any property which becomes the property of Landlord as a result of such expiration or earlier termination.

(b) Any holding over by Tenant of any or all of the Properties after the expiration or earlier termination of the Term of this Lease or any extensions thereof, with the consent of Landlord, shall operate and be construed as tenancy from month to month only, at one hundred ten percent (110%) of the Basic Rent reserved herein and upon the same terms and conditions as contained in this Lease. Notwithstanding the foregoing, any holding over without Landlord's consent shall entitle Landlord, in addition to collecting Basic Rent at a rate of one hundred ten percent (110%) thereof, to exercise all rights and remedies provided by law or in equity, including the remedies of Paragraph 19(b).

27. No Merger of Title. There shall be no merger of this Lease nor of the leasehold estate created by this Lease with the fee estate in or ownership of any of the Properties by reason of the fact that the same person, corporation, firm or other entity may acquire or hold, or own, directly or indirectly, (a) this Lease or the leasehold estate created by this Lease or any

interest in this Lease or in such leasehold estate and (b) the fee estate or ownership of any of the Properties or any interest in such fee estate or ownership. No such merger shall occur unless and until all persons, corporations, firms and other entities having any interest in (i) this Lease or the leasehold estate created by this Lease and (ii) the fee estate in or ownership of the Properties or any part thereof sought to be merged shall join in a written instrument effecting such merger and shall duly record the same.

28. Definition of Landlord.

(a) Anything contained herein to the contrary notwithstanding, any claim based on or in respect of any liability of Landlord under this Lease shall be enforced only against the Landlord's interest in the Properties and shall not be enforced against the Landlord individually or personally.

(b) The term "Landlord" as used in this Lease so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners of the Properties or holder of the Mortgage in possession at the time in question of the Properties and in the event of any transfer or transfers of the title of the Properties, the Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer and conveyance of all personal liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed.

29. Hazardous Substances.

(a) Tenant agrees that it will not on, about, or under the Properties, make, release, treat or dispose of any Hazardous Materials; but the foregoing shall not prevent the use of any hazardous substances in accordance with applicable laws and regulations.

(b) To the extent required by any federal, state or local laws, rules or regulations governing Hazardous Materials, Tenant shall remove any Hazardous Materials whether now or hereafter existing on any of the Properties and whether or not arising out of or in any manner connected with Tenant's occupancy of the Properties during the Term. In addition to, and without limiting Paragraph 10 of this Lease Tenant shall and hereby does agree to defend, indemnify and hold Lender and Landlord, their officers, directors, shareholders, partners, beneficial owners, trustees, members, managers and employees, harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities, including, but not limited to, reasonable attorneys' fees and costs of litigation, arising out of or in any manner connected with (i) the violation of any applicable federal, state or local environmental law with respect to the Properties or Tenant's or any other person's or entity's prior ownership of the Properties; (ii) the "release" or "threatened release" of or failure to remove, as required by this Paragraph 29, Hazardous Materials at or from the Properties or any portion or portions thereof, including any past or current release and any release or threatened release during the initial term and any extension or Renewal Term whether or not arising out of

or in any manner connected with Tenant's occupancy of the Properties during the initial term or any extension or Renewal Term.

(c) Tenant agrees that it will not install any underground storage tank at any of the Properties without specific, prior written approval from Landlord. Tenant agrees that it will not store combustible or flammable materials on any of the Properties in violation of any federal, state or local laws, rules or regulations governing Hazardous Materials.

30. Entry by Landlord. Landlord and its authorized representatives shall have the right upon reasonable notice (which shall be not less than two (2) business days except in the case of emergency) to enter any of the Properties at all reasonable business hours (and at all other times in the event of an emergency): (a) for the purpose of inspecting the same or for the purpose of doing any work under Paragraph 11(c), and may take all such action thereon as may be necessary or appropriate for any such purpose (but nothing contained in this Lease or otherwise shall create or imply any duty upon the part of Landlord to make any such inspection or do any such work), and (b) for the purpose of showing any of the Properties to prospective purchasers and mortgagees and, at any time within six (6) months prior to the expiration of the Term of this Lease for the purpose of showing the same to prospective tenants. No such entry shall constitute an eviction of Tenant but any such entry shall be done by Landlord in such reasonable manner as to minimize any disruption of Tenant's business operation.

31. [Intentionally Deleted]

32. No Usury. The intention of the parties being to conform strictly to the applicable usury laws, whenever any provision herein provides for payment by Tenant to Landlord of interest at a rate in excess of the legal rate permitted to be charged, such rate herein provided to be paid shall be deemed reduced to such legal rate.

33. Separability. Each and every covenant and agreement contained in this Lease is, and shall be construed to be, a separate and independent covenant and agreement, and the breach of any such covenant or agreement by Landlord shall not discharge or relieve Tenant from its obligation to perform the same. If any term or provision of this Lease or the application thereof to any provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid and unenforceable, the remainder of this Lease, or the application of such term or provision to person or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and shall be enforced to the extent permitted by law.

34. Security Deposit.

(a) Tenant shall furnish to Landlord, at Tenant's sole cost and expense, a security deposit (the "Security Deposit"), which may be in the form of cash or a Letter of Credit and shall be in the Required Security Deposit Amount. Tenant shall, not later than thirty (30) days prior to the expiration of the term of any Letter of Credit or any replacement thereof, deliver to Landlord or Lender (if any Letter of Credit has been assigned to Lender) a replacement letter

of credit (a "Replacement Letter"); the Letter of Credit and any Replacement Letter are herein sometimes referred to simply as a "Letter"), such that the Letter of Credit or a Replacement Letter shall be in effect at all times after the date of this Lease until sixty (60) days beyond the stated expiration of the Term, and any extensions or renewals thereof, and thereafter so long as Tenant is in occupancy of any part of the Properties. If after the stated expiration of the Term (or the applicable extension or renewal period, if any) and prior to the expiration of such sixty-day period, Tenant has vacated the Properties and there then exists no default by Tenant in any of the terms or conditions hereof, Landlord shall return the Letter at such earlier time. If Tenant fails to deliver to Landlord a Replacement Letter within the time limits set forth in this paragraph (a), Landlord or Lender (if the Letter has been assigned to Lender) may draw down the full amount of the existing Letter without notice or demand and retain the proceeds thereof as and for the Security Deposit, subject to the provisions of paragraph (b) below. Any interest earned on the Security Deposit shall be paid to Tenant and shall not become a part of the Security Deposit.

(b) During the Term, and any extensions or renewals thereof, and thereafter so long as Tenant is in occupancy of any part of the Properties, the Security Deposit shall be held as security for the performance of Tenant's obligations hereunder. If Tenant shall be in default beyond any applicable notice and cure period in respect of the performance of any of Tenant's obligations hereunder, including but not limited to the payment of Basic Rent, Landlord or Lender, as applicable, shall have the right from time to time, without further notice and without prejudice to any other remedy Landlord may have on account thereof, and upon presentation of a certificate of demand, to draw upon any Letter to the extent required to effectuate any cure, and apply such funds so drawn to Landlord's damages arising from, or to cure, any Event of Default. If any funds are so applied, Tenant shall immediately restore the Letter to the Required Security Deposit Amount required under paragraph (a) above. If no Event of Default (or any state of facts which, with the giving of notice or the passage of time, would constitute an Event of Default) shall then exist, Landlord shall return, or cause to be returned, to Tenant any Letter on the stated expiration of the Lease Term and surrender of possession of the Properties by Tenant to Landlord at such time, except as otherwise provided in this paragraph (b). If Landlord conveys Landlord's interest under this Lease, any Letter may be turned over and assigned by Landlord to Landlord's grantee.

35. Miscellaneous

(a) The paragraph headings in this Lease are used only for convenience in finding the subject matters and are not part of this Lease or to be used in determining the intent of the parties or otherwise interpreting this Lease.

(b) As used in this Lease the singular shall include the plural as the context requires and the following words and phrases shall have the following meanings: (i) "including" shall mean "including but not limited to"; (ii) "provisions" shall mean "provisions, terms, agreements, covenants and/or conditions"; (iii) "lien" shall mean "lien, charge, encumbrance; title retention agreement, pledge, security interest, mortgage and/or deed of trust"; and (iv) "obligation" shall mean "obligation, duty, agreement, liability, covenant or condition".

(c) Any act which Landlord is permitted to perform under this Lease may be performed at any time and from time to time by Landlord or any person or entity designated by Landlord. Any act which Tenant is required to perform under this Lease shall be performed at Tenant's sole cost and expense.

(d) This Lease may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought.

(e) The covenants of this Lease shall run with the Land and bind Tenant, the successors and assigns of Tenant and all present and subsequent encumbrances and subtenants of any of the Properties, and shall inure to the benefit of and bind Landlord, its successors and assigns.

(f) This Lease will be simultaneously executed in several counterparts, each of which when so executed and delivered shall constitute an original, fully enforceable counterpart for all purposes.

(g) This Lease shall in respect of each Property be governed by, and construed in accordance with, the laws of the State of New York except for the creation of the leasehold estate and certain enforcement rights and remedies as to which the laws of the State in which such Property is situated shall govern.

LANDLORD AND TENANT HEREBY SUBMIT TO NON-EXCLUSIVE PERSONAL JURISDICTION IN THE STATE OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF NEW YORK (AND ANY APPELLATE COURTS TAKING APPEALS THEREFROM) FOR THE ENFORCEMENT OF SUCH PERSON'S OBLIGATIONS HEREUNDER AND WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAW OF ANY OTHER STATE TO OBJECT TO JURISDICTION WITHIN SUCH STATE FOR THE PURPOSES OF SUCH ACTION, SUIT, PROCEEDING OR LITIGATION TO ENFORCE SUCH OBLIGATIONS OF TENANT OR LANDLORD. LANDLORD AND TENANT HEREBY WAIVE AND AGREE NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS LEASE (i) THAT IT IS NOT SUBJECT TO SUCH JURISDICTION OR THAT SUCH ACTION, SUIT OR PROCEEDING MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN THOSE COURTS OR THAT IT IS EXEMPT OR IMMUNE FROM EXECUTION, (ii) THAT THE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR (iii) THAT THE VENUE OF THE ACTION, SUIT OR PROCEEDING IS IMPROPER. IN THE EVENT ANY SUCH ACTION, SUIT, PROCEEDING OR LITIGATION IS COMMENCED, LANDLORD AND TENANT AGREE THAT SERVICE OF PROCESS MAY BE MADE, AND PERSONAL JURISDICTION OVER SUCH LANDLORD AND TENANT OBTAINED, BY SERVICE OF A COPY OF THE SUMMONS, COMPLAINT AND OTHER PLEADINGS REQUIRED TO COMMENCE SUCH LITIGATION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED UPON SUCH LANDLORD AND TENANT AT THE ADDRESS FOR NOTICE TO SUCH PERSON IN THIS LEASE. LANDLORD AND TENANT EACH HEREBY

EXPRESSLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATED TO THE ENFORCEMENT OF THIS LEASE.

36. Additional Rent. The term "Additional Rent" as used herein includes all amounts, costs, expenses, liabilities and obligations (including but not limited to Tenant's obligation to pay any Net Awards hereunder) which Tenant is required to pay pursuant to the terms of this Lease other than Basic Rent.

IN WITNESS WHEREOF, Landlord and Tenant have caused this instrument to be executed under seal as of the day and year first above written.

LANDLORD'S SIGNATURE PAGE

Attached to and made a part of Lease Dated: _____, 2002

Between:

WESCO Real Estate IV, LLC, Landlord

and

WESCO Distribution, Inc., Tenant

Premises:

WESCO Real Estate IV, LLC

By: _____

Name:

Title:

Signed in the presence of

Witness

[Print Name]

Witness

[Print Name]

TENANT'S SIGNATURE PAGE

Attached to and made a part of Lease Dated: _____, 2002

Between:

WESCO Real Estate IV, LLC, Landlord

and

WESCO Distribution, Inc., Tenant

Premises:

WESCO Distribution, Inc.

By:

Name:

Title:

Signed in the presence of:

Witness

[Print Name]

Witness

[Print Name]

EXHIBIT A

SCHEDULE OF PROPERTIES
WESCO PORTFOLIO - POOL A

ADDRESS	COUNTY	CITY, STATE	TAX PARCEL ID#
125 32nd Street	South Jefferson	Birmingham, AL	35-11135-3
2639 East Chambers Street	Maricopa	Phoenix, AZ	122-53-064A 9
2661 West McNab Road	Broward	Pompano Beach, FL	49-42-04-00-0434
725 33rd Avenue SW	Linn	Cedar Rapids, IA	190517700600000
2501 East Third Street	Woodbury	Sioux City, IA	170445
737 Oaklawn Avenue	Dupage	Elmhurst, IL	03-26-304-006
3443 Gembrit Circle	Kalamazoo	Kalamazoo, MI	06-36-218-027
2820 Market Street	St. Louis	St. Louis, MO	1720-00-0040 Parcel 1
1101 North I-85 Service Road	Mecklenburg	Charlotte, NC	
13535 F Street	Douglas	Omaha, NE	1558-0743-19
3333 Los Arboles NE	Bernalillo	Albuquerque, NM	101605943946710510
120 Galleria Drive	Erie	Cheektowaga, NY	102.2-1-9.12
6010 Skyview Drive	Lucas	Toledo, OH	22-43477
8329 Cross Park Drive	Travis	Austin, TX	00231230502
13757 Stemmons Freeway	Dallas	Dallas, TX	24-16531-001-03A-0000
2233 Sixth Avenue South	King	Seattle, WA	7666204449
730 Sullivan Drive	Fond du Lac	Fond du Lac, WI	FDL 15-17-16-34-756-00
1403 Johnson Avenue	Harrison	Bridgeport, WV	Tax Map 2413, Parcel 113
256 Ragland Road	Raleigh	Skelton, WV	Tax Map 21, Parcel 114

EXHIBIT B

Lease Term	Basic Rent
Commencement Date to December 31, 2007	\$2,132,466.75
January 1, 2008 to December 31, 2012	\$2,452,336.70
January 1, 2013 to December 31, 2017	\$2,820,187.20
January 1, 2018 to December 31, 2022	\$3,243,215.20
Renewal Terms	Basic Rent
January 1, 2023 to December 31, 2027	\$3,243,215.20

EXHIBIT D

CALIFORNIA PROVISIONS

I. Paragraph 13(e)

(e) The terms and provisions of this Paragraph 13 are intended to provide for all rights and obligations of the parties to this Lease in the event of the acquisition of all or a portion of the Property for public use as contemplated by Section 1265.160 of the California Code of Civil Procedure.

II. Paragraph 19(b)(v)

There is added to the end of the first sentence of Paragraph 19(b)(v) of Lease the following:

"....including, without limitation, the remedies provided for in: (i) California Civil Code Section 1951.2, including, without limitation, paragraph (3) of subdivision (a) thereof; and (ii) California Civil Code Section 1951.4, which provides, in effect, that a Landlord may continue a lease in effect after the Tenant's breach and abandonment and may recover rent as it becomes due, if the Tenant has the right to sublet or assign, subject only to reasonable limitations. Notwithstanding anything set forth herein to the contrary, Landlord shall give such notice as may be required under California Code of Civil Procedure Section 1161 or as may otherwise be required under California law prior to instituting any action to recover possession of the Property or for the appointment of a receiver to take possession of the Leased Premises after the occurrence of any Event of default or prior to instituting any action for damages as a consequence of any Event of Default."

LEASE GUARANTY

In consideration of and as an inducement for the granting, execution and delivery of that certain Lease Agreement dated as of December 13, 2002 (hereinafter called "Lease"), by WESCO REAL ESTATE IV, LLC, a Delaware limited liability company ("Landlord"), to WESCO DISTRIBUTION, INC., a Delaware corporation ("Tenant"), with respect to the Properties (as more particularly defined and described in the Lease), and in further consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by Landlord to the undersigned, WESCO INTERNATIONAL, INC., a Delaware corporation ("Guarantor"), intending to be legally bound, hereby guarantees to Landlord the full and prompt payment when due of all Basic Rent and Additional Rent (as defined in the Lease) and any and all other sums and charges payable by Tenant under the Lease, and the full, faithful and prompt performance and observance of all the covenants, terms, conditions, and agreements therein provided to be performed and observed by Tenant (the "Obligations"); and Guarantor does hereby become surety to Landlord for and with respect to all of the Obligations.

Guarantor hereby covenants and agrees to and with Landlord that if default shall at any time be made by Tenant in the payment of any such rent or other sums or charges payable by Tenant under the Lease or in the performance of any of the covenants, terms, conditions or agreements contained in the Lease, Guarantor will forthwith pay such rent or other sums or charges to Landlord, and any arrears thereof, and will forthwith faithfully perform and fulfill all of such covenants, terms, conditions and agreements, and will forthwith pay to Landlord all damages and all costs and expenses that may arise in consequence of any default by Tenant under the Lease (including, without limitation, all reasonable attorneys' fees incurred by Landlord or caused by any such default and/or by the enforcement of this Guaranty).

This Guaranty is an absolute and unconditional guaranty of payment (and not of collection) and of performance and is a surety agreement. Guarantor's liability hereunder is direct and may be enforced without Landlord being required to resort to any other right, remedy or security and this Guaranty shall be enforceable against Guarantor, without the necessity for any suit or proceedings on Landlord's part of any kind or nature whatsoever against Tenant, and without the necessity of any notice of non-payment, non-performance or non-observance or the continuance of any such default or of any notice of acceptance of this Guaranty or of Landlord's intention to act in reliance hereon or of any other notice or demand to which Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives; and Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in nowise be terminated, affected or impaired by reason of the assertion or the failure to assert by Landlord against Tenant, of any of the rights or remedies reserved to Landlord pursuant to the provisions of the Lease.

This Guaranty shall be a continuing Guaranty, and (whether or not Guarantor shall have notice or knowledge of any of the following) the liability and obligation of Guarantor hereunder shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way impaired by (a) any amendment or

modification of, or supplement to, or extension or renewal of, the Lease or any assignment or transfer thereof; (b) any exercise or non-exercise of any right, power, remedy or privilege under or in respect of the Lease or this Guaranty or any waiver, consent or approval by Landlord with respect to any of the covenants, terms, conditions or agreements contained in the Lease or any indulgences, forbearances or extensions of time for performance or observance allowed to Tenant from time to time and for any length of time; (c) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceeding relating to Tenant, or its properties; (d) any limitation on the liability or obligation of Tenant under the Lease or its estate in bankruptcy or of any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the federal bankruptcy law or any other statute or from the decision of any court; (e) any sublease or transfer by Tenant or any assignment, mortgage or pledge of its interest under the Lease; or (f) any termination of the Lease prior to the expiration of its Term.

All of Landlord's rights and remedies under the Lease and under this Guaranty are intended to be distinct, separate and cumulative and no such right and remedy therein or herein mentioned is intended to be in exclusion of or a waiver of any the others. No termination of the Lease or taking or recovering of the premises demised thereby shall deprive Landlord of any of its rights and remedies against Guarantor under this Guaranty. This Guaranty shall apply to the Obligations pursuant to any extension, renewal, amendment, modification and supplement of or to the Lease as well as to the Obligations thereunder during the original Term thereof in accordance with the original provisions thereof.

The Guarantor hereby waives any requirement that the Landlord protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right to take any action against any person or any collateral (including any rights relating to marshaling of assets).

The Obligations will be paid strictly in accordance with the terms of the Lease, regardless of the value, genuineness, validity, regularity or enforceability of the Obligations, and of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Landlord with respect thereto. The liability of the Guarantor to the extent herein set forth shall be absolute and unconditional, not subject to any reduction, limitation, impairment, termination, defense, offset, counterclaim or recoupment whatsoever (all of which are hereby expressly waived by the Guarantor) whether by reason of any claim of any character whatsoever, including, without limitation, any claim of waiver, release, surrender, alteration or compromise, or by reason of any liability at any time to the Guarantor or otherwise, whether based upon any obligations or any other agreements or otherwise, howsoever arising, whether out of action or inaction or otherwise and whether resulting from default, willful misconduct, negligence or otherwise, and without limiting the foregoing irrespective of: (a) any lack of validity or enforceability of the Lease or of any agreement or instrument relating thereto; (b) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to Obligations, or any other amendment or waiver of or consent to any departure from the Lease or any other agreement relating to any Obligations; (c) any increase in, addition to, exchange or release of, or nonperfection of any lien on or security interest in, any collateral or any release or amendment or

waiver of or consent to any departure from or failure to enforce any other guarantee, for all or any of the Obligations; (d) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Tenant in respect of the obligations of the Guarantor in respect hereof; (e) the absence of any action on the part of the Landlord to obtain payment for the Obligations from the Tenant; (f) any insolvency, bankruptcy, reorganization or dissolution, or any proceeding of the Tenant or the Guarantor, including, without limitation, rejection of the guaranteed Obligations in such bankruptcy; or (g) the absence of notice or any delay in any action to enforce any Obligations or to exercise any right or remedy against the Guarantor or the Tenant, whether hereunder, under any Obligations or under any agreement or any indulgence, compromise or extension granted.

Guarantor further agrees that, to the extent that the Tenant or the Guarantor makes a payment or payments to the Landlord, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to the Tenant or Guarantor or their respective estate, trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, this Guaranty and the advances or part thereof which have been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date of such initial payment, reduction or satisfaction occurred.

Guarantor shall have no rights (direct or indirect) of subrogation, contribution, reimbursement, indemnification or other rights of payment or recovery from any person or entity (including, without limitation, the Tenant) for any payments made by the Guarantor hereunder, and Guarantor hereby waives and releases absolutely and unconditionally, any such rights of subrogation, contribution, reimbursement, indemnification and other rights of recovery which it may now or hereafter acquire.

Guarantor represents and warrants to Landlord that (a) the execution and delivery of this Guaranty has been duly authorized by the Board of Directors of Guarantor, (b) the making of this Guaranty does not require any vote or consent of shareholders of Guarantor and (c) Tenant is a wholly owned subsidiary of Guarantor.

This Guaranty shall be legally binding upon Guarantor and its successors and assigns and shall inure to the benefit of Landlord and its successors and assigns. Reference herein to Tenant shall be deemed to include Tenant and its successors and assigns.

The terms and provisions of this Guaranty shall be governed by the laws of the State of New York.

Guarantor will not enter into any amendment to this Guaranty, and no such amendment will be effective in any event, without the prior written consent thereto by the Lender (as defined in the Lease). Guarantor will from time to time during the Term (as defined in the Lease), promptly following request of Landlord or Lender, confirm in writing to Landlord and to Lender that this Guaranty remains in full force and effect in accordance with its terms.

Guarantor and Landlord (by its acceptance of this guaranty) hereby mutually waive trial by jury in connection with any dispute arising hereunder.

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IN WITNESS WHEREOF, Guarantor, intending to be legally bound hereby, has caused this Guaranty to be executed by its duly authorized officer this 13th day of December, 2002.

WESCO INTERNATIONAL, INC.

By: _____
Name:
Title:

GUARANTY OF NON-RECOURSE EXCEPTIONS AGREEMENT

THIS GUARANTY OF NON-RECOURSE EXCEPTIONS AGREEMENT (the "GUARANTY") is executed as of December 13, 2002, by WESCO INTERNATIONAL, INC., a Delaware corporation, having an address at 2325-13 Renaissance Drive, Las Vegas, Nevada (hereinafter referred to as "GUARANTOR"), for the benefit of BEAR STEARNS COMMERCIAL MORTGAGE, INC., a New York corporation, having an address at 383 Madison Avenue, New York, New York 10179 ("LENDER").

W I T N E S S E T H :

WHEREAS, pursuant to that certain Promissory Note, dated of even date herewith, executed by WESCO REAL ESTATE IV, LLC, a Delaware limited liability company ("BORROWER"), and payable to the order of Lender in the original principal amount of \$13,340,000.00 (together with all renewals, modifications, increases and extensions thereof, the "NOTE"), Borrower has become indebted, and may from time to time be further indebted, to Lender with respect to a loan ("LOAN") which is secured by the liens and security interests of that certain mortgage of even date herewith (the "MORTGAGE"), and is further evidenced by that certain Loan Agreement, of even date herewith between Borrower and Lender (as the same may hereinafter be amended, modified, restated, renewed or replaced the "LOAN AGREEMENT") and further evidenced, secured or governed by other instruments and documents executed in connection with the Loan (together with the Note, the Loan Agreement and Mortgage, the "LOAN DOCUMENTS"); and

WHEREAS, Lender is not willing to make the Loan, or otherwise extend credit, to Borrower unless Guarantor unconditionally guarantees payment and performance to Lender of the Guaranteed Obligations (as herein defined); and

WHEREAS, Guarantor is the owner of a direct or indirect interest in Borrower.

NOW, THEREFORE, as an inducement to Lender to make the Loan to Borrower and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

ARTICLE I

NATURE AND SCOPE OF GUARANTY

1.1 GUARANTY OF OBLIGATION. Guarantor hereby irrevocably and unconditionally guarantees to Lender and its successors and assigns the payment and performance of the Guaranteed Obligations as and when the same shall be due and payable, whether by lapse of time, by acceleration of maturity or otherwise. Guarantor hereby irrevocably and unconditionally covenants and agrees that it is liable for the Guaranteed Obligations as a primary obligor.

1.2 DEFINITION OF GUARANTEED OBLIGATIONS. As used herein, the term "Guaranteed Obligations" means the obligations or liabilities of Borrower to Lender for any loss, damage, cost, expense, liability, claim or other obligation incurred by Lender (including

attorneys' fees and costs reasonably incurred) that may arise pursuant to Section 9.3 of the Loan Agreement.

1.3 NATURE OF GUARANTY. This Guaranty is an irrevocable, absolute, continuing guaranty of payment and performance and not a guaranty of collection. This Guaranty may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after (if Guarantor is a natural person) Guarantor's death (in which event this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs). The fact that at any time or from time to time the Guaranteed Obligations may be increased or reduced shall not release or discharge the obligation of Guarantor to Lender with respect to the Guaranteed Obligations. This Guaranty may be enforced by Lender and any subsequent holder of the Note and shall not be discharged by the assignment or negotiation of all or part of the Note.

1.4 GUARANTEED OBLIGATIONS NOT REDUCED BY OFFSET. The Guaranteed Obligations and the liabilities and obligations of Guarantor to Lender hereunder, shall not be reduced, discharged or released because or by reason of any existing or future offset, claim or defense of Borrower, or any other party, against Lender or against payment of the Guaranteed Obligations, whether such offset, claim or defense arises in connection with the Guaranteed Obligations (or the transactions creating the Guaranteed Obligations) or otherwise.

1.5 PAYMENT BY GUARANTOR. If all or any part of the Guaranteed Obligations shall not be punctually paid when due, whether at demand, maturity, acceleration or otherwise, Guarantor shall, immediately upon demand by Lender, and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity, or any other notice whatsoever, pay in lawful money of the United States of America, the amount due on the Guaranteed Obligations to Lender at Lender's address as set forth herein. Such demand(s) may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Obligations, and may be made from time to time with respect to the same or different items of Guaranteed Obligations. Such demand shall be deemed made, given and received in accordance with the notice provisions hereof.

1.6 NO DUTY TO PURSUE OTHERS. It shall not be necessary for Lender (and Guarantor hereby waives any rights which Guarantor may have to require Lender), in order to enforce the obligations of Guarantor hereunder, first to (i) institute suit or exhaust its remedies against Borrower or others liable on the Loan or the Guaranteed Obligations or any other person, (ii) enforce Lender's rights against any collateral which shall ever have been given to secure the Loan, (iii) enforce Lender's rights against any other guarantors of the Guaranteed Obligations, (iv) join Borrower or any others liable on the Guaranteed Obligations in any action seeking to enforce this Guaranty, (v) exhaust any remedies available to Lender against any collateral which shall ever have been given to secure the Loan, or (vi) resort to any other means of obtaining payment of the Guaranteed Obligations. Lender shall not be required to mitigate damages or take any other action to reduce, collect or enforce the Guaranteed Obligations.

1.7 WAIVERS. Guarantor agrees to the provisions of the Loan Documents, and hereby waives notice of (i) any loans or advances made by Lender to Borrower, (ii) acceptance of this Guaranty, (iii) any amendment or extension of the Note, the Loan Agreement or of any

other Loan Documents, (iv) the execution and delivery by Borrower and Lender of any other loan or credit agreement or of Borrower's execution and delivery of any promissory notes or other documents arising under the Loan Documents or in connection with the Property, (v) the occurrence of any breach by Borrower or an Event of Default, (vi) Lender's transfer or disposition of the Guaranteed Obligations, or any part thereof, (vii) sale or foreclosure (or posting or advertising for sale or foreclosure) of any collateral for the Guaranteed Obligations, (viii) protest, proof of non-payment or default by Borrower, or (ix) any other action at any time taken or omitted by Lender, and, generally, all demands and notices of every kind in connection with this Guaranty, the Loan Documents, any documents or agreements evidencing, securing or relating to any of the Guaranteed Obligations and the obligations hereby guaranteed.

1.8 PAYMENT OF EXPENSES. In the event that Guarantor should breach or fail to timely perform any provisions of this Guaranty, Guarantor shall, immediately upon demand by Lender, pay Lender all costs and expenses (including court costs and reasonable attorneys' fees) incurred by Lender in the enforcement hereof or the preservation of Lender's rights hereunder. The covenant contained in this Section shall survive the payment and performance of the Guaranteed Obligations.

1.9 EFFECT OF BANKRUPTCY. In the event that, pursuant to any insolvency, bankruptcy, reorganization, receivership or other debtor relief law, or any judgment, order or decision thereunder, Lender must rescind or restore any payment, or any part thereof, received by Lender in satisfaction of the Guaranteed Obligations, as set forth herein, any prior release or discharge from the terms of this Guaranty given to Guarantor by Lender shall be without effect, and this Guaranty shall remain in full force and effect. It is the intention of Borrower and Guarantor that Guarantor's obligations hereunder shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

1.10 WAIVER OF SUBROGATION, REIMBURSEMENT AND CONTRIBUTION. Notwithstanding anything to the contrary contained in this Guaranty, Guarantor hereby unconditionally and irrevocably waives, releases and abrogates any and all rights it may now or hereafter have under any agreement, at law or in equity (including, without limitation, any law subrogating the Guarantor to the rights of Lender), to assert any claim against or seek contribution, indemnification or any other form of reimbursement from Borrower of any or all of the Guaranteed Obligations for any payment made by Guarantor under or in connection with this Guaranty or otherwise.

1.11 BORROWER. The term "Borrower" as used herein shall include any new or successor corporation, association, partnership (general or limited), joint venture, trust or other individual or organization formed as a result of any merger, reorganization, sale, transfer, devise, gift or bequest of Borrower or any interest in Borrower.

ARTICLE II

EVENTS AND CIRCUMSTANCES NOT REDUCING OR DISCHARGING GUARANTOR'S OBLIGATIONS

Guarantor hereby consents and agrees to each of the following, and agrees that Guarantor's obligations under this Guaranty shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and waives any common law, equitable, statutory or other rights (including without limitation rights to notice) which Guarantor might otherwise have as a result of or in connection with any of the following:

2.1 MODIFICATIONS. Any renewal, extension, increase, modification, alteration or rearrangement of all or any part of the Guaranteed Obligations, the Note, the Loan Agreement, the other Loan Documents, or any other document, instrument, contract or understanding between Borrower and Lender, or any other parties, pertaining to the Guaranteed Obligations or any failure of Lender to notify Guarantor of any such action.

2.2 ADJUSTMENT. Any adjustment, indulgence, forbearance or compromise that might be granted or given by Lender to Borrower or any Guarantor.

2.3 CONDITION OF BORROWER OR GUARANTOR. The insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of Borrower, Guarantor or any other party at any time liable for the payment of all or part of the Guaranteed Obligations; or any dissolution of Borrower or Guarantor, or any sale, lease or transfer of any or all of the assets of Borrower or Guarantor, or any changes in the shareholders, partners or members of Borrower or Guarantor; or any reorganization of Borrower or Guarantor.

2.4 INVALIDITY OF GUARANTEED OBLIGATIONS. The invalidity, illegality or unenforceability of all or any part of the Guaranteed Obligations, or any document or agreement executed in connection with the Guaranteed Obligations, for any reason whatsoever, including without limitation the fact that (i) the Guaranteed Obligations, or any part thereof, exceeds the amount permitted by law, (ii) the act of creating the Guaranteed Obligations or any part thereof is ultra vires, (iii) the officers or representatives executing the Note, the Loan Agreement or the other Loan Documents or otherwise creating the Guaranteed Obligations acted in excess of their authority, (iv) the Guaranteed Obligations violate applicable usury laws, (v) the Borrower has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the Guaranteed Obligations wholly or partially uncollectible from Borrower, (vi) the creation, performance or repayment of the Guaranteed Obligations (or the execution, delivery and performance of any document or instrument representing part of the Guaranteed Obligations or executed in connection with the Guaranteed Obligations, or given to secure the repayment of the Guaranteed Obligations) is illegal, uncollectible or unenforceable, or (vii) the Note, the Loan Agreement or any of the other Loan Documents have been forged or otherwise are irregular or not genuine or authentic, it being agreed that Guarantor shall remain liable hereon regardless of whether Borrower or any other person be found not liable on the Guaranteed Obligations or any part thereof for any reason.

2.5 RELEASE OF OBLIGORS. Any full or partial release of the liability of Borrower on the Guaranteed Obligations, or any part thereof, or of any co-guarantors, or any other person or entity now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, guarantee or assure the payment of the Guaranteed Obligations, or any part thereof, it being recognized, acknowledged and agreed by Guarantor that Guarantor may be required to pay the Guaranteed Obligations in full without assistance or

support of any other party, and Guarantor has not been induced to enter into this Guaranty on the basis of a contemplation, belief, understanding or agreement that other parties will be liable to pay or perform the Guaranteed Obligations, or that Lender will look to other parties to pay or perform the Guaranteed Obligations.

2.6 OTHER COLLATERAL. The taking or accepting of any other security, collateral or guaranty, or other assurance of payment, for all or any part of the Guaranteed Obligations.

2.7 RELEASE OF COLLATERAL. Any release, surrender, exchange, subordination, deterioration, waste, loss or impairment (including without limitation negligent, willful, unreasonable or unjustifiable impairment) of any collateral, property or security at any time existing in connection with, or assuring or securing payment of, all or any part of the Guaranteed Obligations.

2.8 CARE AND DILIGENCE. The failure of Lender or any other party to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, property or security, including but not limited to any neglect, delay, omission, failure or refusal of Lender (i) to take or prosecute any action for the collection of any of the Guaranteed Obligations or (ii) to foreclose, or initiate any action to foreclose, or, once commenced, prosecute to completion any action to foreclose upon any security therefor, or (iii) to take or prosecute any action in connection with any instrument or agreement evidencing or securing all or any part of the Guaranteed Obligations.

2.9 UNENFORCEABILITY. The fact that any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the repayment of the Guaranteed Obligations, or any part thereof, shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other security interest or lien, it being recognized and agreed by Guarantor that Guarantor is not entering into this Guaranty in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectibility or value of any of the collateral for the Guaranteed Obligations.

2.10 OFFSET. The Note, the Loan Agreement, the Guaranteed Obligations and the liabilities and obligations of the Guarantor to Lender hereunder shall not be reduced, discharged or released because of or by reason of any existing or future right of offset, claim or defense of Borrower against Lender, or any other party, or against payment of the Guaranteed Obligations, whether such right of offset, claim or defense arises in connection with the Guaranteed Obligations (or the transactions creating the Guaranteed Obligations) or otherwise.

2.11 MERGER. The reorganization, merger or consolidation of Borrower into or with any other corporation or entity.

2.12 PREFERENCE. Any payment by Borrower to Lender is held to constitute a preference under bankruptcy laws, or for any reason Lender is required to refund such payment or pay such amount to Borrower or someone else.

2.13 OTHER ACTIONS TAKEN OR OMITTED. Any other action taken or omitted to be taken with respect to the Loan Documents, the Guaranteed Obligations, or the security and

collateral therefor, whether or not such action or omission prejudices Guarantor or increases the likelihood that Guarantor will be required to pay the Guaranteed Obligations pursuant to the terms hereof, it is the unambiguous and unequivocal intention of Guarantor that Guarantor shall be obligated to pay the Guaranteed Obligations when due, notwithstanding any occurrence, circumstance, event, action, or omission whatsoever, whether contemplated or un contemplated, and whether or not otherwise or particularly described herein, which obligation shall be deemed satisfied only upon the full and final payment and satisfaction of the Guaranteed Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

To induce Lender to enter into the Loan Documents and extend credit to Borrower, Guarantor represents and warrants to Lender as follows:

3.1 BENEFIT. Guarantor is the owner of a direct or indirect interest in Borrower.

3.2 INTENTIONALLY DELETED.

3.3 NO REPRESENTATION BY LENDER. Neither Lender nor any other party has made any representation, warranty or statement to Guarantor in order to induce the Guarantor to execute this Guaranty.

3.4 GUARANTOR'S FINANCIAL CONDITION. As of the date hereof, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is, and will be, solvent, and has and will have assets which, fairly valued, exceed its obligations, liabilities (including contingent liabilities) and debts, and has and will have property and assets sufficient to satisfy and repay its obligations and liabilities.

3.5 LEGALITY. The execution, delivery and performance by Guarantor of this Guaranty and the consummation of the transactions contemplated hereunder do not, and will not, contravene or conflict with any law, statute or regulation whatsoever to which Guarantor is subject or constitute a default (or an event which with notice or lapse of time or both would constitute a default) under, or result in the breach of, any indenture, mortgage, deed of trust, charge, lien, or any contract, agreement or other instrument to which Guarantor is a party or which may be applicable to Guarantor. This Guaranty is a legal and binding obligation of Guarantor and is enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights.

3.6 SURVIVAL. All representations and warranties made by Guarantor herein shall survive the execution hereof.

ARTICLE IV

SUBORDINATION OF CERTAIN INDEBTEDNESS

4.1 SUBORDINATION OF ALL GUARANTOR CLAIMS. As used herein, the term "GUARANTOR CLAIMS" shall mean all debts and liabilities of Borrower to Guarantor, whether such debts and liabilities now exist or are hereafter incurred or arise, or whether the obligations of Borrower thereon be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or liabilities be evidenced by note, contract, open account, or otherwise, and irrespective of the person or persons in whose favor such debts or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by Guarantor. The Guarantor Claims shall include without limitation all rights and claims of Guarantor against Borrower (arising as a result of subrogation or otherwise) as a result of Guarantor's payment of all or a portion of the Guaranteed Obligations. Upon the occurrence of an Event of Default and during the continuance thereof or the occurrence of an event which would, with the giving of notice or the passage of time, or both, constitute an Event of Default, Guarantor shall not receive or collect, directly or indirectly, from Borrower or any other party any amount upon the Guarantor Claims.

4.2 CLAIMS IN BANKRUPTCY. In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief, or other insolvency proceedings involving Guarantor as debtor, Lender shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and receive directly from the receiver, trustee or other court custodian dividends and payments which would otherwise be payable upon Guarantor Claims. Guarantor hereby assigns such dividends and payments to Lender. Should Lender receive, for application upon the Guaranteed Obligations, any such dividend or payment which is otherwise payable to Guarantor, and which, as between Borrower and Guarantor, shall constitute a credit upon the Guarantor Claims, then upon payment to Lender in full of the Guaranteed Obligations, Guarantor shall become subrogated to the rights of Lender to the extent that such payments to Lender on the Guarantor Claims have contributed toward the liquidation of the Guaranteed Obligations, and such subrogation shall be with respect to that proportion of the Guaranteed Obligations which would have been unpaid if Lender had not received dividends or payments upon the Guarantor Claims.

4.3 PAYMENTS HELD IN TRUST. In the event that, notwithstanding anything to the contrary in this Guaranty, Guarantor should receive any funds, payment, claim or distribution which is prohibited by this Guaranty, Guarantor agrees to hold in trust for Lender an amount equal to the amount of all funds, payments, claims or distributions so received, and agrees that it shall have absolutely no dominion over the amount of such funds, payments, claims or distributions so received except to pay them promptly to Lender, and Guarantor covenants promptly to pay the same to Lender.

4.4 LIENS SUBORDINATE. Guarantor agrees that any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Guaranteed Obligations, regardless of whether such encumbrances in favor of Guarantor or Lender presently exist or are hereafter created or attach. Without the prior written consent of Lender, Guarantor shall not (i) exercise or enforce any creditor's right it may have against Borrower, or (ii) foreclose, repossess, sequester or otherwise take steps or institute any action or proceedings (judicial or otherwise, including without limitation the commencement of, or joinder

in, any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any liens, mortgage, deeds of trust, security interests, collateral rights, judgments or other encumbrances on assets of Borrower held by Guarantor.

ARTICLE V

MISCELLANEOUS

5.1 WAIVER. No failure to exercise, and no delay in exercising, on the part of Lender, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right. The rights of Lender hereunder shall be in addition to all other rights provided by law. No modification or waiver of any provision of this Guaranty, nor consent to departure therefrom, shall be effective unless in writing and no such consent or waiver shall extend beyond the particular case and purpose involved. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand.

NOTICES. Any notice, demand, statement, request or consent made hereunder shall be in writing and shall be deemed to be received by the addressee on the third day following the day such notice is deposited with the United States Postal Service first class certified mail, return receipt requested, addressed to the address, as set forth below, of the party to whom such notice is to be given, or to such other address as either party shall in like manner designate in writing. The addresses of the parties hereto are as follows:

Guarantor:	WESCO International, Inc. 225 West Station Square Drive, Suite 700 Pittsburgh, Pennsylvania Attention: Daniel A. Brailer Facsimile No. (412) 454-2595
Lender:	Bear Stearns Commercial Mortgage, Inc. 383 Madison Avenue New York, New York 10179 Attention: Christopher Hoeffel Facsimile No. (212) 272-7047

5.2 GOVERNING LAW. This Guaranty shall be governed in accordance with the State of New York and the applicable law of the United States of America.

5.3 INVALID PROVISIONS. If any provision of this Guaranty is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Guaranty, such provision shall be fully severable and this Guaranty shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Guaranty, and the remaining provisions of this Guaranty shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Guaranty,

unless such continued effectiveness of this Guaranty, as modified, would be contrary to the basic understandings and intentions of the parties as expressed herein.

5.4 AMENDMENTS. This Guaranty may be amended only by an instrument in writing executed by the party or an authorized representative of the party against whom such amendment is sought to be enforced.

5.5 PARTIES BOUND; ASSIGNMENT; JOINT AND SEVERAL. This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives; provided, however, that Guarantor may not, without the prior written consent of Lender, assign any of its rights, powers, duties or obligations hereunder. If Guarantor consists of more than one person or party, the obligations and liabilities of each such person or party shall be joint and several.

5.6 HEADINGS. Section headings are for convenience of reference only and shall in no way affect the interpretation of this Guaranty.

5.7 RECITALS. The recital and introductory paragraphs hereof are a part hereof, form a basis for this Guaranty and shall be considered prima facie evidence of the facts and documents referred to therein.

5.8 COUNTERPARTS. To facilitate execution, this Guaranty may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Guaranty to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

5.9 RIGHTS AND REMEDIES. If Guarantor becomes liable for any indebtedness owing by Borrower to Lender, by endorsement or otherwise, other than under this Guaranty, such liability shall not be in any manner impaired or affected hereby and the rights of Lender hereunder shall be cumulative of any and all other rights that Lender may ever have against Guarantor. The exercise by Lender of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

5.10 OTHER DEFINED TERMS. Any capitalized term utilized herein shall have the meaning as specified in the Loan Agreement, unless such term is otherwise specifically defined herein.

5.11 ENTIRETY. THIS GUARANTY EMBODIES THE FINAL, ENTIRE AGREEMENT OF GUARANTOR AND LENDER WITH RESPECT TO GUARANTOR'S GUARANTY OF THE GUARANTEED OBLIGATIONS AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL,

RELATING TO THE SUBJECT MATTER HEREOF. THIS GUARANTY IS INTENDED BY GUARANTOR AND LENDER AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THE GUARANTY, AND NO COURSE OF DEALING BETWEEN GUARANTOR AND LENDER, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES, AND NO EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM OF THIS GUARANTY AGREEMENT. THERE ARE NO ORAL AGREEMENTS BETWEEN GUARANTOR AND LENDER.

5.12 WAIVER OF RIGHT TO TRIAL BY JURY. GUARANTOR HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS GUARANTY, THE NOTE, THE LOAN AGREEMENT, THE MORTGAGE, OR THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GUARANTOR, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY GUARANTOR.

5.13 REINSTATEMENT IN CERTAIN CIRCUMSTANCES. If at any time any payment of the principal of or interest under the Note or any other amount payable by the Borrower under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, the Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment has been due but not made at such time.

EXECUTED as of the day and year first above written.

GUARANTOR:

WESCO INTERNATIONAL, INC., a Delaware
corporation

By: _____
Name:
Title:

ENVIRONMENTAL INDEMNITY AGREEMENT

THIS ENVIRONMENTAL INDEMNITY AGREEMENT (the "Agreement") is made as of the 13th day of December, 2002 by WESCO REAL ESTATE IV, LLC, a Delaware limited liability company ("BORROWER") having an address at c/o Wesco Distribution, Inc., 225 West Station Square Drive, Suite 700, Pittsburgh, Pennsylvania 15219 and WESCO INTERNATIONAL, INC., a Delaware corporation ("COMPANY") having an address at 2325-13 Renaissance Drive, Las Vegas, Nevada (Borrower and Company hereinafter referred to, individually and collectively, as the context may require, as "INDEMNITOR"), in favor of BEAR STEARNS COMMERCIAL MORTGAGE, INC. ("INDEMNITEE"), having an address at 383 Madison Avenue, New York, New York 10179 and other Indemnified Parties (defined below).

RECITALS:

A. Borrower is the owner of certain parcels of real property more particularly described in Exhibit A attached hereto (said real property being referred to collectively as the "PARCELS"; the Parcels, together with all structures, buildings and improvements now or hereafter located on the Parcels, being collectively referred to as the "PROPERTY").

B. Indemnitee is prepared to make a loan (the "LOAN") to Borrower in the principal amount of \$13,340,000.00 pursuant to a Loan Agreement of even date herewith between Indemnitor and Indemnitee (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "LOAN AGREEMENT"), which Loan shall be evidenced by that certain Promissory Note of even date herewith given by Indemnitor in favor of Indemnitee (as amended, restated, replaced, supplemented or otherwise modified from time to time, the "NOTE") and secured by, among other things, that certain Mortgage and Security Agreement of even date herewith given by Indemnitor to Indemnitee and encumbering the Property (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "MORTGAGE").

C. Indemnitee is unwilling to make the Loan unless Indemnitor agrees to provide the indemnification, representations, warranties, covenants and other matters described in this Agreement for the benefit of the Indemnified Parties.

D. Indemnitor is entering into this Agreement to induce Indemnitee to make the Loan.

AGREEMENT:

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Indemnitor hereby represents, warrants, covenants and agrees for the benefit of the Indemnified Parties as follows:

1. ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES. Except as otherwise disclosed by that certain Phase I environmental report (or Phase II environmental report, if required) with respect to the Property delivered to Indemnitee by Indemnitor in connection with the origination of the Loan (referred to below as the "ENVIRONMENTAL REPORT"), a copy of which

has been provided to Indemnitee, (a) during Borrower's ownership of the Property (and with respect to the period of time prior to Borrower's ownership of the Property, to the best knowledge of Borrower), there are no Hazardous Substances (defined below) or underground storage tanks in, on, or under the Property, except those that are both (i) in compliance with Environmental Laws (defined below) and with permits issued pursuant thereto and (ii) fully disclosed to Indemnitee in writing pursuant to the Environmental Report; (b)(i) during Borrower's ownership of the Property, there are no present or threatened Releases of Hazardous Substances (defined below) and (ii) with respect to the period of time prior to Borrower's ownership of the Property, to the best knowledge of Borrower, there were no Releases, in, on, under or from the Property which have not been (or were not) fully remediated in accordance with Environmental Law; (c) (i) during Borrower's ownership of the Property, there is no threat of any Release of Hazardous Substances migrating to the Property and (ii) with respect to the period of time prior to Borrower's ownership of the Property, to the best knowledge of Borrower, there was no threat of any Release of Hazardous Substances migrating to the Property; (d) Indemnitor has complied and is now complying in all material respects with all Environmental Laws and the requirements of any permits issued under such Environmental Laws with respect to the Property; (e) Indemnitor does not know of, and has not received, any written or oral notice or other communication from any Person (including but not limited to a Governmental Authority) relating to Hazardous Substances or Remediation (defined below) thereof, of possible liability of any Person pursuant to any Environmental Law, of other environmental conditions in connection with the Property, or of any actual or potential administrative or judicial proceedings in connection with the foregoing; and (f) Indemnitor has truthfully provided to Indemnitee, in writing, any and all information relating to conditions in, on, under or from the Property that is known to Indemnitor and all information that is contained in files and records of Indemnitor, including but not limited to any reports relating to Hazardous Substances in, on, under or from the Property and/or to the environmental condition of the Property.

2. ENVIRONMENTAL COVENANTS. Indemnitor covenants and agrees that: (a) Indemnitor has taken all commercially reasonable steps to ensure that all uses and operations on or of the Property, whether by Indemnitor or any other Person, will be in compliance with all Environmental Laws and permits issued pursuant thereto; (b) Indemnitor will take all commercially reasonable precautions to prevent Releases of Hazardous Substances in, on, under or from the Property which do not comply with Environmental Laws; (c) there will be no Hazardous Substances in, on, or under the Property, except those that are both (i) in compliance with all Environmental Laws and with permits issued pursuant thereto and (ii) fully disclosed to Indemnitee in writing; (d) Indemnitor shall keep the Property free and clear of all liens and other encumbrances imposed pursuant to any Environmental Law, whether due to any act or omission of Indemnitor or any other Person (the "ENVIRONMENTAL LIENS"); (e) Indemnitor shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to Paragraph 3 of this Agreement, including but not limited to providing all relevant information and making knowledgeable persons available for interviews; (f) Indemnitor shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Property, as may be required by Environmental Laws or directives from any Governmental Authority (including but not limited to sampling, testing and analysis of soil, water, air, building materials, and other materials and substances whether solid, liquid or gas), and share with Indemnitee the reports and other results thereof, and Indemnitee and the other

Indemnified Parties shall be entitled to rely on such reports and other results thereof; (g) Indemnitor shall, at its sole cost and expense, comply with all Environmental Laws or directives of any Governmental Authority to (i) effectuate Remediation of any condition (including but not limited to a Release of a Hazardous Substance) in, on, under or from the Property; (ii) comply with any Environmental Law; (iii) comply with any directive from any Governmental Authority; and (iv) take any other reasonable action necessary or appropriate for protection of human health or the environment; (h) Indemnitor shall not do, and shall take all commercially reasonable measures to prevent any tenant or other user of the Property to do any act that materially increases the dangers to human health or the environment, poses an unreasonable risk of harm to any Person (whether on or off the Property), impairs or may impair the value of the Property, is contrary to any requirement of any insurer, constitutes a public or private nuisance, constitutes waste, or violates any covenant, condition, agreement or easement applicable to the Property; and (i) Indemnitor shall immediately notify Indemnitee in writing of (A) any presence or Releases or threatened Releases of Hazardous Substances in, on, under, from or migrating towards the Property; (B) any non-compliance with Environmental Laws related in any way to the Property; (C) any actual or potential Environmental Lien; (D) any required or proposed Remediation of environmental conditions relating to the Property; and (E) any written or oral notice or other communication of which any Indemnitor becomes aware from any source whatsoever (including but not limited to a governmental entity) relating in any way to Hazardous Substances or Remediation thereof, possible liability of any Person pursuant to Environmental Law, other environmental conditions in connection with the Property, or any actual or potential administrative or judicial proceedings in connection with anything referred to in this Agreement.

3. INDEMNIFIED RIGHTS/COOPERATION AND ACCESS. In the event the Indemnified Parties, in their commercially reasonable judgement, have reason to believe that an environmental hazard exists on the Property that does not, in the commercially reasonable judgment of the Indemnified Parties, endanger any tenants or other occupants of the Property or their guests or the general public or materially and adversely affect the value of the Property, upon reasonable notice from the Indemnitee, Indemnitor shall, at Indemnitor's expense, promptly cause an engineer or consultant satisfactory to the Indemnified Parties to conduct any environmental assessment or audit (the scope of which shall be determined in the sole and absolute discretion of the Indemnified Parties) and take any samples of soil, groundwater or other water, air, or building materials or any other invasive testing requested by Indemnitee and promptly deliver the results of any such assessment, audit, sampling or other testing; provided, however, if such results are not delivered to the Indemnified Parties within a reasonable period or if the Indemnified Parties have a commercially reasonable belief that an environmental hazard exists on the Property that, in the sole judgment of the Indemnified Parties, endangers any tenant or other occupant of the Property or their guests or the general public or may materially and adversely affect the value of the Property, upon reasonable notice to Indemnitor, the Indemnified Parties and any other Person designated by the Indemnified Parties, including but not limited to any receiver, any representative of a governmental entity, and any environmental consultant, shall have the right, but not the obligation, to enter upon the Property at all reasonable times to assess any and all aspects of the environmental condition of the Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in the sole and absolute discretion of the Indemnified Parties) and taking samples of soil, groundwater or other water, air, or building materials, and reasonably conducting other

invasive testing. Indemnitor shall cooperate with and provide the Indemnified Parties and any such Person designated by the Indemnified Parties with access to the Property.

4. INDEMNIFICATION. Indemnitor covenants and agrees, at its sole cost and expense, to protect, defend, indemnify, release and hold Indemnified Parties harmless from and against any and all Losses (defined below) imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following (except for Losses that are directly related to the gross negligence or willful misconduct of an Indemnified Party): (a) any presence of any Hazardous Substances in, on, above, or under the Property; (b) any past, present or threatened Release of Hazardous Substances in, on, above, under or from the Property; (c) any activity by Indemnitor, any Person affiliated with Indemnitor, and any tenant or other user of the Property in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Hazardous Substances at any time located in, under, on or above the Property; (d) any activity by Indemnitor, any Person affiliated with Indemnitor, and any tenant or other user of the Property in connection with any actual or proposed Remediation of any Hazardous Substances at any time located in, under, on or above the Property, whether or not such Remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action; (e) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Property or operations thereon, including but not limited to any failure by Indemnitor, any Person affiliated with Indemnitor, and any tenant or other user of the Property to comply with any order of any Governmental Authority in connection with any Environmental Laws; (f) the imposition, recording or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering the Property; (g) any administrative processes or proceedings or judicial proceedings in any way connected with any matter addressed in this Agreement; (h) any past, present or threatened injury to, destruction of or loss of natural resources in any way connected with the Property, including but not limited to costs to investigate and assess such injury, destruction or loss; (i) any acts of Indemnitor, any Person affiliated with Indemnitor, and any tenant or other user of the Property in arranging for disposal or treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Substances at any facility or incineration vessel containing such or similar hazardous materials; (j) any acts of Indemnitor, any Person affiliated with any Indemnitor, and any tenant or other user of the Property in accepting any Hazardous Substances for transport to disposal or treatment facilities, incineration vessels or sites from which there is a Release, or a threatened Release of any Hazardous Substance which causes the incurrence of costs for Remediation; (k) any personal injury, wrongful death, or property or other damage arising under any statutory or common law or tort law theory, including but not limited to damages assessed for private or public nuisance or for the conducting of an abnormally dangerous activity on or near the Property; and (l) any misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any covenants or other obligations pursuant to this Agreement, the Loan Agreement or the Mortgage.

5. DUTY TO DEFEND AND ATTORNEYS AND OTHER FEES AND EXPENSES. To the extent required by Section 4 of this Agreement, upon written request by any Indemnified Party,

Indemnitor shall defend same (if requested by any Indemnified Party, in the name of the Indemnified Party) using its attorneys and other professionals approved by the Indemnified Parties. In lieu of the foregoing, any Indemnified Parties may, in their sole and absolute discretion, engage their own attorneys and other professionals to defend or assist them, and, at the option of Indemnified Parties, their attorneys shall control the resolution of any claim or proceeding, providing that no compromise or settlement shall be entered without Indemnitor's consent, which consent shall not be unreasonably withheld. Upon demand, Indemnitor shall pay or, in the sole and absolute discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

6. DEFINITIONS. Capitalized terms used herein and not specifically defined herein shall have the respective meanings ascribed to such terms in the Loan Agreement. As used in this Agreement, the following terms shall have the following meanings:

The term "ENVIRONMENTAL LAW" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to protection of human health or the environment, relating to Hazardous Substances, relating to liability for or costs of other actual or threatened danger to human health or the environment. The term "ENVIRONMENTAL LAW" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Substances Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act. The term "ENVIRONMENTAL LAW" also includes, but is not limited to, any present and future federal, state and local laws, statutes ordinances, rules, regulations, permits or authorizations and the like, as well as common law that (a) condition transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of the Property; (b) require notification or disclosure of Releases of Hazardous Substances or other environmental condition of the Property to any Governmental Authority or other Person, whether or not in connection with transfer of title to or interest in property; (c) impose conditions or requirements in connection with permits or other authorization for lawful activity; (d) relate to nuisance, trespass or other causes of action related to the environmental condition of Property; or (e) relate to wrongful death, personal injury, or property or other damage in connection with any environmental condition or use of the Property.

The term "HAZARDOUS SUBSTANCES" includes but is not limited to any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, or words of similar meaning or regulatory effect under any present or future Environmental Laws or that may have a negative impact on the environment, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead,

radon, radioactive materials, flammables and explosives, but excluding substances of kinds and in amounts ordinarily and customarily used or stored in similar properties for the purposes of cleaning or other maintenance or operations and otherwise in compliance with all Environmental Laws.

The term "INDEMNIFIED PARTIES" includes Indemnitee, any Person who is or will have been involved in the origination of the Loan, any Person who is or will have been involved with the servicing of the Loan or the Property, any Person in whose name the encumbrance created by the Mortgage is or will have been recorded, persons and entities who may hold or acquire or will have held a full or partial interest in the Loan (including, but not limited to, Investors (defined below)), as well as custodians, trustees and other fiduciaries who hold or have held a full or partial interest in the Loan or the Property for the benefit of third parties) as well as the respective directors, officers, shareholders, partners, employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns of any and all of the foregoing (including, but not limited to, any other Person who holds or acquires, or will have held, a participation or other full or partial interest in the Loan or the Property, whether during the term of the Loan or as a part of or following a foreclosure of the Loan and including, but not limited to, any successors by merger, consolidation or acquisition of all or a substantial portion of Indemnitee's assets and business).

The term "INVESTORS" means collectively, any purchaser, transferee, assignee, servicer, participant or investor of or in the Loan or the Securities.

The term "LEGAL ACTION" means any claim, suit or proceeding, whether administrative or judicial in nature.

The term "LOSSES" includes any losses, damages, costs, fees, expenses, claims, suits, judgments, awards, liabilities (including but not limited to strict liabilities), obligations, debts, diminutions in value, fines, penalties, charges, costs of Remediation (whether or not performed voluntarily), amounts paid in settlement, foreseeable and unforeseeable consequential damages, litigation costs, attorneys' fees, engineers' fees, environmental consultants' fees, and investigation costs (including but not limited to costs for sampling, testing and analysis of soil, water, air, building materials, and other materials and substances whether solid, liquid or gas), of whatever kind or nature, and whether or not incurred in connection with any judicial or administrative proceedings, actions, claims, suits, judgments or awards.

The term "RELEASE" includes, but is not limited to, any release, deposit, discharge, emission, leaking, leaching, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances.

The term "REMEDIATION" includes, but is not limited to, any response, remedial, removal, or corrective action; any activity to clean up, detoxify, decontaminate, contain or otherwise remediate any Hazardous Substance; any actions to prevent, cure or mitigate any Release of any Hazardous Substance; any action to comply with any Environmental Laws or with any permits issued pursuant thereto; any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or evaluation relating to any Hazardous Substances.

7. UNIMPAIRED LIABILITY. The liability of Indemnitor under this Agreement shall in no way be limited or impaired by, and Indemnitor hereby consents to and agrees to be bound by, any amendment or modification of the provisions of the Note, the Loan Agreement, the Mortgage or any other Loan Document to or with Indemnitee by Indemnitor or any Person who succeeds Indemnitor or any Person as owner of the Property. In addition, the liability of Indemnitor under this Agreement shall in no way be limited or impaired by (i) any extensions of time for performance required by the Note, the Loan Agreement, the Mortgage or any of the other Loan Documents, (ii) any sale or transfer of all or part of the Property, (iii) except as provided herein, any exculpatory provision in the Note, the Loan Agreement, the Mortgage, or any of the other Loan Documents limiting Indemnitee's recourse to the Property or to any other security for the Note, or limiting Indemnitee's rights to a deficiency judgment against Indemnitor, (iv) the accuracy or inaccuracy of the representations and warranties made by Indemnitor under the Note, the Loan Agreement, the Mortgage or any of the other Loan Documents or herein, (v) the release of Indemnitor or any other Person from performance or observance of any of the agreements, covenants, terms or condition contained in any of the other Loan Documents by operation of law, Indemnitee's voluntary act, or otherwise, (vi) the release or substitution in whole or in part of any security for the Note, or (vii) Indemnitee's failure to record the Mortgage or file any UCC financing statements (or Indemnitee's improper recording or filing of any thereof) or to otherwise perfect, protect, secure or insure any security interest or lien given as security for the Note; and, in any such case, whether with or without notice to Indemnitor and with or without consideration.

8. ENFORCEMENT. Indemnified Parties may enforce the obligations of Indemnitor without first resorting to or exhausting any security or collateral or without first having recourse to the Note, the Loan Agreement, the Mortgage, or any other Loan Documents or any of the Property, through foreclosure proceedings or otherwise, provided, however, that nothing herein shall inhibit or prevent Indemnitee from suing on the Note, foreclosing, or exercising any power of sale under, the Mortgage, or exercising any other rights and remedies thereunder. This Agreement is not collateral or security for the debt of Indemnitor pursuant to the Loan, unless Indemnitee expressly elects in writing to make this Agreement additional collateral or security for the debt of Indemnitor pursuant to the Loan, which Indemnitee is entitled to do in its sole and absolute discretion. It is not necessary for an Event of Default to have occurred for Indemnified Parties to exercise their rights pursuant to this Agreement. Notwithstanding any provision of the Loan Agreement, the obligations pursuant to this Agreement are exceptions to any non-recourse or exculpation provision of the Loan Agreement; Indemnitor is fully and personally liable for such obligations, and such liability is not limited to the original or amortized principal balance of the Loan or the value of the Property.

9. SURVIVAL. The obligations and liabilities of Indemnitor under this Agreement shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Mortgage. Notwithstanding the provisions of this Agreement to the contrary, the liabilities and obligations of Indemnitor hereunder shall not apply to the extent that Indemnitor can prove that such liabilities and obligations arose solely from Hazardous Substances that: (a) were not present on or a threat to the Property prior to the date that Indemnitee or its nominee acquired title to the Property, whether by foreclosure, exercise of

power of sale or otherwise and (b) were not the result of any act or negligence of Indemnitor or any of Indemnitor's affiliates, agents or contractors.

10. INTEREST. Any amounts payable to any Indemnified Parties under this Agreement shall become immediately due and payable on demand and, if not paid within thirty (30) days of such demand therefor, shall bear interest at the lesser of (a) the Default Rate or (b) the maximum interest rate which Indemnitor may by law pay or Indemnified Parties may charge and collect, from the date payment was due, provided that the foregoing shall be subject to the provisions of Article 4 of the Note.

11. WAIVERS. (a) Indemnitor hereby waives (i) any right or claim of right to cause a marshaling of Indemnitor's assets or to cause Indemnitee or other Indemnified Parties to proceed against any of the security for the Loan before proceeding under this Agreement against Indemnitor; (ii) and relinquishes all rights and remedies accorded by applicable law to indemnitors or guarantors, except any rights of subrogation which Indemnitor may have, provided that the indemnity provided for hereunder shall neither be contingent upon the existence of any such rights of subrogation nor subject to any claims or defenses whatsoever which may be asserted in connection with the enforcement or attempted enforcement of such subrogation rights including, without limitation, any claim that such subrogation rights were abrogated by any acts of Indemnitee or other Indemnified Parties; (iii) the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against or by Indemnitee or other Indemnified Parties; (iv) notice of acceptance hereof and of any action taken or omitted in reliance hereon; (v) presentment for payment, demand of payment, protest or notice of nonpayment or failure to perform or observe, or other proof, or notice or demand; and (vi) all homestead exemption rights against the obligations hereunder and the benefits of any statutes of limitations or repose. Notwithstanding anything to the contrary contained herein, Indemnitor hereby agrees to postpone the exercise of any rights of subrogation with respect to any collateral securing the Loan until the Loan shall have been paid in full.

(b) INDEMNITOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY ACTS OR OMISSIONS OF ANY INDEMNIFIED PARTIES IN CONNECTION THEREWITH.

12. SUBROGATION. Indemnitor shall take any and all reasonable actions, including institution of legal action against third parties, necessary or appropriate to obtain reimbursement, payment or compensation from such persons responsible for the presence of any Hazardous Substances at, in, on, under or near the Property or otherwise obligated by law to bear the cost. Indemnified Parties shall be and hereby are subrogated to all of Indemnitor's rights now or hereafter in such claims.

13. INDEMNITOR'S REPRESENTATIONS AND WARRANTIES. Indemnitor represents and warrants that:

(a) it has the full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; the execution, delivery and performance of this Agreement by Indemnitor has been duly and validly authorized; and all requisite action has been taken by Indemnitor to make this Agreement valid and binding upon Indemnitor, enforceable in accordance with its terms;

(b) its execution of, and compliance with, this Agreement is in the ordinary course of business of Indemnitor and will not result in the breach of any term or provision of the charter, by-laws, partnership or trust agreement, or other governing instrument of Indemnitor or result in the breach of any term or provision of, or conflict with or constitute a default under, or result in the acceleration of any obligation under, any agreement, indenture or loan or credit agreement or other instrument to which Indemnitor or the Property is subject, or result in the violation of any law, rule, regulation, order, judgment or decree to which Indemnitor or the Property is subject;

(c) to the best of Indemnitor's knowledge, there is no action, suit, proceeding or investigation pending or threatened against it which, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties or assets of Indemnitor, or in any material impairment of the right or ability of Indemnitor to carry on its business substantially as now conducted, or in any material liability on the part of Indemnitor, or which would draw into question the validity of this Agreement or of any action taken or to be taken in connection with the obligations of Indemnitor contemplated herein, or which would be likely to impair materially the ability of Indemnitor to perform under the terms of this Agreement;

(d) it does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in this Agreement;

(e) to the best of Indemnitor's knowledge, no approval, authorization, order, license or consent of, or registration or filing with, any governmental authority or other person, and no approval, authorization or consent of any other party is required in connection with this Agreement; and

(f) this Agreement constitutes a valid, legal and binding obligation of Indemnitor, enforceable against it in accordance with the terms hereof.

14. NO WAIVER. No delay by any Indemnified Party in exercising any right, power or privilege under this Agreement shall operate as a waiver of any such privilege, power or right.

15. NOTICE OF LEGAL ACTIONS. Each party hereto shall, within five (5) business days of receipt thereof, give written notice to the other party hereto of (i) any notice, advice or other communication from any Governmental Authority or any source whatsoever with respect to Hazardous Substances on, from or affecting the Property, and (ii) any legal action brought against such party or related to the Property, with respect to which Indemnitor may have liability under this Agreement. Such notice shall comply with the provisions of Section 19 hereof.

16. INTENTIONALLY DELETED.

17. TRANSFER OF LOAN. Indemnitee may, at any time, sell, transfer or assign the Note, the Loan Agreement, the Mortgage, this Agreement and the other Loan Documents, and any or all servicing rights with respect thereto, or grant participations therein or issue mortgage pass-through certificates. Indemnitee may forward to each purchaser, transferee, assignee, servicer or participant (the foregoing entities hereinafter collectively referred to as the "Investor") and each prospective Investor, all documents and information which Indemnitee now has or may hereafter acquire relating to Indemnitor and the Property, whether furnished by Indemnitor, any guarantor or otherwise, as Indemnitee determines necessary or desirable. Indemnitor and any guarantor agree to cooperate with Indemnitee in connection with any transfer made pursuant to this Section, including, without limitation, the delivery of an estoppel certificate and such other documents as may be reasonably requested by Indemnitee. Indemnitor shall also furnish, and Indemnitor and any guarantor hereby consent to Indemnitee furnishing to such Investors or such prospective Investors, any and all information concerning the financial condition of the Indemnitor and any guarantor and any and all information concerning the Property and the Leases as may be requested by Indemnitee, any Investor or any prospective Investor in connection with any sale, transfer or participation interest.

18. INTENTIONALLY DELETED.

19. NOTICES. All notices or other written communications hereunder shall be made in accordance with Section 10.6 of the Loan Agreement.

20. DUPLICATE ORIGINALS; COUNTERPARTS. This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Agreement may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Agreement. The failure of any party hereto to execute this Agreement, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

21. NO ORAL CHANGE. This Agreement, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Indemnitor or any Indemnified Party, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

22. HEADINGS, ETC. The headings and captions of various paragraphs of this Agreement are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

23. NUMBER AND GENDER/SUCCESSORS AND ASSIGNS. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require. Without limiting the effect of specific references in any provision of this Agreement, the term "Indemnitor" shall be deemed to refer to each and every Person comprising an Indemnitor from time to time, as the sense of a particular provision may require, and to include the heirs, executors, administrators, legal

representatives, successors and assigns of Indemnitor, all of whom shall be bound by the provisions of this Agreement, provided that no obligation of Indemnitor may be assigned except with the written consent of Indemnitee. Each reference herein to Indemnitee shall be deemed to include its successors and assigns. This Agreement shall inure to the benefit of Indemnified Parties and their respective successors and assigns forever.

24. RELEASE OF LIABILITY. Any one or more parties liable upon or in respect of this Agreement may be released without affecting the liability of any party not so released.

25. RIGHTS CUMULATIVE. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies which Indemnitee has under the Note, the Mortgage, the Loan Agreement or the other Loan Documents or would otherwise have at law or in equity.

26. INAPPLICABLE PROVISIONS. If any term, condition or covenant of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such provision.

27. GOVERNING LAW. This Agreement shall be governed in accordance with the terms and provisions of Section 10.3 of the Loan Agreement

28. JOINT AND SEVERAL LIABILITY. If Indemnitor consists of more than one person or entity, the obligations and liabilities of each such person hereunder are joint and several.

29. MISCELLANEOUS. (a) Wherever pursuant to this Agreement (i) Indemnitee exercises any right given to it approve or disapprove, (ii) any arrangement or term is to be satisfactory to Indemnitee, or (iii) any other decision or determination is to be made by Indemnitee, the decision of Indemnitee to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Indemnitee, shall be in the sole and absolute discretion of Indemnitee and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

(b) Wherever pursuant to this Agreement it is provided that Indemnitor pay any costs and expenses, such costs and expenses shall include, but not be limited to, reasonable legal fees and disbursements of Indemnitee.

30. STATE SPECIFIC PROVISIONS. In the event of any inconsistencies between the other terms and conditions of this Agreement and this Section 29, the terms and conditions of this Section 29 shall control and be binding.

[NONE]

[NO FURTHER TEXT ON THIS PAGE]

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IN WITNESS WHEREOF, this Agreement has been executed by Indemnitor and is effective as of the day and year first above written.

INDEMNITOR

WESCO REAL ESTATE IV, LLC, a Delaware limited liability company

By: _____
Name:
Title:

INDEMNITOR

WESCO INTERNATIONAL, INC., a Delaware corporation

By: _____
Name:
Title:

EXHIBIT A
(LEGAL DESCRIPTION)

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 333-81857, 333-81847, 333-81845, 333-81841 and 333-91187) of WESCO International, Inc. of our reports dated February 12, 2003, relating to the financial statements and financial statement schedule, which appear in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
March 18, 2003