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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 2, 2006

WESCO INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	001-14989	25-1723345
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

225 West Station Square Drive, Suite 700 Pittsburgh, Pennsylvania	15219
(Address of principal executive offices)	(Zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01. Entry into a Material Definitive Agreement.

1.75% Convertible Senior Debentures due 2026

On October 26, 2006, WESCO International, Inc. (the Company) and WESCO Distribution, Inc. (WESCO Distribution) entered into a previously announced Purchase Agreement (the Purchase Agreement) with Lehman Brothers Inc., as representatives of the initial purchasers named therein (the Initial Purchasers), relating to the issuance and sale by the Company to the Initial Purchasers of $250 million in aggregate principal amount of 1.75% Convertible Senior Debentures due 2026 (the Debentures) and an unconditional guarantee of the Debentures on an unsecured senior subordinated basis by WESCO Distribution (the Guarantee). The offering and sale of the Debentures and the Guarantee to the Initial Purchasers pursuant to the Purchase Agreement was completed on November 2, 2006. The Initial Purchasers exercised their option to purchase an additional $50 million in aggregate principal amount of Debentures, and the additional Debentures also were sold to the Initial Purchasers on November 2, 2006.

The Debentures and the Guarantee issued on November 2, 2006 were issued pursuant to an Indenture, dated November 2, 2006 (the Indenture), by and among the Company, WESCO Distribution and The Bank of New York, as trustee (the Trustee), in a transaction exempt from the registration requirements under the Securities Act of 1933, as amended (the Securities Act). The Debentures and the Guarantee were sold only to qualified institutional buyers in reliance on Rule 144A under the Securities Act.

The Debentures bear interest at a rate of 1.75% per year. Beginning with the six-month period commencing November 15, 2011, the Company will also pay contingent interest during any six-month interest period in which the trading price of the Debentures, measured over a specified number of trading days preceding the applicable six-month interest period, is 120% or more of the principal amount of the Debentures. Interest on the Debentures is payable on November 15 and May 15 of each year, beginning on May 15, 2007. The Debentures will mature on November 15, 2026.

The Debentures are convertible into cash and, in certain circumstances, shares of the Company s common stock, $.01 par value (the Conversion Shares), at any time on or after November 15, 2024, or prior to November 15, 2024 in certain circumstances. The Debentures will be convertible based on an initial conversion rate of 11.3437 shares of common stock per $1,000 principal amount of the debentures (equivalent to an initial conversion price of approximately $88.15 per share). The conversion rate and the conversion price may be adjusted in certain circumstances.

At any time on or after November 15, 2011, the Company may redeem all or a part of the Debentures at a redemption price equal to 100% of the principal amount of the Debentures plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the redemption date. Holders of Debentures may require the Company to repurchase all or a portion of their Debentures on November 15, 2011, November 15, 2016 and November 15, 2021 at a cash repurchase price equal to 100% of the principal amount of the

debentures, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date.

If the Company undergoes certain fundamental changes prior to maturity, holders of Debentures will have the right, at their option, to require the Company to repurchase for cash some or all of their Debentures at a repurchase price equal to 100% of the principal amount of the Debentures being repurchased, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the repurchase date. The Indenture limits the ability of the Company to consolidate or merge or to sell, convey, transfer or lease all or substantially all of its assets.

If an event of default on the Debentures occurs, the principal amount of the Debentures, plus premium, if any, and accrued and unpaid interest (including contingent interest and additional interest, if any) may be declared immediately due and payable, subject to certain conditions set forth in the Indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving the Company. The Indenture provides that events of default include (i) failure to make the payment of any interest on the Debentures when due and payable, with the failure continuing for a period of 30 days; (ii) failure to make the payment of any principal on any of the Debentures when due and payable; (iii) failure to comply with covenants or agreements in the Debentures, the Indenture or related documents; (iv) a default by the Company or any of its significant subsidiaries under other debt obligations that results in acceleration of the maturity of that debt, or failure to pay any such debt at maturity, in an amount greater than $35 million; (v) certain events involving bankruptcy, insolvency or reorganization of the Company or any of its significant subsidiaries; and (vi) any judgment or judgments for the payment of money in an aggregate amount in excess of $35 million that is rendered against the Company or any of its significant subsidiaries and that is not waived, satisfied or discharged for any period of 60 days following such judgment and is not discharged, waived or stayed within 10 days after notice.

The Company, WESCO Distribution and the Initial Purchasers entered into a Registration Rights Agreement, dated November 2, 2006 (the Registration Rights Agreement), with respect to the Debentures and the Guarantee. Pursuant to the Registration Rights Agreement, the Company and WESCO Distribution agreed to file a shelf registration statement within 150 days after the issue date of the Debentures to register the Debentures, the Guarantee and the Conversion Shares for resale under the Securities Act. The Company and WESCO Distribution will use their reasonable best efforts to cause the registration statement to become effective within 210 days after the issue date of the Debentures.

The foregoing is a summary of the material terms and conditions of the Indenture and the Registration Rights Agreement and is not a complete discussion of those documents. Accordingly, the foregoing is qualified in its entirety by reference to the full text of the Indenture and the Registration Rights Agreement, which are filed as Exhibits 4.1 and 4.2, respectively, to this Current Report and are incorporated herein by reference. A form of Debenture also is filed as Exhibit 4.3 to this Current Report and is incorporated herein by reference.

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Item 2.01 Completion of Acquisition or Disposition of Assets.

On November 3, 2006, the Company announced the completion of its acquisition of Communications Supply. On that day, a wholly-owned subsidiary of WESCO Distribution merged with and into Communications Supply, which became a wholly-owned subsidiary of WESCO Distribution. The Company paid at closing a cash merger price of approximately $525 million, of which $17 million is held in escrow following closing to address working capital adjustments and potential indemnification claims of WESCO Distribution. Up to $12 million of the amount held in escrow may be released at any time on or after June 30, 2007 under certain circumstances, with any remaining amount held in escrow being eligible for release after January 31, 2008. To fund the merger price paid at closing, WESCO Distribution borrowed approximately $105 million under its accounts receivable securitization facility and approximately $102 million under the Revolving Credit Facility and used approximately $292 million of net proceeds from the offering of Debentures and approximately $26 million of other available cash. The acquisition was completed pursuant to the terms and conditions of the Agreement and Plan of Merger, dated October 2, 2006 (the Merger Agreement), by and among WESCO Distribution, WESCO Voltage, Inc., a Delaware corporation, Communications Supply and Harvest Partners, LLC, as Stockholders Representative. The Merger Agreement is filed as Exhibit 2.1 to this Current Report and is incorporated herein by reference.

On November 3, 2006, the Company issued a press release regarding the completion of the acquisition of Communications Supply. A copy of that press release is filed as Exhibit 99.1 to this Current Report and is incorporated herein by reference.

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Item 9.01. Financial Statements and Exhibits

(a) Financial statements of business acquired

The following historical financial information of Communications Supply is attached to this Current Report and is incorporated by reference in this Item 9.01.

(b) Pro forma financial information

The following pro forma financial information is attached to this Current Report and is incorporated by reference in this Item 9.01.

Report of Independent Auditors

The Board of Directors
Communications Supply Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Communications Supply Holdings, Inc. & Subsidiary as of December 30, 2005 and December 31, 2004, and the related consolidated statements of operations, stockholders equity, and cash flows for the year ended December 30, 2005 and the period from inception (May 4, 2004) through December 31, 2004, and of the Predecessor for the period from December 27, 2003 through May 3, 2004. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Communications Supply Holdings, Inc. as of December 30, 2005 and December 31, 2004, and the consolidated results of its operations and its cash flows for the year ended December 30, 2005 and for the period from inception (May 4, 2004) through December 31, 2004 for the Company, and for the period from December 27, 2003 through May 3, 2004 for the Predecessor, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

March 10, 2006

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	December 30, 2005	December 31, 2004
	(Dollars in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,963	$ 2,219
Accounts receivable, net of allowance of $1,746 in 2005 and $1,979 in 2004	72,335	70,136
Inventory	59,667	46,834
Deferred income taxes	5,034	6,065
Prepaid expenses and other assets	9,302	8,271
Total current assets	150,301	133,525
Property and equipment, net	5,187	4,501
Intangible assets, net	37,540	□
Goodwill	95,249	119,945
Deferred financing costs, net of accumulated amortization of $761 in 2005 and $303 in 2004	2,515	2,956
Other assets	376	764
	$ 291,168	$ 261,691
LIABILITIES AND STOCKHOLDERS□ EQUITY		
Current liabilities:		
Accounts payable	$ 31,885	$ 29,713
Accrued expenses	15,712	12,457
Current portion of long-term debt	1,494	2,906
Total current liabilities	49,091	45,076
Deferred income taxes	19,854	3,571
Long-term debt, less current portion	77,841	76,186
Senior subordinated notes	41,077	40,264
Stockholders□ equity:		
Preferred stock, $0.01 par value, 1,000,000 shares authorized, 804,459 and 801,288 shares issued and outstanding in 2005 and 2004, respectively	8	8
Common stock, $0.01 par value, 15,000,000 shares authorized, 9,012,500 and 9,000,990 shares issued and outstanding in 2005 and 2004, respectively	90	90
Additional paid-in capital	90,787	90,435
Notes receivable from stockholders	(518)	(525)
Accumulated other comprehensive loss	117	(217)
Retained earnings	12,821	6,803
	103,305	96,594
	$ 291,168	$ 261,691

See accompanying notes.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Successor		Predecessor
	Year Ended December 30, 2005	Period from May 4, 2004 through December 31, 2004	Period from December 27, 2003 through May 3, 2004
	(Dollars in thousands)		
Net sales	$ 430,671	$ 272,431	$ 119,878
Cost of sales	326,526	205,475	90,604
Gross profit	104,145	66,956	29,274
Selling, general and administrative expenses	72,184	45,793	21,274
Depreciation and amortization	9,007	1,587	692
Merger transaction expenses	—	—	7,186
Income from operations	22,954	19,576	122
Interest expense, net	12,254	7,773	4,944
Income (loss) before provision for income taxes	10,700	11,803	(4,822)
Provision for (benefit from) income taxes	4,682	5,000	(1,679)
Net income (loss)	$ 6,018	$ 6,803	(3,143)

See accompanying notes.

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COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

	Successor				Predecessor								
	8% Redeemable Preferred Stock		Common Stock		8% Redeemable Preferred Stock		Common Stock		Additional Paid-In Capital	Notes Receivable from Stockholders	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
						(Dollars in thousands)							
Balance December 27, 2003		$		$	20,000	$ 3,120	15,808,427	$ 36,409	$	$ (529)	$ 36,823	$	$ 75,823
Preferred Dividends						53					(53)		
Repayment of notes receivable										2			2
Compensation recognized on stock options								463					463
Net loss											(3,143)		(3,143)
Balance May 3, 2004					20,000	3,173	15,808,427	36,872		(527)	33,627		73,145
Merger transaction	801,063	8	8,998,490	90	(20,000)	(3,173)	(15,808,427)	(36,872)	89,007	27	(33,627)		15,460
Issuance of warrants in connection with senior subordinated notes									1,403				1,403
Issuance of preferred and common stock	225		2,500						25	(25)			
Comprehensive income (loss):													
Change in fair market value of derivatives, net of tax of $(139)												(217)	(217)
Net income											6,803		6,803
Total comprehensive income											6,803	(217)	6,586
Balance December 31, 2004	801,288	8	9,000,990	90					90,435	(525)	6,803	(217)	96,594
Issuance of preferred and common stock	3,441		14,540						382				382
Purchase and retirement of treasury stock	(270)		(3,030)						(30)				(30)
Repayment of notes receivable										7			7
Comprehensive income (loss):													
Change in fair market value of derivatives, net of tax of $215												334	334
Net income											6,018		6,018
Total comprehensive income											6,018	334	6,352
Balance December 30, 2005	804,459	$ 8	9,012,500	$ 90		$		$	$ 90,787	$ (518)	$ 12,821	$ 117	$ 103,305

See accompanying notes.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Successor		Predecessor
	Year Ended December 30, 2005	Period from May 4, 2004 through December 31, 2004	Period from December 27, 2003 through May 3, 2004
		(Dollars in thousands)	
Operating activities			
Net income (loss)	$ 6,018	$ 6,803	$ (3,143)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	9,007	1,587	692
Deferred income taxes	(949)	2,588	(1,645)
Amortization of deferred financing costs	457	303	1,537
Loss on sale of assets	54	—	—
Compensation expense recognized on stock options	—	—	463
Noncash interest accreted to subordinated notes	813	667	1,689
Changes in operating assets and liabilities:			
Accounts receivable	(2,199)	(8,361)	(2,290)
Inventory	(12,833)	2,977	(6,008)
Prepaid expenses and other assets	(664)	(5,024)	2,861
Accounts payable	2,172	550	6,208
Accrued expenses	3,611	(2,435)	2,302
Net cash provided by (used in) operating activities	5,487	(345)	2,666
Investing activities			
Additions to property and equipment	(1,447)	(1,203)	(837)
Proceeds from sale of assets	8	—	—
Acquisition, net of cash acquired	(2,890)	(197,092)	—
Net cash used in investing activities	(4,329)	(198,295)	(837)
Financing activities			
Repayments of stockholders notes receivable	7	2	2
Proceeds from issuance of common stock	38	8,490	—
Repurchase and retirement of treasury stock	(30)	—	—
Proceeds from issuance of preferred stock	344	75,533	—
Proceeds from issuance of long-term debt	—	85,050	—
Proceeds from issuance of senior subordinated notes	—	41,000	—
Payment of deferred financing costs	(16)	(3,259)	—
Revolving credit facility borrowings (repayments)	3,149	(4,020)	8,700
Term loan repayments	(2,906)	(1,937)	(11,077)
Net cash provided by (used in) financing activities	586	200,859	(2,375)
Net increase (decrease) in cash	1,744	2,219	(546)
Cash at beginning of period	2,219	—	3,279
Cash at end of period	$ 3,963	2,219	$ 2,733
Supplemental cash flow information			
Interest paid	$ 10,063	$ 5,892	$ 2,449
Income taxes paid	$ 4,831	$ 169	$ 1,473

See accompanying notes.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DEVELOPMENT AND DESCRIPTION OF BUSINESS

Communications Supply Holdings, Inc. (Holdings) was incorporated in Delaware in 2004 for the purpose of acquiring and holding ownership of Communications Supply Corporation (CSC). Effective May 4, 2004, CSC became a wholly owned subsidiary of Holdings via a Merger Transaction, which is described in Note 3. Holdings, on a consolidated basis with CSC, is referred to herein as the Company.

CSC was incorporated in Connecticut in 1977 and is a leading national distributor of wire, cable, network infrastructure, and low voltage specialty system products for data, voice, and security network communication applications. CSC sells its products through its 28 distribution centers and sales offices located throughout the continental United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the Company include the accounts of Holdings and its wholly owned operating subsidiary, CSC. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made in the prior years financial statements to conform to the current year presentation.

The Company traditionally operates on a 52- to 53-week fiscal year ending on the last Friday in December.

The Companys results of operations for the period prior to its May 4, 2004 Merger Transaction (see Note 3) are presented as the results of operations of the Predecessor. The Companys results of operations, including the Merger Transaction and thereafter, are presented as the results of the Successor and include the period of May 4, 2004 through December 31, 2004, and the 52 weeks ended December 30, 2005.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Companys financial instruments include cash and cash equivalents, trade accounts receivable, accounts payable, preferred stock, and debt obligations. The carrying values of these financial instruments approximate their estimated fair values.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of accounts receivable. Credit risk on accounts receivable is minimized as a result of the large and diverse nature of the Companys customer base. No single customer represents greater than 5% of total accounts receivable. The Company maintains an allowance for losses based on the expected collectibility of accounts receivable determined by past collection history and specific risks identified among uncollected accounts. Credit losses have historically been within managements expectations. The Company does not generally require collateral related to its accounts receivable but does have enforceable lien rights in certain circumstances.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Receivables and Allowance for Doubtful Accounts

The Company carries its accounts receivable at their face value, less applicable allowance for doubtful accounts. Regularly, the Company evaluates its accounts receivable and the allowance for doubtful accounts based upon a combination of customer specific conditions as well as the length of time the receivables are past due, historical experience, and existing economic conditions. In accordance with this policy, the allowance for doubtful accounts was $1.7 million and $2.0 million as of December 30, 2005 and December 31, 2004, respectively.

Inventory

Inventory consists primarily of finished goods and is stated at the lower of cost or market. Cost is determined by the average-cost method, and market is determined on the basis of estimated realizable values. Inventory reserves are recorded for obsolete or slow-moving inventory based on assumptions about future demand and marketability of products, inventory turns, and specific identification of items, such as product discontinuance.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using straight-line and accelerated methods over the estimated useful lives of the respective assets, or in the case of leasehold improvements, over the shorter of the estimated useful life or the life of the lease, as follows:

Machinery and computer equipment	3 to 7 years
Furniture and fixtures	3 to 7 years
Leasehold improvements	1 to 10 years

Upon sale or retirement, the cost and related depreciation are removed from the respective accounts. Gains or losses resulting from dispositions are included in income or expenses. Betterments and renewals, which improve and extend the life of an asset, are capitalized; maintenance and repair costs are expensed.

Long-Lived Assets

In accordance with Statement of Financial Accounting Standards No. 144 (SFAS No. 144), *Accounting for the Impairment or Disposal of Long-lived Assets*, a long-lived asset (including amortizable identifiable intangibles) or asset group is tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable. When such events occur, a comparison is made between the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group to the carrying amount of a long-lived asset or asset group. If this comparison indicates that there is an impairment, the amount of the impairment is typically calculated using discounted expected future cash flows. The discount rate applied to these cash flows is based on a weighted-average cost of capital, risk adjusted where appropriate, which represents the blended after-tax costs of debt and equity.

Goodwill and Other Intangibles

Statement of Financial Accounting Standards No. 142 (SFAS No. 142), *Goodwill and Other Intangible Assets*, requires goodwill to be tested for impairment on an annual basis or more frequently if an event occurs or conditions change that would more likely than not reduce the fair value of the reporting unit below the carrying value. We evaluate the recoverability of goodwill by estimating the future discounted cash flows of the businesses to which the goodwill relates. We use a rate corresponding to our cost of capital, risk adjusted where appropriate, in determining discounted cash flows. When estimated future discounted cash flows are less than the carrying value of the net assets (tangible and identifiable intangibles) and related goodwill, we perform an impairment test to measure the amount

of the impairment loss if any. Impairment losses, limited to the carrying value of goodwill, represent the excess of the carrying amount of a reporting unit's goodwill over the implied fair value of that goodwill. In determining the estimated future cash flows, we consider current and projected future levels of income based on management's plans for that business, as well as business trends, prospects and market and economic conditions.

SFAS No. 142 requires purchased intangible assets other than goodwill to be amortized over their useful lives unless these lives are determined to be indefinite. A trade name has been assigned an indefinite life as it was deemed that these trade names are currently anticipated to contribute cash flows to the Company indefinitely. Indefinite-lived intangible assets will not be amortized but are required to be evaluated at each reporting period to determine whether the indefinite useful life is appropriate.

We review indefinite-lived intangibles for impairment annually and whenever market or business events indicate there may be a potential impact on that intangible. For the trade name, the fair value is compared to the book value. Our predominant method of approximating fair value in determining whether an impairment exists is the relief-from-royalty approach. Fair value is represented by the present value of hypothetical royalty income over the remaining useful life. If the carrying amount of the asset exceeds its fair value, an impairment loss is recorded in an amount equal to that excess.

The Company completed its impairment tests as of December 30, 2005, and determined that no impairment exists.

Deferred Financing Costs

Deferred financing costs are amortized using the straight-line method, which approximates the effective interest method, as additional interest expense over the term of the related debt.

Total amortization of deferred financing costs was approximately $0.5 million, $0.3 million, and $1.5 million for the year ended December 30, 2005, the period ended December 31, 2004, and the period ended May 3, 2004, respectively.

Interest Rate Agreements

The Company is exposed to the impact of fluctuating interest rates and may periodically utilize derivatives to manage this exposure. The Company's hedging policy and strategy is to structure its derivative transactions to be highly effective cash flow hedges. In accordance with Statement of Financial Accounting Standards No. 133 (SFAS No. 133), *Accounting for Derivative Instruments and Hedging Activities*, any resulting gains or losses from hedge ineffectiveness are reflected directly in income or expenses. Net payments for the cash flow hedges are recorded as interest expense for the appropriate period. The Company does not enter into interest rate transactions for speculative purposes.

Revenue Recognition

The Company recognizes sales when title transfers, which is upon shipment of product.

Shipping and Handling Costs

Shipping and handling costs of approximately $9.6 million, $6.2 million, and $2.7 million are included in selling, general and administrative expenses in the statements of operations for the year ended December 30, 2005, the period ended December 31, 2004, and the period ended May 3, 2004, respectively. The Company records shipping and handling costs billed to customers in net sales.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Income Taxes

Provision for income taxes includes deferred taxes resulting from temporary differences in determining income for financial and U.S. income tax purposes. In accordance with Statement of Financial Accounting Standards No. 109 (SFAS No. 109), *Accounting for Income Taxes*, the Company establishes temporary differences based on differences between financial reporting and tax bases 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.

Stock-Based Compensation

Under the provisions of Statement of Financial Accounting Standards (SFAS No. 123), *Accounting for Stock-Based Compensation*, and SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure*, an amendment of SFAS No. 123, the Company has elected to continue to apply the intrinsic value method of Accounting Principles Board Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*, and its related interpretations in accounting for its stock-based compensation plans. In accordance with APB 25, compensation cost for the Company's fixed stock options issued were measured as the excess, if any, of the fair market price of the Company's stock at the date of the grant over the option exercise price. Any excess would be charged to operations over the vesting period. Accordingly, because the options were granted at market value, no compensation expense has been recognized in the consolidated statements of operations for the stock option plans.

Disclosure of pro forma information regarding net income is required by SFAS No. 123, and has been determined as if the Company has accounted for its stock options using SFAS No. 123. To value option grants in accordance with SFAS No. 123, the Company used the minimum value method. The following assumptions were utilized in the valuation for options granted.

	Successor		Predecessor
	Year Ended December 30, 2005	Period from May 4, 2004 through December 31, 2004	Period from December 27, 2003 through May 3, 2004
Risk-free interest rate	4.26%	4.72%	4.00%
Expected dividend yield			
Expected life of options	6 years	6 years	8 years

The following table illustrates the effect on net income as if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation:

	Successor		Predecessor
	Year Ended December 30, 2005	Period from May 4, 2004 through December 31, 2004	Period from December 27, 2003 through May 3, 2004
		(In thousands)	
Net income (loss), as reported	$ 6,018	$ 6,803	$ (3,143)
Add stock-based compensation expense included in net income (loss), as reported, net of related tax effects			282
Less total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(28)	(17)	(557)
Pro forma net income (loss)	$ 5,990	$ 6,786	$ (3,418)

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These pro forma effects of applying the provisions of SFAS No. 123 may not be representative of the net income of the Company in future years.

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 123R (SFAS No. 123R), *Share-Based Payment*, which requires that the compensation cost relating to share-based payment transactions be recognized in financial statements based on alternative fair value models. The share-based compensation cost will be measured based on the fair value of the equity or liability instruments issued. Currently, the Company discloses pro forma compensation expense by calculating the stock option grants fair value using the minimum value method and disclosing the impact on earnings in a note to the consolidated financial statements. Upon adoption, pro forma disclosure will no longer be an alternative. The Company will begin to apply SFAS 123R using the most appropriate fair value model beginning in fiscal year 2006. The Company will no longer be able to apply the minimum value method and must, therefore, adopt the prospective application method allowed under SFAS No. 123R. The impact of adoption of SFAS No. 123R cannot be predicted at this time because it will depend on levels of share-based payments granted in the future.

3. MERGER TRANSACTIONS AND ACQUISITIONS

On May 3, 2004, CSC entered into a merger agreement (the Merger Agreement) with Holdings and its wholly owned subsidiary CSC Acquisition Inc. The Merger Agreement provided for the acquisition of all shares of CSCs then-outstanding common stock, the redemption of all outstanding preferred stock and accumulated dividends, payments to holders of vested options and warrants, and the repayment of all debt outstanding.

CSC Acquisition Inc. as then merged with, and into, CSC, with CSC continuing as a wholly owned subsidiary of Holdings. Holdings is controlled by affiliates of Harvest Partners, Inc. The completion of the aforementioned transactions constitutes the merger transaction (the Merger Transaction). Total consideration at the time of the close for the Merger Transaction was $204.9 million, which excludes $9.9 million of certain Merger Transaction related costs, including legal and investment banking fees, which have been classified as Merger Transaction expenses and interest expense in the Predecessors statement of operations for the period ended May 3, 2004.

The Merger Transaction was financed by an $80.1 million investment in preferred stock of Holdings and a $9.0 million investment in the common stock of Holdings by affiliates of Harvest Partners, Inc., two minority co-investors, and management. Managements investment included $5.1 million in the form of an exchange of a portion of managements ownership in the Predecessors common stock. Additional financing was provided by the issuance of $41.0 million in senior subordinated notes due in 2011 and warrants and borrowings under a new $102.5 million senior secured credit facility, consisting of a $77.5 million term loan and a $25.0 million revolving credit facility, of which $7.55 million was drawn at the time of the Merger Transaction. In 2005, an additional $2.9 million was paid to the Sellers related to additional income tax benefits due them. This adjustment was treated as additional purchase price and was recorded as an adjustment to goodwill. In addition, goodwill was also adjusted based on a final valuation which resulted in the identification of certain intangible assets and an increase in the basis of certain fixed assets.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Merger Transaction was accounted for using the purchase method of accounting. The purchase price, including the adjustments described above, was allocated to the assets acquired and liabilities assumed as shown below. The figures presented reflect the 2005 final purchase price allocation (in thousands).

Assets	
Cash	$ 2,733
Accounts receivable	61,775
Inventory	49,811
Prepaid expenses and other	3,120
Property and equipment	7,566
Goodwill	95,249
Identifiable intangibles	43,150
Other noncurrent assets	1,206
Total assets required	$ 264,610
Liabilities	
Accounts payable	$ 29,163
Accrued expenses	14,546
Deferred income taxes	13,105
Total liabilities assumed	$ 56,814
Net assets acquired	$ 207,796

The primary factors that contributed to the purchase price resulting in the recognition of goodwill include:

- The Company's significant market presence as one of three national distributors of its product lines;
- The Company's experienced work force; and
- The Company's industry leading financial and operational performance.

4. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	December 30, 2005	December 31, 2004
	(In thousands)	
Machinery and computer equipment	$ 7,660	$ 4,546
Furniture and fixtures	1,244	646
Leasehold improvements	1,108	719
Construction in progress	92	136
	10,104	6,047
Less accumulated depreciation	(4,917)	(1,546)
	$ 5,187	$ 4,501

The 2005 amounts reflect the final purchase price allocation related to the Company's merger transaction (see Note 3).

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. INTANGIBLE ASSETS

The following table reflects the gross carrying value and accumulated amortization by asset class and is based upon the final purchase price allocation related to the Company s merger transaction (see Note 3).

	December 30, 2005			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted-Average Useful Life
	(In thousands, except weighted-average useful life)			
Indefinite-lived intangible assets trade name	$ 7,900	$	$ 7,900	
Supplier and customer relationships	35,000	(5,517)	29,483	13.1
Other	250	(93)	157	4.5
Total	$ 43,150	$ (5,610)	$ 37,540	

The Company expects to record intangible amortization for each of the next fiscal years as follows:

2006	$5,573
2007	5,573
2008	2,622
2009	1,107
2010	1,107

6. GOODWILL

The following table reflects the change in the carrying value of goodwill during the 2005 fiscal year:

	December 30, 2005 (In thousands)
Carrying value of Goodwill as of December 31, 2004	$ 119,945
Additional purchase price paid	2,890
Effect of final purchase price allocation	(27,586)
Carrying value of Goodwill as of December 30, 2005	$ 95,249

7. LONG-TERM DEBT

Long-term debt consists of the following:

	December 30, 2005	December 31, 2004
	(In thousands)	
Revolving credit facility (interest rates ranging from 7.25% to 9.25% at December 30, 2005)	$ 6,679	$ 3,530
Term loan (interest rates ranging from 6.10% to 9.75% at December 30, 2005)	72,656	75,562
Senior subordinated notes, net of original issuance discount of $1,278	41,077	40,264
	120,412	119,356
Less current portion	(1,494)	(2,906)
	$ 118,918	$ 116,450

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Effective March 3, 2006, the Company replaced its revolving credit facility and term loan with a new credit agreement which provides for funding of up to $160 million. Borrowings under the new revolving credit facility are limited to $30.0 million, are subject to the amount of the Company s eligible inventory, accounts receivable and uncleared check deposits, and expire on March 3, 2012, at which time all outstanding revolver borrowings are payable in full. Pursuant to the new term loan, $25 million relates to a delayed draw available only upon consummation of a pending transaction for which the Company has signed a Letter of Intent. The new term loan is due in quarterly installments of $262,500 on June 30, 2006, and $325,000 from September 30, 2006 through December 31, 2011, with a final payment of $122,587,500 due March 3, 2012. This assumes full borrowing under the delayed draw.

In 2004, the Company issued and sold senior subordinated notes (the Subordinated Notes), warrants to purchase 141,696 shares of common stock, and warrants to purchase 12,614 shares of Preferred Stock to certain private investors for proceeds of $41.0 million. Those Subordinated Notes accrue interest at 14.0%, of which 12.0% is paid in cash on a quarterly basis and 2.0% is paid in-kind. Prepayments during the first five years since issuance are subject to a premium varying from 9% to 1% of the principal amount, which reduces each successive year. If the prepayment is due to a change of control, the premium is applicable for the first three years since issuance and range from 3% to 1%, which reduces each successive year. For the period ended December 30, 2005 and December 31, 2004, $1,168,000 and $542,000 of accumulated paid in-kind interest was accreted to the Subordinated Notes.

The warrants issued in conjunction with the Subordinated Notes are exercisable at any time through May 2014 at $0.01 per share. The fair value of the warrants of $1.4 million reduced the carrying value of the Subordinated Notes and subsequently will be accreted to the principal value of $41.0 million through interest expense over the related term.

Effective March 3, 2006, the Company also entered into an amended and restated Securities Purchase Agreement (the Amendment). Under the Amendment, the Company conditionally sold an additional $8 million of Subordinated Notes to existing note holders, the proceeds of which would be available only upon consummation of the pending transaction as noted above. The additional $8 million of Subordinated Notes would accrue interest at 12.5%, of which 11.0% would be paid in cash on a quarterly basis and 1.5% would be paid in-kind. Pursuant to the Amendment, the Subordinated Notes maturity date was modified to November 2012, at which time all amounts outstanding, including paid in-kind interest, are due.

Borrowings made are collateralized by all of the Company s assets. The credit agreement requires the Company, among other things, to meet certain financial covenants and maintain financial ratios in such amounts and for such periods as set forth therein, and also restricts the payment of dividends. Interest accrues at a rate primarily equal to the London Interbank Offered Rate (LIBOR) plus an applicable margin of 1.50% to 2.75%, which varies based upon the achievement of certain financial ratios. A commitment fee is payable quarterly based upon the unused portion of the revolver of 0.50% annually.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The current portion of long-term debt on the balance sheet, the debt maturity schedule noted below, and the terms as described above reflect the terms of the new credit agreement and Amendment as well as payments required under the terms of the previous agreements prior to March 3, 2006. Maturities of long-term debt outstanding at December 30, 2005, including the fully amortized original issue discount of $1.3 million on the Subordinated Notes, are as follows (in thousands):

Fiscal year ending	
2006	$ 1,494
2007	1,050
2008	1,050
2009	1,050
2010	1,312
2011 and thereafter	115,734

The Company may use interest rate swaps to reduce its exposure to adverse fluctuations in interest rates. In 2004, the Company entered into interest rate agreements that effectively fix or cap, for a period of time, the LIBOR component of the interest rate on a portion of its floating rate debt. These instruments, described further below, have been designated as cash flow hedges related to the Company s floating rate term loan. There were no hedges or derivatives in place for the Predecessor periods presented herein.

At December 30, 2005, the Company had two interest rate swap agreements outstanding with an aggregate notional amount of $18.8 million. These swap agreements obligate the Company to pay a fixed rate of approximately 3.85% through December 2007. At December 30, 2005, the Company had two interest rate cap agreements outstanding with an aggregate notional amount of $17.6 million. These cap agreements obligate the Company to receive payments to the extent that LIBOR exceeds 5.0%, through December 2007.

At December 30, 2005, the fair market value of outstanding interest rate agreements was a $0.2 million asset and was included in other assets. The impact of the interest rate agreements was to increase interest expense by $0.2 million and $0.3 million for the year ended December 30, 2005 and the period May 4, 2004 through December 31, 2004, respectively.

8. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company has operating leases covering various office, warehouse, and other equipment rentals. A certain number of thee are long-term operating leases which include rent escalation clauses. Most operating leases entered into for office and warehouse space contain renewal options. Future minimum lease payments for noncancelable operating leases as of December 30, 2005, are as follows (in thousands):

Fiscal year ending	
2006	$ 3,980
2007	3,421
2008	3,258
2009	2,787
2010	2,054
2011 and thereafter	594
	$ 16,094

Rent expense for the year ended December 30, 2005, the period ended December 31, 2004, and the period ended May 3, 2004, totaled $4.4 million, $2.9 million, and $1.4 million, respectively.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. STOCKHOLDERS EQUITY

Redeemable Preferred Stock

The Company has 804,459 shares of 8.0% Cumulative Redeemable Preferred Stock (the Preferred Stock) outstanding with a par value of $0.01 per share. Dividends on the Preferred Stock are cumulative and recorded when declared. For the periods ended December 30, 2005 and December 31, 2004, there were $10.6 million of dividends ($13.18 per share) and $4.3 million of dividends ($5.33 per share), respectively, in arrears. The Preferred Stock is nonvoting and redeemable at the option of the Company at the original issue price of $100 per share plus all accrued but unpaid dividends, which also represents the liquidation preference.

Notes Receivable from Stockholders

The notes receivable from stockholders bear interest at 6% to 8% per annum, are repayable in various installments through 2009, and are secured by preferred stock and common shares held.

Stock-Based Compensation

Successor

In May 2004, Holdings adopted the Communications Supply Holdings, Inc. 2004 Stock Incentive Plan (the Plan). The Compensation Committee of the Board of Directors of Holdings (the Committee) administers the Plan and selects eligible executives, employees, consultants, and directors of the Company to receive options. The Committee also will determine the number and type of shares of stock covered by options granted under the Plan, the terms under which options may be exercised, the exercise price of the options, and other terms and conditions of the options in accordance with the provisions of the Plan. If Holdings undergoes a change in control, as defined in the Plan, all outstanding time-based options become immediately exercisable, while the performance-based options may become immediately exercisable upon achievement of certain specified criteria described further below. The Committee may adjust outstanding options by substituting stock or other securities of any successor or another party to the change in control transaction, or cash out such outstanding options, in any such case, generally based on the consideration received by its stockholders in the transaction. Subject to particular limitations specified in the Plan, the Committee may amend or terminate the Plan. The Plan will terminate no later than ten years following its effective date; however, any options outstanding under the option plan will remain outstanding in accordance with their terms.

The Company is authorized to issue an aggregate of 2,500,000 shares of common stock in connection with the Plan. Options were granted at fair market value on the grant date and are exercisable under varying terms for up to ten years. The options granted under the Plan include the following:

- Options to purchase shares of Holdings common stock at the fair market value on the date of grant, which will vest 20% annually on each of the first five anniversaries of the grant date (time-based options;
- Options to purchase shares of Holdings common stock at the fair market value on the date of grant which will vest upon the occurrence of a liquidity event, as defined in the Plan, and the achievement of two specified internal rate of return and absolute return thresholds on the funds invested by Harvest Partners, Inc., vesting 50% upon achieving the first threshold and 100% upon achieving the second threshold, as defined.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock option activity during the period May 4, 2004 through December 31, 2004 and the fiscal year ended December 30, 2005, is summarized below:

	December 30, 2005		May 3, 2004 - December 31, 2004	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of year:	1,652,365	$ 1.00		
Granted	43,620	$ 2.63	1,652,365	$ 1.00
Canceled/expired	(4,000)	$ 1.00		
Outstanding at end of year	1,691,985	$ 1.04	1,652,365	$ 1.00
Exercisable at end of year	181,320	$ 1.00		
Weighted-average fair value of options granted during the year		$ 0.59		$ 0.25

Options outstanding and exercisable as of December 30, 2005, by price range:

	Outstanding			Exercisable	
Exercise Prices	Shares	Weighted-Average Remaining Life in Years	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$1.00	1,648,365	8.34	$ 1.00	181,320	$ 1.00
$2.63	43,620	9.60	$ 2.63		
	1,691,985			181,320	

Predecessor

The Predecessor had granted options to purchase common stock to key employees of the Company under its 1996 Option Plan for Key Employees (the 1996 Plan). The Predecessor was authorized to issue an aggregate of 2,550,000 shares of common stock in connection with the 1996 Plan. The stock options vested after five to seven years and were exercisable over an eight- to ten-year period from original grant dates. The vesting of certain classes of options were subject to acceleration if certain financial performance criteria were met or upon a change in control.

In connection with the Merger Transaction, all 1,847,463 exercisable options were exercised. The difference between the number of exercisable options at the time of the merger and the prior year end was due principally to the predetermined acceleration provisions of the Plan upon a change of control. The remaining outstanding options were canceled.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of the status of the 1996 Plan and changes during the year ended May 3, 2004, is as follows:

	2004	
	Options	Weighted-Average Exercise Price
Outstanding at beginning of period Exercised	2,071,012	$ 2.80
Canceled/expired	(1,847,463)	2.58
Outstanding at end of period	(223,549)	4.62
		$
Exercisable at end of period		$
Weighted-average fair value of options granted during the period		$

10. INCOME TAXES

The significant components of the Company s deferred tax assets and liabilities were as follows:

	As of December 30, 2005	As of December 31, 2004
	(In thousands)	
Deferred tax assets:		
Reserve for slow-moving inventory	$ 2,288	$ 1,992
Allowance for doubtful accounts	691	772
Inventory capitalization UNICAP	903	617
NOL carryforward		1,372
Other accrued liabilities	842	1,142
Other	310	170
Total deferred tax assets	5,034	6,065
Deferred tax liabilities:		
Intangible assets	(11,661)	
Tradename	(3,124)	
Amortization of goodwill	(4,493)	(3,571)
Fixed asset depreciation	(576)	
Total deferred tax liabilities	(19,854)	(3,571)
Net deferred tax assets (liabilities)	$ (14,820)	$ 2,494

As of December 31, 2004, the Company had an NOL carryforward in the amount of $3.5 million. This amount was fully utilized in 2005.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The components of the provision for (benefit from) income taxes are as follows:

	Year Ended December 30, 2005	Period from May 4, 2004 through December 31, 2004	Period from December 27, 2003 through May 3, 2004
	(In thousands)		
Current:			
Federal	$ 4,595	$ 1,791	$
State	947	445	
	5,542	2,236	
Deferred:			
Federal	(708)	2,214	(1,345)
State	(152)	550	(334)
	(860)	2,764	(1,679)
	$ 4,682	$ 5,000	$ (1,679)

The Company s effective tax rate differs from the 35% federal statutory rate primarily due to state income taxes in all periods and nondeductible merger expenses in the period ended May 3, 2004.

11. RELATED-PARTY TRANSACTIONS

Successor

The Company has a management agreement with Harvest Partners, Inc., under which Harvest Partners, Inc. received a one-time fee of $4.0 million for structuring and executing the acquisition of the Company. This fee was considered additional purchase price. Additionally, Harvest Partners, Inc. receives an annual management fee of $750,000 for financial advisory and strategic planning services rendered to the Company. The agreement also provides for Harvest Partners, Inc. to receive a transaction fee in connection with any financings, acquisitions, or divestitures of the Company based upon a percentage of the applicable transaction. Management fees of $750,000 and $500,000 were incurred for the year ended December 30, 2005, and the period ended December 31, 2004, respectively. The Company also reimburses Harvest Partners, Inc. for all out-of-pocket expenses.

Predecessor

The Predecessor had a management agreement with UBS Capital Partners. Pursuant to this agreement, fees totaling $25,000 were incurred for the period ended May 3, 2004.

12. PROFIT-SHARING PLAN

The Company and its Predecessor maintain a defined-contribution 401(k) profit-sharing plan for the benefit of eligible employees. The plan is subject to the provisions of ERISA. Pursuant to plan provisions, each participant may elect to defer a portion of annual compensation subject to certain limitations. Contributions to the plan are determined at the discretion of the Board of Directors. Discretionary profit-sharing contribution expenses of $57,000 and $67,000, respectively, were recorded in the periods ended December 31, 2004 and May 3, 2004. In addition, discretionary matching contributions equal to a percentage of participant contributions totaled $596,000, $368,000, and $192,000 for the periods ended December 30, 2005, December 31, 2004, and May 3, 2004, respectively.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. CONTINGENT LIABILITIES

The Company is involved in legal proceedings, which arise in the ordinary course of its business. While any litigation contains an element of uncertainty, the Company believes that the outcome of such proceedings will not have a material adverse effect on its operations or financial condition.

14. SUBSEQUENT EVENTS

On March 3, 2006, the Company acquired all the assets of Calvert Wire and Cable Corporation, a privately held distributor of network infrastructure, and industrial wire and cable products. The purchase price was approximately $33.4 million. The acquisition will be accounted for using the purchase method of accounting and the purchase price will be allocated to the assets and liabilities acquired upon finalization of a pending valuation.

On March 3, 2006, the Company also entered into various debt agreements including a new revolving credit facility, term loan and subordinated notes providing the Company with up to $160 million in funds as described in Note 7.

COMMUNICATION SUPPLY HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2006 (Unaudited)	December 30, 2005
	(Dollars in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 23	3,963
Accounts receivable, net of allowance of	111,491	72,335
$2,060 in 2006 and $1,746 in 2005 Inventory	85,386	59,667
Deferred income taxes	5,720	5,034
Prepaid expenses and other assets	6,635	9,302
Total current assets	209,255	150,301
Property and equipment, net	5,835	5,187
Intangible assets, net	59,375	37,540
Goodwill	126,819	95,249
Deferred financing costs, net of accumulated amortization of $2,579 in 2006 and $761 in 2005	2,399	2,515
Other assets	407	376
	$ 404,090	$ 291,168
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 50,675	31,885
Accrued expenses	22,779	15,712
Current portion of long-term debt	1,300	1,494
Total current liabilities	74,754	49,091
Deferred income taxes	27,389	19,854
Other non-current liabilities	617	
Long-term debt, less current portion	138,216	77,841
Senior subordinated notes	49,812	41,077
Stockholders equity:		
Preferred stock, $0.01 par value, 1,000,000 shares authorized, 851,423 and 804,459 shares issued and outstanding in 2006 and 2005, respectively	8	8
Common stock, $0.01 par value, 15,000,000 shares authorized, 9,139,012 and 9,012,500 shares issued and outstanding in 2006 and 2005, respectively	91	90
Additional paid-in capital	96,014	90,787
Notes receivable from stockholders	(765)	(518)
Accumulated other comprehensive income	162	117
Retained earnings	17,792	12,821
	113,302	103,305
	$ 404,090	$ 291,168

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

COMMUNICATION SUPPLY HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME

	Six Months Ended	
	June 30, 2006	July 1, 2005
	(Unaudited) (Dollars in thousands)	
Net Sales	$ 284,824	$ 207,815
Cost of sales	215,040	162,243
Gross Profit	69,784	45,572
Selling, general, and administrative expenses	46,547	31,381
Depreciation and amortization	5,228	1,116
Income from operations	18,009	13,075
Interest expense	9,520	6,036
Income before provision for income taxes	8,489	7,039
Provision for income taxes	3,518	2,745
Net income	4,971	4,294
Other comprehensive income, net of tax:		
Fair value change in interest rate derivatives classified as cash flow hedges	45	□
Total Other Comprehensive Income	$ 5,016	$ 4,294

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

COMMUNICATION SUPPLY HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended	
	June 30, 2006	July 1, 2005
	(Unaudited) (Dollars in thousands)	
Operating Activities		
Net Income	$ 4,971	$ 4,294
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,228	1,088
Deferred income taxes	(1,750)	3,570
Amortization of deferred financing costs	1,819	228
Loss on sale of assets	10	8
Compensation expense recognized on stock options		
Noncash interest accreted to subordinated notes	735	510
Changes in operating assets and liabilities:		
Accounts Receivable	(21,305)	(208)
Inventory	(12,907)	(3,460)
Prepaid expenses and other assets	3,992	4,032
Accounts payable	8,565	(453)
Accrued Expenses	4,773	(4,758)
Net cash (used in) provided by operating activities	(5,869)	4,851
Investing Activities		
Additions to property and equipment	(525)	(690)
Proceeds from sale of assets	5	47
Acquisitions, net of cash acquired	(69,011)	(3,542)
Net cash used in investing activities	(69,531)	(4,184)
Financing Activities		
Issuance of stockholder s notes receivable	(250)	
Repayment of stockholder s notes receivable	3	4
Proceeds from issuance of common stock	539	
Repurchase and retirement of treasury stock	(160)	(10)
Proceeds from issuance of preferred stock	4,849	
Proceeds from issuance of long-term debt	58,313	
Proceeds from issuance of subordinated notes	8,000	
Payment of deferred financing costs	(1,702)	
Revolver credit facility net borrowings	3,099	210
Term loan payments	(1,231)	(1,938)
Net cash provided by (used in) financing activities	71,460	(1,734)
Net (decrease) in cash	(3,940)	(1,067)
Cash at beginning of period	3,963	2,219
Cash at end of period	$ 23	$ 1,152

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

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. DEVELOPMENT AND DESCRIPTION OF BUSINESS

CSC was incorporated in Connecticut in 1977 and is a leading national distributor of low voltage network infrastructure and industrial wire and cable supporting advanced connectivity for voice and data communications, access control, security surveillance, and building automation. CSC sells its products through its 32 distribution centers and sales offices located throughout the continental United States.

Communications Supply Holdings, Inc. (Holdings) was incorporated in Delaware in 2004 for the purpose of acquiring and holding ownership of Communications Supply Corporation (CSC). Effective May 4, 2004, CSC became a wholly owned subsidiary of Holdings via a Merger Transaction.

Holdings, on a consolidated basis with CSC, Calvert Wire & Cable Corporation and Liberty Wire and Cable, Inc. both acquired in 2006 (see Note 4) are collectively referred to herein as the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the Company include the accounts of Holdings and its wholly owned operating subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made in the prior years financial statements to conform to the current year presentation.

The Company traditionally operates on a 52- to 53-week fiscal year ending on the last Friday in December.

Recent Accounting Pronouncements

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48). This statement clarifies the accounting for uncertainty in income taxes recognized in an entitys financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes.* It prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006. Consistent with its requirements, the Company will adopt FIN 48 for its fiscal year beginning December 31, 2006. The Company is in process of evaluating the effect that implementation of FIN 48 will have on its financial position, results of operations and cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. STOCKHOLDERS EQUITY

Redeemable Preferred Stock

As of December 30, 2005 the Company had 804,459 shares of 8.0% Cumulative Redeemable Preferred Stock (the Preferred Stock) outstanding with a par value of $0.01 per share. During the first six months of 2006, the Company issued 48,492 shares which include 27,000 shares as purchase consideration for the acquisition of Calvert

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Wire & Cable Corp, and repurchased 1,528 shares from former employees of the Company. Dividends on the Preferred Stock are cumulative and recorded when declared. For the periods ended June 30, 2006 and December 30, 2005 there were $14.1 million of dividends (14.24 per share) and $10.6 million of dividends ($13.18 per share), respectively, in arrears.

Common Stock

As of December 30, 2005 the Company had 9,012,500 shares of Common Stock outstanding with a par value of $0.01 per share. During the first six months of 2006, the Company issued 143,680 shares which include 80,000 shares as purchase consideration for the acquisition of Calvert Wire & Cable Corp, and repurchased 17,168 shares from former employees of the Company.

Stock-Based Compensation

In May 2004, Holdings adopted the Communications Supply Holdings, Inc. 2004 Stock Incentive Plan (the Plan). The Compensation Committee of the Board of Directors of Holdings (the Committee) administers the Plan and select eligible executives, employees, consultants, and directors of the Company to receive options. The Committee also will determine the number and type of shares of stock covered by options granted under the Plan, the terms under which options may be exercised, the exercise price of the options, and other terms and conditions of the options in accordance with the provisions of the Plan. If Holdings undergoes a change in control, as defined in the Plan, all outstanding time-based options become immediately exercisable, while the performance-based options may become immediately exercisable upon achievement of certain specified criteria described further below. The Committee may adjust outstanding options by substituting stock or other securities of any successor or another party to the change in control transaction, or cash out such outstanding options, in any such case, generally based on the consideration received by its stockholders in the transaction. Subject to particular limitations specified in the Plan, the Committee may amend or terminate the Plan. The Plan will terminate no later than ten years following its effective date; however, any options outstanding under the option plan will remain outstanding in accordance with their terms.

The Company is authorized to issue an aggregate of 2,500,000 shares of common stock in connection with the Plan. Options were granted at fair market value on the grant date and are exercisable under varying terms for up to ten years. The options granted under the Plan include the following:

- Options to purchase shares of Holdings common stock at the fair market value on the date of grant, which will vest 20% annually on each of the first five anniversaries of the grant date (time-based options);
- Options to purchase shares of Holdings common stock at the fair market value on the date of grant which will vest upon the occurrence of a liquidity event, as defined in the Plan, and the achievement of two specified internal rate of return and absolute return thresholds on the funds invested by Harvest Partners, Inc., vesting 50% upon achieving the first threshold and 100% upon achieving the second threshold, as defined.

In December 2004, The Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), *Share Based Payment.* SFAS 123(R) requires that all share-based payments to employees, including grants of employee stock options, be recognized in the financial statements at fair value on date of grant. Compensation cost is recognized over the service period for awards expected to vest.

The Company adopted SFAS 123(R) on December 31, 2005 using the prospective transition method which requires nonpublic companies that had previously measured compensation costs under SFAS No. 123 using the minimum value method to continue to account for equity awards outstanding at the date of adoption in the same manner as they had been accounted for prior to adoption. For all awards granted, modified or settled after the date of

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

adoption, the Company will recognize cost based on the grant-date fair market value estimated in accordance with the provisions of SFAS 123(R).

During the six months ended June 30, 2006 the Company granted 147,704 stock options to employees. The Black Scholes option-pricing model was used to estimate the fair value of these option awards using the following weighted average assumptions for the six months ended June 30, 2006:

Expected life of options	6 years
Volatility	42%
Risk-free rate	5.1%
Dividend Yield	

Expected Life of Options The Company does not have an extensive historical experience with respect to exercise behavior for its options. The expected life of options was estimated on what was considered a reasonable estimate in relation to exercise behavior experienced by similar private-equity owned entities.

Volatility The Company does not have publicly traded equity and therefore does not have historical data regarding the volatility of its common stock. The expected volatility used for 2006 is based on volatility of similar entities, referred to as guideline companies.

Risk-Free Rate The risk-free interest rate is based on yields for the six year U.S. Treasury Bill.

Dividend Yield The dividend yield on the Company s stock is assumed to be zero since the Company has not paid dividends and has no current plans to do so in the future.

The resulting fair value of options issued during the first six months of 2006 was approximately $269,000 and will be amortized to expense on a straight line basis over the five year vesting period of the options. The compensation expense for the six months ended June 30, 2006 was insignificant.

Prior to the adoption of SFAS 123(R), the Company elected to apply the intrinsic value method of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and its related interpretations in accounting for its stock-based compensation plans. In accordance with the APB Opinion No. 25, compensation cost of stock options issued were measured as the excess, if any, of the quoted market price of the Company s stock at the date of the grant over the option exercise price and was charged to operations over the vesting period. Accordingly, because the options were granted at market value, no compensation expense has been recognized in the consolidated statement of operations for the six months ended July 1, 2005.

Disclosure of pro forma information regarding net income is required by SFAS 123 and has been determined as if the Company had accounted for its stock options using SFAS 123. To value these options in accordance with SFAS 123, the Company used the minimum value method. The resulting compensation expense had the Company applied the fair value recognition provisions of SFAS 123 was insignificant for the six months ended July 1, 2005.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table sets forth a summary of the stock option activity and related information during the six months ended June 30, 2006:

	June 30, 2006 Options	Weighted-Average Exercise Price
Outstanding as of December 30, 2005:	1,691,985	$1.04
Exercisable	181,320	$1.00
Non-vested	1,510,665	$1.05
Outstanding as of December 30, 2005:	1,691,985	
Granted	348,553	$3.75
Canceled	(13,000)	$1.00
Outstanding as of June 30, 2006	2,027,538	$1.51
Exercisable as of June 30, 2006	359,450	$1.00
Non Vested	1,668,088	$1.62
Weighted-average fair value of options granted during the period	$ 1.82	

Options outstanding and exercisable as of June 30, 2006 and related information is outlined below:

	Outstanding			Exercisable	
Exercise Prices	Shares	Weighted-Average Remaining Life in Years	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$1.00	1,635,365	7.74	$1.00	359,450	$1.00
$2.63	43,620	9.00	$2.63		
$3.75	348,553	9.81	$3.75		
	2,027,538			359,450	

As of June 30, 2006, the intrinsic value of awards exercisable and awards unvested was approximately $988,500 and $3,553,000, respectively.

The remaining unrecognized compensation cost related to unvested stock awards at June 30, 2006 was approximately $416,000 and the weighted-average period of time over which this cost will be recognized is 4.1 years.

4. ACQUISITIONS

Acquisition of Calvert Wire & Cable Corporation

On March 3, 2006, the Company acquired all the assets of Calvert Wire & Cable Corporation (Calvert) a privately held distributor of communications infrastructure products, including cable, fiber optics, network electronics and industrial wire and cable headquartered in Cleveland, Ohio. The results of operations for Calvert have been included the Company s operating results since March 3, 2006. Calvert provides strategic expansion for the company, particularly into the Ohio River Valley, as well as expanded product offerings for both Calvert and the Company s customers.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The purchase price paid by the Company, including transaction related fees, was approximately $32.9 million. The purchase was funded primarily through the Company's term loan facility as well as $3 million of common and preferred stock. Additional consideration may be paid to Calvert if certain performance targets are achieved as of the first and second anniversary date of the acquisition. If such performance targets are met, consideration paid will be treated as additional purchase price. The primary factors contributing to the recognition of goodwill from this transaction include Calvert's significant strength in its geographic markets, strength of its management team, tenure and technical expertise of its sales force and strong financial and operating performance. The associated goodwill from this transaction is deductible for income tax purposes.

Acquisition of Liberty Wire & Cable, Inc.

On May 5, 2006, the Company acquired all the outstanding stock of Liberty Wire & Cable, Inc. ("Liberty") a privately held provider of connectivity and infrastructure products to both the residential and commercial professional audio/video markets. The acquisition gives the Company a strong platform within the growing residential and commercial audio, video and broadcast market segments. The results of operations for Liberty have been included in the Company's operating results since May 5, 2006. The acquisition provides the Company with a complete product portfolio that supports network convergence; voice, data, security, and now audio/video solutions. Liberty is headquartered in Colorado Springs, Colorado.

The purchase price paid by the Company, including transaction fees, was approximately $36.1 million. The purchase was funded through the Company's term loan facility and the issuance of additional subordinated notes. Further consideration may be paid to Liberty management if certain performance targets are achieved. If such performance targets are met, consideration paid will be treated as additional purchase price. The primary factors contributing to the recognition of goodwill from this transaction include the company's recognized industry leadership within the professional audio/video market, strength of its management team and experience of work force coupled with strong financial and operating performance.

The acquisitions of Calvert and Liberty were accounted for under the purchase method of accounting in accordance with SFAS No. 141, *Business Combinations.* Accordingly, the purchase price has been allocated based on the fair value of assets acquired and liabilities assumed. The Company utilized an independent appraisal for the valuation of fixed and intangible assets acquired in theses transactions. The purchase price in excess of the fair market value of the net assets acquired was recorded as goodwill as of the effective date of the acquisitions.

The allocation of assets acquired and liabilities assumed for the 2006 acquisitions is summarized below and is preliminary, pending the finalization of the Company's independent valuations noted above and finalization of purchase price related to accounts receivable and inventory for the Calvert acquisition. The Company may invoke certain "puts" back to the prior Calvert ownership related to the receivables and inventory on hand as of the acquisition date. The purchase accounting is expected to be completed by the end of fiscal year 2006.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Calvert Wire & Cable Corporation	Liberty Wire & Cable, Inc.
	(In thousands)	
Assets		
Cash	$ 49	$
Accounts receivable	11,003	6,847
Inventory	6,354	6,458
Prepaid expenses and other	659	564
Property and equipment	385	1,369
Goodwill	15,295	16,162
Identifiable Intangibles	5,185	20,260
Deferred Income Taxes	18	192
Other noncurrent assets		11
Total assets acquired	$ 38,948	$ 51,863
Liabilities		
Accounts payable	$ 4,433	$ 5,792
Accrued expenses	1,058	1,120
Deferred income taxes		8,678
Other noncurrent liabilities	525	145
Total liabilities assumed	$ 6,016	$ 15,735
Net assets acquired	$ 32,932	$ 36,128

5. IDENTIFIABLE INTANGIBLES

The following table reflects the gross carrying value and accumulated amortization by asset class of identifiable intangibles:

	As of June 30, 2006			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Useful Life
	(In thousands)			
Indefinite-lived intangible assets				
Tradenames	$ 21,500	$	$ 21,500	
Intangibles Subject to Amortization				
Supplier relationships	$ 20,300	$ (1,661)	$ 18,639	16.8
Customer relationships	25,700	(7,261)	18,439	3.7
Non-compete	775	(179)	596	2.6
Other	320	(119)	201	.6
Total	$ 68,595	$ (9,220)	$ 59,375	

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company expects to record intangible amortization for the balance of 2006 and the next five fiscal years as follows (in thousands):

July 1, 2006 December 29, 2006	$4,283
2007	$8,157
2008	$5,208
2009	$2,324
2010	$2,050
2011	$2,050

6. GOODWILL

The following table reflects the change in the carrying value of goodwill during the period ended June 30, 2006 (in thousands):

Carrying Value of Goodwill as of December 30, 2005	$ 95,249
Acquisitions	31,570
Carrying Value of Goodwill as of June 30, 2006	$ 126,819

7. LONG-TERM DEBT

Long-term debt consists of the following:

	June 30, 2006	December 30, 2005
	(In thousands)	
Revolving credit facility (interest rates ranging from 9.25% to 10.0% at June 30, 2006)	$ 9,778	$ 6,679
Term loan (interest rates ranging from 9.75% to 10.0% at June 30, 2006)	129,738	72,656
Senior subordinated notes, net of original issuance discount of $1,278	49,812	41,077
	189,328	120,412
Less current portion	(1,300)	(1,494)
	$ 188,028	$ 118,918

Effective March 3, 2006, the Company replaced its revolving credit facility and term loan with a new credit agreement which provides for funding of up to $160 million. Borrowings under the new revolving credit facility are limited to $30.0 million, are subject to the amount of the Company's eligible inventory, accounts receivable and uncleared check deposits, and expire on March 3, 2012, at which time all outstanding revolver borrowings are payable in full. The new term loan is due in quarterly installments of $325,000 from September 30, 2006 through December 31, 2011 with final payment of $122,587,500 due March 3, 2012.

In 2004, the Company issued and sold senior subordinated notes (the "Subordinated Notes"), warrants to purchase 141,696 shares of common stock, and warrants to purchase 12,614 shares of Preferred Stock to certain private investors for proceeds of $41.0 million. These Subordinated Notes accrue interest at 14.0%, of which 12.0% is paid in cash on a quarterly basis and 2.0% is paid-in-kind. Prepayments during the first five years since issuance are subject to a premium varying from 9% to 1% of the principal amount, which reduces each successive year. If the prepayment is due to a change of control, the premium is applicable for the first three years since issuance and range from 3% to 1%, which reduces each successive year. For the period

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ended June 30, 2006 and December 30, 2005, $654,027 and $1,168,000 of accumulated paid-in-kind interest was accreted to the Subordinated Notes.

The warrants issued in conjunction with the Subordinated Notes are exercisable at any time through May 2014 at $0.01 per share. The fair value of the warrants of $1.4 million reduced the carrying value of the Subordinated Notes and subsequently will be accreted to the principal value of $41.0 million through interest expense over the related term.

Effective March 3, 2006, The Company also entered into an amended and restated Securities Purchase Agreement (the Amendment). Under the Amendment, the Company conditionally sold an additional $8 million of Subordinated Notes to existing note holders, the proceeds of which would be available only upon consummation of the pending transaction as described above. The additional $8 million of Subordinated Notes would accrue interest at 12.5% of which 11.0% would be paid in cash on a quarterly basis and 1.5% would be paid-in-kind. Pursuant to the Amendment, the Subordinated Notes maturity date was modified to November 2012, at which time all amounts outstanding, including paid-in-kind interest, are due.

Borrowings made are collateralized by all of the Company's assets. The credit agreement requires the Company, among other things, to meet certain financial covenants and maintain financial ratios in such amounts and for such periods as set forth therein, and also restricts the payment of dividends. Interest accrues at a rate primarily equal to the London Interbank Offered Rate (LIBOR) plus an applicable margin of 1.50% to 2.75%, which varies based upon the achievement of certain financial ratios. A commitment fee is payable quarterly based upon the unused portion of the revolver of 0.50% annually.

The current portion of long-term debt on the balance sheet, the debt maturity schedule noted below, and the terms as described above reflect the terms of the new credit agreement and Amendment as well as payments required under the terms of the previous agreements prior to March 3, 2006.

The Company may use interest rate swaps to reduce its exposure to adverse fluctuations in interest rates. The Company has entered into interest rate agreements that effectively fix the LIBOR component of the interest rate on a portion of its floating rate debt interest rates, within a certain range for a designated period of time.

At June 30, 2006, the company had two interest rate swap agreements outstanding with an aggregate notional of $38.9 million. These swap agreements obligate the Company to pay a weighted average fixed rate of approximately 5.28% through June 30, 2009. At June 30, collar agreements outstanding both with notional of approximately $25.9 million. These collar agreements, which extend through December 2009, obligate the Company to receive payments to the extent that LIBOR exceeds 6.00% and make payments to the extent the LIBOR rate falls below a range of 3.375% 5.020%.

At June 30, 2006, the fair market value of outstanding interest rate derivative agreements was $0.2 million.

Total amortization of deferred financing costs was approximately $1.8 million and $0.2 million, for the six months ended June 30, 2006 and July 1, 2005, respectively. The six months ended June 30, 2006 includes the write-off of deferred financing costs totaling $1.6 million related to the Company's prior credit facility.

8. INCOME TAXES

The Company's effective income tax rate differs from the 35% U.S. federal statutory rate principally due to state income taxes and permanent differences.

COMMUNICATIONS SUPPLY HOLDINGS, INC. & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. RELATED-PARTY TRANSACTIONS

The Company has a management agreement with Harvest Partners, LLC (Harvest). Pursuant to this agreement Harvest receives an annual management fee of $750,000 for financial advisory and strategic planning services rendered to the Company. The agreement also provides for Harvest to receive a transaction fee in connection with any financings, acquisitions, or divestitures of the Company. Management fees of $375,000 were incurred and paid during the six months ended June 30, 2006 and July 1, 2005. Additionally, Harvest was paid $1.3 million during the six months ended June 30, 2006 related to the execution of the Company s new term and revolving credit facility and subordinated debt as well as advisory and strategic planning services provided in conjunction with the Calvert and Liberty acquisitions. The Company also reimburses Harvest for out-of-pocket expenses.

The Company paid $1.1 million to Shea & Associates, Inc. for strategic consulting services provided in conjunction with the acquisitions of Calvert Wire & Cable Corporation and Liberty Wire & Cable, Inc. The principal of Shea & Associates, Inc. is a shareholder of the Company.

The company leases its Brook Park, Ohio and Akron, Ohio warehouse and office facilities for its Calvert subsidiary the landlords of which are entities controlled by the President of Calvert or related family members. The lease costs are at a market cost. The Company paid approximately $133,000 for the lease of these facilities from March 3, 2006, the date of the Calvert acquisition, through June 30, 2006.

10. CONTINGENT LIABILITIES

The Company is involved in legal proceedings, which arise in the ordinary course of its business. While any litigation contains an element of uncertainty, the Company believes that the outcome of such proceedings will not have a material adverse effect on its operations or financial condition.

11. SUBSEQUENT EVENTS

On October 3, 2006, the Company announced that Harvest, the Company s principal owners and stockholders representative had entered into a definitive agreement with WESCO Distribution, Inc. (WESCO) whereby WESCO would acquire the Company from Harvest. The transaction is subject to certain conditions including regulatory approvals required under the Hart-Scott-Rodino Act. The transaction is expected to close in early November.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information gives effect to the acquisition by WESCO International, Inc. (WESCO) of Communications Supply Corporation (CSC), which is expected to be completed by November 3, 2006, and the previously announced offering of convertible debentures, as if the acquisition and the offering were completed on June 30, 2006 with respect to the balance sheet data and on January 1, 2005 with respect to the statement of income data. The following unaudited pro forma condensed combined financial information is derived from the historical financial statements of WESCO and CSC and should be read in conjunction with their respective consolidated financial statements, including the notes thereto. The pro forma adjustments are based upon available information and certain assumptions that WESCO considers reasonable. The following unaudited pro forma condensed combined financial information has been prepared for informational purposes only and does not purport to be indicative of the actual results of operation of the combined enterprise if the acquisition had actually occurred on the dates indicated or what may result in the future.

WESCO has a December 31 fiscal year end and CSC operates on a 52 to 53 week fiscal year ending on the last Friday in December. The following unaudited pro forma condensed combined financial information includes: (i) an unaudited pro forma condensed combined balance sheet as of June 30, 2006; (ii) an unaudited pro forma condensed combined statement of income for the six months ended June 30, 2006; and (iii) an unaudited pro forma condensed combined statement of income for the year ended December 31, 2005.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
JUNE 30, 2006

	Historical WESCO June 30, 2006(a)	Historical CSC June 30, 2006(b)	Adjustments (In thousands)	Notes	Pro Forma Combined June 30, 2006
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 37,823	$ 23	$ (9,023)	e, s	$ 28,823
Accounts receivables, net	386,189	111,491	(110,000)	d	387,680
Other accounts receivable	22,104	—	—		22,104
Inventories, net	536,249	85,386	—		621,635
Current deferred income taxes	15,384	5,720	—		21,104
Income taxes receivable	10,287	—	—		10,287
Prepaid expenses and other current assets	9,535	6,635	—		16,170
Total current assets	1,017,571	209,255	(119,023)		1,107,803
Property buildings and equipment, net:	104,373	5,835	—		110,208
Intangible assets, net	81,082	59,375	(59,375)	e	
			148,000	c	229,082
Goodwill	550,830	126,819	(126,819)	e	
			261,221	c	
			21,095	g	833,146
Other assets	12,078	2,806	6,601	f, s	21,485
Total assets	$ 1,765,934	$ 404,090	$ 131,700		$ 2,301,724
LIABILITIES AND STOCKHOLDERS EQUITY					
Current Liabilities:					
Accounts payable	$ 610,816	$ 50,675	—		$ 661,491
Accrued payroll and benefit costs	37,120	—	—		37,120
Current portion of long-term debt	5,663	1,300	(1,300)	f	
		—	25,000	d	30,663
Deferred acquisition payable	4,632	—	—		4,632
Other current liabilities	40,323	22,779	(1,765)	f	61,337
Total current liabilities	698,554	74,754	21,935		795,243
Long-term debt	349,122	188,028	(188,028)	f	
			390,000	d	739,122
Other noncurrent liabilities	11,337	617	—		11,954
Deferred income taxes	77,119	27,389	21,095	g	125,603
Total liabilities	1,136,132	290,788	245,002		1,671,922
Stockholders Equity:					
Preferred Stock	—	8	(8)	e	
Common stock	531	91	(91)	e	531
Class B nonvoting convertible common stock	43	—	—		43
Additional paid-in capital	749,158	96,014	(96,014)	e	749,158
Notes receivable from stockholders		(765)	765	e	
Retained earnings (deficit)	(68,704)	17,792	(17,792)	e	(68,704)
Treasury stock	(67,769)	—	—		(67,769)
Accumulated other comprehensive income	16,543	162	(162)	e	16,543
Total stockholders equity	629,802	113,302	(113,302)		629,802
Total liabilities and shareholders equity	$ 1,765,934	$ 404,090	$ 131,700		$ 2,301,724

See notes to unaudited pro forma condensed combined financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2006

	Historical WESCO For the Six Months Ending June 30, 2006(h)	Historical CSC For the Six Months Ending June 30, 2006(i)	Adjustments	Notes	Pro Forma Combined For the Six Months Ending June 30, 2006
		(In thousands, except share and per share data)			
Net sales	$ 2,601,484	$ 284,824			$ 2,886,308
Cost of goods sold	2,077,825	215,040			2,292,865
Gross profit	523,659	69,784			593,443
Selling, general and administrative expenses	339,410	46,547			385,957
Depreciation and amortization	12,596	5,228	(3,610)	o	
			4,000	p	18,214
Income from operations	171,653	18,009	(390)		189,272
Interest expense, net	12,006	9,520	(9,520)	l	
			11,163	m	
			225	n	23,394
Other expenses (income)	11,323				11,323
Income before income taxes	148,324	8,489	(2,258)		154,556
Provision for income taxes	48,696	3,518	(842)	r	51,372
Net income	$ 99,628	$ 4,971	$ (1,415)		$ 103,184
Earnings Per Share:					
Weighted average common shares outstanding used in computing basic earnings per share	48,334,545				48,334,545
Basic earnings per share	$ 2.06				$ 2.13
Weighted average common shares outstanding including common shares issuable upon exercise of dilutive stock options used in computing diluted earnings per share	52,124,312				52,124,312
Diluted earnings per share	$ 1.91				$ 1.98

See notes to unaudited pro forma condensed combined financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2005

	Historical WESCO For the Year Ending December 31, 2005(j)	Historical CSC For the Year Ending December 30, 2005(k)	Adjustments	Note	Pro Forma Combined For the Year Ending December 31, 2005
		(In thousands, except share and per share data)			
Net sales	$ 4,421,103	$ 430,671			$ 4,851,774
Cost of goods sold	3,580,398	326,526			3,906,924
Gross profit	840,705	104,145			944,850
Selling, general and administrative expenses	612,780	72,184	28	q	684,992
Depreciation and amortization	18,639	9,007	(5,610)	o	
			8,000	p	30,036
Income from operations	209,286	22,954	(2,418)		229,822
Interest expense, net	30,183	12,254	(12,254)	l	
			22,325	m	
			450	n	52,958
Loss on debt extinguishment, net	14,914				14,914
Other expenses (income)	13,305				13,305
Income before income taxes	150,884	10,700	(12,939)		148,645
Provision for income taxes	47,358	4,682	(4,762)	r	47,278
Net income	$ 103,526	$ 6,018	$ (8,177)		$ 101,367
Earnings Per Share:					
Weighted average common shares outstanding used in computing basic earnings per share	47,085,524				47,085,524
Basic earnings per share	$ 2.20				$ 2.15
Weighted average common shares outstanding including common shares issuable upon exercise of dilutive stock options used in computing diluted earnings per share	49,238,436				49,238,436
Diluted earnings per share	$ 2.10				$ 2.06

See notes to unaudited pro forma condensed combined financial statements.

WESCO International, Inc.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. BASIS OF PRESENTATION

The Unaudited Pro Forma Condensed Combined Financial Information has been prepared using the purchase method of accounting as if the transaction had been completed as of January 1, 2005 for purposes of the Unaudited Pro Forma Condensed Combined Statements of Income and on June 30, 2006 for the purposes of the Unaudited Pro Forma Condensed Combined Balance Sheet.

WESCO's fiscal year end is December 31 and CSC operates on a 52 to 53 week fiscal year ending on the last Friday in December which the latest is December 30, 2005. The Unaudited Pro Forma Condensed Combined Financial Information should be read in conjunction with the separate historical Consolidated Financial Statements and accompanying notes included in WESCO's Annual Report on Form 10-K for the year ended December 31, 2005 and Quarterly Reports on Form 10-Q for the three and six months ended March 31, 2006 and June 30, 2006 and CSC audited financial statements for the year ended December 30, 2005 and the Unaudited Condensed Consolidated Financial Statements for the six months ended June 30, 2006. The Unaudited Pro Forma Condensed Combined Financial Information is not intended to be indicative of the consolidated results of operations or the financial condition of WESCO that would have been reported had the merger been completed as of the dates presented and should not be taken as representative of the future consolidated results of operations or financial condition of WESCO. The accompanying Unaudited Pro Forma Condensed Combined Financial Information is presented in accordance with Article 11 of the U.S. Securities and Exchange Commission Regulation S-X.

Under the purchase method of accounting, the purchase price is allocated to the underlying assets acquired and liabilities assumed based on their representative fair market values, with any excess purchase price allocated to goodwill. The pro forma purchase price allocation has been derived from estimates of the fair market value of the tangible and intangible assets and liabilities of CSC based upon WESCO management's estimates using valuation techniques. Certain assumptions have been made with respect to the fair market value of identifiable intangible assets as more fully described in the accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information. The total purchase price of CSC has been allocated on a preliminary basis to identifiable assets acquired and liabilities assumed based upon valuation procedures performed to date. This allocation is subject to change pending a final analysis of the total purchase price paid, including the direct costs of the acquisition and the estimated fair value of the assets acquired and liabilities assumed.

The Unaudited Pro Forma Condensed Combined Financial Information does not reflect any effect of operating efficiencies, cost savings, and other benefits anticipated by WESCO's management as a result of the merger. Additionally, certain integration costs may be recorded subsequent to the merger that under purchase accounting will not be treated as part of the CSC purchase price. These costs have not been reflected in these Unaudited Pro Forma Condensed Statements of Income because they are not expected to have a continuing impact on the combined results.

2. PRO FORMA ADJUSTMENTS

The pro forma adjustments give effect to the acquisition of CSC by WESCO.

Balance Sheet-As of June 30, 2006

(a) Derived from the unaudited WESCO condensed consolidated balance sheet as of June 30, 2006.

(b) Derived from the unaudited CSC consolidated balance sheet as of June 30, 2006.

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WESCO International, Inc.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

(c) The following table summarizes the estimated allocation of the purchase price for CSC and the pro forma adjustments to record goodwill:

	As of June 30, 2006	Estimated Useful Life	Annual Amortization
	(In thousands, except estimated useful life)		
Historical value of assets and liabilities assumed:			
Accounts receivables, net	$ 111,491		
Inventories, net	85,386		
Current deferred income taxes	5,720		
Other current assets	6,635		
Property and equipment	5,835		
Other long-term assets	407		
Current liabilities assumed	(71,689)		
Deferred income taxes	(27,389)		
Other long-term liabilities assumed	(617)		
Total historical value of assets and liabilities assumed	115,779		
Identifiable intangibles at fair value:			
Customer relationships	90,000	15 years	$ 6,000
Supplier relationships	24,000	12 years	2,000
Tradename / trademarks	34,000	Indefinite	
Total identifiable intangibles:	148,000		
Net fair value assigned to assets acquired and liabilities assumed	263,779		
Goodwill	261,221		
Total purchase price	$ 525,000		$ 8,000

The allocation of purchase price to identifiable intangibles at fair value is preliminary and can change upon completion of the analysis. A $5 million reduction in the amount of customer relationships would cause a reduction in annual amortization of approximately $330,000. A one-year reduction in the useful life of customer relationships would result in an increase of annual amortization of approximately $429,000. A $5 million reduction in the amount of supplier relationships would cause a reduction in annual amortization of approximately $417,000. A one-year reduction in the useful life of supplier relationships would result in an increase of annual amortization of approximately $182,000.

(d) The following represents a summary of the purchase price consideration:

	2.0% Convertible Senior Debentures Due 2026	Revolving Credit	Accounts Receivable Securitization	Total
		(In thousands, except percentages)		
Principal	$250,000	$165,000	$110,000	$525,000
Interest rate	2.000%	6.500%	6.000%	
Current		$ 25,000		$ 25,000

WESCO International, Inc.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

For purposes of preparing the pro forma financial information, an interest rate of 2.0% is assumed for the Convertible Senior Debentures due 2026 issued in this offering.

Deferred financing fees related to the issuance of 2.0% Convertible Senior Debentures due 2026 are estimated to be $9 million resulting in net proceeds of $241 million. Amortization of the deferred financing fees is over 240 months and $450,000 annually.

(e) Reflects elimination of the CSC goodwill, intangibles, cash and equity not assumed in the acquisition.

(f) Reflects elimination of CSC bank debt and related deferred financing fees and accrued interest as follows:

Debt	Balance As of June 30, 2006	Deferred Financing Fees	Accrued Interest
		(In thousands)	
Revolving bank loan	$ 9,778		
Term loan	129,738		
Senior subordinated notes	49,812		
Total	189,328		
Less current portion	1,300		
Long-term portion	$ 188,028	$ 2,399	$ 1,765

(g) To record adjustments for deferred tax assets related to identified intangible assets:

	Preliminary Fair Value	Statutory Tax Rate	Deferred Tax Asset (Liability)
		(In thousands, except percentages)	
Long term deferred taxes			
Intangible assets			
Customer relationships	$ 90,000	37.30%	$ (33,570)
Supplier relationships	24,000	37.30%	(8,952)
Tradename / Trademarks	34,000		
Subtotal long term deferred taxes			(42,522)
Deferred tax liability on CSC carry-over basis			21,427
Incremental deferred tax liability			$ (21,095)

Unaudited Pro Forma Condensed Statements of Income

(h) Derived from the unaudited WESCO consolidated statement of income for the six months ended June 30, 2006.

(i) Derived from the unaudited CSC consolidated statement of income for the six months ended June 30, 2006.

(j) Derived from the audited WESCO consolidated statement of income for the year ended December 31, 2005.

(k) Derived from the audited CSC consolidated statement of income for the year ended December 30, 2005.

WESCO International, Inc.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

(l) Reflects elimination of interest expense related to CSC debt being eliminated at acquisition.

(m) Reflects interest on the purchase related borrowings as follows:

	2.0% Convertible Senior Debentures Due 2026	Revolving Credit Facility	Accounts Receivable Securitization	Total
		(In thousands)		
For the year ended December 31, 2005	$5,000	$10,725	$6,600	$22,325
For the six months ended June 30, 2006	$2,500	$ 5,363	$3,300	$11,163

For purposes of preparing the pro forma financial information, an interest rate of 2.0% is assumed for the Convertible Senior Debentures due 2026 in this offering.

(n) Reflects amortization on the purchase related borrowings deferred financing fees as follows (in thousands):

For the year ended December 31, 2005	$450
For the six months ended June 30, 2006	$225

(o) Reflects elimination of amortization of intangibles related to CSC as follows (in thousands):

For the year ended December 30, 2005	$5,610
For the six months ended June 30, 2006	$3,610

(p) Reflects amortization of intangibles related to the acquisition of CSC as follows (in thousands):

For the year ended December 31, 2005	$8,000
For the six months ended June 30, 2006	$4,000

(q) Reflects adjustment for fair value based method of accounting for CSC stock based awards (FAS 123):

	For the Year Ended Ended December 31, 2005
	(In thousands)
Share Based Options Not Expensed	$28

(r) Reflects income taxes on the related pro forma adjustments based on the then statutory tax rate as follows:

	For the Year Ended December 31, 2005	For the Six Months Ended June 30, 2006
	(In thousands, except percentages)	
Statutory rate	36.8%	37.3%
Income taxes related to pro forma adjustments	$(4,762)	$(842)

(s) Reflects deferred financing fees as follows (in thousands):

2.0% Convertible Senior Debenture Initial Purchase Discount	$6,025
Other offering fees	2,975
Total	$9,000

(d) Exhibits

Exhibit 2.1 Agreement and Plan of Merger, dated October 2, 2006, by and among WESCO Distribution, Inc., WESCO Voltage, Inc., Communications Supply Holdings, Inc. and Harvest Partners, LLC, as Stockholders Representative (filed herewith).

Exhibit 4.1 Indenture, dated November 2, 2006, by and among WESCO International, Inc., WESCO Distribution, Inc. and The Bank of New York, as trustee, relating to WESCO International, Inc.s 1.75% Convertible Senior Debentures due 2026 (filed herewith).

Exhibit 4.2 Registration Rights Agreement, dated November 2, 2006, by and among WESCO International, Inc., WESCO Distribution, Inc. and Lehman Brothers Inc., as representative of the initial purchasers named therein, relating to WESCO International, Inc.s 1.75% Convertible Senior Debentures due 2026 (filed herewith).

Exhibit 4.3 Form of 1.75% Convertible Senior Debenture due 2026 (included in Exhibit 4.1).

Exhibit 23.1 Consent of Ernst & Young LLP (filed herewith).

Exhibit 99.1 Press Release dated November 6, 2006 (filed herewith).

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SIGNATURE

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

WESCO INTERNATIONAL, INC.

By: /s/ Stephen A. Van Oss
Stephen A. Van Oss
Senior Vice President and Chief Financial and Administrative Officer

Dated: November 8, 2006

Exhibit 2.1

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

WESCO DISTRIBUTION, INC.,

WESCO VOLTAGE, INC.,

COMMUNICATIONS SUPPLY HOLDINGS, INC.

AND

HARVEST PARTNERS, LLC, AS STOCKHOLDERS REPRESENTATIVE

DATED AS OF OCTOBER 2, 2006

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "**Agreement**") is dated as of October 2, 2006 by and among WESCO DISTRIBUTION, INC. ("**Parent**"), a corporation organized under the laws of the State of Delaware, WESCO VOLTAGE, INC. ("**Merger Sub**"), a corporation organized under the laws of the State of Delaware and a Subsidiary of Parent, COMMUNICATIONS SUPPLY HOLDINGS, INC. (the "**Company**"), a corporation organized under the laws of the State of Delaware, and HARVEST PARTNERS, LLC, (the "**Stockholders' Representative**" and, collectively with Parent, Merger Sub and the Company, the "**Parties**"), a Delaware limited liability company, solely in its capacity as representative of the Equity Holders.

W I T N E S S E T H:

WHEREAS, Parent has formed Merger Sub for the purpose of merging it with and into the Company, with the Company continuing as the surviving corporation and as a Subsidiary of Parent;

WHEREAS, the respective boards of directors of Parent, Merger Sub and the Company have, upon the terms and subject to the conditions set forth in this Agreement, (i) determined that the merger of Merger Sub with and into the Company, as set forth below (the "**Merger**"), is fair to, and in the best interest of, each of Merger Sub and the Company and their respective stockholders, and declared that the Merger is advisable, (ii) authorized and approved this Agreement, the Merger and the consummation of the transactions contemplated hereby and (iii) recommended acceptance of the Merger and approval and adoption of this Agreement by the respective stockholders of Merger Sub and the Company, in accordance with the Delaware General Corporation Law, as amended (the "**DGCL**");

WHEREAS, upon the consummation of the Merger, each share of common stock of the Company, par value $0.01 per share (each, a "**Common Share**" and, collectively, the "**Common Shares**") that is then issued and outstanding shall be converted into the right to receive the Common Share Consideration (as defined herein), upon the terms and conditions set forth in this Agreement;

WHEREAS, upon the consummation of the Merger, each share of 8% Cumulative Redeemable Preferred Stock of the Company, par value $100.00 per share (each, a "**Preferred Share**" and, collectively, the "**Preferred Shares**"), that is then issued and outstanding shall be converted into the right to receive the Preferred Share Consideration (as defined herein), upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, upon the consummation of the Merger, each outstanding option to purchase Common Shares that has vested in accordance with its terms (each, an "**Option**" and, collectively, the "**Options**") heretofore granted under any stock option or stock-based compensation plan of the Company (collectively, the "**Stock Plans**"), shall be converted into the right to receive the Option Payments (as defined herein), upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, upon the consummation of the Merger, each outstanding warrant to purchase Common Shares or Preferred Shares (each, a "**Warrant**" and, collectively, the "**Warrants**") heretofore granted under the Warrant Agreements (as defined herein) shall be converted into the right to receive the applicable Warrant Payments (as defined herein) upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, Parent, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe the conditions to the Merger;

NOW, THEREFORE, in consideration of the premises and of the mutual representations, warranties, covenants and agreements contained herein, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. When used in this Agreement, the following terms shall have their respective meanings as defined below.

"**Affiliate**" of any Person shall mean any Person directly or indirectly controlling, controlled by, or under common control with, such Person; provided that, for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Affiliated Group**" means any affiliated group within the meaning of Code Section 1504(a) or any similar group defined under a similar provision of state, local or foreign law.

"**Aggregate Preferred Share Amount**" shall mean an amount equal to the aggregate Redemption Price (as defined in the Certificate of Designations) that would be payable in respect of all outstanding Preferred Shares upon the occurrence of an Optional Redemption Event (as defined in the Certificate of Designations) immediately prior to the Effective Time, as provided in Section 6 of the Certificate of Designations.

"**Antitrust Authorities**" shall mean the Federal Trade Commission, the Antitrust Division of the United States Department of Justice, the attorneys general of the several states of the United States and any other Governmental Entity having jurisdiction with respect to the transactions contemplated hereby pursuant to applicable Antitrust Laws.

"**Antitrust Laws**" shall mean the Sherman Act, as amended; the Clayton Act, as amended; the HSR Act; the Federal Trade Commission Act, as amended; and all other federal, state and foreign statutes, rules, regulations, orders, decrees, administrative and judicial

doctrines, and other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

"**Approval**" shall mean, with respect to any Person, any approval, authorization, consent, qualification or registration, or any waiver of any of the foregoing, required to be obtained by such Person from, or any notice, statement or other communication required to be filed by such Person with or delivered by such Person to, any Governmental Entity or any other Person.

"**Board**" shall mean the Board of Directors of the Company.

"**Business Day**" shall mean any day except a Saturday, a Sunday or any other day on which commercial banks are required or authorized to close in New York, New York.

"**Cash**" shall mean the aggregate amount of (i) all cash on hand or in deposit in bank or lockbox accounts of the Company and any of the Company Subsidiaries and (ii) all cash equivalents (including all marketable securities, short term commercial paper and other short term investments, in each case as of the close of business on the Closing Date, determined in accordance with GAAP; provided, however, that any amounts received by or payable to the Company pursuant to (i) Sections 3.4 or 3.5 of the Asset Purchase Agreement, dated as of March 3, 2006, among Calvert Wire & Cable Corporation, Brian F. Coughlin, the Company, CSC and Calvert and/or (ii) Section 2.4 of the Stock Purchase Agreement, dated as of May 5, 2006, among the Company, River Associates Investments, LLC, Liberty and each of the other parties thereto, shall be excluded from the calculation of "Cash".

"**Certificate of Designations**" shall mean the Communications Supply Holdings, Inc. 8% Cumulative Redeemable Preferred Stock Amended and Restated Certificate of Designations, filed with the Secretary of State of the State of Delaware on May 3, 2004.

"**Closing Indebtedness**" shall mean, as of the close of business on the Business Day immediately preceding the Closing Date, the aggregate amount of outstanding Indebtedness of the Company and its Subsidiaries, which shall include all Indebtedness outstanding under (a) the Amended and Restated Credit Agreement, dated as of March 3, 2006, among CSC, Calvert, Liberty, the other Persons designated as credit parties thereto, the financial institutions party thereto from time to time as Lenders and General Electric Capital Corporation, as the initial L/C issuer and Administrative Agent (net of any amounts owing to the Company or any Company Subsidiary in respect of any "in the money" interest rate swap, cap or collar agreement or similar agreement or arrangement designed to alter the risks arising from fluctuations in interest rates that have been settled, unwound or terminated pursuant to Section 5.3(c) hereof) and (b) the Amended and Restated Securities Purchase Agreement, dated as of March 3, 2006, among CSC, the Guarantors from time to time parties thereto, and OCM Mezzanine Fund, L.P., New York Life Investment Management Mezzanine Partners, LP, and NYLIM Mezzanine Partners Parallel Fund, LP.

"**Code**" shall mean the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated and the rulings issued thereunder.

Common Equity Holder shall mean each holder of Common Shares, each Effective Time Option Holder and each Effective Time Common Share Warrant Holder.

Common Share Warrant Agreement shall mean the Communications Supply Holdings, Inc. Common Stock Warrant Agreement, dated as of May 3, 2004, between the Company and the holders from time to time of the Warrants referred to therein.

Company Disclosure Letter shall mean the disclosure letter of even date with this Agreement delivered by the Company to Parent concurrently with the execution and delivery of this Agreement.

Company Property shall mean any real property and improvements owned (directly, indirectly or beneficially), leased, used, operated or occupied by the Company or its Subsidiaries.

Contract shall mean any written agreement, contract or instrument including all amendments thereto.

Damaged Inventory means Inventory that is damaged to the extent that it is unusable for the purposes intended.

Environmental Law shall mean any federal, state and local Laws relating to the protection of human health or the environment, relating to Hazardous Substances or relating to liability for or cost of other actual or threatened danger to human health or the environment. Environmental Law includes the following statutes and any regulation promulgated pursuant thereto, in each case only as in effect as of the date hereof: 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 sub-title 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 Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; the Rivers and Harbors Appropriation Act; and similar state, and local laws and regulations. The term Environmental Law also includes any federal, state, and local Laws: (a) conditioning transfer of property upon a negative declaration or other approval of a Governmental Entity of the environmental condition of the property; (b) requiring notification or disclosure of Releases of Hazardous Substances or other environmental condition of the property to any Governmental Entity or other Person, whether or not in connection with transfer of title to or interest in property; or (c) imposing conditions or requirements in connection with permits or other authorizations for lawful activity.

Equity Holders shall mean, collectively, the Effective Time Option Holders, the Effective Time Warrant Holders and the Stockholders.

Escrow Agent shall mean LaSalle Bank National Association, or any successor thereto pursuant to the terms of the Escrow Agreement or any other financial institution having assets under management in excess of $500,000,000 and otherwise reasonably acceptable to the Parties.

Escrow Agreement shall mean the Escrow Agreement among Parent, the Stockholders Representative (on behalf of the Equity Holders) and the Escrow Agent, substantially in the form attached hereto as Exhibit A, with such changes thereto as may be reasonably requested by the Escrow Agent.

"**Escrow Amount**" shall mean an amount of cash equal to $17,000,000.

"**Escrow Amount Deduction**" shall mean, with respect to each Common Equity Holder, as applicable, an amount equal to (a) the Escrow Amount multiplied by (b) a fraction, the numerator of which is the number of Common Shares, Options or Warrants to purchase Common Shares, as applicable, held by such Person as of the Effective Time and the denominator of which is the number of Common Shares outstanding at the Effective Time, assuming the exercise of all Options and all Warrants to purchase Common Shares.

"**GAAP**" shall mean generally accepted accounting principles of the United States of America consistently applied, as in effect from time to time.

"**Governmental Entity**" shall mean any domestic or foreign court, arbitral tribunal, administrative agency or commission or other governmental or regulatory agency or authority or any securities exchange.

"**Hazardous Substances**" shall mean any and all substances (whether solid, liquid or gas) defined, listed or otherwise classified as pollutants, contaminants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes or words of similar meaning or regulatory effect under any Environmental Laws, including petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, microbial matter, flammables or explosives.

"**HSR Act**" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"**Indebtedness**" shall mean, with respect to any Person at any time, without duplication (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property, but excluding the payments described in Section 1.1(a) of the Company Disclosure Letter, (b) all reimbursement and other obligations with respect to letters of credit, bankers' acceptances and surety bonds, but only to the extent such letters of credit, bankers' acceptances or surety bonds have been drawn upon, (c) all obligations evidenced by notes, bonds, debentures or similar instruments, (d) subject to Section 5.3(c), monetary obligations of such Person under any interest rate swap, cap or collar agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in interest rates, whether contingent or matured, (e) all Indebtedness referred to above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property or other assets (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness and (f) all guarantees of any of the foregoing.

"**Initial Purchase Price**" shall mean an amount equal to (a) $525,000,000.00, (b) plus the Estimated Cash Amount, if any, (c) minus the amount of the Closing Indebtedness, (d)

minus the Transaction Expense Amount, and (e) either (i) plus the amount, if any, by which the Estimated Working Capital exceeds the Target Working Capital or (ii) minus the amount, if any, by which the Target Working Capital exceeds the Estimated Working Capital.

"**Intellectual Property**" shall mean any of the following (a) patents and patent applications, (b) registered and unregistered trademarks and service marks, pending trademark and service mark registration applications, and intent-to-use registrations or similar reservations of marks, (c) registered and unregistered copyrights, and applications for registration thereof, (d) internet domain names and (e) trade secrets.

"**Inventory**" shall mean all merchandise and all goods, components, materials and sub-assemblies, in all stages of production, from raw materials through work in progress to finished goods.

"**Law**" shall mean any statute, law, ordinance, rule or regulation of any Governmental Entity.

"**Liabilities**" shall mean any and all debts, liabilities and obligations, whether accrued or fixed, known or unknown, absolute or contingent, matured or unmatured or determined or determinable.

"**Liens**" shall mean any lien, security interest, mortgage, encumbrance or charge of any kind.

"**Loss**" or "**Losses**" shall mean any and all claims, actions, causes of action, judgments, awards, Liabilities, costs, damages, disbursements, expenses, losses, deficiencies, obligations, penalties or settlements of any kind or nature, (including interest or other carrying costs, penalties and reasonable legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement), but excluding lost profits, lost revenues, lost opportunities and consequential, punitive, indirect and other special damages regardless of the legal theory. In no event shall "Losses" be calculated based on any multiple of lost earnings or other similar methodology used to value the Company and the Company Subsidiaries or any other Person.

"**Material Adverse Effect**" shall mean (a) with respect to Parent and/or Merger Sub, any change or effect having a material adverse effect on the ability of Parent and/or Merger Sub to perform their respective obligations under this Agreement or to consummate the transactions contemplated hereby on a timely basis; and (b) with respect to the Company, any change or effect having a material adverse effect on the business, operations, assets (tangible and intangible), liabilities, results of operations or financial condition of the Company and the Company Subsidiaries, taken as a whole, or on the ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated hereby on a timely basis; provided that, for purposes of this clause (b), none of the following shall, in any case, be deemed to constitute a "Material Adverse Effect," nor shall any of them be considered in determining whether a "Material Adverse Effect" has occurred: (i) changes in general economic or political conditions or the financing or capital markets in general; (ii) changes in any Law or Order or interpretations thereof by any Governmental Entity or changes in accounting

requirements or principles; (iii) changes affecting generally the industries or markets in which the Company or any of the Company Subsidiaries conducts their respective businesses; (iv) the announcement or pendency of the transactions contemplated by this Agreement or other communication by Parent or Merger Sub of their plans or intentions (including in respect of employees) with respect to any of the businesses of the Company or any of the Company Subsidiaries; (v) the consummation of the transactions contemplated hereby or any actions by Parent, Merger Sub or the Company taken pursuant to this Agreement or in connection with the transactions contemplated hereby; (vi) any natural disaster or any acts of terrorism, sabotage, military action or war (whether or not declared), disease, pandemic or any escalation or worsening thereof; (vii) any action required to be taken under any (x) Order in effect on the date hereof, (y) Law or (z) Contract set forth in Section 3.15 of the Company Disclosure Letter; (viii) any failure, in and of itself, by the Company to meet any internal projections or forecasts or (v) the termination, for any reason, of employment with the Company or any Company Subsidiary of any of the Persons listed in Section 5.9(e) of the Company Disclosure Letter.

"**Notification and Report Form**" shall mean the form required under the HSR Act to be filed with the Antitrust Division of the Department of Justice and the Federal Trade Commission with respect to the Merger.

"**Option Payments**" shall mean the aggregate of (i) all Option Closing Payments to the holders of Options pursuant to Section 2.6(b) and (ii) the aggregate amount of all Final Option Payments, if any, to the former holders of Options pursuant to Section 2.8(e).

"**Order**" shall mean any judgment, order, injunction, decree, writ, permit or license of any Governmental Entity or any arbitrator.

"**Person**" shall mean and include an individual, a partnership, a limited liability partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization, a group and a Governmental Entity.

"**Preferred Share Warrant Agreement**" shall mean the Communications Supply Holdings, Inc. Preferred Stock Warrant Agreement, dated as of May 3, 2004, between the Company and the holders from time to time of the Warrants referred to therein, each as amended from time to time.

"**Purchase Price**" shall mean an amount equal to the Initial Purchase Price, plus (i) the aggregate amount of the Purchase Price Escrow Amount that is properly disbursed to the Stockholders' Representative (on behalf of the Equity Holders) pursuant to Section 2.8(d) hereof and the Escrow Agreement, plus (ii) the aggregate amount of the Indemnity Escrow Amount that is properly disbursed to the Stockholders' Representative (on behalf of the Stockholders) pursuant to the Escrow Agreement, plus or minus, as the case may be, (iii) without duplication of clause (i) above, the amount of any Purchase Price Adjustment.

"**Release**" shall mean any release, deposit, discharge, emission, leaking, leaching, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances into the environment.

Securities Act shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Stockholders shall mean the holders of Common Shares and/or Preferred Shares.

Subsidiary, with respect to any Person, shall mean (a) any corporation more than fifty percent (50%) of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is owned by such Person directly or indirectly through one or more subsidiaries of such Person and (b) any partnership, association, joint venture or other entity in which such Person directly or indirectly through one or more Subsidiaries of such Person has more than a fifty percent (50%) equity interest.

Target Working Capital shall mean One Hundred Sixteen Million Eight Hundred Fifty Thousand Dollars ($116,850,000.00).

Transaction Expenses Amount shall mean the aggregate amount of all fees, costs, charges, expenses and obligations that are incurred by the Company or any Company Subsidiary in connection with: (a) the preparation, negotiation and execution by the Company of this Agreement and the other agreements contemplated hereby, (b) any liability or obligation of the Company to the Stockholders Representative pursuant to the Management Agreement, dated as of May 3, 2004, between the Company and the Stockholders Representative (including any portion of an annual fee), (c) professional services rendered by (i) UBS Investment Bank, (ii) Ernst & Young LLP (other than fees and expenses of Ernst & Young LLP incurred in the ordinary course of business consistent with past practice), and (iii) White & Case LLP (other than fees and expenses of White & Case LLP incurred in the ordinary course of business and unrelated to the transactions contemplated hereby), (d) the Company s other bankers, counsel, accountants, consultants, data room operators, advisors, agents and other representatives in connection with the transactions contemplated hereby, (e) the Sale Bonus contemplated by Section 9 of the Employment Agreement, dated as of July 1, 2006, between CSC and Steven J. Riordan, (f) one-half (1/2) of the fees of the Escrow Agent under the Escrow Agreement and (g) one-half (1/2) of all Transfer Taxes.

Transaction Tax Benefit means the Tax benefit attributable to either (i) the items set forth in Section 5.19 of the Company Disclosure Letter or (ii) to the extent not set forth in Section 5.19 of the Company Disclosure Letter, the aggregate expenses of the Company and the Company Subsidiaries in connection with the transactions contemplated hereby (A) resulting from the payments to employees of any sale bonuses, or any payments for any non-qualified options or any other compensatory payments, management or consulting fees and other similar items (including the fee payable to the Stockholders Representative pursuant to the Management Agreement), or any capitalized financing costs and expenses (including any costs related to the redemption of any notes, any costs related to interest rate collar agreements, prepayment penalties or premiums and any accrued (and not previously deducted) original issue discount on any Indebtedness of the Company and the Company Subsidiaries) and (B) which may become currently deductible by the Company and the Company Subsidiaries on or before the Closing

Date, provided, however, that, with respect to items not set forth in Section 5.19 of the Company Disclosure Letter (i) such benefit shall be attributable to expenses (A) paid by the Company or a Company Subsidiary at or prior to the Closing in connection with the transactions contemplated hereby and which have not previously been deducted on the Tax return of the Company or the Company Subsidiaries, (B) deducted from or included within the Initial Purchase Price, as adjusted pursuant to Section 2.8 or (C) that result from the payments made pursuant to Section 5.19 and (ii) such benefit shall not include any benefit associated with a Tax deduction to the extent the benefit of such Tax deduction was included in, and reduced, Working Capital on the Closing Balance Sheet.

"**Warrant Agreements**" shall mean, collectively, the Common Share Warrant Agreement and the Preferred Share Warrant Agreement.

"**Warrant Payments**" shall mean the aggregate of (i) all Common Share Warrant Closing Payments and Preferred Share Warrant Closing Payments to the holders of Warrants pursuant to Sections 2.6(c) and (d) and (ii) the aggregate amount of all Final Warrant Payments, if any, to the former holders of Warrants pursuant to Section 2.8(e).

"**Working Capital**" shall mean the consolidated current assets (which shall exclude deferred Taxes and shall exclude Cash) of the Company and its Subsidiaries less the consolidated current liabilities of the Company and its Subsidiaries as of the close of business on the Closing Date (excluding (i) the Transaction Expenses Amount, (ii) the current portion of long-term debt and accrued interest and (iii) any liability for Transfer Taxes pursuant to Section 5.16), in each case as determined in accordance with GAAP, as applied consistently by the Company. For the avoidance of doubt, any Tax benefit associated with the expenses and/or payments associated with the Transaction Tax Benefit shall not be considered in the determination of the Tax accrual on the Closing Balance Sheet for purposes of the Working Capital Adjustment.

Section 1.2. Additional Defined Terms. In addition to the terms defined in Section 1.1, the following terms shall have the respective meanings assigned thereto in the Sections indicated below.

Defined Term	Section	Defined Term	Section
Agreed Claims	§8.6(c)	Indemnified Persons	§5.10(a)
Agreement	Preamble	Indemnifying Party	§8.6(a)
Arbitrator	§2.8(c)(ii)(A)	Indemnity Escrow Account	§2.7(b)(v)
Calvert	§3.1	Indemnity Escrow Agreement	§2.7(b)(v)
Calvert Acquisition Agreement	§5.23	Indemnity Escrow Amount	§2.7(b)(v)
Certificate	§2.7(c)	Inventory Count	§2.8(a)
Certificate of Merger	§2.1(a)	Knowledge of the Company	§1.5
Claim Certificate	§8.6(a)	Knowledge of Parent and/or Merger Sub	§1.5
Closing	§2.10	Leased Real Property	§3.17

Defined Term	Section	Defined Term	Section
Closing Balance Sheet	§2.8(a)	Letter of Transmittal	§2.7(c)
Closing Cash Statement	§2.8(a)	Liberty	§3.1
Closing Date	§2.10	Management Agreement	§6.2(c)
Closing Indebtedness Obligee	§2.7(b)(i)	Material Contracts	§3.15
Closing Statement	§2.7(a)	Merger	Second Recital
Closing Working Capital	§2.8(a)	Merger Sub	Preamble
Closing Working Capital Statement	§2.8(a)	Notice of Objection	§2.8(b)
Collateral Source	§8.5(a)	Objection Notice	§8.6(b)
Common Share(s)	Third Recital	Offering Documents	§9.6
Common Share Closing Payment	§2.7(b)(iv)	Option(s)	Fifth Recital
Common Share Consideration	§2.5(a)	Option Closing Payment	§2.6(b)
Common Share Warrant Closing Payment	§2.6(c)	Owned Real Property	§3.17
Company	Preamble	Parent	Preamble
Company Employees	§5.9(a)	Parent Indemnitees	§8.2
Company Intellectual Property	§3.13	Parties	Preamble
Company Subsidiaries	§3.1	Permits	§3.8
Confidentiality Agreement	§5.2	Preferred Share(s)	Fourth Recital
Consents	§3.2(a)	Preferred Share Closing Payment	§2.7(b)(iii)
CSC	§3.1	Preferred Share Consideration	§2.5(b)
Deductible	§8.4(a)	Preferred Share Warrant Closing Payment	§2.6(d)
DGCL	Second Recital	Product	§3.21
Disputed Amounts	§2.8(c)	Purchase Price Adjustment	§2.8(d)
Dissenting Common Share Holders	§2.5(a)	Purchase Price Escrow Amount	§2.7(b)(v)
Dissenting Preferred Share Holders	§2.5(b)	Real Property Lease(s)	§3.17
Dissenting Stockholders	§2.5(b)	Recalls	§3.21
Effective Time	§2.1(a)	Representation	§1.3(b)
Effective Time Common Share Warrant Holder	§2.6(c)	Response Actions	§8.5(b)(iii)
Effective Time Option Holder	§2.6(b)	Returns	§3.12(a)
Effective Time Preferred Share Warrant Holder	§2.6(d)	S-X Financial Statements	§9.6
Effective Time Warrant Holders	§2.6(d)	Specific Representation	§1.3(b)
Employee Benefit Plans	§3.10(a)	Stock Plans	Fifth Recital
End Date	§7.1(b)(ii)	Stockholders Agreement	§6.2(c)
Environmental Permits	§3.16(b)	Stockholders Representative	Preamble
Equity Holder Indemnitees	§8.3	Stockholders Representative Agreement	§5.22
ERISA	§3.10(a)	Surviving Corporation	§2.1(b)

Defined Term	Section	Defined Term	Section
Estimated Cash	§2.7(a)	Taxes	§3.12(a)
Estimated Working Capital	§2.7(a)	Third-Party Claim	§8.7(a)
Estimated Working Capital Adjustment	§2.7(a)	Transaction Expenses Obligee	§2.7(b)(ii)
Filing(s)	§5.8	TTB Matter	§8.2
Final Option Payment	§2.8(e)	Transfer Taxes	§5.16
Final Stock Payment	§2.8(e)	Unaudited Balance Sheet	§3.5(a)
Final Warrant Payment	§2.8(e)	Unaudited Balance Sheet Date	§3.5(a)
Government Contract	§3.20(a)	Warrant(s)	Sixth Recital
Indemnified Party	§8.6(a)	Warrant Closing Payments W&C	§2.6(d) §9.5

Section 1.3. Construction. (a) In this Agreement, unless the context otherwise requires:

(i) any reference to "writing" or comparable expressions includes a reference to facsimile transmission or comparable means of communication;

(ii) the phrases "delivered" or "made available" shall mean that the information referred to has been physically or electronically delivered to the relevant Parties (including, in the case of "made available" to Parent or Merger Sub, material that has been posted, retained and thereby made available to Parent and Merger Sub throughout the period commencing on August 28, 2006 through the Closing Date through the on-line "virtual data room" established by the Company);

(iii) words expressed in the singular number shall include the plural and vice versa; words expressed in the masculine shall include the feminine and neuter gender and vice versa;

(iv) references to Articles, Sections, Exhibits, the Preamble and Recitals are references to articles, sections, exhibits, the preamble and recitals of this Agreement, and the descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement;

(v) references to "day" or "days" are to calendar days;

(vi) references to "the date hereof" shall mean as of the date of this Agreement;

(vii) the words "hereof," "herein," "hereto" and "hereunder," and words of similar import, shall refer to this Agreement as a whole and not to any provision of this Agreement;

(viii) this "Agreement" or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented;

(ix) "include," "includes," and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of similar import; and

(x) references to dollars or "$" are to United States of America dollars.

(b) To the extent that a representation or warranty of the Company contained in Article III of this Agreement (each, a "**Representation**") addresses a particular issue with specificity (a "**Specific Representation**"), and no breach by Seller exists under such Specific Representation, Seller shall not be deemed to be in breach of any other Representation (with respect to such issue) that addresses such issue with less specificity than the Specific Representation and if such Specific Representation is qualified or limited by the Knowledge of the Company, or in any other manner, no other Representation shall supersede or limit such qualification in any manner.

Section 1.4. Exhibits and Company Disclosure Letter. (a) The Exhibits and the Company Disclosure Letter are incorporated into and form an integral part of this Agreement. If an Exhibit is a form of agreement, such agreement, when executed and delivered by the parties thereto, shall constitute a document independent of this Agreement.

(b) Any matter set forth in any section of the Company Disclosure Letter shall be deemed set forth in all other sections of the Company Disclosure Letter to the extent that the relevance or applicability of such matter to such other sections of the Company Disclosure Letter or the corresponding Representations is reasonably apparent on the face of such disclosure, whether or not a specific cross-reference appears. The inclusion of any information (including dollar amounts) in any section of the Company Disclosure Letter shall not be deemed to be an admission or acknowledgment that such information is required to be listed in such section or is material to or outside the ordinary course of the business of the Company or any of the Company Subsidiaries, nor shall such information be deemed to establish a standard of materiality (and the actual standard of materiality may be higher or lower than the matters disclosed by such information). In addition, matters reflected in the Company Disclosure Letter are not necessarily limited to matters required by this Agreement to be reflected in the Company Disclosure Letter. The information contained in this Agreement, the Company Disclosure Letter and the Exhibits is disclosed solely for purposes of this Agreement, and no information contained herein or therein shall be deemed to be an admission by any Party to any third party of any matter whatsoever (including any violation of applicable Law or breach of contract).

Section 1.5. Knowledge. When any representation, warranty, covenant or agreement contained in this Agreement is expressly qualified by reference to the "**Knowledge of the Company**" or words of similar import, it shall mean the current, actual knowledge of the individuals set forth in Section 1.5(a) of the Company Disclosure Letter, without any inquiry. Where any representation, warranty or other provision in this Agreement refers to notice or

written notice having been delivered or received by the Company or any of the Company Subsidiaries, or any of their respective Affiliates, such representation, warranty or other provision shall be interpreted to include only any notice to the individuals set forth in Section 1.5(a) of the Company Disclosure Letter or any notice of which one of such individuals has actual knowledge, without any implication that any such Person has made any inquiry or investigation as to the sending or receipt of such notice. When any representation, warranty, covenant or agreement contained in this Agreement is expressly qualified by reference to the "**Knowledge of Parent and/or Merger Sub**" or words of similar import, it shall mean the current, actual knowledge of the individuals set forth in Section 1.5(b) of the Company Disclosure Letter.

ARTICLE II

THE MERGER

Section 2.1. The Merger. (a) Upon the terms and subject to the conditions of this Agreement, at the Closing, Merger Sub and the Company shall duly prepare, execute and acknowledge a certificate of merger (the "**Certificate of Merger**") in accordance with Section 251 of the DGCL that shall be filed with the Secretary of the State of Delaware at such time and in accordance with the provisions of the DGCL. The Merger shall become effective upon the filing of the Certificate of Merger (or at such later time set forth in the Certificate of Merger as shall be agreed to by Merger Sub and the Company). The date and time when the Merger shall become effective is hereinafter referred to as the "**Effective Time**."

(b) On the terms and subject to the conditions set forth in this Agreement and in accordance with the DGCL, at the Effective Time, Merger Sub shall be merged with and into the Company, and the separate corporate existence of Merger Sub shall cease, and the Company shall continue as the surviving corporation under the laws of the State of Delaware (the "**Surviving Corporation**").

(c) From and after the Effective Time, the Merger shall have the effects set forth in Section 259(a) of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the properties, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities, and duties of the Company and Merger Sub shall become debts, liabilities, obligations and duties of the Surviving Corporation.

Section 2.2. Certificate of Incorporation of the Surviving Corporation. At the Effective Time and without any further action on the part of the Company or Merger Sub, the certificate of incorporation of Merger Sub, as in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation as of the Effective Time, until duly amended in accordance with applicable Law.

Section 2.3. Bylaws of the Surviving Corporation. At the Effective Time and without any further action on the part of the Company or Merger Sub, the bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation as of the Effective Time, until duly amended in accordance with applicable Law.

Section 2.4. Directors and Officers of the Surviving Corporation. At the Effective Time, the directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation, each of such directors to hold office, subject to the applicable provisions of the certificate of incorporation and bylaws of the Surviving Corporation. At the Effective Time, the officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation, each of such officers to hold office, subject to the applicable provisions of the certificate of incorporation and bylaws of the Surviving Corporation.

Section 2.5. Conversion of Stock. At the Effective Time, by virtue of the Merger and without any action on the part of any Party:

(a) Each Common Share issued and outstanding immediately prior to the Effective Time (other than (i) any Common Shares which are held by any wholly owned Subsidiary of the Company or in the treasury of the Company, all of which shall cease to be outstanding and be cancelled and none of which shall receive any payment with respect thereto and (ii) Common Shares held by Stockholders who comply with all provisions of the DGCL concerning the right of holders of Common Shares to demand appraisal of their Common Shares in connection with the Merger (such holders, "**Dissenting Common Share Holders**")) and all rights in respect thereof shall, by virtue of the Merger and without any action on the part of the holder thereof, forthwith cease to exist and be converted into and represent the right to receive an amount in cash, without interest (the "**Common Share Consideration**"), equal to the Purchase Price, minus the Aggregate Preferred Share Amount, minus the aggregate amount of all Option Payments, minus the aggregate amount of all Warrant Payments, minus the applicable Escrow Amount Deduction, divided by the number of Common Shares outstanding at the Effective Time (other than any Common Shares which are held by any wholly owned Subsidiary of the Company or in the treasury of the Company, all of which shall cease to be outstanding and be cancelled and none of which shall receive any payment with respect thereto);

(b) Each Preferred Share issued and outstanding immediately prior to the Effective Time (other than (i) any Preferred Shares which are held by any wholly owned Subsidiary of the Company or in the treasury of the Company, all of which shall cease to be outstanding and be cancelled and none of which shall receive any payment with respect thereto and (ii) Preferred Shares held by Stockholders who comply with all provisions of the DGCL concerning the right of holders of Preferred Shares to demand appraisal of their Preferred Shares in connection with the Merger (such holders, "**Dissenting Preferred Share Holders**" and, collectively with the Dissenting Common Share Holders, "**Dissenting Stockholders**")) and all rights in respect thereof shall, by virtue of the Merger and without any action on the part of the holder thereof, forthwith cease to exist and be converted into and represent the right to receive an amount in cash, without interest (the "**Preferred Share Consideration**"), equal to the Aggregate Preferred Share Amount divided by the number of Preferred Shares outstanding at the Effective Time (other than any Preferred Shares which are held by any wholly owned Subsidiary of the Company or in the treasury of the Company, all of which shall cease to be outstanding and be cancelled and none of which shall receive any payment with respect thereto); and

(c) Each share of common stock, par value $0.01 per share, of Merger Sub, issued and outstanding immediately prior to the Effective Time, shall remain outstanding and shall be converted into one fully paid and nonassessable share of common stock, par value $0.01

per share, of the Surviving Corporation, so that, after the Effective Time, Parent shall be the holder of all of the issued and outstanding shares of the Surviving Corporation's common stock.

Section 2.6. Options and Warrants. (a) Prior to the Effective Time, the Company shall take all actions necessary so that at the Effective Time, all Options and Warrants shall be cancelled, in each case in accordance with the terms of the relevant Stock Plan or otherwise under which such Options and Warrants were granted, as applicable, and shall take all actions (including, if appropriate, amending the terms of the relevant Stock Plan or amending or waiving relevant agreements providing for vesting conditions on Options or Warrants) that are necessary to give effect to the transactions contemplated by this Section 2.6. Each holder of an Option or Warrant cancelled in accordance with this Section 2.6(a) shall be entitled to receive in settlement of such Option the amount set forth in Section 2.6(b) or in settlement of such Warrant the amount set forth in Sections 2.6(c) and (d), as applicable. The Company shall take all steps necessary: (i) to ensure that neither the Company nor any of its Subsidiaries is or will be bound by any Options, other options, Warrants, rights or agreements which would entitle any Person to acquire any capital stock of the Surviving Corporation or any of its Subsidiaries or to receive any payment in respect thereof (except for cash payments to be made as provided in this Section 2.6) and (ii) to cause such Options and any other options, Warrants, rights or agreements which would entitle any Person to acquire any capital stock of the Surviving Corporation or any of its Subsidiaries or to receive any payment in respect thereof to be cancelled or cause the holders of the Options or such other options, Warrants, rights or agreements to agree to such cancellation thereof as provided herein. The Company shall terminate the Stock Plans as of the Effective Time.

(b) Each outstanding Option, both vested and unvested, shall be cancelled at the Effective Time and the holder of each vested Option (each, an "**Effective Time Option Holder**") shall be entitled to receive, in the manner provided in Section 2.7(b)(vi), an amount in cash, without interest, (the "**Option Closing Payment**"), equal to (i) (x) (A) the Initial Purchase Price, minus the Aggregate Preferred Share Amount, minus the aggregate amount of the Preferred Share Warrant Closing Payment, minus the applicable Escrow Amount Deduction, plus the aggregate exercise price for all Options, plus the aggregate exercise price for all Warrants, divided by (B) the number of Common Shares outstanding immediately prior to the Effective Time (assuming the exercise of all Options and all Warrants issued pursuant to the Common Share Warrant Agreement, whether vested or unvested, outstanding at such time, but excluding any Common Shares which are held by any wholly owned Subsidiary of the Company or in the treasury of the Company), minus (y) the applicable exercise price per Common Share for each such Option, multiplied by (ii) the number of Common Shares issuable upon the exercise of such Option.

(c) Each outstanding Warrant issued pursuant to the Common Share Warrant Agreement shall be cancelled at the Effective Time and the holder thereof (each, an "**Effective Time Common Share Warrant Holder**") shall be entitled to receive, in the manner provided in Section 2.7(b)(viii), an amount in cash, without interest (the "**Common Share Warrant Closing Payment**"), equal to (i) (x) (A) the Initial Purchase Price, minus the Aggregate Preferred Share Amount, minus the aggregate amount of the Preferred Share Warrant Closing Payment, minus the applicable Escrow Amount Deduction, plus the aggregate exercise price for all Warrants, plus the aggregate exercise price for all Options, divided by the number of Common Shares

outstanding immediately prior to the Effective Time (assuming the exercise of all Options and Common Share Warrants, whether vested or unvested, outstanding at such time, but excluding any Common Shares which are held by any wholly owned Subsidiary of the Company or in the treasury of the Company), minus (y) the applicable exercise price per Common Share for each such Common Share Warrant, multiplied by (ii) the number of Common Shares issuable upon the exercise of such Common Share Warrant.

(d) Each outstanding Warrant issued pursuant to the Preferred Share Warrant Agreement shall be cancelled at the Effective Time and the holder thereof (each, an "**Effective Time Preferred Share Warrant Holder**" and, collectively with the Effective Time Common Share Warrant Holders, the "**Effective Time Warrant Holders**") shall be entitled to receive, in the manner provided in Section 2.7(b)(vii), an amount in cash, without interest (the "**Preferred Share Warrant Closing Payment**" and, collectively with the Common Share Warrant Closing Payment, the "**Warrant Closing Payments**") equal to (i) (x) the Preferred Share Consideration, minus (y) the applicable exercise price per Preferred Share for each such Preferred Share Warrant, multiplied by (ii) the number of Preferred Shares issuable upon the exercise of such Preferred Share Warrant.

Section 2.7. Delivery of Funds; Surrender of Certificates; Payment of Indebtedness; Working Capital. (a) At least two (2) Business Days, but not more than five (5) Business Days, prior to the Closing Date, the Company shall deliver to Parent a statement (the "**Closing Statement**"), setting forth: (i) the Closing Indebtedness and the amount payable to each Closing Indebtedness Obligee, (ii) a good faith estimate of the Working Capital (the "**Estimated Working Capital**"), (v) the amount, if any, by which the Target Working Capital differs from the Estimated Working Capital (the "**Estimated Working Capital Adjustment**"**),** (vi) a good faith estimate of the Cash (the "**Estimated Cash**") and (vii) the Transaction Expenses Amount and the amount payable to each Transaction Expenses Obligee. The Closing Statement shall quantify in reasonable detail the items constituting such Closing Indebtedness, Estimated Working Capital, Estimated Working Capital Adjustment, if any, Estimated Cash and Transaction Expenses Amount, in each case calculated in accordance with the terms of this Agreement.

(b) At the Closing, Parent shall:

(i) deliver to each Person to whom any portion of the Closing Indebtedness is owing (each, a "**Closing Indebtedness Obligee**") and that has delivered (or is substantially contemporaneously delivering) a payoff letter pursuant to Section 6.2(i), on behalf of the Company, the portion of the Closing Indebtedness owed to such Closing Indebtedness Obligee as of the Closing Date; and

(ii) if so instructed in writing by the Stockholders' Representative not later than two (2) Business Days prior to the Closing Date, deliver to each Person to whom any portion of the Transaction Expenses Amount is owing (each a "**Transaction Expenses Obligee**") and that has delivered (or is substantially contemporaneously delivering) a payoff letter pursuant to Section 6.2(i), on behalf of the Company, the portion of the Transaction Expenses Amount (less any applicable withholding) owed to such Transaction Expense Obligee as of the Closing Date;

(iii) deliver to the Stockholders Representative (on behalf of the holders of the Preferred Shares (including the Stockholders Representative)), by wire transfer of immediately available funds to the account of the Stockholders Representative notified by the Stockholders Representative in writing to Parent at least two (2) Business Days prior to the Closing Date, an amount (the "**Preferred Share Closing Payment**") equal to the Aggregate Preferred Share Amount;

(iv) deliver to the Stockholders Representative (on behalf of the holders of Common Shares (including the Stockholders Representative)), by wire transfer of immediately available funds to the account of the Stockholders Representative notified by the Stockholders Representative in writing to Parent at least two (2) Business Days prior to the Closing Date, an amount (the "**Common Share Closing Payment**") equal to the Initial Purchase Price, minus the Aggregate Preferred Share Amount, minus the applicable Escrow Amount Deduction, minus the aggregate amount of all Option Closing Payments and minus the aggregate amount of all Warrant Closing Payments;

(v) deliver to the Escrow Agent, by wire transfer of immediately available funds to the Escrow Account (as defined in the Escrow Agreement), an amount equal to the Escrow Amount, of which (x) $2,000,000 (the "**Purchase Price Escrow Amount**") shall be deposited in the Purchase Price Escrow Account (as defined in the Escrow Agreement) and disbursed pursuant to the terms and conditions of Section 2.8(e) hereof and of the Escrow Agreement and (y) $15,000,000 (the "**Indemnity Escrow Amount**") shall be deposited in the Indemnity Escrow Account (as defined in the Escrow Agreement) and disbursed pursuant to the terms and conditions of Section 8.8 hereof and of the Escrow Agreement;

(vi) deliver to the Stockholders Representative (on behalf of the Effective Time Option Holders), the aggregate amount of all Option Closing Payments, by wire transfer of immediately available funds to the account of the Stockholders Representative notified by the Stockholders Representative in writing to Parent at least three (3) Business Days prior to the Closing Date;

(vii) deliver to the Stockholders Representative (on behalf of the Effective Time Preferred Share Warrant Holders), the aggregate amount of all Preferred Share Warrant Closing Payments, by wire transfer of immediately available funds to the account of the Stockholders Representative notified by the Stockholders Representative in writing to Parent at least three (3) Business Days prior to the Closing Date; and

(viii) deliver to the Stockholders Representative (on behalf of the Effective Time Common Share Warrant Holders), the aggregate amount of all Common Share Warrant Closing Payments, by wire transfer of immediately available funds to the account of the Stockholders Representative notified by the Stockholders Representative in writing to Parent at least three (3) Business Days prior to the Closing Date.

The Stockholders Representative shall disburse the Common Share Closing Payment, the Preferred Share Closing Payment, the Option Closing Payment and the Warrant Payments to the

holders of Common Shares, Preferred Shares, Effective Time Option Holders Effective Time Preferred Share Warrant Holders and Effective Time Common Share Warrant Holders, as applicable, in accordance with the terms of Sections 2.7(c), (d) and (e), as applicable, and of the Stockholders Representative Agreement.

(c) As soon as practicable, and in any event within five (5) Business Days, after the Effective Time, the Stockholders Representative shall, subject to the terms of the Stockholders Representative Agreement, promptly pay (in each case, provided that the applicable Stockholder shall have delivered to the Stockholders Representative at the Closing, pursuant to a letter of transmittal in the form attached hereto as Exhibit B (each a **Letter of Transmittal**) all of the certificate(s) (each, a **Certificate**) that, immediately prior to the Effective Time, represented the Common Shares and/or Preferred Shares held by such Stockholder): (i) to each holder of Common Shares (including the Stockholders Representative but excluding Dissenting Stockholders), such holders portion of the Common Share Closing Payment equal to (x) the Common Share Closing Payment, multiplied by (y) a fraction, the numerator of which is the number of Common Shares owned of record by such Stockholder at the Effective Time and the denominator of which is the aggregate number of Common Shares outstanding at the Effective Time (other than any Common Shares which are held by any wholly owned Subsidiary of the Company or in the treasury of the Company, all of which shall cease to be outstanding and be cancelled and none of which shall receive any payment with respect thereto) and (ii) to each holder of Preferred Shares (including the Stockholders Representative but excluding Dissenting Stockholders), such holders portion of the Preferred Share Closing Payment equal to (x) the Preferred Share Closing Payment, multiplied by (y) a fraction, the numerator of which is the number of Preferred Shares owned of record by such Stockholder at the Effective Time and the denominator of which is aggregate number of Preferred Shares outstanding at the Effective Time (other than any Preferred Shares which are held by any wholly owned Subsidiary of the Company or in the treasury of the Company, all of which shall cease to be outstanding and be cancelled and none of which shall receive any payment with respect thereto). Until so surrendered, each Certificate shall be deemed, for all corporate purposes, to evidence only the right to receive upon such surrender the Common Share Consideration or Preferred Share Consideration, as applicable, deliverable in respect thereof to which such Person is entitled pursuant to this Article II. No interest shall be paid or accrued in respect of such cash payments. If the Common Share Consideration or Preferred Share Consideration (or any portion thereof) is to be delivered to a Person other than the Person in whose name the Certificates surrendered in exchange therefor are registered, it shall be a condition to the payment thereof that the Certificates so surrendered shall be properly endorsed or accompanied by appropriate stock powers and otherwise in proper form for transfer and that the Person requesting such transfer pay to the Stockholders Representative any transfer or other Taxes payable by reason of the foregoing or establish to the satisfaction of the Stockholders Representative that such Taxes have been paid or are not required to be paid (including by providing a Form W-9). In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed, the Stockholders Representative shall issue in exchange for such lost, stolen or destroyed Certificate the Common Share Consideration or Preferred Share Consideration, as applicable, deliverable in respect thereof as determined in accordance with this Article II; provided that the Person to whom such consideration is paid shall, as a condition precedent to the payment thereof, indemnify the Surviving Corporation and the Stockholders Representative in a manner satisfactory to them

against any claim that may be made against the Surviving Corporation or the Stockholders Representative with respect to the Certificate claimed to have been lost, stolen or destroyed. The Surviving Corporation shall provide reasonable assistance to the Stockholders Representative in the performance of its duties under this Section 2.7(c).

(d) As soon as practicable, and in any event within five (5) Business Days, after the Effective Time, upon surrender to the Stockholders Representative by each Effective Time Option Holder of its Option(s), the Stockholders Representative shall, subject to the terms of the Stockholders Representative Agreement, promptly pay to each Effective Time Option Holder its Option Closing Payment as determined in accordance with Section 2.6(b), less any applicable withholding tax withheld by the Surviving Corporation (or Parent on behalf of the Surviving Corporation) pursuant to Section 2.7(f). Until so surrendered, each Option shall be deemed, for all corporate purposes, to evidence only the right to receive upon such surrender the Option Closing Payment deliverable in respect thereof to which such Person is entitled. No interest shall be paid or accrued in respect of such cash payments. If the Option Closing Payment (or any portion thereof) is to be delivered to a Person other than the Person in whose name the Options surrendered in exchange therefor are registered, it shall be a condition to the payment of such portion of the Option Closing Payment that the Options so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the Person requesting such transfer pay to the Stockholders Representative any transfer or other Taxes payable by reason of the foregoing or establish to the satisfaction of the Stockholders Representative that such Taxes have been paid or are not required to be paid (including by providing a Form W-9). In the event any Option shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Option to be lost, stolen or destroyed, the Stockholders Representative shall issue in exchange for such lost, stolen or destroyed Option the Option Closing Payment deliverable in respect thereof; provided that the Person to whom the Option Closing Payment is paid shall, as a condition precedent to the payment thereof, indemnify the Surviving Corporation and the Stockholders Representative in a manner satisfactory to them against any claim that may be made against the Surviving Corporation or the Stockholders Representative with respect to the Option claimed to have been lost, stolen or destroyed. The Surviving Corporation shall provide reasonable assistance to the Stockholders Representative in the performance of its duties under this Section 2.7(d).

(e) As soon as practicable, and in any event within five (5) Business Days, after the Effective Time, upon surrender to the Stockholders Representative by each Effective Time Warrant Holder of its Warrant(s), the Stockholders Representative shall, subject to the terms of the Stockholders Representative Agreement, promptly pay to each Effective Time Warrant Holder the Common Share Warrant Closing Payment or Preferred Share Warrant Closing Payment payable to such Effective Time Warrant Holder as determined in accordance with Section 2.6(c) or (d), as applicable, less any applicable withholding tax, in a lump sum. Until so surrendered, each Warrant shall be deemed, for all corporate purposes, to evidence only the right to receive upon such surrender the Common Share Warrant Closing Payment or Preferred Share Warrant Closing Payment, as applicable, deliverable in respect thereof to which such Person is entitled. No interest shall be paid or accrued in respect of such cash payments. If the Common Share Warrant Closing Payment or Preferred Share Warrant Closing Payment (or any portion thereof) is to be delivered to a Person other than the Person in whose name the Warrants surrendered in exchange therefor are registered, it shall be a condition to the payment

of such portion of the applicable Warrant Closing Payment that the Warrants so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the Person requesting such transfer pay to the Stockholders Representative any transfer or other Taxes payable by reason of the foregoing or establish to the satisfaction of the Stockholders Representative that such Taxes have been paid or are not required to be paid (including by providing a Form W-9). In the event any Warrant shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Warrant to be lost, stolen or destroyed, the Stockholders Representative shall issue in exchange for such lost, stolen or destroyed Warrant the applicable Warrant Closing Payment deliverable in respect thereof; provided that the Person to whom the applicable Warrant Closing Payment is paid shall, as a condition precedent to the payment thereof, indemnify the Surviving Corporation and the Stockholders Representative in a manner satisfactory to them against any claim that may be made against the Surviving Corporation or the Stockholders Representative with respect to the Warrant claimed to have been lost, stolen or destroyed. The Surviving Corporation shall provide reasonable assistance to the Stockholders Representative in the performance of its duties under this Section 2.7(e).

(f) Parent and/or the Surviving Corporation shall withhold all applicable withholding for Taxes from all payments to the Stockholders Representative on behalf of the Equity Holders, and on Closing shall remit such amounts to the applicable Tax authority.

Section 2.8. Determination of Purchase Price Adjustment. (a) Promptly after the Closing Date, and in any event not later than sixty (60) days following the Closing Date, the Surviving Corporation shall prepare and deliver to the Stockholders Representative (i) a consolidated balance sheet of the Company as of the Closing Date (the "**Closing Balance Sheet**"), (ii) a statement (the "**Closing Working Capital Statement**") setting forth the Working Capital of the Company as of the close of business on the Closing Date (the "**Closing Working Capital**"), which shall include a calculation of the difference (positive or negative) between the Estimated Working Capital and the Closing Working Capital and (iii) as statement (the "**Closing Cash Statement**") setting forth the Cash of the Company as of the close of business on the Closing Date, which shall include a calculation of the difference (positive or negative) between the Estimated Cash and the Closing Cash. The Closing Balance Sheet, the Closing Working Capital Statement and the Closing Cash Statement shall each be prepared in accordance with GAAP and in a manner consistent with the preparation of the Closing Statement (including the calculation of Estimated Working Capital and Estimated Cash). Upon delivery of such statements by the Surviving Corporation, the Surviving Corporation shall provide the Stockholders Representative and its representatives with prompt and reasonable access to the books and records of the Surviving Corporation, Merger Sub and the Company, as the case may be, in order to allow the Stockholders Representative and its representatives to verify the accuracy of the determination by the Surviving Corporation of the Closing Working Capital and Closing Cash. On or after the Closing Date, Parent and the Company may conduct a physical count of the Inventory of the Company and its Subsidiaries (the "**Inventory Count**") as of the Closing

Date. Each of the parties shall have the right to have representatives or advisers (including accountants) observe the procedures conducted during any Inventory Count. If Parent determines to conduct such Inventory Count, the parties shall cooperate in good faith to identify and agree upon the amount of any Inventory that is Damaged Inventory as of the date of the Inventory Count. In such case, the agreed upon amount of Damaged Inventory as of the date of the Inventory Count shall be conclusively deemed to be excluded Inventory as of the Closing Date for purposes of determining the Purchase Price Adjustment and the Closing Working Capital and preparing the Closing Balance Sheet and Closing Working Capital Statement. Any dispute with respect to the amount of Damaged Inventory as of the date of the Inventory Count shall be resolved pursuant to the procedures described in paragraphs (b) and (c) of this Section 2.8.

(b) In the event that the Stockholders Representative does not object to the determination by the Surviving Corporation of the Closing Working Capital and Closing Cash by written notice of objection (the "**Notice of Objection**") delivered to the Surviving Corporation within thirty (30) Business Days after the Stockholders Representatives receipt of the statements referred to in Section 2.8(a), such Notice of Objection to describe in reasonable detail the Stockholders Representatives proposed adjustments to the Closing Working Capital and/or Closing Cash, the Closing Working Capital and Closing Cash shall be deemed final and binding.

(c) If the Stockholders Representative delivers a Notice of Objection to the Surviving Corporation within the thirty (30) Business Day period referred to in Section 2.8(b), then (i) any amount of the Closing Working Capital and/or Closing Cash that is not in dispute on the date such Notice of Objection is given shall be treated as final and binding and (ii) any dispute (all such disputed amounts, the "**Disputed Amounts**") shall be resolved as follows:

(A) the Stockholders Representative and the Surviving Corporation shall promptly endeavor in good faith to resolve the Disputed Amounts listed in the Notice of Objection. In the event that a written agreement determining the Disputed Amounts has not been reached within ten (10) Business Days after the date of receipt by the Surviving Corporation from the Stockholders Representative of the Notice of Objection, the resolution of such Disputed Amounts shall be submitted to KPMG LLP (the "**Arbitrator**");

(B) the Stockholders Representative and the Surviving Corporation shall use their commercially reasonable efforts to cause the Arbitrator to render a decision concerning the determination of the Closing Working Capital and/or Closing Cash in accordance with this Section 2.8(c), together with a statement of reasons therefor, within thirty (30) days after the submission of the Disputed Amounts to the Arbitrator. The decision of the Arbitrator shall be final and binding upon the Parties and the decision of the Arbitrator shall constitute an arbitral award that is final, binding and non-appealable and upon which a judgment may be entered by a court having jurisdiction thereover; and

(C) in the event the Stockholders Representative and the Surviving Corporation submit any Disputed Amounts to the Arbitrator for resolution, the Stockholders Representative (on behalf and for the account of the Equity Holders) and the Surviving Corporation shall equally share the fees and expenses of the Arbitrator.

(d) If the sum of the Closing Working Capital plus the Closing Cash, each as finally determined in accordance with this Section 2.8, is less than the sum of the Estimated Working Capital plus the Estimated Closing Cash, then, subject to Section 2.8(f) below, the Parties shall promptly submit a joint written instruction to the Escrow Agent, directing the

Escrow Agent to disburse (i) to Parent, out of funds on deposit in the Purchase Price Escrow Account, an amount equal to the amount of such shortfall and (ii) to Stockholders Representative (on behalf of the Equity Holders) the aggregate amount of any funds remaining on deposit in the Purchase Price Escrow Account after the disbursement pursuant to subclause (i) of this Section 2.8(d). If the sum of the Closing Working Capital plus the Closing Cash, each as finally determined in accordance with this Section 2.8, is greater than the sum of the Estimated Working Capital plus the Estimated Closing Cash, then (x) the Surviving Corporation shall be obligated to pay to the Stockholders Representative (on behalf of the Common Equity Holders) the amount of such excess within (3) Business Days of the determination of the Closing Working Capital and Closing Cash, by wire transfer of immediately available funds to an account of the Stockholders Representative designated in writing to the Surviving Corporation and (y) the Parties shall promptly submit a joint written instruction to the Escrow Agent, directing the Escrow Agent to disburse to Stockholders Representative (on behalf of the Equity Holders) the aggregate amount of all funds on deposit in the Purchase Price Escrow Account. The net amount or, as the case may be, the aggregate amount payable by the Surviving Corporation or the Common Equity Holders pursuant to this Section 2.8(d) and Section 2.8(f) below is referred to herein as the "**Purchase Price Adjustment**."

(e) The Stockholders Representative shall, as soon as practicable following the receipt of any Purchase Price Adjustment and/or all or any portion of the Purchase Price Escrow Amount pursuant to Section 2.8(d) pay: (i) to each former holder of Common Shares (including the Stockholders Representative but excluding any Dissenting Stockholders) who previously surrendered a Certificate in accordance with Section 2.7(c) an amount in cash (the "**Final Stock Payment**") equal to (x) the aggregate Purchase Price Adjustment divided by the number of Common Shares outstanding immediately prior to the Effective Time (assuming the exercise of all vested Options and Warrants outstanding at such time, but excluding any Common Shares which were held by any wholly owned Subsidiary of the Company or in the treasury of the Company), multiplied by (y) the number of Common Shares held of record by such former holder of Common Shares immediately prior to the Effective Time, (ii) to each Effective Time Option Holder who previously surrendered its Options in accordance with Section 2.7(d) an amount in cash (the "**Final Option Payment**") equal to (x) the aggregate Purchase Price Adjustment divided by the number of Common Shares outstanding immediately prior to the Effective Time (assuming the exercise of all vested Options and Warrants outstanding at such time, but excluding any Common Shares which were held by any wholly owned Subsidiary of the Company or in the treasury of the Company), multiplied by (y) the number of Common Shares issuable upon the exercise of such Option formerly held by such Effective Time Option Holder and (iii) to each Effective Time Warrant Holder who previously surrendered its Warrants in accordance with Section 2.7(e) an amount in cash (the "**Final Warrant Payment**") equal to (x) the aggregate Purchase Price Adjustment divided by the number of Common Shares outstanding immediately prior to the Effective Time (assuming the exercise of all vested Options and Warrants outstanding at such time, but excluding any Common Shares which were held by any wholly owned Subsidiary of the Company or in the treasury of the Company), multiplied by (y) the number of Common Shares issuable upon the exercise of such Warrant formerly held by such Effective Time Warrant Holder.

(f) If the Purchase Price Adjustment as determined in accordance with Section 2.8(d) is in favor of Parent and the amount thereof exceeds the Purchase Price Escrow

Amount, then Parent and the Surviving Corporation shall, at their election, be entitled to receive the amount of such shortfall from amounts on deposit in the Indemnity Escrow Account, in which case, upon delivery of an irrevocable written notice of such election to the Stockholders' Representative, the Parties shall promptly deliver a joint written instruction to the Escrow Agent, directing the Escrow Agent to disburse to Parent, from funds on deposit in the Indemnity Escrow Account, an amount equal to such shortfall; provided, however, that if the amount of such shortfall is greater than $2,000,000, then Parent shall be entitled at its option to collect the amount of such shortfall in excess of $2,000,000 from the Common Equity Holders pursuant to the Letters of Transmittal or from the Indemnity Escrow Account. For the avoidance of doubt, in the event that Parent elects to collect such shortfall from the Indemnity Escrow Account, (i) no Equity Holder shall have any obligation to replenish the Indemnity Escrow Account upon or after the disbursement of such shortfall to Parent and (ii) the limitations set forth in Section 8.4 hereof shall not be applicable to such election.

Section 2.9. No Further Rights of Transfers. At and after the Effective Time, each Stockholder shall cease to have any rights as a stockholder of the Company, except as otherwise required by applicable Law and except for the right of each Stockholder to surrender his or her Certificate or lost Certificate affidavit in exchange for payment of the applicable Common Share Consideration or Preferred Share Consideration, as applicable, pursuant to Sections 2.5(a) and (b), as applicable, and no transfer of Common Shares or Preferred Shares shall be made on the stock transfer books of the Surviving Corporation. At the close of business on the day of the Effective Time, the stock ledger of the Company with respect to the Common Shares and the Preferred Shares shall be closed.

Section 2.10. Closing. Unless this Agreement shall have been terminated and the transactions contemplated hereby shall have been abandoned pursuant to Article VII, and subject to the satisfaction or waiver of all of the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions), the closing of the Merger (the "**Closing**") shall take place at 10:00 A.M. at the offices of White & Case LLP, 1155 Avenue of the Americas, New York, New York 10036-2787, on the later of (i) one (1) Business Day after the satisfaction or waiver of all of the conditions set forth in Article VI and (ii) November 3, 2006, or at such other date, time or place as the Parties shall agree in writing. Such date is herein referred to as the "**Closing Date**."

Section 2.11. Further Assurances. At and after the Effective Time, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of the Company or Merger Sub, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Company or Merger Sub, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Merger Sub on the date hereof, except as set forth in the Company Disclosure Letter, as follows:

Section 3.1. Due Organization, Good Standing and Corporate Power. Each of the Company and each of Communications Supply Corporation, a Connecticut corporation (**CSC**), Calvert Wire & Cable Corporation, a Delaware corporation (**Calvert**) and Liberty Wire & Cable, Inc., a Delaware corporation (**Liberty** and, collectively with CSC and Calvert, the **Company Subsidiaries**) is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of organization and each has all requisite power (corporate or otherwise) and authority to own, lease and operate its properties and to carry on its business as and where such is now being conducted. The Company and each of the Company Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction set forth in Section 3.1 of the Company Disclosure Letter. Section 3.1 of the Company Disclosure Letter lists all jurisdictions in which the property owned, leased or operated by the Company or any of the Company Subsidiaries, or the nature of the business conducted by the Company or any of the Company Subsidiaries makes such qualification necessary, except in such jurisdictions where the failure to be so qualified or licensed and in good standing does not have, individually or in the aggregate, a Material Adverse Effect on the Company. The Company has made available to Parent prior to the date hereof complete and correct copies of the Company's certificate of incorporation and the Company's bylaws and the certificate of incorporation and bylaws of each of the Company Subsidiaries, in each case, as amended and in full force and effect as of the date hereof.

Section 3.2. Authorization; Noncontravention.

(a) The Company has the requisite corporate power and authority and has taken all corporate action necessary to execute and deliver this Agreement, to perform its obligations hereunder and (subject to the approval of the Stockholders entitled to vote thereon as required by the DGCL and described in Section 5.18) to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by the Company, and the consummation by it of the transactions contemplated hereby, have been duly authorized and approved by the Board, and no other corporate action on the part of the Company is necessary to authorize the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby (other than the filing of appropriate merger documents as required by the DGCL and the approval of the Stockholders entitled to vote thereon as described in Section 5.18). This Agreement has been duly executed and delivered by the Company and, assuming that this Agreement constitutes a valid and binding obligation of Parent and Merger Sub, constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except to the extent that its enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforcement of creditors' rights generally and by general equitable principles. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated by this Agreement will not, (a) conflict with any of the provisions of

the certificate of incorporation or bylaws or other equivalent charter documents, as applicable, of the Company or any of the Company Subsidiaries, in each case, as amended to the date of this Agreement, (b) assuming receipt of the consents, waivers, approvals, authorizations, declarations, Orders or registrations (**Consents**) set forth in Section 3.2 of the Company Disclosure Letter, conflict with, violate or result in a breach of, or default (whether upon lapse of time and/or the occurrence of any act or event or otherwise) under, any Material Contract (except for any breach or violation that would not have a Material Adverse Effect on the Company), (c) subject to the Consents referred to in Section 3.4, materially contravene any domestic or foreign Law or any Order currently in effect or (d) to the Knowledge of the Company, result in the creation of any Lien upon the assets of the Company or any Company Subsidiary, in each case except for any Lien arising by or through Parent or Merger Sub or their respective Affiliates.

(b) The Merger has been approved in accordance with the DGCL unanimously by the stockholders of the Company entitled to vote thereon and, upon delivery of the Stockholder consent pursuant to Section 5.18(a), no stockholder of the Company is entitled to exercise dissenters rights in connection with the transactions contemplated by this Agreement. The Stockholders Representative Appointment and Indemnification Agreement has been duly authorized and executed by, and is a valid, binding and enforceable agreement of each of, the parties thereto with respect to which the Stockholders Representative executed such agreement on such parties behalf.

Section 3.3. Capital Stock. The authorized capital stock of the Company consists of (i) 15,000,000 Common Shares, of which 9,139,012 shares are issued, outstanding and owned by the Stockholders as set forth in Section 3.3 of the Company Disclosure Letter and (ii) 1,000,000 Preferred Shares, of which 851,423.20 shares are issued, outstanding and owned by the Stockholders as set forth in Section 3.3 of the Company Disclosure Letter. Each Company Subsidiary has the capitalization set forth in Section 3.3 of the Company Disclosure Letter. All issued and outstanding shares of capital stock of the Company and each of the Company Subsidiaries have been duly authorized and validly issued and are fully paid and nonassessable, and are not subject to any preemptive rights. Except as set forth in this Section 3.3, at the close of business on the date hereof, no shares of capital stock or other equity securities of the Company were issued, reserved for issuance or outstanding. Except as set forth in Section 3.3 of the Company Disclosure Letter, and except for 12,614.08 outstanding Preferred Warrants and 141,696 outstanding Common Warrants, neither the Company nor any of the Company Subsidiaries is a party to any outstanding option, warrant, call, subscription or other right (including any preemptive right), agreement or commitment which obligates any of them to issue, sell or transfer, or repurchase, redeem or otherwise acquire, any shares of the capital stock of the Company or any Company Subsidiary which will not be paid out of the Initial Purchase Price in accordance with Section 2.7 hereof or which remains in effect following the consummation of the transactions contemplated hereby.

Section 3.4. Governmental Consents and Approvals. Assuming all filings required under the Antitrust Laws are made and any waiting periods thereunder have been terminated or expired, no Consent of, or Filing with, any Governmental Entity, which has not been received or made, is necessary or required with respect to the Company in connection with the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated by this Agreement, except for (a) the filing of the

Certificate of Merger, (b) the Consents or Filings set forth in Section 3.4 of the Company Disclosure Letter, (c) any other Consents or Filings which, if not made or obtained, would not, individually or in the aggregate, be material to the Company and the Company Subsidiaries, taken as a whole and (d) any requirement to notify a Governmental Entity of the transactions contemplated hereby not involving any consent right or monetary penalty exceeding (together with all other such penalties) $20,000 resulting from a failure to make such notification.

Section 3.5. Financial Statements. (a) Section 3.5(a) of the Company Disclosure Letter contains true and complete copies of the audited consolidated balance sheet of the Company and the Company Subsidiaries as at December 31, 2004, December 31, 2005, and the related audited consolidated statements of income, stockholders equity and cash flows for the fiscal years then ended, all certified by the Company s accountants, and the unaudited consolidated balance sheet of the Company and the Company Subsidiaries as at the period ending August 31, 2006 (the **Unaudited Balance Sheet Date**) and the related unaudited consolidated statements of income, stockholders equity and cash flows for the eight (8) months ended August 31, 2006 (the unaudited consolidated balance sheet of the Company and the Company Subsidiaries as at the Unaudited Balance Sheet Date is hereinafter referred to as the **Unaudited Balance Sheet**). For the avoidance of doubt, the unaudited financial statements referred to above reflect the operations of Calvert and Liberty as Company Subsidiaries only from and after the date on which their respective operations were acquired by the Company. The financial statements referred to above, including the footnotes thereto, except as described therein or in Section 3.5(a) of the Company Disclosure Letter, have been prepared in accordance with GAAP (except, in the case of the unaudited financial statements, for the absence of notes thereto and subject to year-end adjustments, none of which individually or in the aggregate are material, and as otherwise described therein) consistently applied throughout the periods indicated.

(b) The audited balance sheets of the Company referred to in Section 3.5(a) fairly present, in all material respects, the financial position of the Company and the Company Subsidiaries as at December 31, 2004 and December 31, 2005, as applicable, and the related statements of income and cash flows fairly present, in all material respects, the results of the operations and cash flows of the Company and the Company Subsidiaries for the fiscal years ended December 31, 2004 and December 31, 2005, as applicable.

(c) The Unaudited Balance Sheet fairly presents, in all material respects, the financial position of the Company and the Company Subsidiaries as at the date thereof and the related statements of income and cash flows fairly present, in all material respects, the results of operations and cash flows of the Company and the Company Subsidiaries for the eight (8) months ended August 31, 2006.

(d) Except as set forth in Section 3.5(d) of the Company Disclosure Letter, the Company has no liabilities of the type required by GAAP to be reflected on a balance sheet, other than (i) liabilities reflected in the Unaudited Balance Sheet and (ii) liabilities incurred in the ordinary course of business since the date of the Unaudited Balance Sheet. Except for normal year-end adjustments, none of which individually or in the aggregate are material, the Company has not received any advice or notification from any certified public accountants that it has used any improper accounting practice that would have the effect of not reflecting or

incorrectly reflecting in the financial statements or the books and records of the Company, any properties, assets, liabilities, revenues or expenses. The Company maintains an adequate and effective internal control structure and procedure for financial reporting purposes; provided, however, that (i) no representation or warranty is made pursuant to this sentence with respect to any internal control structures or procedures of Calvert or Liberty and (ii) Parent's inability to make any certification required to be made pursuant to the Sarbanes-Oxley Act of 2002 shall not form the basis of any breach or alleged breach of the representation and warranty contained in this sentence.

Section 3.6. Absence of Certain Changes. Except as set forth in Section 3.6 of the Company Disclosure Letter, since the Unaudited Balance Sheet Date neither the Company, nor any Company Subsidiary, as applicable, has: (a) experienced any change (including any change in the relationship between the Company or any of the Company Subsidiaries and any significant customer, supplier or other business relationship) in its business, financial position, or results of operations that has had or would reasonably be expected to have a Material Adverse Effect; (b) made any declaration, payment or setting aside of the payment of any dividend or distribution in respect of the Common Shares or Preferred Shares or any redemption, purchase or other acquisition of any Common Shares or Preferred Shares; (c) permitted, allowed or suffered any of its properties or assets (real, personal or mixed, tangible or intangible) to be subjected to any Lien; (d) written down or written up the value of any Inventory, except for writedowns and writeups in the ordinary course of business consistent with past practice; (e) cancelled any debts or waived any claims or rights in excess of $10,000 individually or $50,000 in the aggregate, other than (i) changes in purchase orders in the ordinary course of business, (ii) waivers of lien rights upon receipt of cash payment and (iii) writing off of uncollectible accounts receivable in accordance with Company policies; (f) made any capital expenditure or commitment for additions to property, plant, equipment, intangible or capital assets or for any other purpose in an aggregate amount in excess of $100,000, other than for emergency repairs or replacement which emergency repairs or replacements were not in the ordinary course of business; (g) incurred any Indebtedness other than in the ordinary course of business under existing credit facilities; (h) except for salaries and benefits paid or provided in the ordinary course of business, paid, loaned, distributed, or advanced any amounts to, sold, transferred or leased any properties or assets to, purchased, leased, licensed, or otherwise acquired any properties or assets from, or entered into any other Contract or oral agreement with any Equity Holder or Affiliate of an Equity Holder, other than on an arm's-length basis; (i) granted or incurred any obligation for any increase in the compensation or benefits of any officer or employee of the Company or any Company Subsidiary (including any increase pursuant to any bonus, pension, profit-sharing, retirement, Employee Benefit Plan or other plan or commitment or severance arrangement) except for raises to non-director or non-officer employees in the ordinary course of business consistent with past practice; (j) made any material change in any method of accounting or accounting principle, practice or policy; (k) suffered any casualty or loss or damage in excess of $25,000 in the aggregate (whether or not insured against); or (l) taken any action that is set forth in Section 5.3(b).

Section 3.7. Compliance with Laws. Except as set forth in Section 3.7 of the Company Disclosure Letter: (a) the operations of the Company and the Company Subsidiaries are in compliance in all material respects with all applicable Laws, and neither the Company nor any Company Subsidiary is subject to any Order which has had or would reasonably be expected

to have a Material Adverse Effect and (b) to the Knowledge of the Company, in the preceding five (5) years, no director, officer, agent, or employee of the Company or any Company Subsidiary, or any other Person associated with or acting for or on behalf of the Company or any Company Subsidiary, has directly or indirectly (i) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services in violation of any Law, or (ii) established or maintained any fund or asset with funds or other property of the Company or any Company Subsidiary that has not been recorded in the books and records of the Company or any such Company Subsidiary.

Section 3.8. Permits. The Company and the Company Subsidiaries hold all federal, state, local and foreign permits, approvals, licenses, authorizations, consents, certificates, rights, exemptions and orders from Governmental Entities (collectively, the "**Permits**") that are necessary for the operation of the business of the Company and/or the Company Subsidiaries as presently conducted, or that are necessary for the lawful ownership of their respective properties and assets except to the extent that any such failure to hold Permits or any such default does not have, individually or in the aggregate, a Material Adverse Effect. All material Permits are listed in Section 3.8 of the Company Disclosure Letter and are in full force and effect. Each of the Company and the Company Subsidiaries is in compliance with all such permits, licenses, approvals, authorizations, consents and certifications, except to the extent that noncompliance would not have a Material Adverse Effect.

Section 3.9. Litigation. Except as set forth on Section 3.9 of the Company Disclosure Letter, there is no action, suit, claim, proceeding or arbitration, whether civil, criminal or administrative, pending or, to the Knowledge of the Company, threatened, against or affecting the Company or any of the Company Subsidiaries, or any of their respective properties or rights which would have, individually or in the aggregate, a Material Adverse Effect on the Company.

Section 3.10. Employee Benefit Plans. (a) Section 3.10 of the Company Disclosure Letter sets forth a correct and complete list of all pension, retirement, profit sharing, deferred compensation, stock option, employee stock ownership, severance pay, vacation, bonus or other incentive plan, all other material employee programs, arrangements, agreements, or payroll practices, whether formal or informal, qualified or nonqualified, all medical, vision, dental or other health plans, all life insurance plans, and all other material employee benefit plans or fringe benefit plans, including any "employee benefit plan" as that term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), providing benefits to any current or former employees of the Company and/or any of the Company Subsidiaries, and/or their dependents, but, for the avoidance of doubt, excluding any sales commission plans, practices or policies with respect to sales representatives of the Company or any Company Subsidiary (collectively, the "**Employee Benefit Plans**").

(b) For each Employee Benefit Plan, the Company and the Company Subsidiaries have furnished or made available to the Parent true, correct and complete copies of the following (to the extent applicable): (i) the plan documents and summary plan descriptions; (ii) the most recent determination letter or opinion letter received from the Internal Revenue Service; (iii) all related trust agreements, insurance contracts or other funding agreements; (iv) the two most recent annual reports (Form 5500 and all schedules thereto) filed with the

Department of Labor or Internal Revenue Service, and the most recent audited financial statements or actuarial reports, and (v) any material written correspondence from any Governmental Entity relating to such plans.

(c) Except as set forth in Section 3.10 of the Company Disclosure Letter: (i) each Employee Benefit Plan is in compliance with applicable Law and has been administered and operated in all respects in accordance with its terms, except as would not have a Material Adverse Effect; (ii) each Employee Benefit Plan which is intended to be "qualified" within the meaning of Section 401(a) of the Code has received, or has requested, a favorable determination letter from the Internal Revenue Service and, to the Knowledge of the Company, no event has occurred and no condition exists that would reasonably be expected to result in the revocation of any such determination; (iii) no Employee Benefit Plan is covered by Title IV of ERISA or subject to Section 412 of the Code of Section 302 of ERISA; (iv) neither the Company nor any of the Company Subsidiaries, nor, to the Knowledge of the Company, any other "disqualified person" or "party in interest" (as defined in Section 4975(e)(2) of the Code and Section 3(14) of ERISA, respectively) has engaged in any transactions in connection with any Employee Benefit Plan that would reasonably be expected to result in the imposition of a material penalty pursuant to Section 502(i) of ERISA or a material tax pursuant to Section 4975 of the Code; and (v) no material claim, action or litigation has been made, commenced or, to the Knowledge of the Company, threatened in writing with respect to any Employee Benefit Plan (other than routine claims for benefits payable in the ordinary course, and appeals of such denied claims); (vi) no Employee Benefit Plan provides for post employment or post retirement health or medical or life insurance benefits for retired, former or current employees or their dependents or beneficiaries, except as required by 4980B of the Code regarding COBRA continuation coverage or by applicable state insurance laws; (vii) no Employee Benefit Plan is a "multiemployer plan" within the meaning of Section 3(37) of ERISA or a "multiple employer plan" within the meaning of Section 4063 of ERISA, nor has the Company or any Company Subsidiaries at any time contributed to or been obligated to contribute to any multiemployer plan or multiple employer plan; (viii) each Employee Benefit Plan may be amended or terminated at any time at the sole discretion of the sponsor thereof without material liability other than for benefits accrued prior to such amendment or termination, subject only to such constraints as are imposed by applicable Law; and (ix) neither the Company nor any of the Company Subsidiaries is considered a single employer together with any other entity, trade or business, whether or not incorporated, pursuant to Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA, other than the Company and the Company Subsidiaries, except as would not reasonably be expected to result in a material liability to the Company.

(d) All Employee Benefit Plans are operated in good faith compliance in all material respects with the applicable provisions of Section 409A of the Code, and in accordance with the applicable transition period, except as would not reasonably be expected to result in a material liability to the Company.

Section 3.11. Labor Matters. (a) Except as set forth in Section 3.11(a) of the Company Disclosure Letter, no employee of the Company or any of the Company Subsidiaries is represented by any union or any collective bargaining agreement, nor has the Company or any of the Company Subsidiaries at any time been a party to any collective bargaining agreement or similar labor contract. As of the date of this Agreement, no labor organization or group of

employees of the Company or any of the Company Subsidiaries has made a pending demand for recognition or certification, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of the Company, threatened to be brought or filed with the National Labor Relations Board or any other labor relations tribunal or authority.

(b) The Company and the Company Subsidiaries are each in compliance in all material respects with all applicable Laws respecting labor, employment, employment practices, and terms and conditions of employment, including wages and hours (including the payment of overtime wages), welfare, health and safety and immigration and naturalization. Except as set forth in Section 3.11(b) of the Company Disclosure Letter: (i) no claims are pending, or to the Knowledge of the Company, threatened, against the Company or the Company Subsidiaries before the Equal Employment Opportunity Commission or any other administrative body or in any court asserting any violation of Title VII of the Civil Rights Act of 1964, the Age Discrimination Act of 1967, 42 U.S.C. §§ 1981 or 9183 or any other Federal, state or local Law, statute or ordinance barring discrimination in employment and (ii) within the past three (3) years, neither the Company or the Company Subsidiaries have implemented any employee layoffs that implicate the Worker Adjustment and Retraining Notification Act or similar local Law.

(c) The Company and the Company Subsidiaries have provided, or otherwise made available, the following information for each of its employees: name, title, current salary, target bonus and commissions, if any, annual bonus and long-term incentive payments, (if any) (including, with respect to stock options or grants, the number of shares covered by such options and the exercise price), Fair Labor Standards Act status, date of hire, schedule of regular weekly hours of employment, annual vacation entitlement, accrued but unused vacation, service date for employee benefit plan purposes, which employees are inactive employees due to an approved medical, family or personal leave and, to the extent known, the date on which each inactive employee is expected to return to active employment. Except as set forth in Section 3.11 of the Company Disclosure Letter, all employees of the Company and Company Subsidiaries are employees "at will" whose employment is terminable without liability therefor (other than liability for severance payments or liability for retention or stay payments).

Section 3.12. Tax Matters. Except as set forth in Section 3.12(a) of the Company Disclosure Letter:

(a) Tax Returns. The Company and each of the Company Subsidiaries has filed or caused to be filed, or shall file or cause to be filed all material returns, statements, forms and reports for Taxes (the "**Returns**") that are required to be filed by, or with respect to, the Company and the Company Subsidiaries on or prior to the Effective Time (taking into account any applicable extension of time within which to file). All such Returns were correct and complete in all material respects. "**Taxes**" shall mean all taxes, assessments, charges, duties, fees, levies or other governmental charges including all United States federal, state, local, foreign and other income, franchise, profits, capital gains, capital stock, transfer, sales, use, occupation, property, excise, severance, windfall profits, stamp, license, payroll, withholding and other taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind whatsoever (whether payable directly or by withholding and whether or not requiring the filing of a Return), all estimated taxes, deficiency assessments, additions to tax, penalties and interest.

(b) Payment of Taxes. All material Taxes and material Tax liabilities of the Company and the Company Subsidiaries that are due and payable on or prior to the Effective Time have been (or will be) paid on or prior to the Effective Time.

(c) Other Tax Matters.

(i) Except as set forth in Section 3.12(c)(i) of the Company Disclosure Letter, neither the Company nor any of the Company Subsidiaries is currently the subject of an audit or other examination of Taxes by the tax authorities of any nation, state or locality nor has the Company or any of the Company Subsidiaries received any written notices from any taxing authority that such an audit or examination is contemplated or pending. To the Knowledge of the Company, there is no material dispute or claim concerning any Tax liability of the Company or any of the Company Subsidiaries.

(ii) Neither the Company nor any of the Company Subsidiaries has (A) entered into a written agreement or waiver extending any statute of limitations relating to the payment or collection of a material amount of Taxes of the Company or any of the Company Subsidiaries that has not expired or (B) is presently contesting any material Tax liability of the Company or any of the Company Subsidiaries before any court, tribunal or agency.

(iii) All material Taxes that the Company or any of the Company Subsidiaries is (or was) required by Law to withhold or collect in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party have been duly withheld or collected, and have been paid over to the proper authorities to the extent due and payable.

(iv) Neither the Company nor any of the Company Subsidiaries is a party to or bound by any tax allocation or sharing agreement.

(v) Neither the Company nor any of the Company Subsidiaries (A) has been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common parent of which was the Company) or (B) has any liability for Taxes of any Person (other than Company or any of the Company Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign law), as transferee or successor, by contract, or otherwise.

(vi) Neither the Company nor any of the Company Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (A) change in accounting method of accounting for a taxable period ending on or prior to the Closing Date or (B) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date.

(vii) The Company is not a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code.

(viii) Neither the Company nor any of the Company Subsidiaries has distributed stock of another Person, or has had its stock distributed by another person, in a transaction that was reported or intended to be governed in whole or in part by Code Section 355 or Code Section 361.

Section 3.13. Intellectual Property. (a) Section 3.13 of the Company Disclosure Letter sets forth a complete and accurate list of the material Intellectual Property (including any associated license agreements) used in the conduct of the business of the Company and the Company Subsidiaries (other than "shrink wrap" or other off-the-shelf software) (the "**Company Intellectual Property**"). Except as set forth in Section 3.13 of the Company Disclosure Letter, the Company or the Company Subsidiaries owns or has the right to use, free and clear of all Liens against the Company and the Company Subsidiaries and, to the Knowledge of the Company, against any other Person, all Company Intellectual Property, except where the failure to so own or have such right, or the presence of such Liens, would not, individually or in the aggregate, be materially adverse to the Company.

(b) Except as set forth in Section 3.13 of the Company Disclosure Letter (i) no material claim is pending or, to the Knowledge of the Company, threatened, which alleges that the conduct of the business of the Company or any Company Subsidiary (including its use of any Intellectual Property) infringes upon, misappropriates or conflicts with any rights in material Intellectual Property claimed by any third party and (ii) no material claim is pending or, to the Knowledge of the Company, threatened which alleges that any Company Intellectual Property owned or licensed by or to the Company or any Company Subsidiary or which the Company or any Company Subsidiary otherwise has the right to use is invalid or unenforceable by the Company or any Company Subsidiary.

(c) Except as set forth in Section 3.13 of the Company Disclosure Letter, no royalties or fees are payable by the Company or any Company Subsidiary to any Person for use of the Company Intellectual Property.

Section 3.14. Broker's or Finder's Fee; Transaction Expenses. Except as set forth in Section 3.14 of the Company Disclosure Letter, no agent, broker, Person or firm acting on behalf of the Company is, or shall be, entitled to any broker's fees, finder's fees or commissions from the Company or any of the other parties hereto in connection with this Agreement or any of the transactions contemplated hereby. Except for costs and expenses set forth in Section 3.14 of the Company Disclosure Letter, all of which shall be paid at Closing in accordance with Section 2.7(b)(ii), there are no costs or expenses incurred by the Company, on its own behalf, by any Equity Holder on behalf of the Company or by the Company on behalf of any Equity Holder, in furtherance of the structuring, negotiation or execution of this Agreement.

Section 3.15. Material Contracts.

(a) Section 3.15 of the Company Disclosure Letter sets forth a complete list, indicating the parties thereto, of each Contract to which any of the Company or the Company Subsidiaries is a party (the "**Material Contracts**") that constitute:

(i) a Contract for the purchase or sale of assets by the Company or any Company Subsidiary other than in the ordinary course of business;

(ii) a Contract relating to the acquisition or disposition by the Company or any Company Subsidiary of any operating business or the capital stock of, or other equity interest in, any Person;

(iii) a lease of personal property involving annual consideration in excess of $50,000;

(iv) a Real Property Lease;

(v) a Contract involving payment or other obligations of more than $100,000 in the aggregate that is not cancelable on notice of twelve (12) months or less;

(vi) a labor union Contract;

(vii) a Contract not to compete in any business or geographic area;

(viii) a Contract with any employee, agent, independent contractor or director of the Company or any Company Subsidiary pursuant to which the Company or any Company Subsidiary has any current or future obligation in excess of $100,000 per annum;

(ix) a Contract relating to the incurrence of Indebtedness involving amounts in excess of $25,000;

(x) a Contract with clients or customers involving (i) a fixed purchase commitment by such client or customer in excess of $500,000 for the provision of goods or services or (ii) a fixed price commitment to such client or customer having a value to such client or customer in excess of $500,000 but, in each case, excluding any individual purchase order involving an amount of $1,000,000 or less;

(xi) a joint venture Contract;

(xii) a power of attorney;

(xiii) a license to use Intellectual Property owned by any third Person and used in the business (other than "shrink-wrap" or other off-the-shelf software licenses);

(xiv) a Contract pursuant to which the Company or any Company Subsidiary licenses any material Intellectual Property to any third Person;

(xv) a commitment to make any capital expenditure which is not part of the capital expenditure budget of the Company for the 2006 fiscal year, a copy of which has been provided to Parent, in any amount greater than $50,000 in respect of any individual capital expenditure or $150,000 in the aggregate; or

(xvi) a fixed commitment Contract with any supplier providing for annual volume in excess of $1,000,000.

(b) The Company has made available to Parent true, correct and complete copies of the Material Contracts.

(c) All of the Material Contracts are valid, binding and enforceable obligations of the Company or Company Subsidiary, as applicable, and, to the Knowledge of the Company, the other parties thereto, except where the failure to be valid, binding and enforceable would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor any Company Subsidiary, as applicable, nor, to the Knowledge of the Company, any other party is in breach or violation of, or default under, any provision of any Material Contract except for a breach, violation or default that would not have a Material Adverse Effect. No event has occurred which, with notice or the lapse of time or both, would constitute a default under any Material Contract, except for any such default that would not have a Material Adverse Effect. Neither the Company nor any Company Subsidiary, as applicable, nor, to the Knowledge of the Company, any other party thereto has repudiated or waived any material provision of any Material Contract. To the Knowledge of the Company, assuming that all applicable Consents are obtained, no circumstances exist that would give rise to a right of rescission, termination, revision or amendment of any Material Contract by any party thereto.

(d) To the Knowledge of the Company, neither the Company nor any Company Subsidiary is party to any oral agreement of the type described in Section 3.15(a) above.

Section 3.16. Environmental Matters. (a) Except as set forth in Section 3.16 of the Company Disclosure Letter and except as would not have a Material Adverse Effect on the Company, to the Knowledge of the Company:

(b) the Company has obtained all permits, licenses and other authorizations ("**Environmental Permits**") that are required in connection with the operations of the business under federal, state and local Environmental Laws;

(c) the Company is in compliance with all terms and conditions of the required Environmental Permits, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in applicable Environmental Laws;

(d) the Company has not received written notice of any past, present or future events, conditions, circumstances, activities, practices, incidents, actions or plans which interfere with or prevent compliance by the Company with applicable Environmental Laws, or form the basis of any claim, action, suit, proceeding, hearing or investigation under, applicable Environmental Laws;

(e) there are no Hazardous Substances or underground storage tanks in, on, or under any real property owned or leased by the Company as of the date hereof, except those that are in compliance with all applicable Environmental Laws and Environmental Permits;

(f) there are no past or present Releases of Hazardous Substances in, on, under or from any real property owned or leased by the Company as of the date hereof which have not been fully remediated in accordance with applicable Environmental Law;

(g) there has been no release of Hazardous Substances for which Company would have any Liability under any applicable Environmental Law at any real property formerly owned, operated or leased by the Company; and

(h) the Company has provided to Parent true and complete copies of all written reports with respect to environmental matters prepared by third parties within the past five (5) years that are contained in the files and records of the Company.

Section 3.17. Real Property. Except for any owned real property (the "**Owned Real Property**") described in Section 3.17(a) of the Company Disclosure Letter, neither the Company nor any of the Company Subsidiaries owns any Real Property. Section 3.17(b) of the Company Disclosure Letter contains an accurate and complete list as of the date hereof of all (i) material real property leased to or from the Company and/or the Company Subsidiaries (the "**Leased Real Property**") and (ii) leases of all Leased Real Property (each, a "**Real Property Lease**" and collectively, the "**Real Property Leases**") to which the Company or any of the Company Subsidiaries is a party (as lessee, sublessee, sublessor or lessor). True and correct copies of such Real Property Leases have been made available to Parent.

Section 3.18. Assets.

Except as set forth in Section 3.18(a) of the Company Disclosure Letter, each of the Company and the Company Subsidiaries has valid title to all of its material assets and properties free and clear of all Liens other than (i) Liens reflected in the Unaudited Balance Sheet, (ii) zoning, building codes and other land use Laws regulating the use or occupancy of any real property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such real property which are not violated by the current use or occupancy of such real property, (iii) easements, covenants, conditions, restrictions or other similar matters affecting title to real property and other title defects which do not, individually or in the aggregate, materially impair the use or occupancy of such real property, (iv) mechanics' or workmens' Liens and similar Liens for labor, materials or supplies provided with respect to any property incurred in the ordinary course of business for amounts which are not delinquent or which are being contested by appropriate proceedings and which hare not, individually or in the aggregate, material, (v) other imperfections of title or other Liens that do not, individually or in the aggregate, materially impair the value, marketability or continued use of the properties and assets and (vi) any Lien arising by or through Parent or Merger Sub or their respective Affiliates.

(a) Except as set forth in Section 3.18(a) of the Company Disclosure Letter, all of the tangible personal property (other than any Inventory) of the Company and the Company Subsidiaries, taken as a whole, is in good operating condition and repair, subject to normal wear and tear, and is usable in the ordinary course of business.

Section 3.19. Insurance. Section 3.19 of the Company Disclosure Letter lists each material insurance policy (including policies providing property, casualty, liability, and

workers compensation coverage and bond and surety arrangements) maintained by the Company or any of the Company Subsidiaries. All such insurance policies are in full force and effect, and to the Knowledge of the Company, neither the Company nor any Company Subsidiary is in material default with respect to any of its obligations under such insurance policies, including any default arising from nonpayment of premiums owed. To the Knowledge of the Company, all matters and events involving in excess of $20,000 and for which the Company and the Company Subsidiaries have insurance coverage have been reported to the applicable insurance carrier. The Company and the Company Subsidiaries have made all required payments under monopolistic state workers compensation plans.

Section 3.20. Government Contracts. (a) No Material Contract, including all task orders issued from such Contracts, between the Company or any Company Subsidiary and any Governmental Entity (a "**Government Contract**") has a currently incurred or currently projected cost overrun and, to the Knowledge of the Company, the cost accounting, estimating, property and procurement systems relating to the Government Contracts are in compliance in all material respects with applicable Laws and Contract provisions, including applicable cost principles and applicable cost accounting standards.

(b) Except for encumbrances which will be discharged or terminated on or prior to the Closing, neither the Company nor any Company Subsidiary has assigned or otherwise conveyed or transferred, or agreed to assign, to any Person, any right, title or interest in or to any of the Government Contracts, or any account receivable relating thereto, whether as a security interest or otherwise.

(c) Neither the Company nor any Company Subsidiary has received any written notice or other written communication from any Governmental Entity regarding its actual or threatened disqualification, suspension, or debarment from contracting with any Governmental Entity including any show cause notice or cure notice, notice of termination for default, or notice for deductive change or, in the case of any notification of termination for convenience, any such notifications which in the aggregate or individually would reasonably be expected to have a Material Adverse Effect.

(d) Neither the Company nor any Company Subsidiary has received any written notice or other written communication from any Governmental Entity with respect to any claims or proceedings under the False Claims Act on any Government Contract for any period preceding the Closing.

Section 3.21. Product or Service Liability. Except as set forth in Section 3.21 of the Company Disclosure Letter or as would not reasonably be expected to have a Material Adverse Effect, (i) there is no notice, demand, claim, action, suit, inquiry, hearing, proceeding, notice of violation or investigation of a civil, criminal or administrative nature by or before any court or other Governmental Entity against or involving any product, substance or material manufactured, assembled, produced, distributed, serviced or sold by or on behalf of the Company or any Company Subsidiary (collectively, "**Product**"), which is pending or, to the Knowledge of the Company, threatened, on behalf of the purchaser of any Product, resulting from an alleged defect in design, manufacture, materials or workmanship of any Product manufactured, assembled, produced, distributed, serviced or sold by or on behalf of the

Company or any Company Subsidiary, or any alleged failure to warn or from any breach of express or implied specifications or warranties or representations and (ii) there has not been, nor, to the Knowledge of the Company, is there under consideration or investigation by the Company, any Product recall or post-sale warning (collectively, such recalls and post-sale warnings are referred to as "**Recalls**") conducted by or on behalf of the Company concerning any Product or, to the Knowledge of the Company, any Recall conducted by or on behalf of any Person as a result of any alleged defect in any Product supplied by the Company or any Company Subsidiary.

Section 3.22. Product or Service Warranty. Except as set forth in Part I of Section 3.22 of the Company Disclosure Letter, each Product manufactured, assembled, produced, distributed, serviced or sold, and each service provided, by the Company or any Company Subsidiary has been in material conformity with all applicable contractual commitments and all express and implied warranties in all material respects, and neither the Company nor any Company Subsidiary has any liability for replacement or repair thereof or other damages in connection therewith in excess of the reserves therefor set forth on the Unaudited Balance Sheet with respect to which (x) any claim that has been asserted, or (y) to the Knowledge of the Company, would reasonably be expected to give rise to a claim against the Company or any Company Subsidiary, subject in each case only to returns of Products in the ordinary course of business. Part II of Section 3.22 of the Company Disclosure Letter sets forth all of the material terms and conditions of any written guaranty, warranty and indemnity of the Company and the Company Subsidiaries in connection with Products manufactured, assembled, produced, distributed, serviced or sold, or services provided, by the Company or any Company Subsidiary.

Section 3.23. Books and Records; Bank Accounts. The minute books and stock record books of the Company and CSC covering the period from May 3, 2004 through the date hereof, all of which have been made available to Parent, are complete and correct in all material respects, and contain accurate records of each meeting held of, and corporate action taken by, the shareholders, the Boards of Directors, and committees of the Boards of Directors of the Company or CSC, as the case may be, and, to the Knowledge of the Company, no meeting of any such shareholders, Board of Directors, or committee of the Company or CSC, as the case may be, has been held since May 3, 2004 for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Company. Section 3.23 of the Company Disclosure Letter sets forth the name of each bank in which the Company or any Company Subsidiary has an account or safe deposit box, the identifying numbers or symbols thereof and the names of all persons authorized to draw thereon or to have access thereto.

Section 3.24. Transactions with Stockholders and Affiliates. Except as set forth in Section 3.24 of the Company Disclosure Letter, no Stockholder or any of such Stockholder's Affiliates: (i) has borrowed money from or loaned money to the Company or any Company Subsidiary which remains outstanding; (ii) is a party to or has any material interest in any Material Contracts or other arrangements relating to the business of the Company and the Subsidiaries to which the Company or any Subsidiary is a party or to which the Company or any Subsidiary or any assets used in their business may be subject; or (iii) has any material interest in any material property, real or personal, tangible or intangible, used in the business of the

Company and the Subsidiaries, except, in each case for the rights of that Stockholder as a Stockholder.

Section 3.25. Accounts Receivable. All accounts receivable shown on the Unaudited Balance Sheet represent sales actually made or services actually performed in the ordinary course of business in bona fide transactions and, at the time of rendering the invoice therefor, were not subject to any defenses, counterclaims, preference claims or rights of setoff other than those arising in the ordinary course of business.

Section 3.26. Exclusivity of Representations. The representations and warranties made by the Company in this Article III are the exclusive representations and warranties made by the Company with respect to the Company and the Company Subsidiaries, including the assets of each of them. The Company hereby disclaims any other express or implied representations or warranties with respect to itself or any of the Company Subsidiaries. Except as expressly set forth herein, the condition of the assets of the Company or any of the Company Subsidiaries shall be "as is" and "where is." The Company is not, directly or indirectly, making any representations or warranties regarding any financial projections (including any information purporting to give *pro forma* effect to the transactions contemplated hereby) or any other forward-looking statements of the Company or any of the Company Subsidiaries.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub jointly and severally represent and warrant to the Company on the date hereof as follows:

Section 4.1. Due Organization, Good Standing and Corporate Power. Each of Parent and Merger Sub is a corporation duly incorporated, validly existing and in good standing (or the equivalent thereof) under the laws of the jurisdiction in which it is incorporated and has the requisite corporate power and authority to carry on its business as now being conducted. Each of Parent and Merger Sub is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions where the failure to be so qualified or licensed and in good standing does not have, individually or in the aggregate, a Material Adverse Effect on Parent or Merger Sub. All of the issued and outstanding capital stock of Merger Sub is owned directly by Parent free and clear of any Liens of any kind. Each of Parent and Merger Sub has delivered prior to the date hereof to the Company complete and correct copies of its certificate of incorporation and bylaws, in each case, as amended and in full force and effect as of the date hereof. Neither Parent nor Merger Sub is in violation of any of the provisions of its certificate of incorporation or bylaws.

Section 4.2. Authorization; Noncontravention. Each of Parent and Merger Sub has the requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and (subject to the approval of the sole shareholder of Merger Sub, a Subsidiary of Parent, as required by the DGCL and as described in Section 5.18(b)), to consummate the transactions contemplated hereby. The execution, delivery and performance of

this Agreement by Parent and Merger Sub and the consummation by each of them of the transactions contemplated hereby have been duly authorized and approved by the board of directors of Merger Sub. No other corporate action on the part of either of Parent or Merger Sub is necessary to authorize the execution, delivery and performance of this Agreement by each of Parent and Merger Sub and the consummation of the transactions contemplated hereby (other than the filing of the appropriate merger documents as required by the DGCL and the approval of a Subsidiary of Parent, as the sole stockholder of Merger Sub, as described in Section 5.18(b)). This Agreement has been duly executed and delivered by each of Parent and Merger Sub and, assuming that this Agreement constitutes a valid and binding obligation of the Company, constitutes a valid and binding obligation of each of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, except that such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors rights generally, and by general equitable principles. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement will not, (a) conflict with any of the provisions of the certificate or articles of incorporation or bylaws (or comparable documents) of Parent or Merger Sub, in each case as amended to the date of this Agreement, (b) conflict with, result in a breach of or default under (with or without notice or lapse of time, or both) any material contract, agreement, indenture, mortgage, deed of trust, lease or other instrument to which Parent or Merger Sub is a party or by which Parent or Merger Sub or any of their respective assets is bound or subject (except for any breach or violation that would not have a Material Adverse Effect on Parent or Merger Sub) or (c) subject to the consents, approvals, authorizations, declarations, filings and notices referred to in Section 4.3, materially contravene any domestic or foreign Law or any Order currently in effect.

Section 4.3. Governmental Consents and Approvals. Assuming all filings required under the Antitrust Laws are made and any waiting periods thereunder have been terminated or expired, no Consent of, or Filing with, any Governmental Entity which has not been received or made, is required by or with respect to Parent or Merger Sub in connection with the execution and delivery of this Agreement by Parent or Merger Sub or the consummation by Parent or Merger Sub, as the case may be, of the transactions contemplated by this Agreement, except for the filing of the Certificate of Merger and any other Consents or Filings which, if not made or obtained, would not, individually or in the aggregate, be material to Parent or Merger Sub.

Section 4.4. Broker s or Finder s Fee. No agent, broker, Person or firm acting on behalf of Parent or Merger Sub is or shall be entitled to any fee, commission or broker s or finder s fees in connection with this Agreement or any of the transactions contemplated hereby from any of the other parties hereto or from any Affiliate of the other parties hereto.

Section 4.5. Merger Sub s Operations. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated by this Agreement and has not engaged in any business activities or conducted any operations other than in connection with such transactions.

Section 4.6. Funds. Parent and Merger Sub collectively have, or shall have at the Closing, cash on hand in an aggregate amount sufficient to enable Parent and Merger Sub to

timely perform their obligations hereunder, including to (a) pay in full all amounts payable by Parent pursuant to Section 2.7 and Section 2.8; (b) pay in full all fees, costs and expenses payable by Parent and Merger Sub in connection with this Agreement and the consummation of the transactions contemplated hereby; and (c) provide for the working capital needs of the Company and the Company Subsidiaries following the consummation of the transactions contemplated hereby.

Section 4.7. Litigation. There is no action, suit, proceeding at law or in equity, or any arbitration or any administrative or other proceeding by or before any Governmental Entity pending or, to the Knowledge of Parent, threatened, against or affecting Parent or Merger Sub, or any of their respective properties or rights which would have, individually or in the aggregate, a Material Adverse Effect on Parent or Merger Sub.

Section 4.8. Contact with Customers and Suppliers. Except as previously disclosed by Parent to the Company prior to the date hereof, none of Parent, Merger Sub or any of their respective employees, agents, representatives, financing sources or Affiliates has, prior to the date hereof, directly or indirectly contacted any officer, director, employee, shareholder, franchise, supplier, distributor, customer or other material business relation of the Company or any of the Company Subsidiaries for the purposes of discussing the Company or any of the Company Subsidiaries in connection with the transactions contemplated hereby.

Section 4.9. Investment Intent. (a) Parent is acquiring the equity capital of the Company for its own account, for investment purposes only and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributions or selling such equity capital, in violation of the federal securities Laws or any applicable foreign or state securities Law.

(b) Parent qualifies as an "accredited investor," as such term is defined in Rule 501(a) promulgated pursuant to the Securities Act.

(c) Parent understands that the acquisition of the equity capital of the Company to be acquired by it pursuant to the terms of this Agreement involves substantial risk. Parent and its officers have experience as an investor in securities and equity interests of companies such as the ones being transferred pursuant to this Agreement, and Parent can bear the economic risk of its investment (which may be for an indefinite period) and has such knowledge and experience in financial or business matters that Parent is capable of evaluating the merits and risks of its investment pursuant to the transactions contemplated hereby.

(d) Parent understands that the equity securities of the Surviving Corporation have not been registered under the Securities Act. Parent acknowledges that such securities may not be transferred, sold, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act and any other provision of applicable state securities Laws or pursuant to an applicable exemption therefrom.

Section 4.10. Accounting Principles. Parent and Merger Sub acknowledge, solely for purposes of Sections 2.7 and 2.8 hereof, that they have fully reviewed, and hereby accept, the historical accounting principles, methodologies and judgments of the Company.

Section 4.11. Investigation by Parent and Merger Sub; Company's Liability. Parent and Merger Sub have conducted their own independent investigation, verification, review and analysis of the business, operations, assets, liabilities, results of operations, financial condition, technology and prospects of the Company and the Company Subsidiaries, which investigation, review and analysis was conducted by Parent, Merger Sub and their respective Affiliates and, to the extent Parent and Merger Sub deemed appropriate, by Parent and Merger Sub's respective representatives. Each of Parent and Merger Sub acknowledges that it and its representatives have been provided adequate access to the personnel, properties, premises and records of the Company and the Company Subsidiaries for such purpose. In entering into this Agreement, each of Parent and Merger Sub acknowledges that it has relied solely upon the aforementioned investigation, review and analysis and not on any factual representations or opinions of the Company or any of the Company's representatives (except the specific representations and warranties of the Company set forth in this Agreement). Parent and Merger Sub acknowledge and agree that, in connection with Parent and Merger Sub's investigation of the Company, Parent and Merger Sub have received from or on behalf of the Company certain projections, including projected statements of operating revenues and income from operations of the Company and the Company Subsidiaries for the fiscal year ending December 31, 2006 and for subsequent fiscal years and certain business plan information for such fiscal year and succeeding fiscal years, including a presentation memo and synergies sheet. Parent and Merger Sub acknowledge that there are uncertainties inherent in attempting to make such projections and other forecasts, estimates and plans, that they are taking full responsibility for making their own independent evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans so furnished to them (including the reasonableness of the assumptions underlying such estimates, projections and forecasts). Accordingly, the Company makes no representations or warranties whatsoever with respect to such estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and forecasts).

Section 4.12. Exclusivity of Representations. The representations and warranties made by Parent and Merger Sub in this Article IV are the exclusive representations and warranties made by Parent and Merger Sub. Each of Parent and Merger Sub hereby disclaims any other express or implied representations or warranties with respect to itself.

ARTICLE V

COVENANTS

Section 5.1. Access to Information Concerning Properties and Records. (a) During the period commencing on the date hereof and ending on the earlier of (i) the Closing Date and (ii) the date on which this Agreement is terminated pursuant to Section 7.1, the Company shall, and shall cause each of the Company Subsidiaries to, upon reasonable notice, afford Parent and Merger Sub and their respective employees, counsel, accountants, consultants, financing sources and other authorized representatives, reasonable access during normal business hours to the officers, directors, employees, accountants, properties, books and records of the Company and the Company Subsidiaries and, during such period, the Company shall furnish promptly to Parent and Merger Sub such information concerning its or the Company Subsidiaries' business, properties and personnel as Parent and Merger Sub may reasonably

request; provided that the Company may restrict the foregoing access to the extent that in the reasonable judgment of the Company, any Law applicable to the Company requires it or the Company Subsidiaries to restrict access to any of its business, properties, information or personnel; provided, further, that such access shall not unreasonably disrupt the operations of the Company or any of the Company Subsidiaries. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be required to provide any information or access that it reasonably believes could violate applicable Law, including Antitrust Laws, rules or regulations or the terms of any confidentiality agreement or cause forfeiture of attorney/client privilege.

(b) Nothing contained in this Agreement shall be construed to give to Parent or Merger Sub, directly or indirectly, rights to control or direct the Company s or the Company Subsidiaries operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of its and the Company Subsidiaries operations.

(c) Parent and Merger Sub hereby agree that they are not authorized to and shall not (and shall not permit any of their respective employees, counsel, accountants, consultants, financing sources and other authorized representatives to) contact any competitor, supplier, distributor, or customer of the Company or any Company Subsidiary prior to the Closing, provided, however, that the foregoing shall not restrict Parent or Merger Sub from contacting any supplier, distributor or customer of the Company or any Company Subsidiary that is also a supplier, distributor or customer, as applicable, of Parent or its Subsidiaries, in the ordinary course of business, (i) if such contact does not relate to the Company, any Company Subsidiary or the transactions contemplated hereby and (ii) if such contact relates to the Company, the Company Subsidiaries or the transactions contemplated hereby, so long as such contact is in accordance with the procedures set forth in Section 5.1(c) of the Company Disclosure Letter.

(d) After the Closing, Parent and the Surviving Corporation shall provide the Stockholders Representative and each Equity Holder listed in Section 5.1(d) of the Company Disclosure Letter, and their representatives with reasonable access during normal business hours to the books and records of the Surviving Corporation and its Subsidiaries and the employees of the Surviving Corporation and its Subsidiaries for the purpose of complying with any Law or Order or cooperating with any investigation by any Governmental Entity or in defending against any claim by any third party (but, for the avoidance of doubt, not including any claim by Parent or Merger Sub), in each case as the Stockholders Representative or such Equity Holders may reasonably request, and Parent and the Surviving Corporation shall furnish such information concerning the Surviving Corporation or its Subsidiaries, at the Stockholders Representatives or such requesting Equity Holder s cost and expense, as the Stockholders Representative or such Equity Holders may reasonably request to the extent the same relates to any period prior to the Closing.

Section 5.2. Confidentiality. Information obtained by Parent, Merger Sub and their respective employees, counsel, accountants, consultants, financing sources and other authorized representatives pursuant to Section 5.1 shall be subject to the provisions of the Confidentiality Agreement by and between the Company and Parent, dated May 8, 2006 (the

Confidentiality Agreement). The terms of the Confidentiality Agreement shall survive the termination of this Agreement and continue in full force and effect thereafter and the Confidentiality Agreement shall not be modified, waived or amended without the written consent of the Company.

Section 5.3. Conduct of the Business of the Company Pending the Closing Date. The Company agrees that, except as set forth in Section 5.3 of the Company Disclosure Letter or as expressly permitted or required by this Agreement, during the period commencing on the date hereof and ending at the earlier of (x) the Effective Time and (y) termination of this Agreement pursuant to Section 7.1:

(a) the Company and each of the Company Subsidiaries shall conduct their respective operations in all material respects only in the ordinary course of business consistent with past practice and, to the extent consistent therewith, use their commercially reasonable efforts to preserve intact their respective business organizations, keep available the services of their current officers and senior management and preserve its present relationships with any Person having significant business relationships with the Company or any such Company Subsidiary; and

(b) neither the Company nor any of the Company Subsidiaries shall effect any of the following without the prior written consent of Parent (such consent not to be unreasonably withheld, conditioned or delayed):

(i) make any change in or amendment to its certificate of incorporation or its by-laws (or comparable governing documents);

(ii) issue or sell, or authorize to issue or sell, any shares of its capital stock or any other ownership interests, or issue or sell, or authorize to issue or sell, any securities convertible into or exchangeable for, or options, warrants or rights to purchase or subscribe for, or enter into any arrangement or Contract with respect to the issuance or sale of, any shares of its capital stock or any other ownership interests except for the issuance by the Company of Common Shares or Preferred Shares, as applicable, pursuant to the terms of any Options or Warrants, and except as contemplated by Section 5.21;

(iii) split, combine, redeem or reclassify, or purchase or otherwise acquire, any shares of its capital stock or its other securities, except for the acquisition of Options or Warrants from holders of Options or Warrants in connection with a cashless exercise thereof;

(iv) sell, lease or otherwise dispose of any of its properties or assets that are material to its business other than Inventory in the ordinary course of business;

(v) amend in any material respect or terminate (other than in accordance with its terms) any Material Contract or enter into a Contract which, had it been entered into prior to the date hereof, would have been a Material Contract;

(vi) (A) incur any Indebtedness, other than short-term Indebtedness or letters of credit incurred in the ordinary course of business or borrowings under existing

credit facilities set forth in Section 3.15 of the Company Disclosure Letter or (B) make any loans or advances to any other Person, other than routine advances to employees consistent with past practice;

(vii) grant or agree to grant to any officer of the Company or any of the Company Subsidiaries any increase in wages or bonus, severance, profit sharing, retirement, deferred compensation, insurance or other compensation or benefits, or establish any new compensation or benefit plans or arrangements, or amend or agree to amend any existing Employee Benefit Plans, except (A) as may be required under applicable Law, (B) pursuant to the Employee Benefit Plans or collective bargaining agreements of the Company or any of the Company Subsidiaries in effect on the date hereof or (C) pursuant to employment, retention, change-of-control or similar type agreements existing as of the date hereof;

(viii) make any material tax election not required by Law or settle or compromise any material Tax liability;

(ix) (A) waive any rights of substantial value or (B) cancel or forgive any material Indebtedness owed to the Company or any of the Company Subsidiaries, other than Indebtedness of the Company to a wholly owned Subsidiary of the Company or Indebtedness for borrowed money of a wholly owned Subsidiary of the Company to the Company or to another wholly owned Subsidiary of the Company;

(x) except as may be required by any Governmental Entity or under GAAP, make any change in its methods, principles and practices of accounting, including tax accounting policies and procedures;

(xi) sell, transfer, assign, license, dispose of, or abandon, or fail to take commercially reasonable steps to maintain or prosecute, any Intellectual Property of the Company or any Company Subsidiary or any registration or pending application therefor;

(xii) incur or commit to any capital expenditures which are not part of the capital expenditure budget of the Company for the 2006 fiscal year in any amount greater than $50,000 in respect of any individual capital expenditure or $150,000 in the aggregate;

(xiii) make any dividend or other distribution to any Equity Holder of any amounts received by or payable to the Company pursuant to (i) Sections 3.4 or 3.5 of the Asset Purchase Agreement, dated as of March 3, 2006, among Calvert Wire & Cable Corporation, Brian F. Coughlin, the Company, CSC and Calvert and/or (ii) Section 2.4 of the Stock Purchase Agreement, dated as of May 5, 2006, among the Company, River Associates Investments, LLC, Liberty and each of the other parties thereto; or

(xiv) authorize any of, or commit or agree to take any of, the foregoing actions in respect of which it is restricted by the provisions of this Section 5.3.

(c) Notwithstanding anything to the contrary contained herein, the Company and the Company Subsidiaries shall, at or prior to the Closing, cash-out, settle, unwind or

otherwise terminate any interest rate swap, cap or collar agreement or similar agreement or arrangement designed to alter the risks arising from fluctuations in interest rates.

Section 5.4. Supplemental Information.

(a) If, at any time prior to the Closing, any of the individuals listed in Section 1.5(a) of the Company Disclosure Letter obtains actual knowledge that any of the representations and warranties of the Company contained in Article III hereof was breached as of the date hereof, the Company shall deliver to Parent a written amendment to the Company Disclosure Letter setting forth such information as may be necessary in order that each such representation and warranty, as qualified by the Company Disclosure Letter and by the additional information contained in such amendment to the Company Disclosure Letter, is true in correct in all respects as of the date hereof.

(b) From time to time prior to the Closing, the Company may, at its sole election, deliver to Parent a written amendment or modification of the Company Disclosure Letter to include any fact, circumstance or matter arising after the date hereof that, had it existed, occurred or been known at the date of this Agreement, would have been required to be disclosed to Parent or which would have rendered inaccurate any of the representations, warranties or statements set forth in Article III hereof.

(c) Parent shall have five (5) Business Days following receipt of any amendment or modification to the Company Disclosure Letter pursuant to Section 5.4(a) or 5.4(b) to review the new information and facts so disclosed. In the event that such new information or facts would reasonably be expected to cause a failure of satisfaction of the condition contained in Section 6.2(b) had such information not been disclosed, Parent may deliver to the Company a notice setting forth in reasonable detail the basis for such conclusion and its election to terminate its obligations under this Agreement no later than 5:00 P.M. Eastern Time on the fifth (5th) Business Day following the date of such disclosure. In the event that Parent terminates this Agreement pursuant to this Section 5.4 and Section 7.1(d)(i), then, except in the event of fraud or willful breach of any covenant contained in this Agreement, such termination shall be Parent□s sole remedy for any breach of any representation, warranty, agreement or covenant contained herein that would have existed by reason of the Company not having supplemented or amended the Company Disclosure Letter.

(d) In the event that Parent does not have the right to, or for any reason does not, terminate this Agreement pursuant to this Section 5.4, then, solely for purposes of Section 6.2 hereof and for determining whether any condition contained therein is satisfied but, for the avoidance of doubt, not for purposes of the indemnification provisions contained in Article VIII hereof, any revisions to the Company Disclosure Letter shall be deemed to amend and/or supplement the original Company Disclosure Letter and cure and correct any breach of any representation, warranty, agreement or covenant contained herein which would have existed by reason of the Company not having amended or modified the Company Disclosure Letter.

Section 5.5. Commercially Reasonable Efforts. Except as otherwise set forth in Section 5.7 and Section 7.1(b)(i), subject to the terms and conditions set forth herein, and to applicable Law, each of the Company, Parent and Merger Sub shall cooperate and use their

respective commercially reasonable efforts to take, or cause to be taken, all appropriate action, and do, or cause to be done, and assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated hereby, including the satisfaction of the respective conditions set forth in Article VI.

Section 5.6. Exclusive Dealing. (a) During the period from the date of this Agreement until the earlier of (i) the date this Agreement is terminated in accordance with its terms and (ii) the Closing Date, the Company shall not, and shall cause its Affiliates and its and their respective officers, directors, employees, agents, representatives, consultants, financial advisors, attorneys, accountants and other agents to refrain from taking any action to, directly or indirectly, encourage, initiate, solicit or engage in discussions or negotiations with, or provide any information to, any Person, other than Parent or Merger Sub (and their Affiliates and representatives), concerning any purchase of any capital stock or all or any material assets of the Company or any of the Company Subsidiaries (other than in connection with the exercise of any Options or any Warrants outstanding on the date hereof) or any merger, recapitalization or similar transaction involving the Company or any of the Company Subsidiaries.

(b) Immediately following the execution of this Agreement, the Stockholders Representative and the Company shall, and shall cause each of the Company Subsidiaries, and each of its and their respective officers, directors, employees, agents, representatives, consultants, financial advisors, attorneys, accountants and other agents to terminate any existing discussions or negotiations with any Persons, other than Parent or Merger Sub (and their respective Affiliates and representatives), concerning any purchase of any capital stock or all or any material asset of the Company or any of the Company Subsidiaries (other than in connection with the exercise of any Options or Warrants outstanding on the date hereof) or any merger, recapitalization or similar transaction involving the Company or any of the Company Subsidiaries.

Section 5.7. Antitrust Laws. (a) Each Party shall (i) take promptly all actions necessary to make the filings required of it or any of its Affiliates under any applicable Antitrust Laws in connection with this Agreement and the transactions contemplated hereby, including, filing the Notification and Report Form required under the HSR Act with respect to the Merger with the Antitrust Division of the Department of Justice and the Federal Trade Commission no later than the second (2nd) Business Day following the date hereof and the Parties shall request early termination of the waiting period under the HSR Act in their respective notification and report forms, (ii) comply at the earliest practicable date with any formal or informal request for additional information or documentary material received by it or its Affiliates from any Antitrust Authority and (iii) cooperate with one another in connection with any filing under applicable Antitrust Laws and in connection with resolving any investigation or other inquiry concerning the transactions contemplated by this Agreement initiated by any Antitrust Authority.

(b) Parent shall be responsible for the payment of all filing fees under any applicable Antitrust Laws.

(c) Each Party shall use its commercially reasonable efforts (which shall include litigation) to resolve such objections, if any, as may be asserted with respect to the

transactions contemplated by this Agreement under any Antitrust Law. Without limiting the generality of the foregoing, in the context of this Section 5.7, "commercially reasonable efforts" shall include:

(i) in the case of each of Parent and the Company, if Parent and/or the Company receives a formal request for additional information or documentary material from an Antitrust Authority, substantially complying with such formal request as soon as reasonably practicable, and promptly upon any filing, Parent or the Company, as the case may be, shall provide the other Party a complete copy of any filing with any Antitrust Authority (subject to redaction of any material not reasonably needed by the other Party or disclosure of which is prohibited by Antitrust Laws) and each of Parent and the Company shall promptly respond to any request from the other for information or documentation reasonably requested by the other Party in connection with the development and implementation of a strategy and negotiating positions with any Antitrust Authorities; provided that access to any such filing, information or documentation will, at such Party's request, be restricted to such other parties, outside counsel and economists or advisers retained by such counsel;

(ii) in the case of the Company only, subject to Parent's compliance with clause (i) above, not frustrating or impeding Parent's strategy or negotiating positions with any Antitrust Authority;

(iii) in the case of Parent only, at its sole cost, in the event any Antitrust Authority initiates a proceeding before any Governmental or Regulatory Authority seeking to restrain, enjoin or prohibit the consummation of the transactions contemplated by this Agreement, using its commercially reasonable efforts to prevent the entry of any order restraining, enjoining or prohibiting such transactions, including by retaining all appropriate expert witnesses and consultants; provided that the Company shall be permitted to participate in all aspects of the defense of such proceedings and Parent shall use its best efforts to prevail in the litigation. Parent shall be responsible for the payment of its own expenses, including legal fees and expenses, in seeking to prevent the entry of any such order; and

(iv) in the case of Parent only, not agreeing with any Antitrust Authority to delay the Closing, and not agreeing to provide advance notice of the Closing, to any Antitrust Authority, in each case, without the consent of the Company, which consent shall not be unreasonably withheld.

(d) Each Party shall promptly inform the other Parties of any material communication made to, or received by such Party from, any Antitrust Authority or any other Governmental or Regulatory Authority regarding any of the transactions contemplated hereby.

(e) Parent shall be responsible for the payment of the Company's expenses incurred after the date hereof in connection with obtaining the approval of any Antitrust Authority, including legal fees and expenses, in substantially complying with any formal request for additional information or documentary material from any Antitrust Authority (including in connection with any "second request" with respect to obtaining approval of the transactions

contemplated hereby under the HSR Act) and in connection with any litigation with respect thereto.

Section 5.8. Other Consents. Subject to the terms and conditions contained herein and except as otherwise set forth in Section 5.7 and Section 7.1(b)(i), each of Parent and the Company shall, and shall cause their respective Subsidiaries to, cooperate and use their respective commercially reasonable efforts (which, for the avoidance of doubt, shall not require the expenditure of any funds other than filing fees or similar amounts in connection with obtaining required Consents from any Governmental Entity) to (a) make, or cause to be made, all filings or notifications necessary, proper or advisable under applicable Law (each, a "**Filing**" and, collectively, the "**Filings**") and (b) obtain, prior to the Closing Date, all Consents of any Governmental Entity or any other third party set forth in Section 3.2 and 3.4 of the Company Disclosure Letter.

Section 5.9. Employee Benefits. (a) For at least one (1) year following the Effective Time, the Surviving Corporation shall provide or cause to be provided to all current and former employees of the Company or any of the Company Subsidiaries (the "**Company Employees**") (i) a salary or wage level and bonus opportunity at least equal to the salary or wage level and bonus opportunity to which they were entitled immediately prior to the Effective Time and (ii) benefits, perquisites and other terms and conditions of employment that are at least equivalent to the benefits, perquisites and other terms and conditions that they were entitled to receive immediately prior to the Effective Time (including benefits pursuant to qualified and non-qualified retirement and savings plans, medical, dental and pharmaceutical plans and programs, severance plans and policies, deferred compensation arrangements and equity-based and incentive compensation plans). Notwithstanding the foregoing sentence (but not in limitation thereof), following the Effective Time, the Surviving Corporation may terminate or cause to be terminated the employment of any Company Employee subject to the payment and satisfaction of severance benefits, and other entitlements of such Company Employee in connection with such termination and/or under any applicable employment agreement.

(b) Without limiting the generality of the foregoing, (i) the Surviving Corporation shall keep or cause to keep in effect for at least one (1) year following the Effective Time severance and retention plans, practices and policies applicable to Company Employees on the date hereof that are not less favorable than such plans, practices and policies in effect immediately prior to the date hereof with respect to such Company Employees, (ii) the Surviving Corporation shall ensure that all Company Employees who are currently expected to receive bonuses for the current fiscal year receive annual bonuses at least equal to the bonuses to which such employees would be entitled under the applicable bonus arrangements of the Company or the applicable Company Subsidiary as of the date hereof (whether or not their employment is terminated after the Effective Date), and shall maintain in effect the Company's current bonus plan (including with respect to opportunity amounts) through the end of fiscal 2007, and (iii) following the Effective Time, the Surviving Corporation shall, or shall cause its Subsidiaries to, ensure that the deferred compensation plans of the Company or the Company Subsidiaries are not amended or terminated in any manner that would adversely affect any participant in such plan as of the date hereof.

(c) Following the Effective Time, the Surviving Corporation shall ensure, or cause to ensure, that no limitations or exclusions as to pre-existing conditions, evidence of insurability or good health, waiting periods or actively-at-work exclusions or other limitations or restrictions on coverage are applicable to any Company Employees or their dependents or beneficiaries under any welfare benefit plans in which such employees may be eligible to participate, except to the extent any such provisions are in effect under any welfare benefit plans covering the Company Employees immediately prior to the Effective Time; provided that any costs or expenses incurred by Company Employees (and their dependents or beneficiaries) up to (and including) the Effective Time shall be taken into account for purposes of satisfying applicable deductible, co-payment, coinsurance, maximum out-of-pocket provisions and like adjustments or limitations on coverage under any such welfare benefit plans; provided, further, that Company Employees provide the Surviving Corporation with an explanation of benefits showing such information.

(d) With respect to each employee benefit plan, policy or practice, including severance, vacation and paid time off plans, policies or practices, sponsored or maintained by the Surviving Corporation or its Affiliates, the Surviving Corporation shall grant, or cause to be granted to, all Company Employees from and after the Effective Time credit for all service with the Company or any of the Company Subsidiaries, and their respective predecessors, prior to the Effective Time for all purposes (including eligibility to participate, vesting credit, eligibility to commence benefits, benefit accrual, early retirement subsidies and severance but excluding any discretionary matching contribution to Parent's 401(k) plan); provided that no such recognition of service shall result in any duplication of benefits or cause the Company Employees to be eligible to participate in any frozen plan or other plan not available to similarly situated newly hired employees of the Surviving Corporation, or apply for any purpose with respect to any stock option plan or for purposes of accruing benefits under any defined benefit plan.

(e) At least five Business Days prior to the Closing, the Company shall conduct and complete a drug screen and work related background check for each employee of the Company and the Company Subsidiaries listed in Section 5.9(e) of the Company Disclosure Letter as a condition of continuing employment, which drug screen and background check shall be substantially similar to the drug screen and background check currently required (including use of service providers) and used by Parent for its employees as a condition of employment. Prior to the Closing, the Company and the Company Subsidiaries shall terminate those employees who fail to pass such drug screen or background check, unless directed by Parent not to terminate any such employee. Any severance costs associated with any such termination shall be borne by the Company prior to the Closing (or, if such severance occurs after the Closing, shall be borne by the Equity Holders, and the Parties shall submit a joint written instruction to the Escrow Agent instructing the Escrow Agent to disburse the amount of such costs, if any, to Parent from funds on deposit in the Indemnity Escrow Account).

(f) The Company shall take, or cause the plan sponsor to take, all necessary corporate actions to terminate the Communications Supply Corporation Performance Profit Sharing Plan (the "CSC 401(k) Plan") prior to the Closing Date. Following Parent's receipt of a letter of determination from the Internal Revenue Service in connection with such termination, the current Company employees shall be permitted to make direct rollovers of their account

balances, other than any outstanding loan balances, under the CSC 401(k) Plan to Parent's 401(k) plan.

Section 5.10. Indemnity. (a) Parent and Merger Sub agree to cause the Surviving Corporation to ensure, and the Surviving Corporation immediately following the Closing agrees to ensure, that all rights to indemnification now existing in favor of any individual who, at or prior to the Effective Time, was a director, officer, employee or agent of the Company or any of the Company Subsidiaries or who, at the request of the Company or any of the Company Subsidiaries, served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise (collectively, with such individual's heirs, executors or administrators, the "**Indemnified Persons**") as provided in the respective charters, bylaws and indemnification agreements to which the Company or any of the Company Subsidiaries is a party, shall survive the Merger and shall continue in full force and effect for a period of not less than six (6) years from the Effective Time and indemnification agreements and the provisions with respect to indemnification and limitations on liability set forth in such charters and bylaws shall not be amended, repealed or otherwise modified; provided that in the event any claim or claims are asserted or made within such six (6) year period, all rights to indemnification in respect of any such claim or claims shall continue until final disposition of any and all such claims.

(b) Parent hereby acknowledges and agrees that the Stockholders' Representative may obtain a separate "run off" coverage under a directors' and officers' liability insurance policy covering those Persons who are covered on the date of this Agreement by any directors' and officers' liability insurance policies of the Company (it being understood that the Surviving Corporation shall have the sole right to exercise the "run off" coverage option under the Company's existing directors' and officers' liability insurance policy.

(c) Notwithstanding any other provisions hereof, the obligations of Parent and the Surviving Corporation contained in this Section 5.10 shall be binding upon the successors and assigns of Parent and the Surviving Corporation. In the event Parent or the Surviving Corporation, or any of their respective successors or assigns, (i) consolidates with or merges into any other Person or (ii) transfers all or substantially all of its properties or assets to any Person, then, and in each case, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, honor the indemnification obligations set forth in this Section 5.10.

(d) The obligations of Parent and the Surviving Corporation under this Section 5.10 shall survive the Closing and shall not be terminated or modified in such a manner as to affect adversely any Indemnified Person to whom this Section 5.10 applies without the consent of such affected Indemnified Person (it being expressly agreed that the Indemnified Persons to whom this Section 5.10 applies shall be third-party beneficiaries of this Section 5.10, each of whom may enforce the provisions of this Section 5.10).

Section 5.11. Public Announcements. Before issuing any press release with respect to this Agreement or the transactions contemplated hereby, each Party intending to issue such press release shall (i) consult with each other Party before issuing any press release or otherwise making any public statement with respect to the transactions contemplated by this

Agreement, (ii) provide to the other Part(ies) for review a copy of any such press release or public statement and (iii) not issue any such press release or make any such public statement prior to such consultation and review and the receipt of the prior consent of the other Parties (such consent not to be unreasonably withheld or denied), unless required by, or reasonably advisable under, applicable Law or the rules of any stock exchange. From and after the Closing, the Stockholders Representative shall be permitted to issue press releases and make public statements with respect to the transactions contemplated by this Agreement in connection with marketing and other similar activities in the ordinary course of its business.

Section 5.12. Notification of Certain Matters. Parent shall use its commercially reasonable efforts to promptly notify the Company of the occurrence or non-occurrence of any fact or event which would be reasonably likely to cause any condition set forth in Article VI not to be satisfied; provided that no such notification, nor the obligation to make such notification, shall affect the representations, warranties or covenants of Parent or Merger Sub or the conditions to the obligations of the Company hereunder.

Section 5.13. Intralinks Database. On or before the Closing Date, the Company shall provide to Parent, in electronic format, a true and complete copy of the information pertaining to the business of the Company that has been made available on the Intralinks database website.

Section 5.14. Certain Transactions. Without limiting the generality of Section 5.5, Parent shall not, and shall cause its Affiliates not to, acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets, if the entering into of a definitive agreement relating to, or the consummation of such acquisition, merger or consolidation would reasonably be expected to (a) impose any material delay in the obtaining of, or significantly increase the risk of not obtaining, any Consents of any Governmental Entity necessary to consummate the transactions contemplated hereby or the expiration or termination of any applicable waiting period, (b) significantly increase the risk of any Governmental Entity entering an Order prohibiting the consummation of the transactions contemplated hereby, (c) significantly increase the risk of not being able to remove any such Order on appeal or otherwise or (d) materially delay or prevent the consummation of the transactions contemplated hereby.

Section 5.15. Merger Sub. Parent will take all action necessary to cause Merger Sub to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement.

Section 5.16. Transfer Taxes. Each of Parent and the Company shall pay one-half of all stamp, transfer, documentary, sales and use, value added, registration and other such taxes and fees (including any penalties and interest) incurred in connection with this Agreement or any other transaction contemplated hereby (collectively, the "**Transfer Taxes**") at the Closing. For the avoidance of doubt, the Company's one-half of such Transfer Taxes is included in the definition of Transaction Expenses Amount.

Section 5.17. Preservation of Records. For a period of seven (7) years after the Closing Date or such other period required by applicable Law, Parent shall preserve and retain all corporate, accounting, legal, auditing, human resources and other books and records of the Surviving Corporation and each of its Subsidiaries (including any documents relating to any governmental or non-governmental claims, actions, suits, proceedings or investigations) relating to the conduct of the business and operations of the Surviving Corporation and its Subsidiaries prior to the Closing Date. Notwithstanding the foregoing, during such seven-year period, Parent may dispose of any such books and records which are offered to, but not accepted by, the Stockholders Representative. The provisions of this Section 5.17 shall cease to apply in the event of a sale or disposition of the Surviving Corporation or any of its Subsidiaries by Parent; provided, however, that Parent shall cause the subsequent owner(s) of such entity to assume the obligations of Parent set forth in this Section 5.17.

Section 5.18. Stockholder Matters. (a) Contemporaneously with the execution and delivery of this Agreement and as a condition to Parents and Merger Subs willingness to enter into this Agreement, the Company has caused each of the Stockholders to execute and deliver to the Company a written consent, a copy of which is attached hereto in Section 5.18(a) of the Company Disclosure Letter, consenting to the adoption and approval of this Agreement and the Merger, and the Company shall take such other actions as may be required in accordance with the DGCL and its certificate of incorporation and bylaws to effectuate the approval and adoption of this Agreement and the Merger by the Stockholders.

(b) Contemporaneously with the execution and delivery of this Agreement and as a condition to the Companys willingness to enter into this Agreement, Parent has caused the sole stockholder of Merger Sub to execute and deliver to Merger Sub a written consent, a copy of which is attached hereto as Schedule 5.18(b), consenting to the adoption and approval of this Agreement and the Merger, and Merger Sub shall take such other actions as may be required in accordance with the DGCL and its certificate of incorporation and bylaws to effectuate the approval and adoption of this Agreement and the Merger by Parent.

Section 5.19. Transaction Tax Benefit. (a) To the extent that Parent, the Company, any Company Subsidiary or the Surviving Corporation actually realizes (as defined below) a Transaction Tax Benefit, including through receipt of a Tax refund, whether pursuant to a carryback of net operating loss or otherwise, Parent, the Company or such Company Subsidiary shall pay such Transaction Tax Benefit to the Stockholders Representative for distribution to the Equity Holders (in the same manner as the purchase price paid hereunder) promptly, and in any event within five (5) Business Days, after a Transaction Tax Benefit is actually realized (as defined below). For the avoidance of doubt, and without limiting the provisions contained in this Section 5.19, the Transaction Tax Benefit may be realized through a carryback of a net operating loss reported on a Return of the Company and/or the Company Subsidiaries in any taxable jurisdiction for a taxable year or period ending on the Closing Date (a Stub Period, and any net operating loss reported on a Return for a Stub Period, a Stub Period NOL) to prior taxable years or periods of the Company and/or the Company Subsidiaries, and any such amount shall be for the account of the Equity Holders, as described in this Section 5.19(a). To avoid circularity in the definition of Transaction Tax Benefit, the amount of a Transaction Tax Benefit currently being determined shall not be considered in clause (i)(C) of the definition of

Transaction Tax Benefit but shall be considered in subsequent determinations of Transaction Tax Benefit.

(b) For purposes of this Section 5.19, (x) the Transaction Tax Benefit shall be "actually realized" at the earliest of (i) the time any refund of Taxes that results from a Transaction Tax Benefit is actually received or applied against other Taxes, (ii) the time of the filing of a Return (including a Return relating to estimated Taxes) on which deductions giving rise to a Transaction Tax Benefit are claimed, to the extent that the deductions reduce the amount of Taxes that would otherwise be payable and (iii) the time a deduction for a Stub Period NOL is applied to reduce the amount of Taxes that would otherwise be payable. The amount realized shall be determined on the basis of a "with and without" calculation of the Taxes due in connection with the applicable Return.

(c) Parent and the Stockholders' Representative agree that (i) as a result of the Merger, the taxable year of the Company and the Company Subsidiaries shall end as of the close of business on the Closing Date for U.S. federal income tax purposes, (ii) any deductions that accrue on the Closing Date that result in a Transaction Tax Benefit shall be reported on the U.S. Federal income tax Return filed by the Company and the Company Subsidiaries for the taxable year ending on the Closing Date (and thus the "next day" rule of Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) shall not apply to treat such deductions as occurring on the day after the Closing Date), (iii) any items set forth in Section 5.19 of the Company Disclosure Letter shall, without limitation, be reported as deductible items for purposes of filing all Returns and (iv) any Returns prepared with respect to the Company and the Company Subsidiaries shall be prepared in a manner consistent with this Section 5.19(c).

(d) If a Return of the Company or Company Subsidiary (filed or required to be filed for any taxable year or period beginning on or before the Closing Date) is originally filed or amended after the Closing Date, (i) the Equity Holders shall have no liability pursuant to Section 8.2 to the extent that such liability would not have arisen if (A) such originally filed Return (or any amendment to such originally filed Return) had been prepared consistent with past practices or (B) such amendment had not been filed (if the amendment relates to a Return originally filed on or prior to the Closing Date), and (ii) the Transaction Tax Benefit shall not be less than the amount that would have been paid (and shall not be paid at a date later than such Transaction Tax Benefit would have been paid) if (x) such originally filed Return (or amendment to such originally filed Return) had been prepared consistent with past practices or (y) the amendment had not been filed, (if the amendment relates to a Return originally filed on or prior to the Closing Date). The Stockholders' Representative shall be given the opportunity to review and comment on any Returns of the Company and Company Subsidiaries for any taxable year or period beginning on or before the Closing Date (to the extent that the Equity Holders could, pursuant to Section 8.2, be liable for items set forth on such Returns or the amount of Transaction Tax Benefits could be affected by items on such Returns).

(e) Parent, the Company and the Company Subsidiaries shall as promptly as practicable (as defined below) take or cause its Affiliates to take such appropriate steps to actually realize at the earliest possible time any Transaction Tax Benefit, including, without limitation, filing Returns for taxable years or periods in which a Transaction Tax Benefit would be realized as promptly as practicable and, to the extent practicable, filing for a "quickie refund"

as described in Section 6425 of the Code and the Treasury Regulations promulgated thereunder. For the avoidance of doubt, the obligation of Parent, the Company and/or the Company Subsidiaries to file a Tax return to claim the deductions described in Part I of Section 5.19 of the Company Disclosure Letter shall be absolute and unconditional. Upon payment of the Transaction Tax Benefit, Parent shall deliver to the Stockholders Representative a statement that sets forth the accounting of how the amount of the Transaction Tax Benefit was determined. Such statement shall have sufficient details for Stockholders Representative to evaluate whether the amount of the payment is correct. With regard to the Tax returns (other than for a quickie refund) to be filed by the Company and the Company Subsidiaries for the year ending on the Closing Date, as promptly as practicable shall mean that Parent shall use commercially reasonable efforts to file such Tax returns by the original due date for such Tax returns (not including any extensions).

(f) In the event of any dispute over whether an item not set forth in Section 5.19 of the Company Disclosure Letter is deductible on any Return, such dispute shall be submitted to the Arbitrator, whose decision with respect to deductibility shall be final and binding. For the avoidance of doubt, the items set forth in Section 5.19 of the Company Disclosure Letter shall be treated as deductible and are not subject to the procedure set forth in this Section 5.19(f).

Section 5.20. Leased Real Property. The Company shall use its commercially reasonable efforts (which, for the avoidance of doubt, shall not require any expenditure of funds, posting of additional security or granting of any other financial or contractual accommodation) to cause each landlord of Leased Real Property to enter into such access agreements, estoppels and similar customary arrangements as are reasonably requested by Parent s lenders in respect of Parent s inventory securitization facility.

Section 5.21. Cooperation with Respect to 280G. Prior to the Closing, the Company, Parent and Merger Sub agree to cooperate to submit for approval by the Company s stockholders, in accordance with the procedures and timetable and pursuant to the documentation mutually agreed by the Parties prior to the date hereof, certain payments that the Company, any of the Company Subsidiaries, Parent and/or Merger Sub are or may be obligated to make or pay that would be parachute payments (as defined in Code Section 280G(b)(2)).

Section 5.22. Stockholders Representative. Parent and Merger Sub hereby acknowledge and agree that, in connection with any and all actions to be taken by the Equity Holders in connection with the transactions contemplated hereby, the Stockholders Representative has been appointed as the exclusive agent and attorney-in-fact of each Equity Holder pursuant to that certain Stockholders Representative Appointment and Indemnification Agreement dated the date hereof between the Stockholders Representative and each of the Equity Holders (the **Stockholders Representative Agreement**), with full power and authority to take any and all such actions on behalf of such Equity Holder (including to receive all notices for, and to take or omit to take all actions under this Agreement on behalf of the Equity Holders (including resolving any indemnity claim where the Equity Holders are the Indemnifying Party)), and Parent and Merger Sub shall accept any such actions or performance by the Stockholders Representative on behalf of any Equity Holder as the final, conclusive and binding action of such Equity Holder. Parent and the Surviving Corporation are entitled to rely on the actions of the Stockholders Representative as the action of each Equity Holder, and in the

event the Stockholders Representative has received notice, or taken action, or consented to any action hereunder, no Equity Holder shall have any power or authority to object under any provision of this Agreement.

Section 5.23. Assumption of Calvert Earnout. For purposes of Section 3.6(e) of that certain Asset Purchase Agreement, dated March 3, 2006 (the "**Calvert Acquisition Agreement**"), among Calvert Wire & Cable Corporation, Brian F. Coughlin, the Company, CSC and Calvert, Parent hereby assumes the earnout obligations of Calvert (formerly Calvert Acquisition Corp.) under Section 3.6 of the Calvert Acquisition Agreement.

Section 5.24. Cooperation Regarding Accounts. Prior to the Closing, the Company shall cooperate with Parent and Merger Sub to change the authorized signatories with respect to each bank account of the Company and the Company Subsidiaries (including each of the accounts listed in Section 3.23 of the Company Disclosure Letter and any account in which deposits are held in respect of any employee benefit plan), with such changes to be effective as of the Closing.

ARTICLE VI

CONDITIONS PRECEDENT

Section 6.1. Conditions to the Obligations of Each Party. The respective obligations of Parent, Merger Sub and the Company to consummate the Merger are subject to the satisfaction or waiver by Parent, Merger Sub or the Company, as appropriate, at or before the Closing Date, of each of the following conditions:

(a) Injunctions; Illegality. The consummation of the Merger shall not be restrained, enjoined or prohibited by any Order, nor shall there have been any Law enacted, promulgated or deemed applicable to the Merger by any Governmental Entity which prevents the consummation of the Merger or has the effect of making the Merger illegal.

(b) Antitrust Laws; Similar Laws. Any waiting periods under the HSR Act with respect to the transactions contemplated by this Agreement shall have expired, been terminated, been made or been obtained.

Section 6.2. Conditions to the Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to consummate the Merger are subject to the satisfaction or waiver by Parent on or prior to the Closing Date of the following further conditions:

(a) Performance. All of the agreements and covenants of the Company to be performed prior to the Closing pursuant to this Agreement shall have been duly performed in all material respects.

(b) Representations and Warranties. The representations and warranties of the Company contained in Article III (as such representations and warranties may be updated pursuant to Section 5.4, but disregarding for purposes of this Section 6.2(b) all qualifications and

exceptions contained therein relating to "materiality" or "Material Adverse Effect") shall be true and correct as of the Closing Date as if made at and as of such time (except that the accuracy of representations and warranties that by their terms speak as of the date of this Agreement or some other date will be determined as of such date), except for such failures to be true and correct that do not have or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(c) Termination of Agreements. The (i) Stockholders Agreement, dated as of May 3, 2004 (as amended, supplemented or otherwise modified from time to time, the "**Stockholders Agreement**") by and among the Company and the Stockholders signatory thereto and (ii) Management Agreement, dated as of May 3, 2004 (as amended, supplemented or otherwise modified from time to time, the "**Management Agreement**"), by and between CSC and the Stockholders' Representative, shall, in each case, have been terminated (except with respect to any provisions thereof that expressly survive the termination of such Contracts; provided, however, that the Stockholders' Representative shall not be entitled to seek indemnification pursuant to any such surviving provisions from the Company, Parent or the Surviving Corporation in respect of any matter with respect to which the Stockholders' Representative is obligated to indemnify any Parent Indemnitee hereunder).

(d) No Material Adverse Change. During the period from the date hereof to the Closing Date, there shall not have been any occurrence or any event that has had or would reasonably be expected to have a Material Adverse Effect.

(e) Documents to be Delivered by the Company. The Company shall have delivered to Parent and Merger Sub the following documents, in each case duly executed or otherwise in proper form:

(i) Compliance Certificate. a certificate signed by the Chief Executive Officer of the Company that each of the conditions contained in Sections 6.2(a) and (b) has been satisfied;

(ii) Certified Resolutions. certified copies of the resolutions of the Board and the Stockholders authorizing and approving this Agreement and the consummation of the transactions contemplated by this Agreement;

(iii) Escrow Agreement. the Escrow Agreement executed and delivered by the parties thereto (other than Parent and Merger Sub);

(iv) Certificate of Incorporation; Bylaws. a copy of the certificate of incorporation of the Company certified by the Secretary of State of Delaware and a copy of the bylaws of Company certified by the secretary of the Company; and

(v) Incumbency Certificate. incumbency certificate relating to each Person executing any document executed and delivered to Parent or Merger Sub by the Company pursuant to the terms hereof;

(f) Non-Solicitation Agreement. The Stockholders Representative shall have executed and delivered a Non-Solicitation Agreement in the form attached hereto as Exhibit C.

(g) Resignations. Each member of the Board of Directors of the Company and each Company Subsidiary identified in a written notice from Parent to the Stockholders Representative at least three (3) Business Days prior to the Closing Date shall have tendered his resignation from such position effective as of the Closing Date.

(h) Lien Releases and Termination of Financing. The Company shall have provided evidence satisfactory to Parent and Merger Sub that the Closing Indebtedness shall have been paid in full and all Liens related thereto have been released and all related financing arrangements have been terminated (or the Surviving Corporation, Parent and/or its financing sources shall be authorized pursuant to the pay-off letters described in Section 6.2(i) to release such Liens and terminate such financing statements on behalf of the holders of the Closing Indebtedness).

(i) Pay-off Letters. Each Person to whom any portion of the Closing Indebtedness or the Transaction Expense Amount is owing shall have delivered a customary pay-off letter in form and substance satisfactory to Parent.

(j) Proceedings. No suit, action or other proceeding shall be pending against the Company or any Company Subsidiary before any Governmental Entity in which the consummation of the transactions contemplated hereby are sought to be restrained or enjoined unless, if adversely determined, such suit, action or other proceeding would not reasonably be expected to have a Material Adverse Effect on the Company.

Section 6.3. Conditions to the Obligations of the Company. The obligations of the Company to consummate the Merger are subject to the satisfaction of or waiver by the Company on or prior to the Closing Date of the following further conditions:

(a) Performance. All of the agreements and covenants of Parent and Merger Sub to be performed prior to the Closing pursuant to this Agreement shall have been duly performed in all material respects.

(b) Representations and Warranties. The representations and warranties of the Parent and Merger Sub contained in Article IV shall be true and correct in all respects at and as of the Closing Date as if made at and as of such time, except for such failures to be true and correct that do not have, individually or in the aggregate, a Material Adverse Effect on Parent or Merger Sub.

(c) Compliance Certificate. A certificate signed by the Chief Financial Officers of the Parent and Merger Sub that each of the conditions contained in Sections 6.3(a) and (b) has been satisfied shall be delivered to the Company.

(d) Proceedings. No suit, action or other proceeding shall be pending against Parent or Merger Sub before any Governmental Entity in which the consummation of the transactions contemplated hereby are sought to be restrained or enjoined unless, if adversely determined, such suit, action or proceeding would not reasonably be expected to have a Material Adverse Effect on Parent or Merger Sub.

Section 6.4. Frustration of Closing Conditions. None of Parent, Merger Sub or the Company may rely on the failure of any condition set forth in this Article VI to be satisfied if such failure was caused by such Party's failure to act in good faith or such Party's failure to use its commercially reasonable efforts to cause the Closing to occur, as required by Section 5.5.

ARTICLE VII

TERMINATION AND ABANDONMENT

Section 7.1. Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned, at any time prior to the Effective Time:

(a) by mutual consent of the Company and Parent;

(b) by either Parent, on the one hand, or the Company, on the other hand, if:

(i) any court or other Governmental Entity shall have issued, enacted, entered, promulgated or enforced any Law or Order (that has not been vacated, withdrawn or overturned) restraining, enjoining or otherwise prohibiting the Merger and, in the case of any Order, such Order shall have become final and nonappealable; provided that the Party seeking to terminate pursuant to this Section 7.1(b)(i) shall have used its commercially reasonable efforts to challenge such Law or Order in accordance with Section 5.8; or

(ii) the Effective Time shall not have occurred (other than as a result of the failure of any Party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or prior to November 9, 2006 (the "**End Date**"), unless the condition contained in Section 6.1(b) shall not have been satisfied prior to such date, in which case the End Date shall be February 15, 2007, or such later date as the Parties may mutually agree upon;

(c) by the Company, if: (i) any of the representations and warranties of Parent and Merger Sub contained in this Agreement shall fail to be true and correct, or (ii) there shall be a breach by Parent or Merger Sub of any covenant or agreement of Parent or Merger Sub in this Agreement that, in each case of clauses (i) and (ii), (A) would result in the failure of a condition set forth in Section 6.3(a) or (b) and (B) which is not curable or, if curable, is not cured upon the occurrence of the earlier of (x) the thirtieth (30th) day after written notice thereof is given by the Company to Parent and (y) the day that is three (3) Business Days prior to the End Date; provided that the Company may not terminate this Agreement pursuant to this Section 7.1(c) if the Company is in material breach of this Agreement; or

(d) by Parent, if: (i) such termination is in accordance with Section 5.4, (ii) any of the representations and warranties of the Company contained in this Agreement shall fail to be true and correct, or (iii) there shall be a breach by the Company of any covenant or agreement of the Company in this Agreement that, in each case of clauses (ii) and (iii), (A) would result in the failure of a condition set forth in Section 6.2(a) or (b) and (B) which is

not curable or, if curable, is not cured upon the occurrence of the earlier of (x) the thirtieth (30th) day after written notice thereof is given by Parent to the Company and (y) the day that is three (3) Business Days prior to the End Date; provided that Parent may not terminate this Agreement pursuant to this Section 7.1(d) if Parent or Merger Sub is in material breach of this Agreement.

Section 7.2. Effect of Termination. In the event of the termination of this Agreement pursuant to Section 7.1 by Parent, on the one hand, or the Company, on the other hand, written notice thereof shall forthwith be given to the other Party or Parties specifying the provision hereof pursuant to which such termination is made, and this Agreement shall be terminated and become void and have no effect, and there shall be no liability hereunder on the part of Parent, Merger Sub or the Company, except that Section 5.2, Section 5.7(e), Article IX and this Section 7.2 shall survive any termination of this Agreement. Nothing in this Section 7.2 shall relieve any Party of liability for fraud or willful or intentional breach of this Agreement. For the avoidance of doubt, the terms and conditions of the Confidentiality Agreement survive the termination of this Agreement for any reason in accordance with the terms thereof.

ARTICLE VIII

SURVIVAL; INDEMNIFICATION

Section 8.1. Survival of Representations and Warranties. (a) Except in the case of fraud, the respective representations and warranties of the Company, Parent and Merger Sub contained in Articles III and IV shall survive the Merger until January 31, 2008. Covenants of each Party contained herein shall survive in accordance with the terms thereof; provided, however, that Parent shall not be entitled to assert any claim with respect to a breach of any covenant set forth in Section 5.3(b) after June 30, 2007 (except with respect to any such covenant that expressly contemplates performance after the Closing).

(b) Neither the Parent nor the Equity Holders shall have any liability whatsoever with respect to any representation, warranty or covenant unless a claim is made hereunder prior to the expiration of the survival period set forth in Section 8.1(a), in which case such representation and warranty shall survive as to such claim until such claim has been finally resolved.

Section 8.2. Indemnification by Equity Holders. Subject to the limitations set forth in this Article VIII, from and after the Closing Date, the Equity Holders shall cause to be indemnified (solely from funds on deposit in the Indemnity Escrow Account) the Parent, the Surviving Corporation and each of their respective officers, directors, representatives and affiliates (the "**Parent Indemnitees**") and save and hold each of them harmless against any Losses incurred by them as a result of: (i) any failure of any representation or warranty made by the Company contained in Article III of this Agreement to be true and correct in all respects on and as of the Closing Date (disregarding all "materiality" and "Material Adverse Effect" qualifications contained therein, except for the "materiality" and/or "Material Adverse Effect" qualifiers contained in Section 3.5 (Financial Statements), clause (a) of Section 3.6 (Absence of Certain Changes) and Section 3.15 (Material Contracts) (provided, however, that the Material Adverse Effect qualifiers in Section 3.15(c) shall be disregarded); (ii) any breach of any covenant or agreement by the Company contained in this Agreement and (iii) any Losses to the

extent resulting from the disallowance by the Internal Revenue Service of items 1 or 2 set forth in Part I of Section 5.19 of the Company Disclosure Letter, solely to the extent that, prior to January 31, 2008, the Company or the Companies Subsidiaries has received from the Internal Revenue Service a "notice of deficiency" (as set forth in Section 6212(a) of the Code) that is based, in whole or in part, on the disallowance of the deduction of such items.

Section 8.3. Indemnification by Parent. Subject to the limitations set forth in this Article VIII, from and after the Closing Date, Parent agrees to and shall indemnify the Equity Holders, the Stockholders' Representative and each of their respective officers, directors representatives and affiliates ("**Equity Holder Indemnitees**") and save and hold each of them harmless against any Losses incurred by them as a result of: (i) any failure of any representation or warranty made by the Parent or the Merger Sub in Article IV of this Agreement to be true and correct in all material respects on and as of the Closing Date (disregarding all "materiality" and "Material Adverse Effect" qualifications contained therein); and (ii) any breach of any covenant or agreement by the Parent or Merger Sub under this Agreement.

Section 8.4. Limitation on Indemnification. (a) Notwithstanding anything to the contrary contained in this Agreement, except in the case of fraud or intentional breach of any covenant contained herein, no Parent Indemnitee shall be entitled to indemnification pursuant to Section 8.2, unless and until the aggregate amount of indemnifiable Losses which may be recovered from the Equity Holders as a group equals or exceeds One Million Five Hundred Thousand Dollars ($1,500,000) (the "**Deductible**"), in which case the Equity Holders shall be liable only for the amount of the Losses in excess of the Deductible; provided, however, that (i) until such time as the Parent Indemnitees have incurred indemnifiable Losses in an amount equal to or greater than the Deductible, no Parent Indemnitee shall have any right to indemnification with respect to any individual Loss (which shall include any Loss or Losses submitted for indemnification that arise from the same or a reasonably related set of underlying facts or circumstances) that is less than Five Thousand Dollars ($5,000) and no such Loss shall be taken into account in determining whether, or to what extent, the Deductible has been met or exceeded and (ii) from and after the time that the Parent Indemnitees have incurred indemnifiable Losses in an amount greater than the Deductible, no Parent Indemnitee, shall have any right to indemnification with respect to any individual Loss (which shall include any Loss or Losses submitted for indemnification that arise from the same or a reasonably related set of underlying facts or circumstances) that is less than Twenty Thousand Dollars ($20,000). Notwithstanding the foregoing, neither the Deductible nor the limitations contained in the foregoing clauses (i) and (ii) of this Section 8.4(a) shall be applicable to any breach of the representations and warranties contained in Section 3.2(b) or Section 3.14.

(b) Notwithstanding anything to the contrary contained herein, except in the case of fraud or intentional breach of any covenant contained herein, the maximum aggregate amount that may be recovered for indemnification pursuant to Section 8.2 shall be an amount equal to the lesser of (x) the Indemnity Escrow Amount and (y) the aggregate amount from time to time on deposit in the Indemnity Escrow Account; provided, however, that the limitation contained in this Section 8.4(b) shall not apply to any claim for indemnification (x) pursuant to clause (i) of Section 8.2 in respect of (A) any breach of the representations and warranties made by the Company in Section 3.2(b) or (B) any breach of the representations and warranties made by the Company herein which (I) is "cured" for purposes of Section 6.2(b) by the Company's delivery

of a written amendment to the Company Disclosure Letter pursuant to Section 5.4(b) or (II) is disclosed by the Company pursuant to Section 5.4(a); or (y) pursuant to clause (ii) of Section 8.2 in respect of any breach of the covenants contained in Section 5.3(b) or Section 5.4(a) or any covenant of the Stockholders Representative that, pursuant to the terms thereof, contemplates performance after the Closing. In addition to, and not in lieu of, the other limitations contained in this Section 8.4, the maximum aggregate amount that may be recovered for indemnification pursuant to clause (iii) of Section 8.2 shall be an amount equal to the lesser of (x) Eight Million Six Hundred Thirty Thousand Nine Hundred Thirty-Two Dollars ($8,630,932.00) and (y) the aggregate amount from time to time on deposit in the Indemnity Escrow Account.

Section 8.5. Losses Net of Insurance, Etc. (a) The amount of any Loss for which indemnification is provided under Section 8.2 or 8.3 shall be net of (i) any accruals or reserves for such Loss on the financial statements referenced in Section 3.5, (ii) any amount for which a reserve or accrual for such Loss is established in the Closing Working Capital, (iii) any amounts recovered and actually received for such Loss by the Indemnified Party pursuant to any indemnification by or indemnification agreement with any third party, (iv) any proceeds of insurance policies of the Company or the Company Subsidiaries in effect immediately prior to the Effective Time, or other cash receipts or sources of reimbursement actually received as an offset against such Loss (each Person named in clauses (iii) and (iv), a "**Collateral Source**"), and (v) an amount equal to the amount of any tax benefit attributable to such Loss, if and when actually received. Indemnification under this Article VIII shall not be available unless the Indemnified Party first uses commercially reasonable efforts to seek recovery from counterparties to any Contract with any supplier pursuant to which any indemnification provisions are applicable. The Indemnifying Party may require an Indemnified Party to assign the rights to seek recovery pursuant to the preceding sentence; provided, however, that the Indemnifying Party will then be responsible for pursuing such claim at its own expense. If the amount to be netted hereunder in connection with a Collateral Source from any payment required under Section 8.2 or 8.3 is received by the Indemnified Party after payment by the Indemnifying Party of any amount otherwise required to be paid to an Indemnified Party to this Article VIII, the Indemnified Party shall repay to the Indemnifying Party, promptly after such determination, any amount that the Indemnifying Party would not have had to pay pursuant to this Article VIII had such determination been made at the time of such payment, and any excess recovery from a Collateral Source shall be applied to reduce any future payments for the applicable Loss to be made by the Indemnifying Party pursuant to Section 8.2 or 8.3.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Equity Holders shall not be liable for any Losses that result from, arise out of, or relate to breaches of the representations and warranties contained in Section 3.16 (Environmental Matters) to the extent such Losses result from, arise out of, or relate to:

(i) any material change in the use of any of the Company Property on or after the Closing Date;

(ii) any changes in Environmental Law on or after the Closing Date; or

(iii) any corrective, removal or remedial actions or other measures taken in response to environmental conditions ("**Response Actions**"), that exceed the

minimum Response Actions required under Environmental Law in effect as of the Closing Date to fully remediate the environmental condition, if required under applicable Environmental Laws, and obtain a "no further action" letter or its equivalent from the applicable Governmental Entity, or that are more costly than the most cost-effective means of achieving compliance with Environmental Law in effect as of the Closing Date with respect to such environmental condition (including the use of deed restrictions or other regulatory controls where applicable); provided, however, that neither Parent nor Merger Sub shall be obligated to accept any deed restrictions or other regulatory controls that would materially interfere with or limit the use of any Company Property from any currently zoned use.

Section 8.6. Indemnification Procedure. (a) Promptly after the incurrence of any Losses by any Person entitled to indemnification pursuant to Section 5.10, 8.2 or 8.3 hereof (an "**Indemnified Party**"), including, any claim by a third party described in Section 8.7, which would reasonably be expected to give rise to indemnification hereunder, the Indemnified Party shall deliver to the Party from which indemnification is sought (the "**Indemnifying Party**") a certificate (the "**Claim Certificate**"), which Claim Certificate shall:

(i) state that the Indemnified Party has paid or anticipates it will incur liability for Losses for which such Indemnified Party is entitled to indemnification pursuant to this Agreement; and

(ii) specify in reasonable detail (and have annexed thereto all material supporting documentation, including any material correspondence in connection with any Third-Party Claim and paid invoices for claimed Losses) each individual item of Loss included in the amount so stated, the date such item was paid, the basis for any anticipated liability and the nature of the misrepresentation, breach of warranty, breach of covenant or claim to which each such item is related and an estimation of the amount to which such Indemnified Party claims to be entitled hereunder.

The Indemnified Party shall not be precluded from making a claim for indemnification hereunder by any failure to provide timely notice of the existence of a Third Party Claim to the Indemnifying Party, except to the extent that the Indemnifying Party has been prejudiced as a direct result of such delay, in which case the Indemnified Party shall be so precluded to such extent.

(b) In the event that the Indemnifying Party shall object to the indemnification of an Indemnified Party in respect of any claim or claims specified in any Claim Certificate, the Indemnifying Party shall, within fifteen (15) days after receipt by the Indemnifying Party of such Claim Certificate, deliver to the Indemnified Party a written notice to such effect (an "**Objection Notice**"), specifying in reasonable detail the basis for such objection, and the Indemnifying Party and the Indemnified Party shall, within the thirty (30) day period beginning on the date of receipt by the Indemnified Party of such Objection Notice, attempt in good faith to agree upon the rights of the respective parties with respect to each of such claims to which the Indemnifying Party shall have so objected. If the Indemnified Party and the Indemnifying Party shall succeed in reaching agreement on their respective rights with respect to any of such claims, the Indemnified Party and the Indemnifying Party shall promptly prepare and sign a memorandum setting forth

such agreement. Should the Indemnified Party and the Indemnifying Party be unable to agree as to any particular item or items or amount or amounts within such time period, then the Indemnified Party shall be permitted to submit such dispute to a court of competent jurisdiction as set forth in Section 9.10.

(c) Claims for Losses (which, for the avoidance of doubt, shall in no event include any Losses in excess of the limitations contained in Sections 8.4(b) or 8.5(b) hereof): (i) specified in any Claim Certificate to which an Indemnifying Party shall not object pursuant to an Objection Notice within fifteen (15) days of receipt of such Claim Certificate, (ii) covered by a memorandum of agreement of the nature described in Section 8.6(b), (iii) the validity and amount of which have been the subject of judicial determination as provided by Section 9.10 or (iv) which have been settled with the consent of the Indemnifying Party, as described in Section 8.7, are hereinafter referred to, collectively, as "**Agreed Claims**"; provided, however, that (i) the amount of any Agreed Claim shall include only the portion of such Agreed Claim that (together with the amount of all prior Agreed Claims) is in excess of the Deductible and the other applicable limitations contained in Section 8.4(a), (ii) if the aggregate amount of all Agreed Claims determined prior to such time shall have equaled or exceeded the Deductible and the other applicable limitations contained in Section 8.4(a), then the amount of any Agreed Claim shall mean the entire amount of such Agreed Claim and (iii) except in the instances where the limitations set forth in Section 8.4(b) do not apply, the amount of such Agreed Claim (together with the amount of all prior Agreed Claims) shall not exceed the amount on deposit from time to time in the Indemnity Escrow Account. Within ten (10) days after the determination of the amount of any Agreed Claims with respect to which any Parent Indemnitee is the Indemnified Party, the Parties shall deliver a joint written instruction to the Escrow Agent directing the Escrow Agent to disburse the amount of such Agreed Claim from funds on deposit in the Indemnity Escrow Account.

Section 8.7. Third-Party Claims. (a) If a claim by a third party is made against any Indemnified Party with respect to which the Indemnified Party intends to seek indemnification hereunder for any Loss under this Article VIII (a "**Third-Party Claim**"), the Indemnified Party shall promptly notify the Indemnifying Party of such claim in accordance with the procedures set forth in Section 8.6(a)(i). The Indemnifying Party shall have fifteen (15) days (or such lesser time as may be necessary to comply with statutory response requirements for litigation claims that are included in any Third-Party Claim) from receipt of the notice contemplated in Section 8.6(a)(i) to notify the Indemnified Party whether or not the Indemnifying Party shall, at its sole cost and expense, defend the Indemnified Party against such claim. If the Indemnifying Party timely gives notice that it intends to defend the Third-Party Claim, it shall have the right, except as hereafter provided, to defend against, negotiate, settle or otherwise deal with the Third-Party Claim and to be represented by counsel of its own choice, and the Indemnified Party shall not admit any liability with respect thereto or settle, compromise, pay or discharge the same so long as the Indemnifying Party is contesting or defending the same with reasonable diligence and in good faith. Notwithstanding the foregoing, if Parent is the Indemnified Party, so long as the amount of the potential Loss related to the Third Party Claim, together with all other Losses for which indemnification claims are pending, does not exceed an amount equal to twice the amount of funds on deposit in the Indemnity Escrow Account (or in any circumstance in which the indemnification limitations set forth in Section 8.4 are not applicable to such Third Party Claim), then the Stockholders' Representative shall have the

exclusive authority to represent the Company and the Company Subsidiaries with respect to such Third Party Claim (provided that the Indemnified Party may participate in any proceeding with counsel of its choice and at its expense); provided, further, that the Indemnifying Party may not enter into a settlement of any such Third-Party Claim without the consent of the Indemnified Party, which consent shall be not unreasonably withheld, unless such settlement requires no more than a monetary payment for which the Indemnified Party is fully indemnified by the Indemnifying Party or involves other matters not binding upon the Indemnified Party; and provided, further, that, in the event the Indemnifying Party does not agree in writing to accept the defense of, and assume all responsibility for (subject to the limitations set forth in Section 8.4, if applicable), such Third-Party Claim as provided above in this Section 8.7(a), then the Indemnified Party shall have the right to defend against, negotiate, settle or otherwise deal with the Third-Party Claim in such manner as the Indemnified Party deems appropriate, including the settlement of such Third-Party Claim, with the consent of the Indemnifying Party (which consent shall not be unreasonably withheld, delayed or conditioned), and the Indemnified Party shall be entitled to indemnification therefor from the Indemnifying Party to the extent provided under this Article VIII. Notwithstanding the foregoing, if in the reasonable opinion of the Indemnified Party, such Third-Party Claim, or the litigation or resolution of such Third-Party Claim, involves an issue or matter that involves a dispute with a significant supplier or customer of the Indemnified Party, the Indemnified Party shall have the right to control the defense or settlement of any such claim or demand and its reasonable costs and expenses shall be included as part of the indemnification obligations of the Indemnifying Party. If the Indemnified Party elects to exercise such right, the Indemnifying Party shall have the right to participate in, but not control, the defense or settlement of such claim at its sole cost and expense, provided that the Indemnified Party shall not settle any such claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld).

(b) Notwithstanding the foregoing, so long as (i) the amount of the potential Loss related to such matter, together with all other Losses for which indemnification claims are pending, does not exceed an amount equal to two times the amount of funds on deposit in the Indemnity Escrow Account and (i) the resolution or settlement of such matter cannot result in a precedent binding on the Surviving Corporation and its Subsidiaries or Affiliates, then the Stockholders Representative shall have the exclusive authority to represent the Company and the Company Subsidiaries with respect to any audit, examination or similar event by any taxing authority with respect to Taxes relating to a taxable period ending on or prior to the Closing Date and shall have the sole right to control the defense of such matter; provided that the Stockholders Representative shall not enter into any settlement or otherwise compromise any such matter without the prior written consent of Parent which shall not be unreasonably withheld, delayed or conditioned.

(c) Parent shall promptly notify the Stockholders Representative in writing upon receipt by Parent or any Affiliate of Parent (including the Company and the Company Subsidiaries after the Closing Date) of notice of any inquiries, claims, assessments, audits or similar events with respect to items included in Transaction Tax Benefit (any such inquiry, claim, assessment, audit or similar event, a TTB Matter). The Stockholders Representative shall have the sole authority to represent the interests of the Company and the Company Subsidiaries with respect to any TTB Matter before the Internal Revenue Service, any other taxing authority, any other Governmental Entity or any court, and shall have the sole right to

control the defense, compromise or other resolution of any TTB Matter, including responding to inquiries, filing Returns and contesting, defending against and resolving any assessment for additional Taxes or notice of Tax deficiency or other adjustment of Taxes of, or relating to, a TTB Matter. The Stockholders Representative shall keep Parent fully and timely informed with respect to the commencement, status and nature of any TTB Matter.

(d) The Parties shall cooperate in the defense or prosecution of any Third-Party Claim, with such cooperation to include (i) the retention and the provision of records and information that are reasonably relevant to such Third-Party Claim, and (ii) in the case of Parent, the making available of employees on a mutually convenient basis for providing additional information and explanation of any material provided hereunder.

Section 8.8. Sole Remedy/Waiver. The Parties hereto acknowledge and agree that, in the event that the Closing occurs, the remedies provided for in this Article VIII shall be the Parties sole and exclusive remedy for any breach of the representations and warranties or covenants contained in this Agreement, except for claims for fraud or intentional breach of any covenant contained in this Agreement. Without limitation of the foregoing, Parent and the Surviving Corporation hereby acknowledge and agree that, except in the case of fraud or intentional breach of any covenant contained in this Agreement, and except in the circumstances where the limitations set forth in Section 8.4(b) do not apply, the sole recourse of any Parent Intemnitee in respect of any Losses subject to indemnification hereunder shall be against funds on deposit from time to time in the Indemnity Escrow Account, and no Parent Indemnitee shall have or assert any claim in respect thereof against Stockholders Representative or any Equity Holder. In furtherance of the foregoing, except in the event of fraud or intentional breach of any covenant contained herein, the Parties hereby waive, effective upon the occurrence of the Closing, to the fullest extent permitted by applicable Law, any and all other rights, claims and causes of action (including rights of contribution, if any, and claims for rescission) known or unknown, foreseen or unforeseen, which exist or may arise in the future, that it may have against the Equity Holders or any of their representatives, any member of the Board of the Company, or Parent or any of its Affiliates or representatives, as the case may be, arising under or based upon any federal, state or local law (including any such law relating to environmental matters or arising under or based upon any securities law, common law or otherwise) for any breach of the representations and warranties or covenants contained in this Agreement. The Parties further acknowledge and agree that, (I) at any time on or after June 30, 2007, the Stockholders Representative shall be entitled to instruct the Escrow Agent to release to the Stockholders Representative (i) if there are no claims then outstanding in respect of the Indemnity Escrow Amount, any portion of the Indemnity Escrow Amount in excess of $5,000,000 or (ii) if there are claims then outstanding in respect of the Indemnity Escrow Amount, any portion of the Indemnity Escrow Amount in excess of the sum of (a) $5,000,000 plus (b) the aggregate amount of all claims then outstanding in respect of the Indemnity Escrow Amount and (II) at any time on or after January 31, 2008, upon request by the Stockholders Representative, the Parties shall submit a joint written instruction to the Escrow Agent, instructing the Escrow Agent to release to the Stockholders Representative, (i) if there are no claims then outstanding in respect of the Indemnity Escrow Amount, any portion of the Indemnity Escrow Amount remaining on deposit in the Indemnity Escrow Account or (ii) if there are claims then outstanding in respect of the Indemnity Escrow Amount, any portion of the Indemnity Escrow Amount in excess of the aggregate amount of all claims then outstanding in respect of the Indemnity Escrow Amount.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Fees and Expenses. Except as set forth in Sections 2.8(c)(iii), 5.7(b) and 5.7(e), all costs and expenses incurred in connection with this Agreement and the consummation of the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses.

Section 9.2. Extension; Waiver. Subject to the express limitations herein, at any time prior to the Effective Time, the Parties hereto, by action taken by or on behalf of the Board or the boards of directors of Parent or Merger Sub, as the case may be, may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein by any other applicable party or in any document, certificate or writing delivered pursuant hereto by any other applicable party or (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of any Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and then only to the specific purpose, extent and instance so provided.

Section 9.3. Notices. All notices, consents, requests, demands, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered in person or mailed, certified or registered mail with postage prepaid, or sent by facsimile (upon confirmation of receipt), as follows:

(a) if, prior to the Closing, to the Company, to it at:

Communications Supply Holdings, Inc.
200 East Lies Road
Carol Stream, Illinois 60118
Attention: Steven J. Riordan
Fax: (630) 221-6781

with copies (which shall not constitute notice) to:

Harvest Partners, LLC
280 Park Avenue, 33rd Floor
New York, New York 10017
Attention: Stephen Eisenstein
Michael B. DeFlorio
Fax: (212) 812-0100

and

White & Case LLP
1155 Avenue of the Americas
New York, New York 10036
Attention: John M. Reiss, Esq.
Oliver C. Brahmst, Esq.
Fax: (212) 354-8113; or

(b) if, after the Closing, to the Stockholders Representative, to it at:

Harvest Partners, LLC
280 Park Avenue, 33rd Floor
New York, New York 10017
Attention: Stephen Eisenstein
Michael B. DeFlorio
Fax: (212) 812-0100

with a copy (which shall not constitute notice) to:

White & Case LLP
1155 Avenue of the Americas
New York, New York 10036
Attention: John M. Reiss, Esq.
Oliver C. Brahmst, Esq.
Fax: (212) 354-8113; or

(c) if to any of Parent, Merger Sub, or, after the Closing, the Surviving Corporation to it at:

WESCO Distribution, Inc.
225 West Station Square Drive
Suite 700
Pittsburgh, Pennsylvania 15219
Attention: Stephen A. Van Oss
Fax: (412) 454-2477

WESCO Distribution, Inc.
225 West Station Square Drive
Suite 700
Pittsburgh, Pennsylvania 15219
Attention: Marcy Smorey-Giger, Esq.
Fax: (412) 454-4236

with a copy (which shall not constitute notice) to:
Reed Smith LLP
435 Sixth Avenue
Pittsburgh, PA 15219
Attention: David L. DeNinno, Esq.

Ronald L. Francis, Jr., Esq.
Fax: (412) 288-3063

or to such other Person or address as any Party shall specify by notice in writing in accordance with this Section 9.3 to each of the other Parties. All such notices, requests, demands, waivers and communications shall be deemed to have been received on the date of delivery unless if mailed, in which case on the third (3rd) Business Day after the mailing thereof.

Section 9.4. Entire Agreement. This Agreement contains the entire understanding of the Parties hereto with respect to the subject matter contained herein and supersedes all prior agreements and understandings, oral and written, with respect thereto, other than the Confidentiality Agreement.

Section 9.5. Conflicts and Privilege. It is acknowledged by each of the Parties that the Company has retained White & Case LLP ("**W&C**") to act as its counsel in connection with the transactions contemplated hereby and that W&C has not acted as counsel for any other Party in connection with the transactions contemplated hereby and that none of the other Parties has the status of a client of W&C for conflict of interest or any other purposes as a result thereof. Parent and Merger Sub hereby agree that, in the event that a dispute arises after the Closing between Parent or the Surviving Corporation, on the one hand, and any former Equity Holder of the Company or the Stockholders' Representative, W&C may represent any such former Equity Holder or the Stockholders' Representative, as applicable, in such dispute even though the interests of such former Equity Holder or the Stockholders' Representative, as applicable, may be directly adverse to Parent, the Surviving Corporation or its Subsidiaries, and even though W&C may have represented the Company or the Company Subsidiaries in a matter substantially related to such dispute, or may be handling ongoing matters for Parent, the Surviving Corporation or its Subsidiaries. Parent and Merger Sub further agree that, as to all communications among W&C, the Company, the Company Subsidiaries, the Stockholders' Representative and the Equity Holders that primarily relate to the transactions contemplated by this Agreement, the attorney-client privilege and the expectation of client confidence belongs to the Company and, from and after the Effective Time, the former Equity Holders of the Company, and may be controlled only by them and shall not pass to or be claimed by Parent, the Surviving Corporation or its Subsidiaries. Notwithstanding the foregoing, in the event that a dispute arises between Parent, the Surviving Corporation or its Subsidiaries, on the one hand, and a third party other than a Party to this Agreement after the Closing, on the other hand, the Surviving Corporation and its Subsidiaries may assert the attorney-client privilege to prevent disclosure of confidential communications by W&C to such third party; provided, however, that neither the Surviving Corporation nor its Subsidiaries may waive such privilege without the prior written consent of the Stockholders' Representative.

Section 9.6. Regulation S-X and Audited Financial Statements. In connection with Parent (or an Affiliate of Parent) filing a Form 8-K required by the rules thereof in connection with the transactions contemplated hereby and Parent (or an Affiliate of Parent) seeking to enter into a credit facility or to issue debt or equity securities (the issuance of which may require the preparation of an offering memorandum or registration statement ("**Offering Documents**")), Parent or such Affiliate may be required to include in the Form 8-K and Offering Documents financial statements of the Company and its Subsidiaries required by and prepared in

accordance with Regulation S-X of the Securities Act of 1933, as amended, which may include, if and only to the extent required by applicable securities Laws or customary in connection with any such transaction, unqualified audited financial statements of the Company for periods prior to the Closing (any such financial statements are hereafter referred to as the "**S-X Financial Statements**"). Accordingly, at Parent's expense, the Company shall use commercially reasonable efforts to furnish to Parent or such Affiliate any information or documents necessary for completion of the S-X Financial Statements and the Company agrees to execute customary management representation letters necessary to permit Parent's or its Affiliates' independent accountants to issue reports with respect to such S-X Financial Statements. In addition, at Parent's expense, the Company shall make available the Company's senior management to meet with prospective lenders in customary presentations or to participate in customary road shows, in each case, upon Parent's request with reasonable prior notice. The Company shall make requests of its independent accountants to provide such reasonable assistance (and shall provide such information in connection therewith as such accountants shall reasonably request, as soon as reasonably practicable after receipt of any such request from such accountants) to (x) obtain the consent of the Company's independent registered public accountants to the inclusion of such independent registered public accountants' opinion with respect to the S-X Financial Statements that are to be included in any such Form 8-K and Offering Documents and (y) to obtain customary comfort letters from such accountants. Parent acknowledges that (i) the assistance provided by the Company and its Affiliates, officers, employees and representatives are being provided at the request of Parent, and (ii) none of such Persons shall have any liability to lenders or prospective lenders in connection with the activities contemplated by this Section 9.6. Parent and the Surviving Corporation shall indemnify and hold harmless each such Person from and against any Losses resulting from any assistance or activities provided pursuant to this Section 9.6. The Company acknowledges that the expenses to be borne by Parent under this Section 9.6 do not include internal costs and expenses.

Section 9.7. Binding Effect; Benefit; Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties and each of their respective successors and permitted assigns, and nothing herein, express or implied, is intended to confer upon any other Person (including any Employee) any rights or remedies of any nature whatsoever under or by reason of this Agreement; provided, however, that (i) the provisions of Section 5.10 shall insure to the benefit of the Persons benefiting from such provisions and (ii) the provisions of Section 5.1(d) shall inure to the benefit of the Equity Holders, all of which Persons are intended to be third party beneficiaries thereof. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties without the prior written consent (which consent shall not be unreasonably withheld) of each of the other Parties (it being agreed that, with respect to this Section 9.7, the Stockholders' Representative may grant such consent on behalf of the Equity Holders).

Section 9.8. Amendment and Modification. This Agreement may not be amended, supplemented or otherwise modified except by a written instrument executed by all of the Parties.

Section 9.9. Counterparts. This Agreement or any amendment hereto or any other agreement or document delivered pursuant hereto may be executed in several counterparts and by different parties in separate counterparts, each of which shall be deemed to be an original,

and all of which together shall be deemed to be one and the same instrument. Delivery of executed signature pages hereof by facsimile or PDF transmission shall constitute effective and binding execution hereof.

Section 9.10. Applicable Law; Jurisdiction. THIS AGREEMENT AND THE LEGAL RELATIONS BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS RULES THEREOF, EXCEPT THAT THE DGCL SHALL APPLY TO THE EXTENT REQUIRED IN CONNECTION WITH THE MERGER. THE STATE OR FEDERAL COURTS LOCATED WITHIN THE STATE OF NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN THE PARTIES HERETO, WHETHER IN LAW OR EQUITY, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE AGREEMENTS, INSTRUMENTS AND DOCUMENTS CONTEMPLATED HEREBY AND THE PARTIES CONSENT TO AND AGREE TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS. EACH OF THE PARTIES HEREBY WAIVES AND AGREES NOT TO ASSERT IN ANY SUCH DISPUTE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY CLAIM THAT (I) SUCH PARTY IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, (II) SUCH PARTY AND SUCH PARTY'S PROPERTY IS IMMUNE FROM ANY LEGAL PROCESS ISSUED BY SUCH COURTS OR (III) ANY LITIGATION OR OTHER PROCEEDING COMMENCED IN SUCH COURTS IS BROUGHT IN AN INCONVENIENT FORUM. THE PARTIES HEREBY AGREE THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH ANY SUCH ACTION OR PROCEEDING IN THE MANNER PROVIDED IN SECTION 9.3, OR IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW, SHALL BE VALID AND SUFFICIENT SERVICE THEREOF AND HEREBY WAIVE ANY OBJECTIONS TO SERVICE ACCOMPLISHED IN THE MANNER HEREIN PROVIDED.

Section 9.11. Severability. If any term, provision, agreement, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, agreements, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby may be consummated as originally contemplated to the fullest extent possible.

Section 9.12. Specific Enforcement. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in addition to any other remedy to which they are entitled at law or in equity.

Section 9.13. Waiver of Jury Trial. Each of the Parties hereby irrevocably waives, and agrees to cause its Subsidiaries to waive, all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 9.14. Rules of Construction. The Parties agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any Law, holding or rule of construction providing that ambiguities in an agreement or other document shall be construed against the Party drafting such agreement or document. The descriptive headings of the Articles, Sections and Subsections of this Agreement are for convenience only and do not constitute part of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of Parent, Merger Sub, the Company and the Equity Holders have caused this Agreement to be executed by their respective officers thereunto duly authorized, all as of the date first above written.

WESCO DISTRIBUTION, INC.

By: /s/ Stephen A. Van Oss
Name: Stephen A. Van Oss
Title: Senior Vice President and
Chief Financial and Administrative Officer

WESCO VOLTAGE, INC.

By: /s/ Stephen A. Van Oss
Name: Stephen A. Van Oss
Title: President

COMMUNICATIONS SUPPLY HOLDINGS, INC.

By: /s/ Steven J. Riordan
Name: Steven J. Riordan
Title: President and Chief Executive Officer

HARVEST PARTNERS, LLC, as Stockholders Representative

By: /s/ Stephen Eisenstein
Name:
Title:

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[Exhibits have been omitted and will be provided upon request.]

Exhibit 4.1

WESCO INTERNATIONAL, INC.

1.75% Convertible Senior Debentures due 2026

INDENTURE

Dated as of November 2, 2006

THE BANK OF NEW YORK

Trustee

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INDENTURE dated as of November 2, 2006, among WESCO INTERNATIONAL, INC., a Delaware corporation (the "**Company**"), WESCO DISTRIBUTION, INC., a Delaware corporation, as guarantor ("**Distribution**"), THE BANK OF NEW YORK, a New York banking corporation, as trustee (the "**Trustee**").

WHEREAS, the Company has duly authorized the creation of an issue of its 1.75% Convertible Senior Debentures due 2026 (the "**Debentures**"), having the terms, tenor, amount and other provisions hereinafter set forth, and, to provide therefor, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, Distribution has duly authorized its guarantee of the Debentures (the "**Distribution Guarantee**"), having the terms, tenor, amount and other provisions hereinafter set forth, and, to provide therefor, Distribution has duly authorized the execution and delivery of this Indenture; and

WHEREAS, all things necessary to make the Debentures, when the Debentures are duly executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid obligations of the Company, and all things necessary to make the Distribution Guarantee, when the Debentures are duly executed by the Company and authenticated and delivered hereunder and duly issued by the Company, a valid obligation of Distribution, and to make this Indenture a valid and binding agreement of the Company and Distribution, in accordance with their and its terms, have been done and performed, and the execution of this Indenture and the issue hereunder of the Debentures have in all respects been duly authorized,

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Debentures, as follows:

ARTICLE 1

Definitions and Incorporation by Reference

SECTION 1.01. Definitions.

"Accepted Purchased Shares" has the meaning specified in Section 10.05(g).

"Additional Interest" has the meaning specified for Additional Interest in Section 3(a) of the Registration Rights Agreement.

"Additional Interest Notice" has the meaning specified in Section 4.11.

"Additional Shares" has the meaning specified in Section 10.04(b).

"Administrative Agent" means that Person then acting as the administrative agent under the Credit Agreement.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent Members" has the meaning specified in Section 2.08(b).

"Applicable Consideration" has the meaning specified in Section 10.06.

"Attributable Debt" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Notes, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (i) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by (ii) the sum of all such payments.

"Bank Indebtedness" means any and all amounts payable under or in respect of the Credit Agreement and any Refinancing Indebtedness with respect thereto, as amended, restated, supplemented, waived, refinanced, replaced, renewed, extended or otherwise modified from time to time, including principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to Distribution whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, Guarantees, indemnities and all other amounts payable thereunder or in respect thereof.

"Bankruptcy Law" has the meaning specified in Section 6.01.

"Blockage Notice" has the meaning specified in Section 12.03.

"Board of Directors" means the Board of Directors of the Company or, other than in the case of the definition of "Continuing Directors," any committee thereof duly authorized to act on behalf of such Board.

"Business Day" means each day which is not a Legal Holiday.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

Capitalized Lease Obligations means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

Cash Settlement Averaging Period means, with respect to any Debentures, the 20 consecutive Trading-Day period beginning on and including the second Trading Day after a Holder delivers a conversion notice to the conversion agent, except that (1) with respect to any conversion notice received after the date of issuance of a notice of redemption pursuant to Article 3, Cash Settlement Averaging Period means the 20 consecutive Trading Days beginning on and including the twenty-third Trading Day prior to the applicable Redemption Date and (2) with respect to any conversion arising solely by reason of the occurrence of a Fundamental Change, the Cash Settlement Averaging Period means the 20 consecutive Trading Days beginning on and including the twenty-third scheduled Trading Day prior to the Fundamental Change Repurchase Date.

Closing Sale Price of any share of Common Stock or any other security on any Trading Day means the closing sale price of such security (or, if no closing sale price is reported, the average of the closing bid and ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices) on such date as reported in composite transactions for the principal U.S. securities exchange on which the shares of Common Stock are traded or, if the shares of Common Stock are not listed on a U.S. national or regional securities exchange, as reported by Pink Sheets LLC. In the absence of such a quotation, the Closing Sale Price shall be determined by a nationally recognized securities dealer retained by the Company to make such determination. The Closing Sale Price shall be determined without reference to extended or after hours trading.

Closing Date means the date of this Indenture.

Code means the Internal Revenue Code of 1986, as amended.

Common Stock means any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company. Subject to the provisions of Section 10.06, however, shares issuable on conversion of Debentures shall include only shares of the class designated as common stock of the Company at the date of this Indenture (namely, the Common Stock, par value $0.01) or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which are not subject to redemption by the Company; provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable on conversion shall be substantially in the proportion which the total number of shares of such

class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Company" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the TIA, each other obligor on the indenture securities.

"Company Repurchase Notice" has the meaning specified in Section 3.06.

"Contingent Interest" means interest that accrues and is payable as provided in Section 4.08.

"Contingent Payment Regulations" has the meaning specified in Section 4.10.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors who (i) was a member of the Board of Directors on the date of this Indenture; or (ii) was nominated for election or elected to the Board of Directors with the approval of a majority of the Continuing Directors who were members of the Board of Directors at the time of such new director's nomination or election.

"Conversion Date" has the meaning specified in Section 10.02.

"Conversion Notice" has the meaning specified in Section 10.02.

"Conversion Price" on any date of determination means $1,000 divided by the Conversion Rate as of such date.

"Conversion Rate" means the number of shares of Common Stock into which each $1,000 principal amount of Debentures is convertible, which is initially 11.3437, subject to adjustments as set forth herein.

"Corporate Trust Office" or other similar term, means the designated office of the Trustee at which at any particular time its corporate trust business as it relates to this Indenture shall be administered, which office is, at the date as of which this Indenture is dated, located at The Bank of New York, 101 Barclay Street, Floor 8W, New York, NY 10286, Attention: Corporate Trust Administration or at any other time at such other address as the Trustee may designate from time to time by notice to the Company.

"Credit Agreement" means the third amended and restated credit agreement dated as of November 1, 2006 among Distribution, the other credit parties signatory thereto, the lenders signatory thereto from time to time, General Electric Capital Corporation, as agent and U.S. lender, GECC Capital Market Group, Inc. as lead arranger, GE Canada Finance Holding Company, as Canadian agent and a Canadian lender, as amended, restated, supplemented, waived, refinanced, replaced, renewed, extended or otherwise modified from time to time.

"Currency Agreement" means with respect to any Person any foreign exchange contract, currency swap agreement or other similar agreement or arrangement to which such Person is a party or of which it is a beneficiary.

"Current Market Price" has the meaning specified in Section 10.05(h)(i).

"Custodian" has the meaning specified in Section 6.01.

"Daily Conversion Value" has the meaning specified in Section 10.12.

"Daily Settlement Amount" has the meaning specified in Section 10.12.

"Debentureholder" or "Holder" means the Person in whose name a Debenture is registered on the Registrar's books.

"Debentures" means any Debentures issued, authenticated and delivered under this Indenture, including any Global Debentures.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Depositary" means the clearing agency registered under the Exchange Act that is designated to act as the Depositary for the Global Debentures. DTC shall be the initial Depositary, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, "Depositary" shall mean or include such successor.

"Designated Senior Indebtedness" of Distribution means (i) the Bank Indebtedness and (ii) any other Senior Indebtedness of Distribution that, at the date of determination, has an aggregate principal amount outstanding of, or under which, at the date of determination, the holders thereof are committed to lend up to at least $25.0 million and is specifically designated by Distribution in the instrument evidencing or governing such Senior Indebtedness as "Designated Senior Indebtedness" for purposes of this Indenture.

"Determination Date" has the meaning specified in Section 10.05(l).

"Disqualified Stock" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for Indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof, in whole or in part, in each case on or prior to the 91st day following the Stated Maturity of the Debentures; provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the first anniversary of the Stated Maturity of the Debentures shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions of Sections 4.10 and 4.12 of the Notes Indenture.

"Distributed Assets" has the meaning specified in Section 10.05(d).

"Distribution Guarantee" means the Guarantee issued by Distribution of the obligations with respect to the Debentures pursuant to the terms of this Indenture.

"Distribution Notice" has the meaning specified in Section 10.01(c).

"DTC" means The Depository Trust Company.

"Effective Date" has the meaning specified in Section 10.04(b).

"Event of Default" has the meaning specified in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" has the meaning specified in Section 10.05(h)(ii).

"Fiscal Quarter" means, with respect to the Company, the fiscal quarter publicly disclosed by the Company. The Company shall confirm the ending dates of its fiscal quarters for the current fiscal year to the Trustee upon the Trustee's request.

"Fundamental Change" means the occurrence of any of the following after the original issuance of the Debentures:

(a) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" becomes the "beneficial owner" (as these terms are defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the Company's Capital Stock that is at the time entitled to vote by the holder thereof in the election of the Board of Directors (or comparable body); or

(b) the first day on which a majority of the members of the Board of Directors are not Continuing Directors; or

(c) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(d) the consolidation or merger of the Company with or into any other "person" (as this term is used in Section 13(d)(3) of the Exchange Act), or the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the Company's assets and those of its subsidiaries taken as a whole to any "person" (as this term is used in Section 13(d)(3) of the Exchange Act), other than:

(i) any transaction:

(A) that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of the Company's Capital Stock; and

(B) pursuant to which the holders of 50% or more of the total voting power of all shares of the Company's Capital Stock entitled to vote generally in elections of directors of the Company immediately prior to such transaction have the right to exercise, directly or indirectly, 50% or more of the total voting power of all shares of the Company's Capital Stock entitled to vote generally in elections of directors of the continuing or surviving Person immediately after giving effect to such transaction; or

(ii) any merger primarily for the purpose of changing the Company's jurisdiction of incorporation and resulting in a reclassification, conversion or exchange of outstanding shares of Common Stock solely into shares of common stock of the surviving entity; or

(e) the termination of trading of the Common Stock, which will be deemed to have occurred if the Common Stock or other common stock into which the Debentures are convertible is neither listed for trading on a United States national securities exchange nor approved for listing on the Nasdaq Global Select Market or the Nasdaq Global Market (to the extent that the Nasdaq Global Select Market or the Nasdaq Global Market is not at such time a U.S. national securities exchange) or another established automated over-the-counter trading market in the United States or any similar United States system of automated dissemination of quotations of securities prices, and no American Depositary Shares or similar instruments for such common stock are so listed or approved for listing in the United States.

However, a Fundamental Change will be deemed not to have occurred if more than 90% of the consideration in the transaction or transactions (other than cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights) which otherwise would constitute a Fundamental Change under clauses (a) or (d) above consists of shares of Common Stock, depositary receipts or other certificates representing common equity interests traded or to be traded immediately following such transaction on a U.S. national securities exchange or quoted on the Nasdaq Global Select Market or the Nasdaq Global Market (to the extent that the Nasdaq Global Select Market or the Nasdaq Global Market is not at such time a U.S. national securities exchange) or another established automated over-the-counter trading market in the United States and, as a result of the transaction or transactions, the Debentures become convertible solely into such common stock, depositary receipts or other certificates representing common equity interests (and any rights attached thereto).

"Fundamental Change Repurchase Date" has the meaning specified in Section 3.04(a).

"GAAP" means generally accepted accounting principles in the United States of America as in effect on the Closing Date, including those set forth in (i) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, (ii) statements and pronouncements of the Financial Accounting Standards Board, (iii) such other statements by such other entity as approved by a significant segment of the accounting profession, and (iv) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be

filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC. All ratios and computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP.

"Global Debentures" has the meaning specified in Section 2.02.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"Guarantee of 2005 Debentures" means the guarantee issued by Distribution with respect to the Company's 2.625% Convertible Senior Debentures due 2025 pursuant to the indenture, dated as of September 27, 2005, among the Company, Distribution and J.P. Morgan Trust Company, National Association, as trustee.

"Guaranteed Obligations" has the meaning specified in Section 11.01

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"Incur" means issue, assume, Guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. The accretion of principal of a non-interest bearing or other discount security shall not be deemed the Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication),

(i) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(ii) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto) (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (i), (ii), (iv) and (v) hereof) to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the 30th day following payment on the letter of credit so long as such letter of credit is entered into in the ordinary course of business);

(iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except Trade Payables), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(v) all Capitalized Lease Obligations and all Attributable Debt of such Person;

(vi) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(vii) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness of such other Persons;

(viii) to the extent not otherwise included in this definition, Hedging Obligations of such Person; and

(ix) all obligations of the type referred to in clauses (i) through (viii) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date; provided, however, that the amount outstanding at any time of any Indebtedness Incurred with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP. Any "Qualified Receivables Transaction," whether or not such transfer constitutes a sale for the purposes of GAAP, shall not constitute Indebtedness hereunder; provided that any receivables financing or securitization that does not constitute a Qualified Receivables Transaction and does not qualify as a sale under GAAP shall constitute Indebtedness hereunder.

"Indenture" means this Indenture as amended or supplemented from time to time.

"Initial Purchasers" means each of Lehman Brothers Inc., Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., and J.P. Morgan Securities Inc. (each, an "Initial Purchaser").

"interest" means, when used with reference to the Debentures or the Distribution Guarantee, any interest payable under the terms of the Debentures, including defaulted interest, Contingent Interest, if any, and Additional Interest, if any, payable under the terms of the Registration Rights Agreement.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person. For purposes of the definition of "Unrestricted Subsidiary", (i) "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the Company's "Investment" in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

"Legal Holiday" has the meaning specified in Section 13.08.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Market Disruption Event" means the occurrence or existence during the one-half hour period ending on the scheduled close of trading on any Trading Day for the Common Stock of any material suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Common Stock or in any options, contracts or future contracts relating to the Common Stock.

"Maturity Date" means November 15, 2026.

"Non-Stock Change of Control" means a transaction described under clause (a) or clause (d) in the definition of Fundamental Change pursuant to which 10% or more of the consideration for Common Stock (other than cash payments for fractional shares, if applicable, and cash payments made in respect of dissenters' appraisal rights) in such transaction consists of cash or securities (or other property) that are not shares of Common Stock, depositary receipts or other certificates representing common equity interests traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or quoted on the Nasdaq Global Select Market or the Nasdaq Global Market (to the extent that the Nasdaq Global Select Market or the Nasdaq Global Market is not at such time a U.S. national securities exchange) or another established automated over-the-counter trading market in the United States.

"Notes" means Distribution's 7.5% Senior Subordinated Notes due 2017 issued under the Notes Indenture.

"Notes Indenture" means the indenture dated as of September 27, 2005, among the Company, Distribution and J.P. Morgan Trust Company, National Association, as trustee, under which the Notes were issued.

"Offer Expiration Time" has the meaning specified in Section 10.05(g).

"Officer" means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company.

"Officers' Certificate" means a certificate signed by two Officers. One of the officer's executing an Officer's Certificate in accordance with Section 4.06 shall be the chief executive, financial or operating officer of the Company.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"Paying Agent" has the meaning specified in Section 2.05.

"Payment Blockage Period" has the meaning specified in Section 12.03.

"pay its Distribution Guarantee" has the meaning specified in Section 12.03.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"PORTAL Market" means The PORTAL Market operated by the Nasdaq Stock Market or any successor thereto.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of

dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Principal" of a Debenture means the principal of the Debenture plus the premium, if any, payable on the Debenture that is due or overdue or is to become due at the relevant time.

"protected purchaser" has the meaning specified in Section 2.09.

"Public Acquirer Change of Control" means a Non-Stock Change of Control in which the acquirer has a class of common stock traded on a U.S. national securities exchange or quoted on the Nasdaq Global Select Market or the Nasdaq Global Market (to the extent that the Nasdaq Global Select Market or the Nasdaq Global Market is not at such time a U.S. national securities exchange) or another established automated over-the-counter trading market in the United States or that shall be so traded or quoted when issued or exchanged in connection with such Non-Stock Change of Control (the "Public Acquirer Common Stock"). If an acquirer does not itself have a class of common stock satisfying the foregoing requirement, it shall be deemed to have Public Acquirer Common Stock if a corporation that directly or indirectly owns at least a majority of the acquirer has a class of common stock satisfying the foregoing requirement, provided that such majority-owning corporation fully and unconditionally guarantees the Debentures, in which case all references to Public Acquirer Common Stock shall refer to such class of common stock. Majority owned for these purposes means having "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the total voting power of all shares of the respective entity's capital stock that are entitled to vote generally in the election of directors.

"Public Acquirer Common Stock" has the meaning specified in the definition of Public Acquirer Change of Control.

"Purchase Agreement" means the Purchase Agreement, dated October 26, 2006, among the Company, Distribution and the Initial Purchasers relating to the offering and sale of the Debentures.

"Purchased Shares" has the meaning specified in Section 10.05(f).

"Qualified Receivables Transaction" means any financing by Distribution or any of its Subsidiaries of accounts receivable in any transaction or series of transactions that may be entered into by Distribution or any of its Subsidiaries pursuant to which (a) Distribution or any of its Subsidiaries sells, conveys or otherwise transfers to a Receivables Entity and (b) a Receivables Entity sells, conveys or otherwise transfers to any other Person or grants a security interest to any Person in, any accounts receivable (whether now existing or arising in the future) of Distribution or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all Guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable; provided that (i) the Board of Directors shall have determined in good faith that such

Qualified Receivables Transaction is economically fair and reasonable to Distribution and the Receivables Entity and (ii) all sales of accounts receivable and related assets to the Receivables Entity are made at fair market value (as determined in good faith by Distribution). The grant of a security interest in any accounts receivable of Distribution or any of its Restricted Subsidiaries to secure Bank Indebtedness shall not be deemed a Qualified Receivables Transaction.

"Receivables Entity" means any Wholly Owned Subsidiary of Distribution (or another Person in which Distribution or any Subsidiary of Distribution makes an Investment and to which Distribution or any Subsidiary of Distribution transfers accounts receivable and related assets) (i) which engages in no activities other than in connection with the financing of accounts receivable, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, (ii) which is designated by the Board of Directors (as provided below) as a Receivables Entity and (iii) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (A) is Guaranteed by Distribution or any other Subsidiary of Distribution (excluding Guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (B) is recourse to or obligates Distribution or any other Subsidiary of Distribution in any way other than pursuant to Standard Securitization Undertakings or (C) subjects any property or asset of Distribution or any other Subsidiary of Distribution, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings. Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions.

"Record Date" means, with respect to any interest payment date of the Debentures, the May 1 and November 1 preceding the applicable May 15 and November 15 interest payment date, respectively. The "record date," with respect to the Conversion Rate adjustment as provided in Section 10.05, has the meaning specified in Section 10.05(h).

"Reference Period" has the meaning specified in Section 10.05(d).

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness of Distribution or any Restricted Subsidiary existing on the Closing Date or Incurred in compliance with the Notes Indenture (including Indebtedness of Distribution that Refinances Refinancing Indebtedness); provided, however, that (i) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced, (ii) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced and (iii) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price)

that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced (plus any accrued interest and premium thereon and reasonable expenses Incurred in connection therewith); provided further, however, that Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that Refinances Indebtedness of Distribution or (y) Indebtedness of Distribution or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"Register" has the meaning specified in Section 2.08.

"Registrar" has the meaning specified in Section 2.08.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of November 2, 2006, among the Company, Distribution and the Initial Purchasers, as amended from time to time in accordance with its terms.

"Representative" means the trustee, agent or representative (if any) for an issue of Senior Indebtedness of the Company.

"Repurchase Date" has the meaning specified in Section 3.05(a).

"Repurchase Notice" has the meaning specified in Section 3.04(c).

"Restricted Securities" has the meaning specified in Section 2.08(c).

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Rule 144A" means Rule 144A as promulgated under the Securities Act as it may be amended from time to time hereafter.

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by Distribution or a Restricted Subsidiary whereby Distribution or a Restricted Subsidiary transfers such property to a Person and Distribution or such Restricted Subsidiary leases it from such Person, other than leases between Distribution and a Wholly Owned Subsidiary or between Wholly Owned Subsidiaries.

"SEC" means the Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness of Distribution secured by a Lien.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

"Senior Indebtedness" of Distribution means the principal of, premium (if any) and accrued and unpaid interest on (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization of Distribution, regardless of whether or not a claim

for post-filing interest is allowed in such proceedings), and fees and all other amounts owing in respect of, Bank Indebtedness and all other Indebtedness of Distribution, whether outstanding on the Closing Date or thereafter Incurred, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such obligations are not superior in right of payment to the Guaranteed Obligations; provided, however, that Senior Indebtedness shall not include (i) any obligation of Distribution to any Subsidiary, (ii) any liability for federal, state, local or other taxes owed or owing by Distribution, (iii) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities), (iv) any Indebtedness or obligation of Distribution (and any accrued and unpaid interest in respect thereof) that by its terms is subordinate or junior in any respect to any other Indebtedness or obligation of Distribution, including any Senior Subordinated Indebtedness of Distribution and any Subordinated Obligations of Distribution, (v) any payment obligations with respect to any Capital Stock or (vi) any Indebtedness Incurred in violation of Section 11.06 of this Indenture.

"Senior Subordinated Indebtedness" of Distribution means the Notes, the Guarantee of 2005 Debentures and any other Indebtedness of Distribution that specifically provides that such Indebtedness is to rank pari passu with the Distribution Guarantee in right of payment and is not subordinated by its terms in right of payment to any Indebtedness or other obligation of Distribution which is not Senior Indebtedness.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC, but shall in no event include a Receivables Entity.

"Spin-off" has the meaning specified in Section 10.05(d).

"Spin-off Valuation Period" has the meaning specified in Section 10.05(d).

"Stock Price" has the meaning specified in Section 10.04(b).

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in an accounts receivable transaction including, without limitation, those relating to the servicing of the assets of a Receivables Entity.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Obligation" means any Indebtedness of Distribution (whether outstanding on the Closing Date or thereafter Incurred) that is subordinate or junior in right of payment to the Distribution Guarantee pursuant to a written agreement.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person, (ii) such Person and one or more Subsidiaries of such Person or (iii) one or more Subsidiaries of such Person.

"TIA" or "Trust Indenture Act" means the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb), as amended, as in effect on the date of this Indenture.

"Trade Payables" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Trading Day" has the meaning specified in Section 10.05(h).

"Trading Price" means, with respect to a Debenture on any date of determination, the average of the secondary market bid quotations per $1,000 principal amount of Debentures obtained by the Trustee for $5,000,000 principal amount of Debentures at approximately 3:30 p.m., New York City time, on such determination date from two independent nationally recognized securities dealers selected by the Company, which may include one or more of the Initial Purchasers; provided that if two such bids cannot reasonably be obtained by the Trustee, but one such bid can be reasonably obtained by the Trustee, then this one bid shall be used; and provided further that, if the Trustee cannot reasonably obtain at least one bid for $5,000,000 principal amount of Debentures from a nationally recognized securities dealer, then, for the purpose of determining the convertibility of the Debentures only, the Trading Price per $1,000 principal amount of Debentures shall be deemed to be less than 98% of the product of (a) the Conversion Rate on such determination date and (b) the Closing Sale Price of a share of Common Stock on such determination date. Notwithstanding the foregoing, for purposes of determining the Trading Price for the purposes of the Contingent Interest provisions set forth in Section 4.08 only, if the Trustee cannot reasonably obtain at least one bid for $5,000,000 principal amount of the Debentures from a nationally recognized securities dealer, then the Trading Price of Debentures will be deemed to equal the product of (x) the Conversion Rate then in effect and (y) the average Closing Sale Price of the Common Stock over the five Trading-Day period ending on such determination date.

"Trigger Event" has the meaning specified in Section 10.05(d).

"Trust Officer" means any officer within the Corporate Trust Office of the Trustee with direct responsibility for the administration of this Indenture.

"Trustee" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor.

"Uniform Commercial Code" means the New York Uniform Commercial Code as in effect from time to time.

"Unrestricted Subsidiary" means (i) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either (A) the Subsidiary to be so designated has total Consolidated assets of $1,000 or less or (B) if such Subsidiary has Consolidated assets greater than $1,000, then such designation would be permitted under Section 4.08 of the Notes Indenture. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (x) the Company could Incur $1.00 of additional Indebtedness under Section 4.07(a) of the Notes Indenture and (y) no Default shall have occurred and be continuing. Any such designation of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"Wholly Owned Subsidiary" means a Restricted Subsidiary of the Company, all the Capital Stock of which (other than directors' qualifying shares) is owned by the Company or another Wholly Owned Subsidiary.

SECTION 1.02. Incorporation by Reference of Trust Indenture Act. This Indenture is subject to the mandatory provisions of the TIA, which are incorporated by reference in and made a part of this Indenture. The following TIA terms have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Debentures and the Distribution Guarantee.

"indenture security holder" means a Debentureholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company, Distribution and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.03. Rules of Construction. Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) "including" means including without limitation;

(5) words in the singular include the plural and words in the plural include the singular;

(6) unsecured Indebtedness shall not be deemed to be subordinate or junior to Secured Indebtedness merely by virtue of its nature as unsecured Indebtedness;

(7) the principal amount of any noninterest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer dated such date prepared in accordance with GAAP; and

(8) the principal amount of any Preferred Stock shall be (i) the maximum liquidation value of such Preferred Stock or (ii) the maximum mandatory redemption or mandatory repurchase price with respect to such Preferred Stock, whichever is greater.

ARTICLE 2

The Debentures

SECTION 2.01. Designation, Amount and Issuance of Debentures. The Debentures shall be designated as "1.75% Convertible Senior Debentures due 2026". The Debentures will not exceed the aggregate principal amount of $250,000,000 (up to $300,000,000 if the Initial Purchasers' option to purchase additional Debentures set forth in the Purchase Agreement is exercised) (except pursuant to Sections 2.05, 2.06, 3.03, 3.05, 3.06 and 10.02 hereof). Upon the execution of this Indenture, or from time to time thereafter, Debentures may be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver Debentures upon a written order of the Company, such order signed by an Officer or by any Assistant Treasurer of the Company or any Assistant Secretary of the Company, without any further action by the Company hereunder.

SECTION 2.02. Form of the Debentures. The Debentures and the Trustee's certificate of authentication to be borne by such Debentures shall be substantially in the form set forth in Exhibit A hereto. The terms and provisions contained in the form of Debentures attached as Exhibit A hereto shall constitute, and are hereby expressly made, a part of this

Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Any of the Debentures may have such letters, numbers or other marks of identification and such notations, legends, endorsements or changes as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required by the custodian for the Global Debentures, the Depositary or by the National Association of Securities Dealers, Inc. in order for the Debentures to be tradable on The PORTAL Market or as may be required for the Debentures to be tradable on any other market developed for trading of securities pursuant to Rule 144A or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Debentures may be listed, or to conform to usage, or to indicate any special limitations or restrictions to which any particular Debentures are subject.

So long as the Debentures are eligible for book-entry settlement with the Depositary, or unless otherwise required by law, or otherwise contemplated by Section 2.08(b), all of the Debentures will be represented by one or more Debentures in global form registered in the name of the Depositary or the nominee of the Depositary (**Global Debentures**). The transfer and exchange of beneficial interests in any such Global Debentures shall be effected through the Depositary in accordance with this Indenture and the applicable procedures of the Depositary. Except as provided in Section 2.08(b), beneficial owners of a Global Debenture shall not be entitled to have certificates registered in their names, will not receive or be entitled to receive physical delivery of certificates in definitive form and will not be considered holders of such Global Debenture.

Any Global Debentures shall represent such of the outstanding Debentures as shall be specified therein and shall provide that it shall represent the aggregate amount of outstanding Debentures from time to time endorsed thereon and that the aggregate amount of outstanding Debentures represented thereby may from time to time be increased or reduced to reflect redemptions, repurchases, conversions, transfers or exchanges permitted hereby. Any endorsement of a Global Debenture to reflect the amount of any increase or decrease in the amount of outstanding Debentures represented thereby shall be made by the Trustee or the custodian for the Global Debenture, at the direction of the Trustee, in such manner and upon instructions given by the holder of such Debentures in accordance with this Indenture. Payment of principal of, interest on and premium, if any, on any Global Debentures shall be made to the Depositary in immediately available funds.

SECTION 2.03. Date and Denomination of Debentures; Payment at Maturity; Payment of Interest. The Debentures shall be issuable in registered form without coupons in denominations of $1,000 principal amount and integral multiples thereof. Each Debenture shall be dated the date of its authentication and shall bear interest from the date specified on the face of the form of Debentures attached as Exhibit A hereto. Interest on the Debentures shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

On the Maturity Date, each holder shall be entitled to receive on such date $1,000 principal amount per Debentures and accrued and unpaid interest to, but not including, the

Maturity Date. With respect to Global Debentures, principal and interest will be paid to the Depositary in immediately available funds. With respect to any certificated Debentures, principal and interest will be payable at the Company's office or agency in New York City, which initially will be the office or agency of the Trustee located at The Bank of New York, 101 Barclay Street, Floor 8-W, New York, NY 10286, Attention: Corporate Trust Administration.

The Person in whose name any Debenture is registered on the Register at 5:00 p.m., New York City time, on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date, except that the interest payable upon maturity, redemption or repurchase following a Fundamental Change will be payable to the Person to whom principal is payable upon maturity or pursuant to such redemption or repurchase following a Fundamental Change (unless the redemption date or the Fundamental Change Repurchase Date, as the case may be, is after a Record Date and on or prior to the corresponding interest payment date, in which case the semi-annual payment of interest becoming due on such interest payment date shall be payable to the holder of such Debentures registered as such on the applicable Record Date). Notwithstanding the foregoing, any Debentures or portion thereof surrendered for conversion during the period from 5:00 p.m., New York City time, on the Record Date for any interest payment date to 5:00 p.m., New York City time, on the Business Day preceding the applicable interest payment date shall be accompanied by payment, in immediately available funds or other funds acceptable to the Company, of an amount equal to the interest otherwise payable on such interest payment date on the principal amount being converted; provided that no such payment need be made (1) if a holder converts its Debentures in connection with a redemption and the Company has specified a redemption date that is after a Record Date and on or prior to the next interest payment date, (2) if a holder converts its Debentures in connection with a Fundamental Change and the Company has specified a Fundamental Change Repurchase Date that is after a Record Date and on or prior to the next interest payment date or (3) to the extent of any overdue interest, if any exists at the time of conversion with respect to such Debentures.

The Company shall pay interest (i) on any Global Debentures by wire transfer of immediately available funds to the account of the Depositary or its nominee, (ii) on any Debentures in certificated form having a principal amount of less than $2,000,000, by check mailed to the address of the Person entitled thereto as it appears in the Register, provided, however, that at maturity interest will be payable at the office of the Company maintained by the Company for such purposes in the Borough of Manhattan, The City of New York, which shall initially be an office or agency of the Trustee and (iii) on any Debentures in certificated form having a principal amount of $2,000,000 or more, by wire transfer in immediately available funds at the election of the holder of such Debentures duly delivered to the trustee at least five Business Days prior to the relevant interest payment date, provided, however, that at maturity interest will be payable at the office of the Company maintained by the Company for such purposes in the Borough of Manhattan, The City of New York, which shall initially be an office or agency of the Trustee. If a payment date is not a Business Day, payment shall be made on the next succeeding Business Day, and no additional interest shall accrue thereon.

Any interest on any Debentures which is payable, but is not punctually paid or duly provided for, on any November 15 or May 15 shall be subject to Section 2.13.

SECTION 2.04. Execution and Authentication. One or more Officers shall sign the Debentures for the Company by manual or facsimile signature.

If an Officer whose signature is on a Debenture no longer holds that office at the time the Trustee authenticates the Debenture, the Debenture shall be valid nevertheless.

A Debenture shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Debenture. The signature shall be conclusive evidence that the Debenture has been authenticated under this Indenture.

The Trustee shall authenticate and make available for delivery Debentures as set forth in the Appendix.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate the Debentures. Any such appointment shall be evidenced by an instrument signed by a Trust Officer, a copy of which shall be furnished to the Company. Unless limited by the terms of such appointment, an authenticating agent may authenticate Debentures whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

SECTION 2.05. Registrar and Paying Agent. The Company shall maintain an office or agency where Debentures may be presented for registration of transfer or for exchange (the "**Registrar**") and an office or agency where Debentures may be presented for payment (the "**Paying Agent**"). The Corporate Trust Office shall be considered as one such office or agency of the Company for each of the aforesaid purposes. The Registrar shall keep a register of the Debentures (the "**Register**") and of their transfer and exchange. The Company may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent, and the term "Registrar" includes any co-registrars. The Company initially appoints the Trustee as (i) Registrar and Paying Agent in connection with the Debentures, (ii) the custodian with respect to the Global Debentures and (iii) conversion agent.

The Company shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Company or any of its domestically organized Wholly Owned Subsidiaries may act as Paying Agent or Registrar.

The Company may remove any Registrar or Paying Agent upon written notice to such Registrar or Paying Agent and to the Trustee; provided, however, that no such removal shall become effective until (1) acceptance of an appointment by a successor as evidenced by an appropriate agreement entered into by the Company and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee or (2) notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with clause (1) above. The Registrar or Paying Agent may resign at any time upon

written notice; provided, however, that the Trustee may resign as Paying Agent or Registrar only if the Trustee also resigns as Trustee in accordance with Section 7.08.

SECTION 2.06. Paying Agent to Hold Money in Trust. Prior to each due date of the principal and interest on any Debenture, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary is acting as Paying Agent, segregate and hold in trust for the benefit of the Persons entitled thereto) a sum sufficient to pay such principal and interest when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Debentureholders or the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Debentures and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Subsidiary of the Company acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 2.07. Debentureholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Debentureholders. If the Trustee is not the Registrar, the Company shall furnish, or cause the Registrar to furnish, to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Debentureholders.

SECTION 2.08. Exchange and Registration of Transfer of Debentures; Restrictions on Transfer. (a) The Company shall cause to be kept at the Corporate Trust Office the Register in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Debentures and of transfers of Debentures. The Register shall be in written form or in any form capable of being converted into written form within a reasonably prompt period of time.

Upon surrender for registration of transfer of any Debentures to the Registrar or any co-registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.08, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Debentures of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture.

Debentures may be exchanged for other Debentures of any authorized denominations and of a like aggregate principal amount, upon surrender of the Debentures to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Debentures are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Debentures that the holder making the exchange is entitled to receive bearing registration numbers not contemporaneously outstanding.

All Debentures issued upon any registration of transfer or exchange of Debentures shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Debentures surrendered upon such registration of transfer or exchange.

All Debentures presented or surrendered for registration of transfer or for exchange, redemption, repurchase or conversion shall (if so required by the Company or the Registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company, and the Debentures shall be duly executed by the holder thereof or his attorney duly authorized in writing.

No service charge shall be made to any holder for any registration of, transfer or exchange of Debentures, but the Company or the Trustee may require payment by the holder of a sum sufficient to cover any tax, assessment or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Debentures.

Neither the Company nor the Trustee nor any Registrar shall be required to exchange, issue or register a transfer of (a) any Debentures for a period of fifteen calendar days next preceding date of mailing of a notice of redemption, (b) any Debentures or portions thereof called for redemption pursuant to Section 3.02, except for the unredeemed portion of any Debentures being redeemed in part, (c) any Debentures or portions thereof surrendered for conversion pursuant to Article 10, (d) any Debentures or portions thereof tendered for repurchase (and not withdrawn) pursuant to Section 3.04 or (e) any Debentures or portions thereof tendered for repurchase (and not withdrawn) pursuant to Section 3.05.

(b) The following provisions shall apply only to Global Debentures:

(i) Each Global Debentures authenticated under this Indenture shall be registered in the name of the Depositary or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian for the Global Debentures therefor, and each such Global Debentures shall constitute a single Debentures for all purposes of this Indenture.

(ii) Notwithstanding any other provision in this Indenture, no Global Debentures may be exchanged in whole or in part for Debentures registered, and no transfer of a Global Debenture in whole or in part may be registered, in the name of any Person other than the Depositary or a nominee thereof unless (A) the Depositary (x) has notified the Company that it is unwilling or unable to continue as Depositary for such Global Debenture or (y) has ceased to be a clearing agency registered under the Exchange Act, and a successor depositary has not been appointed by the Company within 90 calendar days, or (B) the Company, in its sole discretion, notifies the Trustee in writing that it no longer wishes to have all the Debentures represented by Global Debentures. Any Global Debentures exchanged pursuant to this Section 2.08(b)(ii) shall be so exchanged in whole and not in part.

(iii) In addition, certificated Debentures will be issued in exchange for beneficial interests in a Global Debenture upon request by or on behalf of the Depositary in accordance with customary procedures following the request of a beneficial owner seeking to enforce its rights under the Debentures or this Indenture, including its rights following the occurrence of an Event of Default.

(iv) Debentures issued in exchange for a Global Debenture or any portion thereof pursuant to clause (ii) or (iii) above shall be issued in definitive, fully registered form, without interest coupons, shall have an aggregate principal amount equal to that of such Global Debentures or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depositary shall designate and shall bear any legends required hereunder. Any Global Debentures to be exchanged shall be surrendered by the Depositary to the Trustee, as Registrar, provided that pending completion of the exchange of a Global Debenture, the Trustee acting as custodian for the Global Debentures for the Depositary or its nominee with respect to such Global Debentures, shall reduce the principal amount thereof, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and make available for delivery the Debentures issuable on such exchange to or upon the written order of the Depositary or an authorized representative thereof.

(v) In the event of the occurrence of any of the events specified in clause (ii) above or upon any request described in clause (iii) above, the Company will promptly make available to the Trustee a sufficient supply of certificated Debentures in definitive, fully registered form, without interest coupons.

(vi) Neither any members of, or participants in, the Depositary (**Agent Members**) nor any other Persons on whose behalf Agent Members may act shall have any rights under this Indenture with respect to any Global Debentures registered in the name of the Depositary or any nominee thereof, and the Depositary or such nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and holder of such Global Debentures for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or such nominee, as the case may be, or impair, as between the Depositary, its Agent Members and any other Person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a holder of any Debentures.

(vii) At such time as all interests in a Global Debenture have been redeemed, repurchased, converted, cancelled or exchanged for Debentures in certificated form, such Global Debenture shall, upon receipt thereof, be canceled by the Trustee in accordance with standing procedures and instructions existing

between the Depositary and the custodian for the Global Debenture. At any time prior to such cancellation, if any interest in a Global Debenture is redeemed, repurchased, converted, cancelled or exchanged for Debentures in certificated form, the principal amount of such Global Debenture shall, in accordance with the standing procedures and instructions existing between the Depositary and the custodian for the Global Debenture, be appropriately reduced, and an endorsement shall be made on such Global Debenture, by the Trustee or the custodian for the Global Debenture, at the direction of the Trustee, to reflect such reduction.

(c) Every Debenture (and all securities issued in exchange therefor or in substitution thereof) that bears or is required under this Section 2.08(c) to bear the legend set forth in this Section 2.08(c) (together with any Common Stock issued upon conversion of the Debentures and required to bear the legend set forth in Exhibit B, collectively, the "**Restricted Securities**") shall be subject to the restrictions on transfer set forth in this Section 2.08(c) (including those set forth in the legend below and the legend set forth in Exhibit B) unless such restrictions on transfer shall be waived by written consent of the Company following receipt of legal advice supporting the permissibility of the waiver of such transfer restrictions, and the holder of each such Restricted Security, by such holder's acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in this Section 2.08(c), the term "transfer" means any sale, pledge, loan, transfer or other disposition whatsoever of any Restricted Security or any interest therein.

Until the expiration of the holding period applicable to sales of Restricted Securities under Rule 144(k) under the Securities Act (or any successor provision), any certificate evidencing a Restricted Security shall bear a legend in substantially the following form (or as set forth in Exhibit B, in the case of Common Stock issued upon conversion of the Debentures), unless such Restricted Security has been sold pursuant to a registration statement that has been declared effective under the Securities Act (and which continues to be effective at the time of such transfer) or sold pursuant to Rule 144 under the Securities Act or any similar provision then in force, or unless otherwise agreed by the Company in writing as set forth above, with written notice thereof to the Trustee:

THE SECURITY EVIDENCED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT OF 1933"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER AGREES (1) THAT IT WILL NOT PRIOR TO THE DATE TWO YEARS AFTER THE LAST DATE OF ORIGINAL ISSUANCE OF THE 1.75% CONVERTIBLE SENIOR DEBENTURES DUE 2026 OF WESCO INTERNATIONAL, INC. (THE "COMPANY") RESELL OR OTHERWISE TRANSFER THE SECURITY EVIDENCED HEREBY OR THE COMMON STOCK THAT MAY BE ISSUABLE UPON CONVERSION OF SUCH SECURITY EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT OF 1933, (C) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER

THE SECURITIES ACT OF 1933 AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER, OR (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OF 1933 PROVIDED BY RULE 144 , IF AVAILABLE, SUBJECT TO THE COMPANY□S AND THE TRUSTEE□S RIGHT PRIOR TO ANY SUCH TRANSFER, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE COMPANY AND THE TRUSTEE; AND (2) THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE SECURITY EVIDENCED HEREBY IS TRANSFERRED PURSUANT TO CLAUSE 1(B) ABOVE A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

In connection with any transfer of the Debentures prior to the date two years after the last date of original issuance of the Debentures (other than a transfer pursuant to clause 1(C) above), the holder must complete and deliver the transfer certificate contained in this Indenture to the Trustee (or any successor Trustee, as applicable). If the proposed transfer is pursuant to clause 1(D) above, the holder must, prior to such transfer, furnish to the Trustee (or any successor Trustee, as applicable), such certifications, legal opinions or other information as the Company may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The legend set forth above will be removed upon the earlier of the transfer of the security evidenced thereby pursuant to clause 1(C) or 1(D) above or the expiration of two years from the last date of original issuance of the security evidenced thereby.

Any Debentures that are Restricted Securities and as to which such restrictions on transfer shall have expired in accordance with their terms or as to conditions for removal of the foregoing legend set forth therein have been satisfied may, upon surrender of such Debentures for exchange to the Registrar in accordance with the provisions of this Section 2.08, be exchanged for a new Debentures or Debentures, of like tenor and aggregate principal amount, which shall not bear the restrictive legend required by this Section 2.08(c). If such Restricted Security surrendered for exchange is represented by a Global Debenture bearing the legend set forth in this Section 2.08(c), the principal amount of the legended Global Debentures shall be reduced by the appropriate principal amount and the principal amount of a Global Debenture without the legend set forth in this Section 2.08(c) shall be increased by an equal principal amount. If a Global Debenture without the legend set forth in this Section 2.08(c) is not then outstanding, the Company shall execute and the Trustee shall authenticate and deliver an unlegended Global Debentures to the Depositary.

(d) Any Restricted Securities, prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision), purchased or owned by the Company or any Affiliate thereof may not be resold by the Company or such Affiliate unless registered under the Securities Act or resold pursuant to an exemption from the registration requirements of the Securities Act in a transaction which results in such Debentures or Common Stock, as the case may be, no longer being □restricted securities□ (as defined under Rule 144).

(e) The Trustee shall have no responsibility or obligation to any Agent Members or any other Person with respect to the accuracy of the books or records, or the acts or

omissions, of the Depositary or its nominee or of any participant or member thereof, with respect to any ownership interest in the Debentures or with respect to the delivery to any Agent Member or other Person (other than the Depositary) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Debentures. All notices and communications to be given to the holders of Debentures and all payments to be made to holders of Debentures under the Debentures shall be given or made only to or upon the order of the registered holders of Debentures (which shall be the Depositary or its nominee in the case of a Global Debenture). The rights of beneficial owners in any Global Debentures shall be exercised only through the Depositary subject to the customary procedures of the Depositary. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depositary with respect to its Agent Members.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Debentures (including any transfers between or among Agent Members) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.09. Replacement Debentures. If a mutilated Debenture is surrendered to the Registrar or if the Debentureholder of a Debenture claims that the Debenture has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Debenture if the requirements of Section 8-405 of the Uniform Commercial Code are met, such that the Debentureholder (i) satisfies the Company or the Trustee within a reasonable time after he has notice of such loss, destruction or wrongful taking and the Registrar does not register a transfer prior to receiving such notification, (ii) makes such request to the Company or the Trustee prior to the Debenture being acquired by a protected purchaser as defined in Section 8-303 of the Uniform Commercial Code (a "**protected purchaser**") and (iii) satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Company, such Debentureholder shall furnish an indemnity bond sufficient in the judgment of the Trustee to protect the Company, the Trustee, the Paying Agent and the Registrar from any loss that any of them may suffer if a Debenture is replaced. The Company and the Trustee may charge the Debentureholder for their expenses in replacing a Debenture. In case any Debentures which has matured or is about to mature or has been called for redemption or has been properly tendered for repurchase on a Fundamental Change Repurchase Date (and not withdrawn) or has been tendered for repurchase on a Repurchase Date (and not withdrawn), as the case may be, or is to be converted into Common Stock, shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Debentures, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Debentures), as the case may be, if the applicant for such payment or conversion shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or in connection with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company, the Trustee and, if applicable, any Paying Agent or conversion agent evidence to their satisfaction of the destruction, loss or theft of such Debentures and of the ownership thereof.

Every replacement Debenture is an additional obligation of the Company.

The provisions of this Section 2.09 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, destroyed or wrongfully taken Debentures.

SECTION 2.10. Outstanding Debentures. Debentures outstanding at any time are all Debentures authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. A Debenture does not cease to be outstanding because the Company or an Affiliate of the Company holds the Debenture.

If a Debenture is replaced pursuant to Section 2.09, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Debenture is held by a protected purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date, repurchase date or Maturity Date money sufficient to pay all principal and interest payable on that date with respect to the Debentures (or portions thereof) to be redeemed, repurchased or maturing, as the case may be, and the Paying Agent is not prohibited from paying such money to the Debentureholders on that date pursuant to the terms of this Indenture, then on and after that date such Debentures (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.11. Temporary Debentures. Pending the preparation of Debentures in certificated form, the Company may execute and the Trustee or an authenticating agent appointed by the Trustee shall, upon the written request of the Company, authenticate and deliver temporary Debentures (printed or lithographed). Temporary Debentures shall be issuable in any authorized denomination, and substantially in the form of the Debentures in certificated form, but with such omissions, insertions and variations as may be appropriate for temporary Debentures, all as may be determined by the Company. Every such temporary Debentures shall be executed by the Company and authenticated by the Trustee or such authenticating agent upon the same conditions and in substantially the same manner, and with the same effect, as the Debentures in certificated form. Without unreasonable delay, the Company will execute and deliver to the Trustee or such authenticating agent Debentures in certificated form and thereupon any or all temporary Debentures may be surrendered in exchange therefor, at each office or agency maintained by the Company pursuant to Section 4.02 and the Trustee or such authenticating agent shall authenticate and make available for delivery in exchange for such temporary Debentures an equal aggregate principal amount of Debentures in certificated form. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Debentures shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Debentures in certificated form authenticated and delivered hereunder.

SECTION 2.12. Cancellation. The Company at any time may deliver Debentures to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Debentures surrendered to them for registration of transfer, exchange or

payment. The Trustee and no one else shall cancel all Debentures surrendered for registration of transfer, exchange, payment or cancellation and dispose of such canceled Debentures in accordance with its customary procedures or deliver canceled Debentures to the Company. The Company may not issue new Debentures to replace Debentures it has redeemed, paid or delivered to the Trustee for cancellation. The Trustee shall not authenticate Debentures in place of canceled Debentures other than pursuant to the terms of this Indenture.

SECTION 2.13. Defaulted Interest. If the Company defaults in a payment of interest on the Debentures, the Company shall pay the defaulted interest (plus interest on such defaulted interest at the rate of 1% per annum above the then applicable interest rate to the extent lawful) in any lawful manner. The Company may pay the defaulted interest to the Persons who are Debentureholders on a subsequent special record date. The Company shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee and shall promptly mail or cause to be mailed to each Debentureholder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

SECTION 2.14. CUSIP and ISIN Numbers. The Company in issuing the Debentures may use "CUSIP" and "ISIN" numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" and "ISIN" numbers in notices of redemption as a convenience to Debentureholders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Debentures or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Debentures, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee in writing of any changes to the CUSIP and ISIN numbers.

ARTICLE 3

Redemption and Repurchase of Debentures

SECTION 3.01. Optional Redemption of Debentures. At any time on or after November 15, 2011, the Debentures may be redeemed at the option of the Company, in whole or in part, upon notice as set forth in Section 3.02, in cash at the redemption price equal to 100% of the principal amount thereof. In addition, the Company will pay interest on the Debentures being redeemed, which interest will include such interest accrued and unpaid to, but excluding, the redemption date; provided, that if the redemption date is after a Record Date and on or prior to the corresponding interest payment date, the interest will be paid on the redemption date to the holder of record on the Record Date. The Company may not redeem any Debentures if a Default in the payment of interest on the Debentures has occurred and is continuing.

SECTION 3.02. Notice of Optional Redemption; Selection of Debentures to Be Redeemed. In case the Company shall desire to exercise the right to redeem all or, as the case may be, any part of the Debentures pursuant to Section 3.01, it shall fix a date for redemption and it or, at its written request received by the Trustee not fewer than five Business Days prior (or such shorter period of time as may be acceptable to the Trustee) to the date the notice of redemption is to be mailed, the Trustee in the name of and at the expense of the Company, shall mail or cause to be mailed a notice of such redemption not fewer than 30 calendar days nor more

than 60 calendar days prior to the redemption date to each holder of Debentures so to be redeemed in whole or in part at its last address as the same appears on the Register; provided that if the Company makes such request of the Trustee, it shall, together with such request, also give written notice of the redemption date to the Trustee, provided that the text of the notice shall be prepared by the Company. Such mailing shall be by first class mail. The notice, if mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the holder of any Debentures designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Debentures. Concurrently with the mailing of any such notice of redemption, the Company shall issue a press release announcing such redemption, the form and content of which press release shall be determined by the Company in its sole discretion. The failure to issue any such press release or any defect therein shall not affect the validity of the redemption notice or any of the proceedings for the redemption of any Debentures called for redemption.

Each such notice of redemption shall specify: (i) the aggregate principal amount of Debentures to be redeemed, (ii) the CUSIP number or numbers of the Debentures being redeemed, (iii) the date fixed for redemption (which shall be a Business Day), (iv) the redemption price at which Debentures are to be redeemed, (v) the place or places of payment and that payment will be made upon presentation and surrender of such Debentures, (iv) that interest accrued and unpaid to, but excluding, the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon or on the portion thereof to be redeemed will cease to accrue, (vii) that the holder has a right to convert the Debentures called for redemption, (viii) the Conversion Rate on the date of such notice, (ix) the time and date on which the right to convert such Debentures or portions thereof will expire, (x) the formula for determining the amount of cash and the number of shares, if any, to be delivered to the holder upon conversion pursuant to Section 10.12 and the date on which the Cash Settlement Averaging Period begins and (xi) that the Company will pay cash for fractional interests in shares of Common Stock, if any, as provided in this Indenture. If fewer than all the Debentures are to be redeemed, the notice of redemption shall identify the Debentures to be redeemed (including CUSIP numbers, if any). In case any Debentures are to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that, on and after the redemption date, upon surrender of such Debentures, a new Debentures or Debentures in principal amount equal to the unredeemed portion thereof will be issued.

Whenever any Debentures are to be redeemed, the Company will give the Trustee written notice of the redemption date, together with an Officers Certificate as to the aggregate principal amount of Debentures to be redeemed not fewer than 35 calendar days (or such shorter period of time as may be acceptable to the Trustee) prior to the redemption date.

On or prior to the redemption date specified in the notice of redemption given as provided in this Section 3.02, the Company will deposit with the Paying Agent (or, if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust as provided in Section 2.06) an amount of money in immediately available funds sufficient to redeem on the redemption date all the Debentures (or portions thereof) so called for redemption (other than those theretofore surrendered for conversion into Common Stock) at the appropriate redemption price, together with accrued and unpaid interest to, but excluding, the redemption date; provided

that if such payment is made on the redemption date, it must be received by the Paying Agent, by 11:00 a.m., New York City time, on such date. If any Debentures called for redemption are converted pursuant hereto prior to such redemption date, any money deposited with the Paying Agent or so segregated and held in trust for the redemption of such Debentures shall be paid to the Company or, if then held by the Company, shall be discharged from such trust.

If less than all of the outstanding Debentures are to be redeemed, the Trustee shall select the Debentures or portions thereof of the Global Debentures or the Debentures in certificated form to be redeemed (in principal amounts of $1,000 or multiples thereof) by lot, on a pro rata basis or by another method the Trustee deems fair and appropriate. If any Debentures selected for redemption is submitted for conversion in part after such selection, the portion of such Debentures submitted for conversion shall be deemed (so far as may be possible) to be the portion to be selected for redemption. The Debentures (or portions thereof) so selected for redemption shall be deemed duly selected for redemption for all purposes hereof, notwithstanding that any such Debentures are submitted for conversion in part before the mailing of the notice of redemption.

Upon any redemption of less than all of the outstanding Debentures, the Company and the Trustee may (but need not), solely for purposes of determining the pro rata allocation among such Debentures that are unconverted and outstanding at the time of redemption, treat as outstanding any Debentures surrendered for conversion during the period of fifteen calendar days preceding the mailing of a notice of redemption and may (but need not) treat as outstanding any Debentures authenticated and delivered during such period in exchange for the unconverted portion of any Debentures converted in part during such period.

SECTION 3.03. Payment of Debentures Called for Redemption. If notice of redemption has been given as provided in Section 3.02, the Debentures or portion of Debentures with respect to which such notice has been given shall, unless converted pursuant to the terms hereof, become due and payable on the date fixed for redemption and at the place or places stated in such notice at the redemption price, plus interest accrued and unpaid to, but excluding, the redemption date (unless the redemption date is after a Record Date and on or prior to the corresponding interest payment date, in which event the interest will be paid on the interest payment date to the holder of record on the Record Date), and, unless the Company shall default in the payment of such Debentures at the redemption price, plus interest, if any, accrued and unpaid to, but excluding, such date, interest on the Debentures or portion of Debentures so called for redemption, interest shall cease to accrue on and after such date and, after 5:00 p.m., New York City time, on the Business Day immediately preceding the redemption date (unless the Company shall default in the payment of such Debentures at the redemption price, together with interest accrued to such date) and such Debentures shall cease to be convertible and, except as provided in Section 2.06 and Section 8.02, to be entitled to any benefit or security under this Indenture, and the holders thereof shall have no right in respect of such Debentures except the right to receive the redemption price thereof plus accrued and unpaid interest to, but excluding, the redemption date. On presentation and surrender of such Debentures at a place of payment in said notice specified, the said Debentures or the specified portions thereof shall be paid and redeemed by the Company at the redemption price, together with interest accrued and unpaid thereon to, but excluding, the redemption date; provided that if the applicable redemption date is after the applicable Record Date and on or before an interest payment date, the interest payable

on such interest payment date shall be paid on such interest payment date to the holders of record of such Debentures on the applicable Record Date instead of the holders surrendering such Debentures for redemption on such date.

Upon presentation of any Debentures redeemed in part only, the Company shall execute and the Trustee shall authenticate and make available for delivery to the holder thereof, at the expense of the Company, a new Debentures or Debentures, of authorized denominations, in principal amount equal to the unredeemed portion of the Debentures so presented.

Notwithstanding the foregoing, the Trustee shall not redeem any Debentures or mail any notice of redemption during the continuance of a Default in payment of interest on the Debentures. If any Debentures called for redemption shall not be so paid upon surrender thereof for redemption on the redemption date as provided in this Section 3.03, to the extent legally permissible, the redemption price shall, until paid or duly provided for, bear interest from and including the redemption date at a rate equal to 1% per annum above the rate borne by the Debentures and such Debentures shall remain convertible into Common Stock until the redemption price and interest shall have been paid or duly provided for.

SECTION 3.04. Repurchase at Option of Holders Upon a Fundamental Change. (a) If there shall occur a Fundamental Change at any time prior to maturity of the Debentures, then each holder of Debentures shall have the right, at such holder's option, to require the Company to repurchase all of such holder's Debentures, or any portion thereof that is a multiple of $1,000 principal amount, on a date (the "**Fundamental Change Repurchase Date**") specified by the Company, that is not less than 20 calendar days nor more than 35 calendar days after the date of the Company Repurchase Notice related to such Fundamental Change at a cash repurchase price equal to 100% of the principal amount of the Debentures being repurchased, plus accrued and unpaid interest to, but excluding, the Fundamental Change Repurchase Date, subject to the satisfaction by the holder of the requirements set forth in Section 3.04(c); provided that if such Fundamental Change Repurchase Date falls after a Record Date and on or prior to the corresponding interest payment date, then the interest payable on such interest payment date shall be paid on such interest payment date to the holders of record of the Debentures on the applicable Record Date instead of the holders surrendering the Debentures for repurchase on such date.

(b) On or before the fifth calendar day after the occurrence of a Fundamental Change, the Company shall mail or cause to be mailed to all holders of record of the Debentures on the date of the Fundamental Change at their addresses shown in the Register (and to beneficial owners of the Debentures as required by applicable law) a Company Repurchase Notice as set forth in Section 3.06 with respect to such Fundamental Change. The Company shall also deliver a copy of the Company Repurchase Notice to the Trustee and the Paying Agent at such time as it is mailed to holders of Debentures. Concurrently with the mailing of such Company Repurchase Notice, the Company shall issue a press release announcing such Fundamental Change referred to in the Company Repurchase Notice, the form and content of which press release shall be determined by the Company in its sole discretion.

No failure of the Company to give the foregoing notices and press release and no defect therein shall limit the repurchase rights of holders of Debentures or affect the validity of the proceedings for the repurchase of the Debentures pursuant to this Section 3.04.

(c) For Debentures to be repurchased at the option of the holder, the holder must deliver to the Paying Agent, prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Fundamental Change Repurchase Date, (i) a written notice of repurchase (the "**Repurchase Notice**") in the form set forth on the reverse of the Debentures duly completed (if the Debentures are certificated) or stating the following (if the Debentures are represented by a Global Debenture): (A) the certificate number of the Debentures which the holder will deliver to be repurchased or compliance with the appropriate Depositary procedures, (B) the portion of the principal amount of the Debentures which the holder will deliver to be repurchased, which portion must be in principal amounts of $1,000 or an integral multiple of $1,000 and (C) that such Debentures shall be repurchased by the Company pursuant to the terms and conditions specified in the Debentures and in this Indenture, together with (ii) such Debentures duly endorsed for transfer (if the Debentures are certificated) or book-entry transfer of such Debentures (if such Debentures are represented by a Global Debenture). The delivery of such Debentures to the Paying Agent with, or at any time after delivery of, the Repurchase Notice (together with all necessary endorsements) at the office of the Paying Agent shall be a condition to the receipt by the holder of the repurchase price therefore; provided, however, that such repurchase price shall be so paid pursuant to this Section 3.04 only if the Debentures so delivered to the Paying Agent shall conform in all respects to the description thereof in the Repurchase Notice. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Debentures for repurchase shall be determined by the Company, whose determination shall be final and binding absent manifest error.

(d) The Company shall repurchase from the holder thereof, pursuant to this Section 3.04, a portion of a Debenture, if the principal amount of such portion is $1,000 or a whole multiple of $1,000. Provisions of this Indenture that apply to the repurchase of all of a Debenture also apply to the repurchase of such portion of such Debenture.

(e) The Paying Agent shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 3.04 shall be consummated by the delivery of the consideration to be received by the holder promptly following the later of the Fundamental Change Repurchase Date and the time of the book-entry transfer or delivery of the Debentures.

SECTION 3.05. Repurchase of Debentures by the Company at the Option of Holders. (a) Each holder of Debentures shall have the right, at such holder's option, to require the Company to repurchase all of such holder's Debentures, or any portion thereof that is a multiple of $1,000 principal amount, on November 15, 2011, November 15, 2016 and November 15, 2021 (each, a "**Repurchase Date**"), at a repurchase price of 100% of the principal amount of the Debentures being repurchased, plus accrued and unpaid interest to, but excluding, the Repurchase Date, provided that if such Repurchase Date falls after a Record Date and on or prior to the corresponding interest payment

date, then the interest payable on such interest payment date shall be paid on such interest payment date to the holders of record of the Debentures on the applicable Record Date instead of the holders surrendering the Debentures for repurchase on such date.

(b) On or before the twentieth Business Day prior to each Repurchase Date, the Company shall mail or cause to be mailed to all holders of record on such date (and to beneficial owners as required by applicable law) at their addresses shown in the Register (and to beneficial owners as required by applicable law) a Company Repurchase Notice as set forth in Section 3.06. The Company shall also deliver a copy of the Company Repurchase Notice to the Trustee and the Paying Agent at such time as it is mailed to holders of Debentures.

No failure of the Company to give the foregoing notices and no defect therein shall limit the repurchase rights of holders of Debentures or affect the validity of the proceedings for the repurchase of the Debentures pursuant to this Section 3.05.

(c) For Debentures to be so repurchased at the option of the holder, the holder must deliver to the Paying Agent, at any time during the period beginning at 9:00 a.m., New York City time, on the date that is 20 Business Days prior to the applicable Repurchase Date and ending at 5:00 p.m., New York City time, on the Business Day immediately preceding the applicable Repurchase Date, (i) a Repurchase Notice in the form set forth on the reverse of the Debentures duly completed (if the Debentures are certificated) or stating the following (if the Debentures are represented by a Global Debenture): (A) the certificate number of the Debentures which the holder will deliver to be repurchased or compliance with the appropriate Depositary procedures, (B) the portion of the principal amount of the Debentures which the holder will deliver to be repurchased, which portion must be in principal amounts of $1,000 or an integral multiple of $1,000, and (C) that such Debentures shall be repurchased by the Company pursuant to the terms and conditions specified in the Debentures and in this Indenture, together with (ii) such Debentures duly endorsed for transfer (if the Debentures are certificated) or book-entry transfer of such Debentures (if such Debentures are represented by a Global Debenture). The delivery of such Debentures to the Paying Agent with, or at any time after delivery of, the Repurchase Notice (together with all necessary endorsements) at the office of the Paying Agent shall be a condition to the receipt by the holder of the repurchase price therefore; provided, however, that such repurchase price shall be so paid pursuant to this Section 3.05 only if the Debentures so delivered to the Paying Agent shall conform in all respects to the description thereof in the Repurchase Notice. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Debentures for repurchase shall be determined by the Company, whose determination shall be final and binding absent manifest error.

(d) The Company shall repurchase from the holder thereof, pursuant to this Section 3.05, a portion of a Debenture, if the principal amount of such portion is $1,000 or a whole multiple of $1,000. Provisions of this Indenture that apply to the repurchase of all of a Debenture also apply to the repurchase of such portion of such Debentures.

(e) The Paying Agent shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 3.05 shall be consummated by the delivery of the consideration to be received by the holder promptly following the later of the Repurchase Date and the time of the book-entry transfer or delivery of the Debentures.

SECTION 3.06. Company Repurchase Notice. In connection with any repurchase of Debentures, the Company shall, in the case of a Fundamental Change, on or before the fifth calendar day after the Effective Date of such Fundamental Change or, no less than 20 Business Days prior to each Repurchase Date, give notice to holders (with a copy to the Trustee) setting forth information specified in this Section 3.06 (in either case, the "**Company Repurchase Notice**").

Each Company Repurchase Notice shall:

(1) state the repurchase price and the Fundamental Change Repurchase Date or the Repurchase Date to which the Company Repurchase Notice relates;

(2) state, if applicable, the circumstances constituting the Fundamental Change;

(3) state that the repurchase price will be paid in cash;

(4) state that holders must exercise their right to elect repurchase prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Fundamental Change Repurchase Date or Repurchase Date, as the case may be;

(5) include a form of Repurchase Notice;

(6) state the name and address of the Paying Agent;

(7) state that Debentures must be surrendered to the Paying Agent to collect the repurchase price;

(8) state that a holder may withdraw its Repurchase Notice at any time prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Fundamental Change Repurchase Date or the Repurchase Date, as the case may be, by delivering a valid written notice of withdrawal in accordance with Section 3.07;

(9) state whether the Debentures are then convertible, the then applicable Conversion Rate, including, in the case of the occurrence of a Fundamental Change, expected changes in the Conversion Rate resulting from such Fundamental Change transaction and expected changes in the cash, shares or other property deliverable upon conversion of the Debentures as a result of the occurrence of the Fundamental Change;

(10) that Debentures as to which a Repurchase Notice has been given may be converted only if the Repurchase Notice is withdrawn in accordance with the terms of this Indenture;

(11) state the amount of interest accrued and unpaid per $1,000 principal amount of Debentures to, but excluding, the Fundamental Change Repurchase Date and Repurchase Date, as the case may be; and

(12) state the CUSIP number of the Debentures.

A Company Repurchase Notice may be given by the Company or, at the Company's request, the Trustee shall give such Company Repurchase Notice in the Company's name and at the Company's expense; provided, that the text of the Company Repurchase Notice shall be prepared by the Company.

The Company will, to the extent applicable, comply with the provisions of Rule 13e-4 and Rule 14e-1 (or any successor provision) under the Exchange Act that may be applicable at the time of the repurchase of the Debentures, file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act and comply with all other federal and state securities laws in connection with the repurchase of the Debentures.

SECTION 3.07. Effect of Repurchase Notice; Withdrawal. Upon receipt by the Paying Agent of the Repurchase Notice specified in Section 3.04 or Section 3.05, the holder of the Debentures in respect of which such Repurchase Notice was given shall (unless such Repurchase Notice is validly withdrawn in accordance with the following paragraph) thereafter be entitled to receive solely the repurchase price with respect to such Debentures. Such repurchase price shall be paid to such holder, subject to receipt of funds and/or the Debentures by the Paying Agent, promptly following the later of (x) the Fundamental Change Repurchase Date or the Repurchase Date with respect to such Debentures (provided the holder has satisfied the conditions in Section 3.04 or Section 3.05) and (y) the time of book-entry transfer or delivery of such Debentures to the Paying Agent by the holder thereof in the manner required by Section 3.04 or Section 3.05. The Debentures in respect of which a Repurchase Notice has been given by the holder thereof may not be converted pursuant to Article 10 hereof on or after the date of the delivery of such Repurchase Notice unless such Repurchase Notice has first been validly withdrawn.

A Repurchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Repurchase Notice at any time prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Fundamental Change Repurchase Date or Repurchase Date, as the case may be, specifying:

(a) the certificate number, if any, of the Debentures in respect of which such notice of withdrawal is being submitted, or the appropriate Depositary information, in accordance with appropriate Depositary procedures, if the Debentures in respect of which such notice of withdrawal is being submitted is represented by a Global Debenture,

(b) the principal amount of the Debentures with respect to which such notice of withdrawal is being submitted, and

(c) the principal amount, if any, of such Debentures which remains subject to the original Repurchase Notice and which has been or will be delivered for repurchase by the Company.

If a Repurchase Notice is properly withdrawn, the Company shall not be obligated to repurchase the Debentures listed in such Repurchase Notice.

SECTION 3.08. Deposit of Repurchase Price. Prior to 10:00 a.m., New York City Time, on the Fundamental Change Repurchase Date or the Repurchase Date, the Company shall deposit with the Paying Agent or, if the Company is acting as the Paying Agent, shall segregate and hold in trust as provided in Section 6.04, an amount of cash (in immediately available funds if deposited on the Fundamental Change Repurchase Date or the Repurchase Date, as the case may be), sufficient to pay the aggregate repurchase price of all the Debentures or portions thereof that are to be repurchased as of the Fundamental Change Repurchase Date or the Repurchase Date, as the case may be.

If on the Fundamental Change Repurchase Date or the Repurchase Date the Paying Agent holds cash sufficient to pay the repurchase price of the Debentures that holders have elected to require the Company to repurchase in accordance with Section 3.04 or 3.05, as the case may be, then, on the Fundamental Change Repurchase Date or the Repurchase Date, as the case may be, such Debentures will cease to be outstanding, interest will cease to accrue and all other rights of the holders of such Debentures will terminate, other than the right to receive the repurchase price upon delivery or book-entry transfer of the Debentures. This will be the case whether or not book-entry transfer of the Debentures has been made or the Debentures has been delivered to the Paying Agent.

SECTION 3.09. Debentures Repurchased in Part. Upon presentation of any Debentures repurchased only in part, the Company shall execute and the Trustee shall authenticate and make available for delivery to the holder thereof, at the expense of the Company, a new Debentures or Debentures, of any authorized denomination, in aggregate principal amount equal to the unrepurchased portion of the Debentures presented.

ARTICLE 4

Covenants

SECTION 4.01. Payment of Debentures. The Company shall promptly pay the principal of and interest on the Debentures on the dates and in the manner provided in the Debentures and in this Indenture. Principal and interest shall be considered paid on the date due if on such date the Trustee or the Paying Agent holds in accordance with this Indenture money sufficient to pay all principal and interest then due and the Trustee or the Paying Agent, as the case may be, is not prohibited from paying such money to the Debentureholders on that date pursuant to the terms of this Indenture.

The Company shall pay interest on overdue principal at the rate specified therefor in the Debentures, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

SECTION 4.02. Maintenance of Office or Agency. The Company will maintain an office or agency in the Borough of Manhattan, The City of New York, where the Debentures may be surrendered for registration of transfer or exchange or for presentation for payment or for

conversion, redemption or repurchase and where notices and demands to or upon the Company in respect of the Debentures and this Indenture may be served. As of the date of this Indenture, such office is located at the office of the Trustee located at The Bank of New York, 101 Barclay Street, Floor 8W, New York, NY 10286, Attention: Corporate Trust Administration and, at any other time, at such other address as the Trustee may designate from time to time by notice to the Company. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency not designated or appointed by the Trustee. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office.

The Company may also from time to time designate co-registrars and one or more offices or agencies where the Debentures may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

So long as the Trustee is the Registrar, the Trustee agrees to mail, or cause to be mailed, the notices set forth in Section 7.08. If co-registrars have been appointed in accordance with this Section, the Trustee shall mail such notices only to the Company and the holders of Debentures it can identify from its records.

SECTION 4.03. 144A Information. The Company covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the Exchange Act, make available to any holder or beneficial holder of Debentures or any Common Stock issued upon conversion thereof which continue to be Restricted Securities and any prospective purchaser of Debentures or such Common Stock designated by such holder or beneficial holder, the information required pursuant to Rule 144A(d)(4) under the Securities Act upon the request of any holder or beneficial holder of the Debentures or such Common Stock, all to the extent required to enable such holder or beneficial holder to sell its Debentures or Common Stock without registration under the Securities Act within the limitation of the exemption provided by Rule 144A.

SECTION 4.04. Existence. Subject to Article 12, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights (charter and statutory); provided that the Company shall not be required to preserve any such right if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the holders of Debentures.

SECTION 4.05. Payment of Taxes and Other Claims. The Company will pay or discharge, or cause to be paid or discharged, before the same may become delinquent, (i) all taxes, assessments and governmental charges levied or imposed upon the Company or any Significant Subsidiary or upon the income, profits or property of the Company or any Significant Subsidiary, (ii) all claims for labor, materials and supplies which, if unpaid, might by law become a lien or charge upon the property of the Company or any Significant Subsidiary and (iii) all stamp taxes and other duties, if any, which may be imposed by the United States or any

political subdivision thereof or therein in connection with the issuance, transfer, exchange, conversion, redemption or repurchase of any Debentures or with respect to this Indenture; provided that, in the case of clauses (i) and (ii), the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim (A) if the failure to do so will not, in the aggregate, have a material adverse impact on the Company, or (B) if the amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION 4.06. Compliance Certificate. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company an Officers Certificate stating that a review of the Company s activities during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such Officer signing such certificate, whether to the best of such Officer s knowledge the Company during such preceding fiscal year has kept, observed, performed and fulfilled each and every such covenant contained in this Indenture and that in the course of the performance by the signers of their duties as Officers of the Company they would normally have knowledge of any Default and whether or not the signers know of any Default that occurred during such period. If they do know of any Default, the certificate shall describe the Default, its status and what action the Company is taking or proposes to take with respect thereto. The Company also shall comply with Section 314(a)(4) of the TIA.

SECTION 4.07. Further Instruments and Acts. The Company shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 4.08. Contingent Interest. Beginning with the six-month interest period commencing November 15, 2011, the Company will pay interest (**Contingent Interest**) during any six-month interest period if the Trading Price of the Debentures for each of the five Trading Days ending on the second Trading Day immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the Debentures. During any six-month interest period when Contingent Interest is payable, the Contingent Interest payable on each $1,000 principal amount of Debentures shall equal 0.25% of the average Trading Price of $1,000 principal amount of Debentures during the five Trading Days ending on the second Trading Day immediately preceding the first day of the applicable six-month interest period used to determine whether Contingent Interest must be paid.

The Trustee s sole responsibility pursuant to this Section 4.08 shall be to obtain the Trading Price of the Debentures for each of the five Trading Days immediately preceding the first day of the applicable six-month interest period and to provide such information to the Company. The Company shall determine whether holders are entitled to receive Contingent Interest, and if so, provide notice pursuant to Section 4.09. Notwithstanding any term contained in this Indenture or any other document to the contrary, the Trustee shall have no responsibilities, duties or obligations for or with respect to (i) determining whether the Company must pay Contingent Interest or (ii) determining the amount of Contingent Interest, if any, payable by the Company.

Contingent interest for any period shall be paid on the same date and to the same Person entitled to received other interest payable on any Debentures. Contingent Interest due under this Section 4.08 shall be treated for all purposes of this Indenture like any other interest accruing on the Debentures.

SECTION 4.09. Contingent Interest Notification. Prior to the first Business Day of a six-month interest period during which Contingent Interest will be paid, the Company will disseminate a press release through BusinessWire (or if BusinessWire is no longer available, a comparable wire service) stating that Contingent Interest will be paid on the Debentures and identifying the six-month interest period.

SECTION 4.10. Tax Treatment. The Company agrees, and by acceptance of beneficial ownership interest in the Debentures each holder of the Debentures will be deemed to have agreed, for U.S. federal income tax purposes (1) to treat the Debentures as indebtedness that is subject to Treas. Reg. Sec. 1.1275-4 (the "**Contingent Payment Regulations**") and, for purposes of the Contingent Payment Regulations, to treat the cash and the fair market value of any stock beneficially received by a holder upon any conversion of the Debentures as a contingent payment and (2) to be bound by the Company's determination of the "comparable yield" and "projected payment schedule," within the meaning of the Contingent Payment Regulations, with respect to the Debentures. A holder may obtain the issue price, amount of original issue discount, issue date, yield to maturity, comparable yield and projected payment schedule for the Debentures by submitting a written request for such information to the Company at the following address: Wesco International, Inc., 225 West Station Square Drive, Suite 700, Pittsburgh, PA 15219, Attention: Investor Relations Department.

SECTION 4.11. Additional Interest Notice. In the event that the Company is required to pay Additional Interest to holders of Debentures pursuant to the Registration Rights Agreement, the Company will provide written notice ("**Additional Interest Notice**") to the Trustee of its obligation to pay Additional Interest no later than fifteen calendar days prior to the proposed payment date for Additional Interest, and the Additional Interest Notice shall set forth the amount of Additional Interest to be paid by the Company on such payment date. The Trustee shall not at any time be under any duty or responsibility to any holder of Debentures to determine the Additional Interest, or with respect to the nature, extent or calculation of the amount of Additional Interest when made, or with respect to the method employed in such calculation of the Additional Interest.

ARTICLE 5

Successor Company

SECTION 5.01. When Company May Merge or Transfer Assets. The Company shall not consolidate with or merge with or into, or sell, convey, transfer or lease all or substantially all of its assets to any Person unless:

(a) either (i) the Company is the continuing corporation, or (ii) the resulting, surviving or transferee person (if other than the Company) is a corporation or limited liability company organized and existing under the laws of the United States, any state thereof or the

District of Columbia and such person assumes, by a supplemental indenture in a form reasonably satisfactory to the Trustee, and a supplemental agreement, all of the Company's obligations under the Debentures, this Indenture and the Registration Rights Agreement;

(b) immediately after giving effect to the transaction described above, no Default or Event of Default, has occurred and is continuing;

(c) if as a result of such transaction the Debentures become convertible into common stock or other securities issued by a third party, such third party fully and unconditionally Guarantees all obligations of the Company or such surviving Person under the Debentures, this Indenture and the Registration Rights Agreement; and

(d) the Company has delivered to the Trustee the Officers' Certificate and Opinion of Counsel pursuant to Section 5.03.

SECTION 5.02. Successor to be Substituted. In case of any such consolidation, merger, sale, conveyance, transfer or lease in which the Company is not the continuing corporation and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and reasonably satisfactory in form and substance to the Trustee, of the due and punctual payment of the principal of, and premium, if any, and interest on all of the Debentures, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed or satisfied by the Company, and by supplemental agreement, executed and delivered to the Trustee and reasonably satisfactory in form and substance to the Trustee, of all of the obligations of the Company under the Registration Rights Agreement, such successor Person shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of this first part, and WESCO International, Inc. shall be discharged from its obligations under the Debentures, this Indenture and the Registration Rights Agreement. Such successor Person thereupon may cause to be signed, and may issue either in its own name or in the name of WESCO International, Inc. any or all of the Debentures, issuable hereunder that theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor Person instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Debentures that previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Debentures that such successor Person thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Debentures so issued shall in all respects have the same legal rank and benefit under this Indenture as the Debentures theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Debentures had been issued at the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance, transfer or lease, upon compliance with this Article 12 the Person named as the "Company" in the first paragraph of this Indenture or any successor that shall thereafter have become such in the manner prescribed in this Article 12 may be dissolved, wound up and liquidated at any time thereafter and such Person shall be discharged from its liabilities as obligor and maker of the Debentures and from its obligations under this Indenture.

SECTION 5.03. Opinion of Counsel to be Given Trustee. Prior to execution of any supplemental indenture pursuant to this Article 5, the Trustee shall receive an Officers Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or lease and any such assumption complies with the provisions of this Article 5.

ARTICLE 6

Defaults and Remedies

SECTION 6.01. Events of Default. An **Event of Default** occurs if:

(a) the Company defaults in any payment of interest on any Debenture when the same becomes due and payable and such default continues for a period of 30 days;

(b) the Company (i) defaults in the payment of the principal of and premium, if any, on, any Debenture when the same becomes due and payable at its Stated Maturity, upon redemption or required repurchase, upon declaration or otherwise;

(c) the Company fails to comply with Section 5.01;

(d) the Company fails to deliver Common Stock (including any Additional Shares), or cash in lieu thereof, or a combination of the foregoing, as required pursuant to Article 10 upon the conversion of any Debentures and such failure continues for five days following the scheduled settlement date for such conversion;

(e) the Company fails to provide notice of the anticipated effective date or actual effective date of a Fundamental Change on a timely basis as required in this Indenture;

(f) the Company fails to comply with any of its agreements contained in the Debentures or this Indenture (other than those referred to in (1), (2), (3), (4) or (5) above) and such failure continues for 60 days after the notice specified below;

(g) Indebtedness of the Company or any Significant Subsidiary is not paid within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default and the total amount of such Indebtedness unpaid or accelerated exceeds $35 million or its foreign currency equivalent at the time and such failure continues for 10 days after the notice specified below;

(h) the Company or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(1) commences a voluntary case;

(2) consents to the entry of an order for relief against it in an involuntary case;

(3) consents to the appointment of a Custodian of it or for any substantial part of its property; or

(4) makes a general assignment for the benefit of its creditors;

(5) or takes any comparable action under any foreign laws relating to insolvency;

(i) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(1) is for relief against the Company or any Significant Subsidiary in an involuntary case;

(2) appoints a Custodian of the Company or any Significant Subsidiary or for any substantial part of its property; or

(3) orders the winding up or liquidation of the Company or any Significant Subsidiary;

(4) or any similar relief is granted under any foreign laws and the order or decree remains unstayed and in effect for 60 days;

(j) any judgment or decree for the payment of money in excess of $35 million or its foreign currency equivalent at the time is entered against the Company or any Significant Subsidiary and is not discharged, waived or stayed and either (A) an enforcement proceeding has been commenced by any creditor upon such judgment or decree or (B) there is a period of 60 days following the entry of such judgment or decree during which such judgment or decree is not discharged, waived or the execution thereof stayed and such judgment or decree is not discharged, waived or the execution thereof stayed within 10 days after the notice specified below; or

(k) the Guarantee of Distribution shall be held in any judicial proceeding to be unenforceable or invalid.

The foregoing shall constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The term "**Bankruptcy Law**" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors. The term "**Custodian**" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clause (f), (g) or (j) above is not an Event of Default until the Trustee or the Debentureholders of at least 25% in principal amount of the outstanding Debentures notify the Company of the Default and the Company does not cure such Default within the time specified after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers Certificate of any event which with the giving of notice or the lapse of time would become an Event of Default under clause (f), (g) or (j), its status and what action the Company is taking or proposes to take with respect thereto.

SECTION 6.02. Acceleration. If an Event of Default (other than an Event of Default specified in Section 6.01(h) or (i) with respect to the Company) occurs and is continuing, the Trustee by notice to the Company, or the Debentureholders of at least 25% in principal amount of the outstanding Debentures by notice to the Company, may declare the principal of and accrued but unpaid interest on all the Debentures to be due and payable. Upon such a declaration, such principal and interest shall be due and payable immediately. If an Event of Default specified in Section 6.01(h) or (i) with respect to the Company occurs, the principal of and interest on all the Debentures shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Debentureholders. The Debentureholders of a majority in principal amount of the Debentures by notice to the Trustee may rescind an acceleration and its consequences if the rescission (i) would not conflict with any judgment or decree; (ii) if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration; and (iii) if the Company has paid the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of or interest on the Debentures or to enforce the performance of any provision of the Debentures or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Debentures or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Debentureholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04. Waiver of Past Defaults. Subject to Section 6.02, the Holders of a majority in principal amount of the Debentures by notice to the Trustee may waive an existing Default and its consequences except (i) a Default in the payment of the principal of or interest on a Debenture, (ii) a Default arising from the failure to redeem or repurchase any Debenture when required pursuant to the terms of this Indenture, (iii) a Default arising from the failure of the Company to deliver Common Stock (including any Additional Shares), or cash in lieu thereof, or a combination of the foregoing, as applicable upon the conversion of any Debentures pursuant to the terms of this Indenture or (iv) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Debentureholder affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.05. Control by Majority. The Debentureholders of a majority in principal amount of the Debentures may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 7.01, that the Trustee determines is unduly prejudicial to the rights of other Debentureholders or would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

SECTION 6.06. Limitation on Suits. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Debentureholder may pursue any remedy with respect to this Indenture or the Debentures unless:

(a) the Debentureholder gives to the Trustee written notice stating that an Event of Default is continuing;

(b) the Debentureholders of at least 25% in principal amount of the Debentures make a written request to the Trustee to pursue the remedy;

(c) such Debentureholder or Debentureholders offer to the Trustee reasonable security or indemnity against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(e) the Debentureholders of a majority in principal amount of the Debentures do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Debentureholder may not use this Indenture to prejudice the rights of another Debentureholder or to obtain a preference or priority over another Debentureholder.

Notwithstanding any other provision of this Indenture and any provision of any Debentures, the right of any holder of any Debentures to receive payment of the principal of (including the redemption price or repurchase price upon redemption or repurchase pursuant to Article 3) and premium, if any, and accrued interest on such Debentures, on or after the respective due dates expressed in such Debentures or in the event of redemption or repurchase, or to institute suit for the enforcement of any such payment on or after such respective dates against the Company shall not be impaired or affected without the consent of such holder.

Anything contained in this Indenture or the Debentures to the contrary notwithstanding, the holder of any Debentures, without the consent of either the Trustee or the holder of any other Debentures, on its own behalf and for its own benefit, may enforce, and may institute and maintain any proceeding suitable to enforce, its rights of conversion as provided herein.

SECTION 6.07. Rights of Debentureholders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Debentureholder to receive payment of principal of and liquidated damages and interest on the Debentures held by such Debentureholder, on or after the respective due dates expressed in the Debentures, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Debentureholder.

SECTION 6.08. Collection Suit by Trustee. If an Event of Default specified in Section 6.01(a) or (b) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.07.

SECTION 6.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Debentureholders allowed in any judicial proceedings relative to the Company, Distribution, their creditors or their property and, unless prohibited by law or applicable regulations, may vote on behalf of the Debentureholders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Debentureholder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Debentureholders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07.

SECTION 6.10. Priorities. Subject to Article 12, if the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to Debentureholders for amounts due and unpaid on the Debentures for principal and interest, ratably without preference or priority of any kind, according to the amounts due and payable on the Debentures for principal and interest, respectively; and

THIRD: to the Company.

The Trustee may fix a record date and payment date for any payment to Debentureholders pursuant to this Section. At least 15 days before such record date, the Trustee shall mail to each Debentureholder and the Company a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys fees, against any party litigant in the suit,

having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Debentureholder pursuant to Section 6.07 or a suit by Debentureholders of more than 10% in principal amount of the Debentures or to any suit instituted by any holder of Debentures for the enforcement of the payment of the principal of, or premium, if any, or interest on any Debentures on or after the due date expressed in such Debentures or to any suit for the enforcement of the right to convert any Debentures in accordance with the provisions of Article 10.

SECTION 6.12. Waiver of Stay, Extension or Usury Laws. Neither the Company nor Distribution (to the extent it may lawfully do so) shall at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company and Distribution (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7

Trustee

SECTION 7.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee need only perform such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the TIA.

SECTION 7.02. Rights of Trustee. (a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

(e) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Debentures shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Debentureholders pursuant to the provisions of this Indenture, unless such Debentureholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(h) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its rights to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

(i) The Trustee may request that the Company deliver an Officers Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers Certificate may be signed by any person authorized to sign an Officers Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(j) The permissive rights of the Trustee enumerated herein shall not be construed as duties.

SECTION 7.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Debentures and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Conversion Agent, Paying Agent, Registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustees Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Debentures, it shall not be accountable for the Companys use of the proceeds from the Debentures, and it shall not be responsible for any statement of the Company in this Indenture or in any document issued in connection with the sale of the Debentures or in the Debentures other than the Trustees certificate of authentication.

SECTION 7.05. Notice of Defaults. (a) The Trustee shall not be deemed to have notice of any Default, other than a payment default, unless a Trust Officer shall have been advised in writing that a Default has occurred. No duty imposed upon the Trustee in this Indenture shall be applicable with respect to any Default of which the Trustee is not deemed to have notice.

(b) If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Debentureholder notice of the Default within the earlier of 90 days after it occurs or 30 days after it is known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default in payment of principal, premium (if any) or interest on any Debenture (including payments pursuant to the redemption provisions of such Debenture), the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the Debentureholders.

SECTION 7.06. Reports by Trustee to Debentureholders. As promptly as practicable after each May 15, beginning with May 15, 2007, and in any event prior to December 31 in each subsequent year, the Trustee shall, to the extent that any of the events described in TIA § 313(a) occurred within the previous twelve months, but not otherwise, mail to each Debentureholder a brief report dated as of May 15 that complies with Section 313(a) of the TIA. The Trustee shall also comply with Section 313(b) of the TIA.

A copy of each report at the time of its mailing to Debentureholders shall be filed with the SEC and each stock exchange (if any) on which the Debentures are listed. The Company agrees to notify promptly the Trustee, in writing, whenever the Debentures become listed on any stock exchange and of any delisting thereof.

SECTION 7.07. Compensation and Indemnity. The Company shall pay to the Trustee from time to time such compensation as the Company and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Company and Distribution, jointly and severally shall indemnify the Trustee, and hold it harmless, against any and all loss, liability or expense (including reasonable attorneys' fees) incurred by or in connection with the offer and sale of the Debentures or the administration of this trust and the performance of its duties hereunder. The Trustee shall notify the Company of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof; provided, however, that any failure so to notify the Company shall not relieve the Company or Distribution of its indemnity obligations hereunder. The Company shall defend the claim and the indemnified party shall provide reasonable cooperation at the Company's expense in the defense. Such indemnified parties may have separate counsel and the Company and Distribution, as applicable, shall pay the fees and expenses of such counsel; provided, however, that the Company shall not be required to pay such fees and expenses if it assumes such indemnified parties' defense and, in such indemnified parties' reasonable judgment, there is no conflict of interest between the Company and Distribution, as applicable, and such parties in connection with such defense. The Company need not reimburse any expense or indemnify against any loss, liability or expense incurred by an indemnified party through such party's own willful misconduct and negligence.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Debentures on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest and any liquidated damages on particular Debentures.

The Company's payment obligations pursuant to this Section shall survive the satisfaction or discharge of this Indenture, any rejection or termination of this Indenture under any bankruptcy law or the resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(h) or (i) with respect to the Company, the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

SECTION 7.08. Replacement of Trustee. The Trustee may resign at any time by so notifying the Company. The Holders of a majority in principal amount of the Debentures may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Company shall remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10;

(b) the Trustee is adjudged bankrupt or insolvent;

(c) a receiver or other public officer takes charge of the Trustee or its property; or

(d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Company or by the Holders of a majority in principal amount of the Debentures and such Debentureholders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Debentureholders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the Debentures may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Debentureholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Company□s obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Debentures shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such

Debentures so authenticated; and in case at that time any of the Debentures shall not have been authenticated, any successor to the Trustee may authenticate such Debentures either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Debentures or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.10. Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of TIA § 310(a). The Trustee shall have a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA § 310(b); provided, however, that there shall be excluded from the operation of TIA § 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in TIA § 310(b)(1) are met.

SECTION 7.11. Preferential Collection of Claims Against Company. The Trustee shall comply with TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated.

ARTICLE 8

Discharge of Indenture

SECTION 8.01. Discharge of Liability on Debentures. (a) When (i) the Company delivers to the Trustee all outstanding Debentures (other than Debentures replaced pursuant to Section 2.09) for cancellation or (ii) all outstanding Debentures have become due and payable, whether at maturity or as a result of the mailing of a notice of redemption or upon a repurchase pursuant to Article 3 hereof, and the Company irrevocably deposits with the Trustee money sufficient to pay at maturity or upon redemption or repurchase all outstanding Debentures, including interest thereon to maturity or such redemption or repurchase date (other than Debentures replaced pursuant to Section 2.09), and any shares of Common Stock or other property due in respect of converted Debentures, and if in each such case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 8.01(b), cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers Certificate and an Opinion of Counsel and at the cost and expense of the Company.

(b) Notwithstanding clause (a) above, the Company s obligations in Sections 2.05, 2.06, 2.07, 2.08, 2.09, 2.10, 7.07, 7.08 and in this Article 8 shall survive until the Debentures have been paid in full. Thereafter, the Company s obligations in Sections 7.07, 8.03 and 8.04 shall survive.

SECTION 8.02. Application of Trust Money. The Trustee shall hold in trust money and any shares of Common Stock or other property due in respect of converted Debentures deposited with it pursuant to this Article 8. It shall apply the deposited money through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Debentures or, in the case of any shares of Common Stock or other property

due in respect of converted Debentures, in accordance with this Indenture in relation to the conversion of Debentures pursuant to the terms hereof. Money and securities so held in trust are not subject to Article 12.

SECTION 8.03. Repayment to Company. The Trustee and the Paying Agent shall promptly turn over to the Company upon request any excess money or securities held by them at any time.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal or interest and any shares of Common Stock or other property due in respect of converted Debentures that remains unclaimed for two years, and, thereafter, Debentureholders entitled to the money and/or securities must look to the Company for payment as general creditors.

SECTION 8.04. Reinstatement. If the Trustee or Paying Agent is unable to apply any money or to deliver any shares of Common Stock or other property due in respect of converted Debentures in accordance with this Article 8 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company s obligations under this Indenture and the Debentures shall be revived and reinstated as though no deposit had occurred pursuant to this Article 8 until such time as the Trustee or Paying Agent is permitted to apply all such money and any shares of Common Stock or other property due in respect of converted Debentures in accordance with this Article 8; provided, however, that, if the Company has made any payment of interest on or principal of any Debentures because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Debentureholders of such Debentures to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9

Amendments

SECTION 9.01. Without Consent of Debentureholders. The Company, Distribution and the Trustee may amend this Indenture or the Debentures without notice to or consent of any Debentureholder:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to comply with Article 5;

(c) to provide for uncertificated Debentures in addition to or in place of certificated Debentures; provided, however, that the uncertificated Debentures are issued in registered form for purposes of Section 163(f) of the Code or in a manner such that the uncertificated Debentures are described in Section 163(f)(2)(B) of the Code;

(d) to make any change in Article 12 that would limit or terminate the benefits available to any holder of Senior Indebtedness (or Representatives therefor) under Article 12;

(e) to add additional Guarantees with respect to the Debentures or to secure the Debentures;

(f) to add to the covenants of the Company for the benefit of the Debentureholders or to surrender any right or power herein conferred upon the Company;

(g) to make any change that does not adversely affect the rights of any Debentureholder, subject to the provisions of this Indenture;

(h) to provide for a successor Trustee;

(i) to make any changes or modifications necessary in connection with the registrations of the Debentures under the Securities Act as contemplated in the Registration Rights Agreement; provided that such change or modification does not adversely affect the interests of the holders of the Debentures in any material respect; or

(j) to comply with any requirements of the SEC in connection with qualifying, or maintaining the qualification of, this Indenture under the TIA.

An amendment under this Section may not make any change that adversely affects the rights under Article 12 of any holder of Senior Indebtedness then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

After an amendment under this Section becomes effective, the Company shall mail to Debentureholders a notice briefly describing such amendment. The failure to give such notice to all Debentureholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

SECTION 9.02. With Consent of Debentureholders. The Company, Distribution and the Trustee may amend this Indenture or the Debentures with the written consent of the Holders of at least a majority in principal amount of the Debentures then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Debentures), without notice to any other Debentureholder. However, without the consent of each Holder of an outstanding Debenture affected, an amendment may not:

(a) reduce the principal amount of Debentures whose Debentureholders must consent to an amendment;

(b) reduce the rate of or extend the time for payment of interest on any Debenture;

(c) reduce the principal of or extend the Stated Maturity of any Debenture;

(d) reduce the amount payable in relation to the repurchase of any Debentures or change the time at which any Debentures may be put by holders for repurchase by the Company in accordance with Article 3;

(e) reduce the premium payable upon the redemption of any Debenture or change the time at which any Debenture may be redeemed in accordance with Article 3;

(f) make any Debenture payable in money other than that stated in the Debenture;

(g) make any change affecting the ranking of the Debentures or any change in Article 12 that adversely affects the rights of any Debentureholder under Article 12;

(h) impair the right of a holder to institute suit for payment of any Debentures;

(i) adversely affect the right of a holder to convert any Debentures into cash, and, if applicable, shares of Common Stock (or to the extent otherwise applicable, other property receivable upon conversion pursuant to the terms of this Indenture) or reduce the Conversion Rate, except as otherwise permitted pursuant to this Indenture;

(j) make any change adversely affecting the rights of holders of the Debentures with respect to the Distribution Guarantee; or

(k) make any change in Section 6.04 or 6.07 or the second sentence of this Section 9.02.

It shall not be necessary for the consent of the Debentureholders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

An amendment under this Section 9.02 may not make any change that adversely affects the rights under Article 12 of any holder of Senior Indebtedness of Distribution then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

After an amendment under this Section becomes effective, the Company shall mail to Debentureholders a notice briefly describing such amendment. The failure to give such notice to all Debentureholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

SECTION 9.03. Compliance with Trust Indenture Act. Every amendment to this Indenture or the Debentures shall comply with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents and Waivers. A consent to an amendment or a waiver by a Debentureholder of a Debenture shall bind the Debentureholder and every subsequent Debentureholder of that Debenture or portion of the Debenture that evidences the same debt as the consenting Debentureholder's Debenture, even if notation of the consent or waiver is not made on the Debenture. However, any such Debentureholder or subsequent Debentureholder may revoke the consent or waiver as to such Debentureholder's Debenture or portion of the Debenture if the Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Debentureholder. An amendment or waiver becomes effective once

both (i) the requisite number of consents have been received by the Company or the Trustee and (ii) such amendment or waiver has been executed by the Company and the Trustee.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Debentureholders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Debentureholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Debentureholders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

SECTION 9.05. Notation on or Exchange of Debentures. If an amendment changes the terms of a Debenture, the Trustee may require the Debentureholder of the Debenture to deliver it to the Trustee. The Trustee may place an appropriate notation on the Debenture regarding the changed terms and return it to the Debentureholder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Debenture shall issue and the Trustee shall authenticate a new Debenture that reflects the changed terms. Failure to make the appropriate notation or to issue a new Debenture shall not affect the validity of such amendment.

SECTION 9.06. Trustee to Sign Amendments. The Trustee shall sign any amendment authorized pursuant to this Article 9 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment the Trustee shall be entitled to receive, and (subject to Section 7.01) shall be fully protected in relying upon, in addition to the documents required by Section 13.04, an Officers Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture and that such amendment is the legal, valid and binding obligation of the Company and Distribution enforceable against them in accordance with its terms, subject to customary exceptions, and complies with the provisions hereof (including Section 9.03).

ARTICLE 10

Conversion of Debentures

SECTION 10.01. Right to Convert. (a) Subject to and upon compliance with the provisions of this Indenture, on or prior to the close of business on the Trading Day immediately preceding November 15, 2026, the holder of any Debentures not previously redeemed or repurchased shall have the right, at such holders option, to convert the principal amount of the Debentures held by such holder, or any portion of such principal amount which is an integral multiple of $1,000, into cash and, if applicable, fully paid and non-assessable shares of Common Stock (as such shares shall then be constituted) as described in Section 10.12, at the Conversion Rate in effect at such time, by surrender of the Debentures so to be converted in whole or in part, together with any required funds, under the circumstances described in this Section 10.01 and in the manner provided in Section 10.02. The Debentures shall be convertible only upon the occurrence of one of the following events:

(1) prior to November 15, 2024 on any date during any Fiscal Quarter beginning after December 31, 2006 (and only during such Fiscal Quarter), if the Closing Sale Price of a share of Common Stock was more than 120% of the then current Conversion Price for at least 20 Trading Days in the 30 consecutive Trading-Day period ending on the last Trading Day of the immediately preceding Fiscal Quarter;

(2) on or after November 15, 2024;

(3) with respect to Debentures called for redemption pursuant to Section 3.01, until 5:00 p.m., New York City time, on the Business Day prior to the relevant redemption date;

(4) if the Company distributes to all or substantially all holders of Common Stock rights, options or warrants (other than pursuant to a shareholder rights plan) entitling them to purchase, for a period of 45 calendar days or less, Common Stock at less than the average Closing Sale Price per share of the Common Stock for the 10 Trading Days preceding the declaration date for such distribution;

(5) if the Company distributes to all or substantially all holders of Common Stock, cash or other assets, debt securities or rights to purchase the Company□s securities (other than pursuant to a shareholder rights plan, share split of Common Stock or a dividend or distribution on its Common Stock in shares of Common Stock), which distribution has a per share value as determined by the Board of Directors exceeding 5% of the Closing Sale Price per share of the Common Stock on the Trading Day preceding the declaration for such distribution;

(6) if a Fundamental Change occurs, at any time beginning on the Business Day following the effective date of the Fundamental Change until 5:00 p.m., New York City time, on the Business Day preceding the Fundamental Change Repurchase Date relating to such Fundamental Change; or

(7) during the five consecutive Trading Days immediately following any five consecutive Trading-Day period in which the Trading Price per $1,000 principal amount of the Debentures was less than 98% of the product of the Closing Sale Price of a share of Common Stock and the applicable Conversion Rate for each day of such five consecutive Trading Day period.

(b) (1) The Company shall notify the Trustee in writing on or prior to the fifth Business Day following the first day of each calendar quarter (commencing prior to November 15, 2024, beginning with the calendar quarter ending March 31, 2007) whether the condition to conversion set forth in Section 10.01(1)(a) above shall have been satisfied with respect to such calendar quarter.

(2) The Trustee shall have no obligation to determine the Trading Price of the Debentures and whether the Debentures are convertible pursuant to clause (7) of Section 10.01(a) unless the Company has requested such determination; and the Company shall have no obligation to make such request unless a holder of the Debentures makes a request for a

determination and provides the Company with reasonable evidence that the Trading Price per $1,000 principal amount of Debentures is reasonably likely to be less than 98% of the product of the Closing Sale Price of the Common Stock and the Conversion Rate then in effect per $1,000 principal amount of Debentures. At such time, the Company shall instruct the Trustee to determine the Trading Price of the Debentures beginning on the next Trading Day and on each successive Trading Day for 10 consecutive Trading Days to determine whether the Trading Prices for the Debentures for each Trading Day in any five consecutive Trading Day period within such 10 Trading Day period is less than 98% of the product of the Closing Sale Price of the Common Stock and the then current Conversion Rate, and to notify the Company accordingly.

The Trustee shall be entitled at its sole discretion to consult with the Company and to request the assistance of the Company in connection with the Trustee's duties and obligations pursuant to Section 10.01(b)(1) and Section 10.01(b)(2) hereof (including without limitation the calculation or determination of the Conversion Price, the Conversion Rate, the Closing Sale Price and the Trading Price), and the Company agrees, if requested by the Trustee, to cooperate with, and provide assistance to, the Trustee in carrying out its duties under this Section 10.01. Upon determination of the Conversion Price, the Conversion Rate, the Closing Sale Price or the Trading Price, as the case may be, the Trustee shall notify the Company in writing of such determination and, in the case of the determination of the Conversion Price, the Conversion Rate or the Closing Sale Price, upon request the Company shall promptly confirm such determination in writing to the Trustee.

(c) In the case of a distribution contemplated by clauses (4) or (5) of Section 10.01(a), the Company shall notify holders of Debentures at least 20 calendar days prior to the ex-dividend date (the first date on which the Common Stock trades, regular way, on the relevant market from which the Closing Sale Price was obtained without the right to receive such right, warrant, dividend or distribution) for such distribution (the "**Distribution Notice**"). Once the Company has given the Distribution Notice, holders may surrender their Debentures for conversion at any time until the earlier of (i) 5:00 p.m., New York City time, on the Business Day immediately preceding the ex-dividend date or (ii) the Company's announcement that such distribution will not take place. In the event of a distribution contemplated by clauses (4) or (5) of Section 10.01(a), holders may not convert the Debentures if the holders may otherwise participate in such distribution without converting their Debentures. The Company will provide written notice to the Trustee and holders and any conversion agent as soon as reasonably practicable of any anticipated or actual event or transaction that will cause or causes the Debentures to become convertible pursuant to clauses (4) or (5) of Section 10.01(a).

(d) In addition, if the Company consolidates with or merges with or into another Person or is a party to a binding share exchange or conveys, transfers, sells, leases or otherwise disposes of all or substantially all of its properties and assets in each case in a transaction not constituting a Fundamental Change, pursuant to which the Common Stock would be converted into cash, securities and/or other property, then the holders shall have the right to convert their Debentures at any time beginning fifteen calendar days prior to the date announced by the Company as the anticipated effective date of the transaction and until and including the date which is 15 calendar days after the date that is the actual effective date of such transaction.

The Board of Directors shall determine the anticipated effective date of the transaction, and such determination shall be conclusive and binding on the holders and shall be publicly announced by the Company and posted on its website not later than 20 calendar days prior to such date.

(e) Whenever the Debentures shall become convertible pursuant to this Section 10.01, the Company or, at the Company's request, the Trustee in the name and at the expense of the Company, shall notify the holders of the event triggering such convertibility in the manner provided in Section 13.02, and the Company shall also publicly announce such information and publish it on the Company's website. Any notice so given shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. The Company shall notify holders at least 20 calendar days prior to the anticipated effective date of any Fundamental Change.

(f) Debentures in respect of which a holder has delivered a Repurchase Notice exercising such holder's right to require the Company to repurchase such Debentures pursuant to Section 3.04 or 3.05 may be converted only if such Repurchase Notice is withdrawn in accordance with Section 3.07 prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Repurchase Date or the Fundamental Change Repurchase Date, as applicable.

(g) A holder of Debentures is not entitled to any rights of a holder of Common Stock until such holder has converted his Debentures to Common Stock, and only to the extent such Debentures are deemed to have been converted to Common Stock under this Article 10.

SECTION 10.02. Exercise of Conversion Right; Issuance of Common Stock on Conversion; No Adjustment for Interest or Dividends. In order to exercise the conversion right with respect to any Debentures in certificated form, the Company must receive at the office or agency of the Company maintained for that purpose in The City of New York or, at the option of such holder, the Corporate Trust Office, such Debentures with the original or facsimile of the form entitled "**Conversion Notice**" on the reverse thereof, duly completed and manually signed, together with such Debentures duly endorsed for transfer, together with any other required transfer documents, accompanied by the funds, if any, required by this Section 10.02. Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock which shall be issuable on such conversion shall be issued, and shall be accompanied by transfer or similar taxes, if required pursuant to Section 10.07.

In order to exercise the conversion right with respect to any interest in a Global Debenture, the holder must complete, or cause to be completed, the appropriate instruction form for conversion pursuant to the Depositary's book-entry conversion program; deliver, or cause to be delivered, by book-entry delivery an interest in such Global Debenture; furnish appropriate endorsements and transfer documents if required by the Company or the Trustee or conversion agent; and pay the funds, if any, required by this Section 10.02 and any transfer or similar taxes if required pursuant to Section 10.07.

The cash and, if applicable, a certificate or certificates for the number of full shares of Common Stock into which the Debentures are converted (and cash in lieu of fractional

shares) will be delivered to such holder after satisfaction of the requirements for conversion set forth above, in accordance with Section 10.12. In case any Debentures of a denomination greater than $1,000 shall be surrendered for partial conversion, and subject to Section 2.03, the Company shall execute and the Trustee shall authenticate and deliver to the holder of the Debentures so surrendered, without charge to the holder, a new Debentures or Debentures in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Debentures.

Each conversion shall be deemed to have been effected as to any such Debentures (or portion thereof) on the date on which the requirements set forth above in this Section 10.02 have been satisfied as to such Debentures (or portion thereof) (the "**Conversion Date**") and such Debentures will be deemed to have been converted immediately prior to 5:00 p.m., New York City time, on the Conversion Date. The Person in whose name any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become, on said date, the holder of record of the shares represented thereby; provided that any such surrender on any date when the stock transfer books of the Company shall be closed shall constitute the Person in whose name the certificates are to be issued as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Rate in effect on the Conversion Date.

Any Debentures or portion thereof surrendered for conversion during the period from 5:00 p.m., New York City time, on the Record Date for any interest payment date to 5:00 p.m., New York City time, on the Business Day preceding the applicable interest payment date shall be accompanied by payment, in immediately available funds or other funds acceptable to the Company, of an amount equal to the interest (excluding any Additional Interest) otherwise payable on such interest payment date on the principal amount being converted; provided that no such payment need be made (1) if a holder converts its Debentures in connection with a redemption and the Company has specified a redemption date that is after a Record Date and on or prior to the corresponding interest payment date, (2) if a holder converts its Debentures in connection with a Fundamental Change and the Company has specified a Fundamental Change Repurchase Date that is after a Record Date and on or prior to the corresponding interest payment date or (3) to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such Debentures. Except as provided above in this Section 10.02 and Section 10.05, no payment or other adjustment shall be made for interest accrued on any Debentures converted or for dividends on any shares issued upon the conversion of such Debentures as provided in this Article 10.

Upon the conversion of an interest in a Global Debenture, the Trustee (or other conversion agent appointed by the Company), or the custodian for the Global Debenture at the direction of the Trustee (or other conversion agent appointed by the Company), shall make a notation on such Global Debenture as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of any conversions of Debentures effected through any conversion agent other than the Trustee.

Upon the conversion of any Debentures, the accrued but unpaid interest attributable to the period from the issue date of the Debentures to the Conversion Date, with respect to the converted Debentures, shall not be cancelled, extinguished or forfeited, but rather

shall be deemed to be paid in full to the holder thereof through delivery of the cash (including a cash payment in lieu of fractional shares, if any) and shares of Common Stock, if any, in exchange for the Debentures being converted pursuant to the provisions hereof.

SECTION 10.03. Cash Payments in Lieu of Fractional Shares. No fractional shares of Common Stock or scrip certificates representing fractional shares shall be issued upon conversion of Debentures. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of full shares that shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Debentures (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional share of stock would be issuable upon the conversion of any Debenture or Debentures, the Company shall make an adjustment and payment therefor in cash to the holder of Debentures at a price equal to the Closing Sale Price on the last Trading Day immediately preceding the Conversion Date.

SECTION 10.04. Conversion Rate.

(a) Each $1,000 principal amount of the Debentures shall be convertible into cash and the number of shares of Common Stock, if any, based upon the Conversion Rate which is specified in the form of Debentures attached as Exhibit A hereto, subject to adjustment as provided in this Section 10.04 and Section 10.05.

(b) Subject to Section 10.13, if and only to the extent a holder elects to convert Debentures at any time following the date on which a Non-Stock Change of Control becomes effective (the "**Effective Date**") but before 5:00 p.m., New York City time, on the Business Day immediately preceding the related Fundamental Change Purchase Date, the Company shall increase the Conversion Rate applicable to such converted Debentures by a number of additional shares of Common Stock (the "Additional Shares") as set forth below. The number of additional shares of Common Stock shall be determined by reference to the table below, based on the Effective Date and the price (the "**Stock Price**") paid per share for the Common Stock in the Non-Stock Change of Control. If holders of Common Stock receive only cash in the Non-Stock Change of Control, the Stock Price shall be the cash amount paid per share. Otherwise, the Stock Price shall be the average of the Closing Sale Prices of the Common Stock on the five Trading Days prior to but not including the Effective Date of such Non-Stock Change of Control.

The numbers of Additional Shares of Common Stock set forth in the table below shall be adjusted as of any date on which the Conversion Rate is adjusted in the same manner in which the Conversion Rate is adjusted. The Stock Prices set forth in the table below shall be adjusted, as of any date on which the Conversion Rate is adjusted, to equal the Stock Price applicable immediately prior to such adjustment multiplied by a fraction, of which

(1) the numerator shall be the Conversion Rate immediately prior to the adjustment and

(2) the denominator shall be the Conversion Rate as so adjusted.

The following table sets forth the Stock Price and number of additional shares by which the Conversion Rate shall be adjusted:

Stock Price

	$ 65.30	$ 88.15	$100.00	$110.00	$120.00	$130.00	$140.00	$150.00	$160.00	$170.00	$180.00
Effective Date											
November 2, 2006	3.9702	2.1499	1.6357	1.3217	1.0828	0.8979	0.7522	0.6356	0.5412	0.4645	0.4006
November 15, 2007	3.9702	2.0594	1.5293	1.2117	0.9744	0.7937	0.6543	0.5446	0.4573	0.3874	0.3301
November 15, 2008	3.9485	1.9001	1.3598	1.0454	0.8168	0.6476	0.5206	0.4236	0.3484	0.2895	0.2427
November 15, 2009	3.8703	1.6579	1.1110	0.8085	0.5994	0.4524	0.3476	0.2719	0.2160	0.1740	0.1423
November 15, 2010	3.7498	1.2488	0.7102	0.4478	0.2885	0.1908	0.1302	0.0921	0.0676	0.0515	0.0404
November 15, 2011	¾	¾	¾	¾	¾	¾	¾	¾	¾	¾	¾

If the Stock Price and Effective Date are not set forth on the table above and the Stock Price is:

(i) between two Stock Prices on the table or the Effective Date is between two days on the table, the number of additional shares of Common Stock shall be determined by the Trustee by straight-line interpolation between the number of additional shares of Common Stock set forth for the higher and lower Stock Price and the two Effective Dates, as applicable, based on a 360-day year;

(ii) in excess of $180.00 per share (subject to adjustment), no additional shares of Common Stock shall be issued upon conversion; or

(iii) less than $65.30 per share (subject to adjustment), no additional shares of Common Stock shall be issued upon conversion.

Notwithstanding the foregoing, in no event will the Conversion Rate as adjusted pursuant to this Section 10.04 exceed 15.3139 per $1,000 principal amount of the Debentures, subject to adjustments in the same manner as the number of Additional Shares of Common Stock as set forth in this Section 10.04(b).

The Company shall provide written notice to all holders and to the Trustee at least 20 calendar days prior to the anticipated Effective Date of a Non-Stock Change of Control. The Company must also provide written notice to all holders and to the Trustee upon the effectiveness of such Non-Stock Change of Control.

SECTION 10.05. Adjustment of Conversion Rate. The Conversion Rate shall be adjusted from time to time by the Company as follows:

(a) In case the Company shall, at any time or from time to time while any of the Debentures are outstanding, pay a dividend in shares of Common Stock or make a distribution in shares of Common Stock to all or substantially all holders of its outstanding shares of Common Stock, then the Conversion Rate in effect at the opening of business on the date following the Record Date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for the determination of stockholders entitled to receive such dividend or other distribution plus the total number of shares of Common Stock constituting such dividend or other distribution; and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination,

such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purpose of this paragraph (a), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company. If any dividend or distribution of the type described in this Section 10.05(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants (other than any rights or warrants referred to in Section 10.05(d)) to all or substantially all holders of its outstanding shares of Common Stock entitling them to subscribe or purchase, for a period of up to 45 calendar days, shares of Common Stock at a price per share less than the then Current Market Price, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the date fixed for determination of stockholders entitled to receive such rights or warrants by a fraction,

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the date fixed for determination of stockholders entitled to receive such rights or warrants plus the total number of additional shares of Common Stock offered for subscription or purchase, and

(2) the denominator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for determination of stockholders entitled to receive such rights or warrants plus the number of shares that the aggregate offering price of the total number of shares so offered would purchase at the Current Market Price on such date.

Such adjustment shall be successively made whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the date fixed for determination of stockholders entitled to receive such rights or warrants; provided, that no adjustment to the Conversion Rate shall be made if the holder will otherwise participate in such distribution without conversion as a result of holding the Debentures. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all or substantially all holders of its outstanding shares of Common Stock shares of any class of capital stock of the Company or evidences of its indebtedness or assets (including securities, but excluding (i) any rights or warrants referred to in Section 10.05(c), (ii) any dividends or distributions in connection with a reclassification, consolidation, merger, combination or sale or conveyance to which Section 10.06 applies, (iii) any dividends or distributions paid exclusively in cash or (iv) any dividends or distributions referred to in Section 10.05(a)) (any of the foregoing hereinafter in this Section 10.05(d)) called the "**Distributed Assets**"), then, in each such case, the Conversion Rate shall be increased so that the same shall be equal to the rate determined by multiplying the Conversion Rate in effect on the record date with respect to such distribution by a fraction,

(1) the numerator of which shall be the Current Market Price on such record date; and

(2) the denominator of which shall be the Current Market Price on such record date less the Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive, and described in a resolution of the Board of Directors) on the record date of the portion of the Distributed Assets so distributed applicable to one share of Common Stock,

such adjustment to become effective immediately prior to the opening of business on the day following such record date; provided that if the then Fair Market Value (as so determined) of the portion of the Distributed Assets so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the record date or the Current Market Price exceed such Fair Market Value by less than $1.00, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of Debentures shall have the right to receive upon conversion the amount of Distributed Assets such holder would have received had such holder

converted each Debentures solely into Common Stock immediately prior to the record date; and provided, further, that no adjustment to the Conversion Rate shall be made if the holder will otherwise participate in such distribution without conversion as a result of holding the Debentures. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the Fair Market Value of any distribution for purposes of this Section 10.05(d) by reference to the actual or when issued trading market for any Distributed Assets comprising all or part of such distribution, it must in doing so consider the prices in such market over the same period (the "**Reference Period**") used in computing the Current Market Price pursuant to Section 10.05(h)(i) to the extent possible, unless the Board of Directors determines in good faith that determining the Fair Market Value during the Reference Period would not be in the best interest of the holders. Notwithstanding the foregoing, in the event any such distribution consists of shares of capital stock of, or similar equity interests in, one or more of the Company's Subsidiaries (a "**Spin-Off**"), the Conversion Rate shall be increased so that the same shall be equal to the rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date with respect to such distribution by a fraction:

(1) the numerator of which shall be the Current Market Price of the Common Stock, plus the Fair Market Value of the portion of the distributed assets so distributed applicable to one share of Common Stock (determined on the basis of the number of shares of Common Stock outstanding on the record date), determined as set forth above, and

(2) the denominator of which shall be the Current Market Price on such record date; and

Such increase shall become effective immediately prior to the opening of business on the day following the last Trading Day of the Spin-Off Valuation Period (as defined below). In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. In the case of a Spin-Off, the Fair Market Value of the securities to be distributed shall equal the average of the Closing Sale Prices of such securities on the principal securities market on which such securities are traded for the five consecutive Trading Days commencing on and including the sixth day of trading of those securities after the effectiveness of the Spin-Off (the "**Spin-Off Valuation Period**"), and the Current Market Price shall be measured for the same period. In the event, however, that an underwritten initial public offering of the securities in the Spin-Off occurs simultaneously with the Spin-Off, Fair Market Value of the securities distributed in the Spin-Off shall mean the initial public offering price of such securities and the Current Market Price shall mean the Closing Sale Price for the Common Stock on the same Trading Day.

Rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of

a specified event or events (□**Trigger Event**□): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 10.05 (and no adjustment to the Conversion Rate under this Section 10.05 will be required) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 10.05(d). If any such right or warrant, including any such existing rights or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and record date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 10.05 was made, (1) in the case of any such rights or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights and warrants had not been issued.

No adjustment of the Conversion Rate shall be made pursuant to this Section 10.05(d) in respect of rights or warrants distributed or deemed distributed on any Trigger Event to the extent that such rights or warrants are actually distributed or reserved by the Company for distribution to holders of Debentures upon conversion by such holders of Debentures to Common Stock.

For purposes of this Section 10.05(d) and Sections 10.05(a) and (b), any dividend or distribution to which this Section 10.05(d) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets or shares of capital stock other than such shares of Common Stock or rights or warrants (and any Conversion Rate adjustment required by this Section 10.05(d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Conversion Rate adjustment required by Sections 10.05(a) or 10.05(b) with respect to such dividend or distribution shall then be made), except (A) the record date of such dividend or distribution shall be substituted as □the date fixed for the determination of stockholders entitled to receive such dividend or other distribution□, □the date fixed for the determination of stockholders entitled to receive such rights or warrants□ and □the date fixed for such determination□ within the meaning of Section 10.05(a) and 10.05(b) and (B) any shares of Common Stock included in such dividend or distribution

shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of Section 10.05(a).

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash (including any quarterly cash dividend, but excluding (x) any dividend or distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary and (y) any dividend or distribution in connection with a reclassification, consolidation, merger, binding share exchange or sale to which Section 10.06 applies, then the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect on the applicable record date by a fraction,

(1) the numerator of which shall be the Current Market Price on such record date; and

(2) the denominator of which shall be the Current Market Price on such record date less the amount of the cash distribution applicable to one share of Common Stock,

such adjustment to be effective immediately prior to the opening of business on the day following the record date; provided that if the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of Debentures shall have the right to receive upon conversion the amount of cash such holder would have received had such holder converted each Debentures solely into Common Stock immediately prior to the record date. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(f) In case a tender or exchange offer made by the Company or any Subsidiary for all or any portion of the Common Stock shall expire and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to stockholders of consideration per share of Common Stock having a Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) that as of the last time (the "**Expiration Time**") tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) exceeds the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the Expiration Time by a fraction,

(1) the numerator of which shall be the sum of (x) the Fair Market Value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the "**Purchased Shares**") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Closing Sale

Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any Purchased Shares) at the Expiration Time multiplied by the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time,

such adjustment to become effective immediately prior to the opening of business on the day following the Expiration Time. If the Company is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(g) Except as provided below, in case a tender or exchange offer made by a Person other than the Company or any of its Subsidiaries for all or any portion of the Common Stock shall expire, the Board of Directors have not recommended rejection of such tender of exchange offer and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to stockholders of consideration per share of Common Stock having a Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) that as of the last time (the "**Offer Expiration Time**") tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) exceeds the Closing Sale Price of a share of Common Stock on the Business Day immediately following the Offer Expiration Time, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the Offer Expiration Time by a fraction,

(1) the numerator of which shall be the sum of (x) the Fair Market Value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Offer Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the "**Accepted Purchased Shares**") and (y) the product of the number of shares of Common Stock outstanding (less any Accepted Purchased Shares) at the Offer Expiration Time and the Closing Sale Price of a share of Common Stock on the Trading Day immediately following the Offer Expiration Time; and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any Accepted Purchased Shares) at the Offer Expiration Time multiplied by the Closing Sale Price of a share of Common Stock on the Trading Day immediately following the Offer Expiration Time,

such adjustment to become effective immediately prior to the opening of business on the day following the Offer Expiration Time.

The foregoing adjustment (A) shall be made only if the tender offer or exchange offer is for an amount that increase the ownership of Common Stock by the Person making such offer to more than 25% of the total shares of Common Stock outstanding and (B) will not be made if as of the Offer Expiration Time, the tender offer documents disclose a plan or intention to cause the Company to engage in a transaction constituting a Fundamental Change.

(h) For purposes of this Section 10.05, the following terms shall have the meaning indicated:

(i) "**Current Market Price**" on any date means the average of the daily Closing Sale Prices per share of Common Stock for the ten consecutive Trading Days immediately prior to such date (the "day in question"); provided that if:

(1) the "ex" date (as hereinafter defined) for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Rate pursuant to Section 10.05 (a), (b), (c), (d), (e) or (f) occurs during such ten consecutive Trading Days, the Closing Sale Price for each Trading Day prior to the "ex" date for such other event shall be adjusted by dividing such Closing Sale Price by the same fraction by which the Conversion Rate is so required to be multiplied as a result of such other event;

(2) the "ex" date for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Rate pursuant to Section 10.05(a), (b), (c), (d), (e) or (f) occurs on or after the "ex" date for the issuance or distribution requiring such computation and prior to the day in question, the Closing Sale Price for each Trading Day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Sale Price by the fraction by which the Conversion Rate is so required to be multiplied as a result of such other event; and

(3) the "ex" date for the issuance or distribution requiring such computation is prior to the day in question, after taking into account any adjustment required pursuant to clause (1) or (2) of this proviso, the Closing Sale Price for each Trading Day on or after such "ex" date shall be adjusted by adding thereto the amount of any cash and the Fair Market Value (as determined by the Board of Directors in a manner consistent with any determination of such value for purposes of Section 10.05(d), (e) or (f)) of the evidences of indebtedness, shares of capital stock or assets being distributed applicable to one share of Common Stock as of the close of business on the day before such "ex" date.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this Section 10.05, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this Section 10.05 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

"Ex" date, when used:

(1) with respect to any issuance or distribution, means the first date on which the shares of Common Stock trade regular way on the relevant exchange or in the

relevant market from which the Closing Sale Price was obtained without the right to receive such issuance or distribution;

(2) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the shares of Common Stock trade regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective; and

(3) with respect to any tender or exchange offer, means the first date on which the shares of Common Stock trade regular way on such exchange or in such market after the Expiration Time of such offer.

(ii) "**Fair Market Value**" shall mean the amount which a willing buyer would pay a willing seller in an arm's-length transaction.

(iii) "**record date**" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(iv) "**Trading Day**" means a day during which (i) trading in the Common Stock generally occurs, (ii) there is no Market Disruption Event and (iii) a Closing Sale Price for the Common Stock is provided on the New York Stock Exchange or, if the Common Stock is not listed on the New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Stock is then traded.

(i) The Company may make such increases in the Conversion Rate, in addition to those required by Section 10.05(a)-(g), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 Business Days, the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to holders of record of the Debentures a notice of the increase, which notice will be given at least 15 days prior to the effectiveness of any such increase, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(j) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in such rate;

provided that any adjustments that by reason of this Section 10.05(j) are not required to be made shall be carried forward and the Company shall make such carry forward adjustments, regardless of whether the aggregate adjustment is less than 1%, (x) annually on the anniversary of the Closing Date and otherwise (y)(1) five Business Days prior to the maturity of the Debentures (whether at stated maturity or otherwise) or (2) prior to the redemption date or Repurchase Date or Fundamental Change Repurchase Date, unless such adjustment has already been made. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one-ten thousandth (1/10,000) of a share, as the case may be. No adjustment need be made for rights to purchase Common Stock pursuant to a Company plan for reinvestment of dividends or interest or for any issuance of Common Stock or convertible or exchangeable securities or rights to purchase Common Stock or convertible or exchangeable securities. Interest will not accrue on any cash into which the Debentures are convertible.

(k) Whenever the Conversion Rate is adjusted as herein provided, the Company will issue a press release through Business Wire containing the relevant information and make this information available on the Company's website or through another public medium as the Company may use at that time. In addition, the Company shall promptly file with the Trustee and any conversion agent other than the Trustee an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of the Trustee shall have received such Officers' Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Conversion Rate and may assume that the last Conversion Rate of which it has actual knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to the holder of each Debentures at his last address appearing on the Register, within 20 calendar days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(l) In any case in which this Section 10.05 provides that an adjustment shall become effective immediately after (1) a record date for an event, (2) the date fixed for the determination of stockholders entitled to receive a dividend or distribution pursuant to Section 10.05(a), (3) a date fixed for the determination of stockholders entitled to receive rights or warrants pursuant to Section 10.05(b), or (4) the Expiration Time for any tender or exchange offer pursuant to Section 10.05(f) or Section 10.05(g), (each a "**Determination Date**"), the Company may elect to defer until the occurrence of the applicable Adjustment Event (as hereinafter defined) (x) issuing to the holder of any Debentures converted after such Determination Date and before the occurrence of such Adjustment Event, the additional shares of Common Stock, if any, or other securities issuable upon such conversion by reason of the adjustment required by such Adjustment Event over and above the Common Stock, if any, issuable upon such conversion before giving effect to such adjustment and (y) paying to such holder any amount in cash in lieu of any fractional share pursuant to Section 10.03. For purposes of this Section 10.05(l), the term "**Adjustment Event**" shall mean:

(i) in any case referred to in clause (1) hereof, the occurrence of such event,

(ii) in any case referred to in clause (2) hereof, the date any such dividend or distribution is paid or made,

(iii) in any case referred to in clause (3) hereof, the date of expiration of such rights or warrants, and

(iv) in any case referred to in clause (4) hereof, the date a sale or exchange of Common Stock pursuant to such tender or exchange offer is consummated and becomes irrevocable.

(m) For purposes of this Section 10.05, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(n) No adjustment to the Conversion Rate shall be made pursuant to this Section 10.05 if the holders of the Debentures may participate in the transaction that would otherwise give rise to adjustment pursuant to this Section 10.05.

SECTION 10.06. Effect of Reclassification, Consolidation, Merger or Sale. If any of the following events occur, namely:

(a) any reclassification or change of the outstanding Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination),

(b) any consolidation or merger of the Company with or into another Person or

(c) any sale, lease, transfer, conveyance or other disposition of all or substantially all of the Company's assets and those of its Subsidiaries taken as a whole to any other Person or Persons, as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash or any combination thereof) with respect to or in exchange for such Common Stock,

in each case, the Company or the successor or purchasing corporation, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture, if such supplemental indenture is then required to so comply) providing that such Debentures shall, without the consent of any holders of Debentures, be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash or any combination thereof) (the "**Applicable Consideration**") that such holder would have been entitled to receive upon such reclassification, change, consolidation, merger, sale, lease, transfer, conveyance or other disposition had such Debentures been converted into Common Stock immediately prior to such reclassification, change, consolidation, merger, sale, lease, transfer, conveyance or other disposition; provided that if the kind or amount of securities, cash or other property receivable upon such consolidation, merger, sale, lease, transfer, conveyance or other disposition is not the

same for each share of Common Stock in the light of rights of election available to holders of Common Stock, then for the purposes of this Section 10.06, the kind and amount of securities, cash or other property receivable upon such consolidation, merger, sale, lease, transfer, conveyance or other disposition shall be proportionately the same as the kind and amount per share received by all Common Stock holders in the aggregate and the term "Applicable Consideration" shall be construed accordingly. Such supplemental indenture shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 10. If, in the case of any such reclassification, change, consolidation, merger, sale, lease, transfer, conveyance or other disposition, the stock or other securities and assets receivable thereupon by a holder of Common Stock includes shares of stock or other securities and assets of a corporation other than the successor or purchasing corporation, as the case may be, in such reclassification, change, consolidation, merger, sale, lease, transfer, conveyance or other disposition, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the holders of the Debentures as the Board of Directors shall reasonably consider necessary by reason of the foregoing, including to the extent practicable the provisions providing for the conversion rights set forth in this Article 10.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each holder, at the address of such holder as it appears on the register of the Debentures maintained by the Registrar, within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section 10.06 shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales, leases, transfers, conveyances or other dispositions.

If this Section 10.06 applies to any event or occurrence, Section 10.05 shall not apply. Notwithstanding this Section 10.06, if a Public Acquirer Change of Control occurs and the Company elects to adjust its Conversion Obligation and the Conversion Rate pursuant to Section 10.13, the provisions of Section 10.13 shall apply to the conversion instead of this Section 10.06.

Any additional shares of Common Stock that a holder is entitled to receive upon conversion pursuant to Section 10.04(b), if applicable, shall not be payable in shares of Common Stock, but shall represent a right to receive the aggregate amount of cash, securities or other property into which the additional shares of Common Stock would convert as a result of such recapitalization, change, consolidation, merger, sale, lease, transfer, conveyance or other disposition.

SECTION 10.07. Taxes on Shares Issued. The issue of stock certificates on conversions of Debentures shall be made without charge to the converting holder of Debentures for any documentary, stamp or similar issue or transfer tax in respect of the issue thereof. The Company shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issue and delivery of stock in any name other than that of the holder of any Debentures converted, and the Company shall not be required to issue or deliver any such stock certificate unless and until the Person or Persons requesting the issue thereof shall have

paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

SECTION 10.08. Reservation of Shares, Shares to be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock. The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares of Common Stock to provide for the conversion of the Debentures, including any additional shares, from time to time as such Debentures are presented for conversion.

Before taking any action which would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Debentures, the Company will take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue shares of such Common Stock at such adjusted Conversion Rate.

The Company covenants that all shares of Common Stock which may be issued upon conversion of Debentures will upon issue be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

The Company covenants that, if any shares of Common Stock to be provided for the purpose of conversion of Debentures hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, the Company will in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the Commission (or any successor thereto), endeavor to secure such registration or approval, as the case may be.

The Company further covenants that, if at any time the Common Stock shall be listed on The New York Stock Exchange or any other national securities exchange or automated quotation system, the Company will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Debentures; provided that if the rules of such exchange or automated quotation system permit the Company to defer the listing of such Common Stock until the first conversion of the Debentures into Common Stock in accordance with the provisions of this Indenture, the Company covenants to list such Common Stock issuable upon conversion of the Debentures in accordance with the requirements of such exchange or automated quotation system at such time.

SECTION 10.09. Responsibility of Trustee. The Trustee and any other conversion agent shall not at any time be under any duty or responsibility to any holder of Debentures to determine the Conversion Rate or whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other conversion agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any capital stock, other securities or other assets or property, which may at any time be issued or delivered upon the conversion of any

Debentures; and the Trustee and any other conversion agent make no representations with respect thereto. Neither the Trustee nor any conversion agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Debentures for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article 10. Without limiting the generality of the foregoing, neither the Trustee nor any conversion agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 10.06 relating either to the kind or amount of shares of capital stock or other securities or other assets or property (including cash) receivable by holders of Debentures upon the conversion of their Debentures after any event referred to in such Section 10.06 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 9.01, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

SECTION 10.10. Notice to Holders Prior to Certain Actions. In case:

(a) the Company shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 10.05; or

(b) the Company shall authorize the granting to the holders of all or substantially all of its Common Stock or rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants; or

(c) of any reclassification or reorganization of the Common Stock of the Company (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

the Company shall cause to be filed with the Trustee and to be mailed to each holder of Debentures at his address appearing on the Register provided for in Section 2.05 of this Indenture, as promptly as possible but in any event at least ten calendar days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer,

dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

SECTION 10.11. Stockholder Rights Plans. If the rights provided for in any future rights plan adopted by the Company have separated from the shares of Common Stock in accordance with the provisions of the applicable stockholder rights agreement so that the holders of the Debentures would not be entitled to receive any rights in respect of Common Stock issuable upon conversion of the Debentures, the Conversion Rate will be adjusted as provided in Section 10.05(d). If such rights have not separated, any shares of Common Stock delivered upon the conversion of Debentures shall be accompanied by such rights.

SECTION 10.12. Settlement Upon Conversion. Upon any conversion of Debentures, the Company will deliver to converting Holders in respect of each $1,000 principal amount of Debentures being converted a "**Settlement Amount**" equal to the sum of the Daily Settlement Amount for each of the 20 Trading Days during the Cash Settlement Averaging Period.

"**Daily Settlement Amount**", for each $1,000 principal amount of Debentures, for each of the 20 Trading Days during the Cash Settlement Averaging Period, shall consist of:

(i) cash equal to the lesser of $50 and the Daily Conversion Value; and

(ii) to the extent the Daily Conversion Value exceeds $50, a number of shares equal to, (A) the difference between the Daily Conversion Value and $50, divided by (B) the Closing Sale Price of the Common Stock for such day.

"**Daily Conversion Value**" means, for each of the 20 consecutive Trading Days during the Cash Settlement Averaging Period, one-twentieth (1/20) of the product of (1) the applicable Conversion Rate and (2) the Closing Sale Prices of the Common Stock (or the consideration into which the Common Stock has been converted in connection with transactions to which Section 10.06 is applicable) on such day. For the purposes of determining the Daily Conversion Value the following provisions shall apply: (i) if the Applicable Consideration includes securities for which the price can be determined in a manner contemplated by the definition of "Closing Sale Price," then the value of such securities shall be determined in accordance with the principles set forth in such definition; (ii) if the Applicable Consideration includes other property (other than securities as to which clause (i) applies or cash), then the value of such property shall be the fair market value of such property as determined by the Company's Board of Directors in good faith; and (iii) if the Applicable Consideration includes cash, then the value of such cash shall be the amount thereof.

The Settlement Amount will be delivered to converting Holders on the third Business Day immediately following the last day of the Cash Settlement Averaging Period.

SECTION 10.13. Conversion After a Public Acquirer Change of Control.

(a) In the event of a Public Acquirer Change of Control, the Company may, in lieu of adjusting the Conversion Rate pursuant to Section 10.04(b), elect to adjust its Conversion

Obligation and the Conversion Rate such that from and after the Effective Date of such Public Acquirer Change of Control, holders of the Debentures shall be entitled to convert their Debentures, in accordance with Section 10.02 hereof, into shares of Public Acquirer Common Stock and the Conversion Rate in effect immediately before the Public Acquirer Change of Control shall be adjusted by multiplying it by a fraction:

(1) the numerator of which shall be (A) in the case of a share exchange, consolidation, merger or binding share exchange, pursuant to which the Common Stock is converted into cash, securities or other property, the average value of all cash and any other consideration (as determined by the Board of Directors) paid or payable per share of Common Stock or (B) in the case of any other Public Acquirer Change of Control, the average of the Closing Sale Prices of the Common Stock for the five consecutive Trading Days prior to but excluding the Effective Date of such Public Acquirer Change of Control; and

(2) the denominator of which shall be the average of the Closing Sale Prices of the Public Acquirer Common Stock for the five consecutive Trading Days commencing on the Trading Day next succeeding the Effective Date of such Public Acquirer Change of Control.

(b) The Company shall notify holders of its election by providing notice as set forth in Section 10.04(b).

(c) If the Company elects to make the adjustment to the Conversion Rate described in Section 10.13(a) in the event of a Public Acquirer Change of Control, holders of Debentures will not be entitled to receive any additional shares pursuant to Section 10.04(b).

ARTICLE 11

Distribution Guarantee

SECTION 11.01. Distribution Guarantee. Distribution hereby unconditionally and irrevocably guarantees, as a primary obligor and not merely as a surety, to each Debentureholder and to the Trustee and its successors and assigns (a) the full and punctual payment of principal of and interest on the Debentures when due, whether at Stated Maturity, by acceleration, by redemption, repurchase, upon conversion or otherwise, and all other monetary obligations of the Company under this Indenture (including obligations to the Trustee) and the Debentures and (b) the full and punctual performance within applicable grace periods of all other obligations of the Company whether for expenses, indemnification or otherwise under this Indenture and the Debentures (all the foregoing being hereinafter collectively called the "**Guaranteed Obligations**"). Distribution further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from Distribution, and that Distribution shall remain bound under this Article 11 notwithstanding any extension or renewal of any Guaranteed Obligation.

Distribution waives presentation to, demand of, payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for

nonpayment. Distribution waives notice of any default under the Debentures or the Guaranteed Obligations. The obligations of Distribution hereunder shall not be affected by (a) the failure of any Debentureholder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Debentures or any other agreement or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Debentures or any other agreement; (d) the release of any security held by any Debentureholder or the Trustee for the Guaranteed Obligations or any of them; (e) the failure of any Debentureholder or Trustee to exercise any right or remedy against any other guarantor of the Guaranteed Obligations; or (f) any change in the ownership of Distribution, except as provided in Section 11.02(b).

Distribution hereby waives any right to which it may be entitled to have the assets of the Company first be used and depleted as payment of the Company s or Distribution s obligations hereunder prior to any amounts being claimed from or paid by Distribution hereunder. Distribution hereby waives any right to which it may be entitled to require that the Company be sued prior to an action being initiated against Distribution.

Distribution further agrees that its Distribution Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Debentureholder or the Trustee to any security held for payment of the Guaranteed Obligations.

The Distribution Guarantee is, to the extent and in the manner set forth in Article 12, subordinated and subject in right of payment to the prior payment in full of the principal of and premium, if any, and interest on all Senior Indebtedness of Distribution and is made subject to such provisions of this Indenture.

Except as expressly set forth in Section 11.02, the obligations of Distribution hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of Distribution herein shall not be discharged or impaired or otherwise affected by the failure of any Debentureholder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Debentures or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of Distribution or would otherwise operate as a discharge of Distribution as a matter of law or equity.

Distribution agrees that its Distribution Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. Distribution further agrees that its Distribution Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed

Obligation is rescinded or must otherwise be restored by any Debentureholder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Debentureholder or the Trustee has at law or in equity against Distribution by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, Distribution hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Debentureholders or the Trustee an amount equal to the sum of (i) the unpaid principal amount of such Guaranteed Obligations, (ii) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law) and (iii) all other monetary obligations of the Company to the Debentureholders and the Trustee.

Distribution agrees that it shall not be entitled to any right of subrogation in relation to the Debentureholders in respect of any Guaranteed Obligations guaranteed hereby until payment in full of all Guaranteed Obligations and all obligations to which the Guaranteed Obligations are subordinated as provided in Article 12. Distribution further agrees that, as between it, on the one hand, and the Debentureholders and the Trustee, on the other hand, (x) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of the Distribution Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article 6, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by Distribution for the purposes of this Section 11.01.

Distribution also agrees to pay any and all costs and expenses (including reasonable attorneys fees and expenses) incurred by the Trustee or any Debentureholder in enforcing any rights under this Section 11.01.

Distribution shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 11.02. Limitation on Liability. Any term or provision of this Indenture to the contrary notwithstanding, the maximum, aggregate amount of the Guaranteed Obligations guaranteed hereunder by Distribution shall not exceed the maximum amount that can be hereby guaranteed without rendering this Indenture, as it relates to Distribution, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

SECTION 11.03. When Distribution May Merge or Transfer Assets. (a) Distribution shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to any Person unless:

(1) either (i) Distribution is the continuing corporation, or (ii) the resulting, surviving or transferee person (if other than the Company) is a corporation or limited liability company organized and existing under the laws of the United States, any state thereof or the District of Columbia and such person assumes, by a supplemental indenture in a form reasonably satisfactory to the Trustee, and a supplemental agreement, all of Distributions obligations under the Distribution Guarantee, this Indenture and the Registration Rights Agreement;

(2) immediately after giving effect to the transaction described above, no default or Event of Default, has occurred and is continuing; and

(3) Distribution has delivered to the Trustee the Officers Certificate and Opinion of Counsel, if any, requested pursuant to Section 11.03(c).

(b) In case of any such consolidation, merger, sale, conveyance, transfer or lease in which Distribution is not the continuing corporation and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and reasonably satisfactory in form and substance to the Trustee, of the Guaranteed Obligations and the observance of all of the covenants and conditions of this Indenture to be performed or satisfied by Distribution and by supplemental agreement, executed and delivered to the Trustee and reasonably satisfactory in form and substance to the Trustee, of all of the obligations of Distribution under the Registration Rights Agreement, such successor Person shall succeed to and be substituted for Distribution, with the same effect as if it had been named herein as the party of this first part, and Distribution shall be discharged from its obligations under the Distribution Guarantee, this Indenture and the Registration Rights Agreement. In the event of any such consolidation, merger, sale, conveyance, transfer or lease, upon compliance with this Section 11.03 the Person named as Distribution in the first paragraph of this Indenture or any successor that shall thereafter have become such in the manner prescribed in this Section 11.03 may be dissolved, wound up and liquidated at any time thereafter and such Person shall be discharged from its liabilities as obligor in respect of the Guaranteed Obligations and from its obligations under this Indenture.

(c) Prior to execution of any supplemental indenture pursuant to this Article 5, if so requested by the Trustee, the Trustee shall receive an Officers Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or lease and any such assumption complies with the provisions of this Section 11.03.

(d) This Article 11 shall be binding upon Distribution and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Debentureholders and, in the event of any transfer or assignment of rights by any Debentureholder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Debentures shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 11.04. No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Debentureholders in exercising any right, power or privilege under this Article 11 shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any

other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Debentureholders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 11 at law, in equity, by statute or otherwise.

SECTION 11.05. Modification. No modification, amendment or waiver of any provision of this Article 11, nor the consent to any departure by Distribution therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Distribution in any case shall entitle Distribution to any other or further notice or demand in the same, similar or other circumstances.

SECTION 11.06. Anti-Layering Covenant. Distribution shall not Incur, directly or indirectly, or otherwise become liable for any Indebtedness which is subordinate or junior in right of payment to any Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is expressly subordinated in right of payment to Senior Subordinated Indebtedness. No Indebtedness shall be deemed to be subordinated or junior in right of payment to any other Indebtedness solely by virtue of being unsecured.

ARTICLE 12

Subordination of the Distribution Guarantee

SECTION 12.01. Agreement to Subordinate. Distribution agrees, and each Debentureholder by accepting a Debenture agrees, that the obligations of Distribution hereunder are subordinated in right of payment, to the extent and in the manner provided in this Article 12, to the prior payment in full in cash or cash equivalents of all Senior Indebtedness of Distribution and that the subordination is for the benefit of and enforceable by the holders of such Senior Indebtedness of Distribution. The obligations hereunder with respect to Distribution shall in all respects rank pari passu with all other Indebtedness of Distribution provided that the obligations hereunder with respect to Distribution shall rank senior to all existing and future Subordinated Obligations of Distribution; and only Indebtedness of Distribution that is Senior Indebtedness of Distribution shall rank senior to the obligations of Distribution in accordance with the provisions set forth herein.

SECTION 12.02. Liquidation, Dissolution, Bankruptcy. Upon any payment or distribution of the assets of Distribution to creditors upon a total or partial liquidation or a total or partial dissolution of Distribution or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to Distribution and its properties:

(a) holders of Senior Indebtedness of Distribution shall be entitled to receive payment in full in cash or cash equivalents of such Senior Indebtedness before the Debentureholders shall be entitled to receive any payment pursuant to any Guaranteed Obligations from Distribution; and

(b) until the Senior Indebtedness of Distribution is paid in full in cash or cash equivalents, any payment or distribution to which Debentureholders would be entitled but for

this Article 12 shall be made to holders of such Senior Indebtedness as their interests may appear.

SECTION 12.03. Default on Designated Senior Indebtedness of Distribution. Distribution may not make any payment pursuant to any of the Guaranteed Obligations or repurchase, redeem or otherwise retire any Debentures (collectively, "**pay its Distribution Guarantee**") if (i) any Designated Senior Indebtedness of Distribution is not paid in cash or cash equivalents when due or (ii) any other default on Designated Senior Indebtedness of Distribution occurs and the maturity of such Designated Senior Indebtedness is accelerated in accordance with its terms unless, in either case, (x) the default has been cured or waived and any such acceleration has been rescinded or (y) such Designated Senior Indebtedness has been paid in full in cash or cash equivalents; provided, however, that Distribution may pay its Distribution Guarantee without regard to the foregoing if Distribution and the Trustee receive written notice approving such payment from the Representative of such Designated Senior Indebtedness with respect to which either of the events set forth in clause (i) or (ii) of this sentence has occurred and is continuing. During the continuance of any default (other than a default described in clause (i) or (ii) of the immediately preceding sentence) with respect to any Designated Senior Indebtedness of Distribution pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, Distribution may not pay its Distribution Guarantee for a period (a "**Payment Blockage Period**") commencing upon the receipt by the Trustee (with a copy to Distribution) of written notice (a "**Blockage Notice**") of such default from the Representative of such Designated Senior Indebtedness of Distribution specifying an election to effect a Payment Blockage Period and ending 179 days thereafter (or earlier if such Payment Blockage Period is terminated (i) by written notice to the Trustee (with a copy to Distribution) from the Person or Persons who gave such Blockage Notice, (ii) by repayment in full in cash or cash equivalents of such Designated Senior Indebtedness or (iii) because the default giving rise to such Blockage Notice is no longer continuing). Notwithstanding the provisions described in the immediately preceding sentence (but subject to the provisions contained in the first sentence of this Section), unless the holders of such Designated Senior Indebtedness or the Representative of such holders shall have accelerated the maturity of such Designated Senior Indebtedness, Distribution may resume to paying its Distribution Guarantee after the end of such Payment Blockage Period, including any missed payments. Not more than one Blockage Notice may be given with respect to Distribution in any consecutive 360-day period, irrespective of the number of defaults with respect to Designated Senior Indebtedness of Distribution during such period; provided, however, that if any Blockage Notice within such 360-day period is given by or on behalf of any holders of Designated Senior Indebtedness of Distribution other than the Bank Indebtedness, the Representative of the Bank Indebtedness may give another Blockage Notice within such period; provided further, however, that in no event may the total number of days during which any Payment Blockage Period or Periods is in effect exceed 179 days in the aggregate during any 360-consecutive day period. For purposes of this Section, no default or event of default that existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period shall be, or be made, the basis of the commencement of a subsequent Payment B lockage Period by the Representative of such Designated Senior Indebtedness, whether or not within a period of 360 consecutive days, unless

such default or event of default shall have been cured or waived for a period of not less than 90 consecutive days.

SECTION 12.04. Demand for Payment. If payment of the Debentures is accelerated because of an Event of Default and a demand for payment is made on Distribution pursuant to Article 11, the Trustee shall promptly notify the holders of the Designated Senior Indebtedness of Distribution (or the Representative of such holders) of such demand. If any Designated Senior Indebtedness of Distribution is outstanding, Distribution may not pay its Distribution Guarantee until five Business Days after such holders or the Representative of the holders of the Designated Senior Indebtedness of Distribution receive notice of such demand and, thereafter, may pay its Distribution Guarantee only if this Article 12 otherwise permits payment at that time.

SECTION 12.05. When Distribution Must Be Paid Over. If a payment or distribution is made to Debentureholders that because of this Article 12 should not have been made to them, the Debentureholders who receive the payment or distribution shall hold such payment or distribution in trust for holders of the Senior Indebtedness of Distribution and pay it over to them as their respective interests may appear.

SECTION 12.06. Subrogation. After all Senior Indebtedness of Distribution is paid in full and until the Debentures are paid in full, Debentureholders shall be subrogated to the rights of holders of such Senior Indebtedness of Distribution to receive distributions applicable to Senior Indebtedness of Distribution. A distribution made under this Article 12 to holders of Designated Senior Indebtedness of Distribution which otherwise would have been made to Debentureholders is not, as between Distribution and Debentureholders, a payment by Distribution on such Senior Indebtedness of Distribution.

SECTION 12.07. Relative Rights. This Article 12 defines the relative rights of Debentureholders and holders of Senior Indebtedness of Distribution. Nothing in this Indenture shall:

(a) impair, as between Distribution and Debentureholders, the obligation of Distribution which is absolute and unconditional, to make payments with respect to the Guaranteed Obligations to the extent set forth in Article 11; or

(b) prevent the Trustee or any Debentureholder from exercising its available remedies upon a default by Distribution under its obligations with respect to the Guaranteed Obligations, subject to the rights of holders of Senior Indebtedness of Distribution to receive distributions otherwise payable to Debentureholders.

SECTION 12.08. Subordination May Not Be Impaired by Distribution. No right of any holder of Senior Indebtedness of Distribution to enforce the subordination of the obligations of Distribution hereunder shall be impaired by any act or failure to act by Distribution or by its failure to comply with this Indenture.

SECTION 12.09. Rights of Trustee and Paying Agent. Notwithstanding Section 12.03, the Trustee or the Paying Agent may continue to make payments on the Debentures and shall not be charged with knowledge of the existence of facts that would prohibit the making of

any such payments unless, not less than three Business Days prior to the date of such payment, a Trust Officer of the Trustee receives notice satisfactory to it that payments may not be made under this Article 12. Distribution, the Registrar or co-registrar, the Paying Agent, a Representative or a holder of Senior Indebtedness of Distribution give the notice; provided, however, that if an issue of Senior Indebtedness of Distribution has a Representative, only the Representative may give the notice.

The Trustee in its individual or any other capacity may hold Senior Indebtedness of Distribution with the same rights it would have if it were not Trustee. The Registrar and co-registrar and the Paying Agent may do the same with like rights. The Trustee shall be entitled to all the rights set forth in this Article 12 with respect to any Senior Indebtedness of Distribution which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness of Distribution; and nothing in Article 7 shall deprive the Trustee of any of its rights as such holder. Nothing in this Article 12 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.07.

SECTION 12.10. Distribution or Notice to Representative. Whenever a distribution is to be made or a notice given to holders of Senior Indebtedness of Distribution, the distribution may be made and the notice given to their Representative (if any).

SECTION 12.11. Article 12 Not to Prevent Events of Default or Limit Right to Accelerate. The failure of Distribution to make a payment on any of its obligations by reason of any provision in this Article 12 shall not be construed as preventing the occurrence of a default by Distribution under such obligations. Nothing in this Article 12 shall have any effect on the right of the Debentureholders or the Trustee to make a demand for payment on Distribution pursuant to Article 11.

SECTION 12.12. Trustee Entitled to Rely. Upon any payment or distribution pursuant to this Article 12, the Trustee and the Debentureholders shall be entitled to rely (i) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 12.02 are pending, (ii) upon a certificate of the liquidating trustee or agent or other Person making such payment or distribution to the Trustee or to the Debentureholders or (iii) upon the Representatives for the holders of Senior Indebtedness of Distribution for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of such Senior Indebtedness of Distribution and other Indebtedness of Distribution, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 12. In the event that the Trustee determines, in good faith, that evidence is required with respect to the right of any Person as a holder of Senior Indebtedness of Distribution to participate in any payment or distribution pursuant to this Article 12, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Senior Indebtedness of Distribution held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article 12, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Sections 7.01 and 7.02 shall be applicable to all actions or omissions of actions by the Trustee pursuant to this Article 12.

SECTION 12.13. Trustee to Effectuate Subordination. Each Debentureholder by accepting a Debenture authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination between the Debentureholders and the holders of Senior Indebtedness of Distribution as provided in this Article 12 and appoints the Trustee as attorney-in-fact for any and all such purposes.

SECTION 12.14. Trustee Not Fiduciary for Holders of Senior Indebtedness of Distribution. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of Distribution and shall not be liable to any such holders if it shall mistakenly pay over or distribute to Debentureholders or Distribution or any other Person, money or assets to which any holders of Senior Indebtedness of Distribution shall be entitled by virtue of this Article 12 or otherwise.

SECTION 12.15. Reliance by Holders of Senior Indebtedness of Distribution on Subordination Provisions. Each Debentureholder by accepting a Debenture acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Indebtedness of Distribution, whether such Senior Indebtedness was created or acquired before or after the issuance of the Debentures, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness and such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness.

ARTICLE 13

Miscellaneous

SECTION 13.01. Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

SECTION 13.02. Notices. Any notice or communication shall be in writing and delivered in person or mailed by first-class mail addressed as follows:

if to the Company:

WESCO International, Inc.
225 West Station Square Drive
Suite 700
Pittsburgh, PA 15219

Attention: Daniel A. Brailer, Corporate Secretary

if to the Trustee:

The Bank of New York
101 Barclay Street
Floor 8-W
New York, NY 10286
Attention: Corporate Trust Administration

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Debentureholder shall be mailed to the Debentureholder at the Debentureholder's address as it appears on the Register of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Debentureholder or any defect in it shall not affect its sufficiency with respect to other Debentureholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 13.03. Communication by Debentureholders with Other Debentureholders. Debentureholders may communicate pursuant to TIA § 312(b) with other Debentureholders with respect to their rights under this Indenture or the Debentures. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c).

SECTION 13.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take or refrain from taking any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 13.05. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(a) a statement that the individual making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 13.06. When Debentures Disregarded. In determining whether the Debentureholders of the required principal amount of Debentures have concurred in any direction, waiver or consent, Debentures owned by the Company, Distribution or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or Distribution shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Debentures which a Trust Officer of the Trustee knows are so owned shall be so disregarded. Subject to the foregoing, only Debentures outstanding at the time shall be considered in any such determination.

SECTION 13.07. Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Debentureholders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 13.08. Legal Holidays. A "**Legal Holiday**" is a Saturday, a Sunday or a day on which banking institutions are not required to be open in the State of New York. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

SECTION 13.09. GOVERNING LAW. THIS INDENTURE AND THE DEBENTURES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 13.10. No Recourse Against Others. A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Debentures or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Debenture, each Debentureholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Debentures.

SECTION 13.11. Successors. All agreements of the Company and Distribution in this Indenture and the Debentures shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 13.12. Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

SECTION 13.13. Table of Contents; Headings. The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

SECTION 13.14. Indenture, Debentures and Guarantee Solely Corporate Obligations. No recourse for the payment of the principal of or, premium, if any, or interest on any Debentures, or under any Guarantee, or for any claim based upon any Debentures or Guarantee or otherwise in respect thereof, and no recourse under or upon any obligation,

covenant or agreement of the Company in this Indenture or in any supplemental indenture or in any Debentures or Guarantee, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, member, manager, employee, agent, officer, director or subsidiary, as such, past, present or future, of the Company or any of the Company's subsidiaries or of any successor thereto, either directly or through the Company or any of the Company's subsidiaries or any successor thereto, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Debentures.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

WESCO INTERNATIONAL, INC., as Issuer

[SEAL]

by /s/ Stephen A. Van Oss
Name: Stephen A. Van Oss
Title: Senior Vice President and Chief Financial and Administrative Officer

WESCO DISTRIBUTION, INC., as Guarantor

[SEAL]

by /s/ Stephen A. Van Oss
Name: Stephen A. Van Oss
Title: Senior Vice President and Chief Financial and Administrative Officer

THE BANK OF NEW YORK, as Trustee,

by /s/ Mary LaGumina
Name: Mary LaGumina
Title: Vice President

EXHIBIT A

[FORM OF FACE OF DEBENTURE]

THIS DEBENTURE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT, FOR PURPOSES OF SECTIONS 1272, 1273, AND 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. UPON THE REQUEST OF THE HOLDER OF THIS DEBENTURE, THE COMPANY WILL PROMPTLY MAKE AVAILABLE TO THE HOLDER OF THIS DEBENTURE, (1) THE ISSUE PRICE OF THE DEBENTURE, (II) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT IN RESPECT THEREOF, (III) THE ISSUE DATE OF THE DEBENTURE, (IV) THE COMPARABLE YIELD OF THE DEBENTURE, AND (V) THE PROJECTED PAYMENT SCHEDULE OF THE DEBENTURE, IN EACH CASE AS DETERMINED UNDER THE ORIGINAL ISSUE DISCOUNT RULES OF THE U.S. INTERNAL REVENUE CODE. PLEASE CONTACT: WESCO INTERNATIONAL, INC., 225 WEST STATION SQUARE DRIVE, SUITE 700, PITTSBURGH, PA 15219, ATTN: INVESTOR RELATIONS DEPARTMENT.

[Global Debentures Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (□DTC□), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR□S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Debentures Legend]

THE SECURITY EVIDENCED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE □SECURITIES ACT OF 1933□), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER AGREES (1) THAT IT WILL NOT PRIOR TO THE DATE TWO YEARS AFTER THE LAST DATE OF ORIGINAL ISSUANCE OF THE 1.75% CONVERTIBLE SENIOR DEBENTURES

DUE 2026 OF WESCO INTERNATIONAL, INC. (THE COMPANY) RESELL OR OTHERWISE TRANSFER THE SECURITY EVIDENCED HEREBY OR THE COMMON STOCK THAT MAY BE ISSUABLE UPON CONVERSION OF SUCH SECURITY EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT OF 1933, (C) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT OF 1933 AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER, OR (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OF 1933 PROVIDED BY RULE 144 , IF AVAILABLE, SUBJECT TO THE COMPANYS AND THE TRUSTEES RIGHT PRIOR TO ANY SUCH TRANSFER, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE COMPANY AND THE TRUSTEE; AND (2) THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE SECURITY EVIDENCED HEREBY IS TRANSFERRED PURSUANT TO CLAUSE 1(B) ABOVE A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

No._____ $_____

1.75% Convertible Senior Debenture due 2026

CUSIP No.: _____

WESCO International, Inc., a Delaware corporation, promises to pay to [Cede & Co., or registered assigns][1]_____,principal sum of _____,Dollars [, as revised by the Schedule of Increases or Decreases in Global Debenture attached hereto,][2] on November 15, 2026.

Interest Payment Dates: May 15 and November 15.

Record Dates: May 1 and November 1.

Reference is made to the further provisions of this Debenture set forth on the reverse hereof, including, without limitation, provisions giving the holder of this Debenture the right to convert this Debenture into cash and, if applicable, Common Stock, on the terms and subject to the limitations referred to on the reverse hereof and as more fully specified in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Debenture shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

IN WITNESS WHEREOF, WESCO International, Inc. has caused this instrument to be duly executed.

WESCO INTERNATIONAL, INC.,

[Seal]

By: _____
Name:
Title:

Dated:

1 Use the Schedule of Increases and Decreases language if Debenture is in Globlal form.

2 Use the Schedule of Increases and Decreases language if Debenture is in Globlal form.

TRUSTEE S CERTIFICATE OF
AUTHENTICATION

THE BANK OF NEW YORK,

as Trustee, certifies that this is one of the Debentures referred to in the Indenture.

By: _____
Authorized Signatory

[FORM OF REVERSE SIDE OF DEBENTURE]

1.75% Convertible Senior Debenture due 2026

1. Interest

(a) WESCO INTERNATIONAL, INC., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Debenture at the rate per annum shown above. The Company will pay interest semiannually on May 15 and November 15 of each year commencing on May 15, 2007. Interest on the Debentures will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from November 2, 2006. Interest will be computed on the basis of a 360-day year of twelve 30-day months. If a payment date is not a Business Day, payment will be made on the next succeeding Business Day, and no additional interest will accrue in respect of such payment by virtue of the payment being made on such later date.

(b) Contingent Interest. Beginning with the six-month interest period commencing November 15, 2011, the Company will pay interest ("Contingent Interest") during any six-month interest period if the Trading Price of the Debentures for each of the five Trading Days ending on the second Trading Day immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the Debentures. During any six-month interest period when Contingent Interest is payable, the Contingent Interest payable on each $1,000 principal amount of Debentures shall equal 0.25% of the average Trading Price of $1,000 principal amount of Debentures during the five Trading Days ending on the second Trading Day immediately preceding the first day of the applicable six-month interest period used to determine whether Contingent Interest must be paid.

(c) Additional Interest. The holder of this Debenture is entitled to the benefits of a Registration Rights Agreement, dated as of November 2, 2006, among the Company, WESCO Distribution, Inc. ("Distribution") and the Initial Purchasers named therein (the "Registration Rights Agreement"). Capitalized terms used in this paragraph (c) but not defined herein have the meanings assigned to them in the Registration Rights Agreement. In the event of a Registration Default under the Registration Rights Agreement, the Company shall pay Additional Interest on Debentures that constitute Transfer Restricted Securities from and including the day following the Registration Default to but excluding the day on which the Registration Default has been cured, at a rate, (x) with respect to the first 90-day period during which a Registration Default shall have occurred and be continuing, equal to 0.25% per annum of the principal amount of the Debentures, and (y) with respect to the period commencing on the 91st day following the day the Registration Default shall have occurred and be continuing, equal to 0.50% per annum of the principal amount of the Debentures; provided that in no event shall Additional Interest accrue at an aggregate rate per year exceeding 0.50% of the principal amount of the Debentures and provided further that Additional Interest with respect to such Transferred Restricted Securities shall not accrue under more than one of clauses (i), (ii), (iii) and (iv) of Section 3(a) of the Registration Rights Agreement at any one time. No Additional Interest shall be payable on any Debentures that have been converted into shares of Common Stock or such Common Stock.

(d) Except as otherwise specifically set forth, all references herein to "interest" include deferred interest, Contingent Interest and Additional Interest, if any.

2. Method of Payment

The Company will pay interest on the Debentures (except defaulted interest) to the Persons who are registered holders of Debentures at the close of business on the May 1 and November 1 next preceding the interest payment date even if Debentures are canceled after the record date and on or before the interest payment date, except as otherwise provided in the Indenture. Holders must surrender Debentures to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. The Company shall pay interest (i) on any Global Debentures by wire transfer of immediately available funds to the account of the Depositary or its nominee, (ii) on any Debentures in certificated form having a principal amount of less than $2,000,000, by check mailed to the address of the Person entitled thereto as it appears in the Register, provided, however, that at maturity interest will be payable at the office of the Company maintained by the Company for such purposes in the Borough of Manhattan, The City of New York, which shall initially be an office or agency of the Trustee (as defined below) and (iii) on any Debentures in certificated form having a principal amount of $2,000,000 or more, by wire transfer in immediately available funds at the election of the holder of such Debentures duly delivered to the Trustee at least five Business Days prior to the relevant interest payment date, provided, however, that at maturity interest will be payable at the office of the Company maintained by the Company for such purposes in the Borough of Manhattan, The City of New York, which shall initially be an office or agency of the Trustee.

3. Paying Agent and Registrar

Initially, The Bank of New York, a New York banking corporation (the "Trustee"), will act as Paying Agent, Registrar and conversion agent. The Company may appoint and change any Paying Agent, Registrar or co-registrar or conversion agent without notice. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar, or conversion agent.

4. Indenture

The Company issued the Debentures under an Indenture dated as of November 2, 2006 (the "Indenture"), among the Company, Distribution and the Trustee. The terms of the Debentures include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb) as in effect on the date of the Indenture (the "TIA"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture (except as specifically provided in Section 1(c) hereof). The Debentures are subject to all such terms, and Debentureholders are referred to the Indenture and the TIA for a statement of those terms.

The Debentures are senior unsecured obligations of the Company. This Debenture is one of the Debentures referred to in the Indenture issued in an aggregate principal amount of $250 million (up to $300 million if the option of the Initial Purchasers to purchase

additional Debentures is exercised in full). The Indenture also imposes limitations on the ability of the Company to consolidate or merge with or into any other Person or convey, transfer or lease all or substantially all of the property of the Company.

To guarantee the due and punctual payment of the principal and interest on the Debentures and all other amounts payable by the Company under the Indenture and the Debentures when and as the same shall be due and payable, whether at maturity, by acceleration upon conversion or otherwise, according to the terms of the Debentures and the Indenture, Distribution has unconditionally guaranteed the Guaranteed Obligations on a senior subordinated basis pursuant to the terms of the Indenture.

5. Optional Redemption

The Debentures will not be redeemable at the option of the Company prior to November 15, 2011. At any time on or after November 15, 2011, the Debentures will be redeemable at the option of the Company, in whole or in part, on not less than 30 calendar days nor more than 60 calendar days prior notice, at a redemption price equal to 100% of the principal amount of the Debentures being redeemed, plus accrued and unpaid interest to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

6. Sinking Fund

The Debentures are not subject to any sinking fund.

7. Notice of Redemption

Notice of redemption will be mailed by first-class mail at least 30 calendar days but not more than 60 calendar days before the redemption date to each holder of Debentures to be redeemed at his or her registered address. Debentures in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued interest on all Debentures (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Debentures (or such portions thereof) called for redemption.

8. Repurchase of Debentures at the Option of Debentureholders

If a Fundamental Change occurs at any time prior to maturity of the Debentures, this Debenture will be subject to a repurchase, at the option of the holder, on a Fundamental Change Repurchase Date, specified by the Company, that is not less than 20 calendar days nor more than 35 calendar days after notice thereof, at a repurchase price equal to 100% of the principal amount hereof, together with accrued and unpaid interest on this Debenture to, but excluding, the Fundamental Change Repurchase Date; provided that if such Fundamental Change Repurchase Date falls after a record date and on or prior the corresponding interest payment date, the accrued and unpaid interest shall be payable to the holder of record of this Debenture on the preceding May 1 or November 1, as the case may be. The Debentures

submitted for repurchase must be $1,000 in principal amount or whole multiples thereof. The Company shall mail to all holders of record of the Debentures (and to beneficial owners as required by applicable law) a notice of the occurrence of a Fundamental Change and of the repurchase right arising as a result thereof on or before the fifth calendar day after the occurrence of such Fundamental Change. For Debentures to be so repurchased at the option of the holder, the holder must deliver to the Paying Agent in accordance with the terms of the Indenture, the Repurchase Notice containing the information specified by the Indenture, together with such Debentures, duly endorsed for transfer, or (if the Debentures are Global Debentures) book-entry transfer of the Debentures, prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Fundamental Change Repurchase Date. The repurchase price must be paid in cash.

Subject to the terms and conditions of the Indenture, each holder shall have the right, at such holder s option, to require the Company to repurchase all or any portion of the Debentures held by such holder, on November 15, 2011, November 15, 2016 and November 15, 2021 at a repurchase price equal to 100% of the principal amount of this Debenture, together with any accrued and unpaid interest on this Debenture to, but excluding, the Repurchase Date, as provided in the Indenture. To exercise such right, a holder shall deliver to the Paying Agent the Repurchase Notice containing the information specified by the Indenture, together with the Debentures, duly endorsed for transfer, or (if the Debentures are Global Debentures) book-entry transfer of the Debentures, at any time during the period from 9:00 a.m., New York City time, on the date that is 20 Business Days prior to the applicable Repurchase Date to 5:00 p.m., New York City time, on the Business Day immediately preceding the applicable Repurchase Date. The repurchase price must be paid in cash.

Holders have the right to withdraw any Repurchase Notice by delivering to the Paying Agent a written notice of withdrawal at any time prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Fundamental Change Repurchase Date or the Repurchase Date, as applicable, all as provided in the Indenture.

If cash sufficient to pay the repurchase price of and accrued and unpaid interest, if any, on all Debentures or portions thereof to be repurchased as of the Fundamental Change Repurchase Date or Repurchase Date, as the case may be, is deposited with the Paying Agent, on the Fundamental Change Repurchase Date or on the Repurchase Date, as the case may be, then such Debentures will cease to be outstanding and interest will cease to accrue on such Debentures immediately thereafter, and the holder thereof shall have no other rights as such other than the right to receive the repurchase price upon surrender of such Debentures.

9. Conversion

Upon the occurrence of certain events specified in the Indenture and in compliance with the provisions of the Indenture, on or prior to the close of business on the Trading Day immediately preceding the Maturity Date of this Debenture, the holder hereof has the right, at its option, to convert each $1,000 principal amount of this Debenture into cash and, if applicable, Common Stock based on a Conversion Rate of 11.3437 shares of Common Stock per $1,000 principal amount of Debentures (a conversion price of approximately $88.15 per share), as the same may be adjusted pursuant to the terms of the Indenture, as such shares shall

be constituted at the date of conversion, upon surrender of this Debenture (if in certificated form) with the form entitled Conversion Notice on the reverse hereof duly completed and manually signed, to the Company at the office or agency of the Company maintained for that purpose in The City of New York in accordance with the terms of the Indenture, or at the option of such holder, the Corporate Trust Office, together with any funds required pursuant to the terms of the Indenture, and, unless any shares issuable on conversion are to be issued in the same name as this Debenture, duly endorsed by, or accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder or by such holders duly authorized attorney. The Company will notify the holder thereof of any event triggering the right to convert the Debentures as specified above in accordance with the Indenture. In order to exercise the conversion right with respect to any interest in a Global Debenture, the holder must complete the appropriate instruction form pursuant to the Depositarys book-entry conversion program, deliver by book-entry delivery an interest in such Global Debenture, furnish appropriate endorsements and transfer documents if required by the Company or the Trustee or conversion agent, and pay the funds, if any, required pursuant to the terms of the Indenture. As specified in the Indenture, upon conversion, the Company will pay cash and shares of Common Stock, if any, based on a Daily Conversion Value (as defined in the Indenture) calculated on a proportionate basis for each day of the 20 trading-day Cash Settlement Averaging Period (as defined in the Indenture).

If and only to the extent holders elect to convert the Debentures in connection with a Non-Stock Change of Control (as defined in the Indenture), the Company will increase the Conversion Rate applicable to such converting Debentures; provided that in the case of a Non-Stock Change of Control constituting a Public Acquirer Change of Control (as defined in the Indenture), the Company may, in lieu of increasing the Conversion Rate, elect to adjust the Conversion Obligation and the Conversion Rate such that from and after the effective date of such Public Acquirer Change of Control, holders of the Debentures will be entitled to convert their Debentures (subject to the satisfaction of certain conditions) into a number of shares of Public Acquirers Common Stock (as defined in the Indenture) determined as set forth in the Indenture.

No adjustment in respect of interest on any Debentures converted or dividends on any shares issued upon conversion of such Debentures will be made upon any conversion except as set forth in the next sentence, but holders who convert their Debentures will receive on the next interest payment day any Additional Interest accrued through the Conversion Date. If this Debenture (or portion hereof) is surrendered for conversion during the period from the 5:00 p.m., New York City time, on any applicable Record Date for the payment of interest to 5:00 p.m., New York City time, on the Business Day preceding the corresponding interest payment date, this Debenture (or portion hereof being converted) must be accompanied by payment, in immediately available funds or other funds acceptable to the Company, of an amount equal to the interest (excluding any Additional Interest) otherwise payable on such interest payment date on the principal amount being converted; provided that no such payment shall be required (1) if the holder surrenders this Debenture for conversion in connection with a redemption and the Company has specified a redemption date that is after a Record Date and on or prior to the corresponding interest payment date, (2) if the holder surrenders this Debenture in connection with a Fundamental Change and the Company has specified a Fundamental Change Repurchase Date that is after a Record Date and on or prior to the corresponding interest payment date or (3)

to the extent of any overdue interest, if any, existing at the time of conversion with respect to this Debenture.

No fractional shares will be issued upon any conversion of Debentures, but an adjustment and payment in cash will be made, as provided in the Indenture, in respect of any fraction of a share which would otherwise be issuable upon the surrender of any Debentures or Debentures for conversion.

A Debenture in respect of which a holder is exercising its right to require repurchase may be converted only if such holder validly withdraws its election to exercise such right to require repurchase in accordance with the terms of the Indenture.

10. Denominations, Transfer, Exchange

The Debentures are in registered form without coupons in denominations of $1,000 and whole multiples of $1,000. A Debentureholder may transfer or exchange Debentures in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Debentureholder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes required by law or permitted by the Indenture. The Registrar need not issue, register the transfer of, or exchange any Debentures during the period of 15 days before the mailing of the notice of redemption, or register the transfer of or exchange any Debentures so selected for redemption, in whole or in part, except the unredeemed portion of any Debentures being redeemed in part.

11. Persons Deemed Owners

The registered holder of this Debenture may be treated as the owner of it for all purposes.

12. Unclaimed Money

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal or interest and any shares of Common Stock or other property due in respect of converted Debentures that remains unclaimed for two years, and, thereafter, Debentureholders entitled to the money and/or securities must look to the Company for payment as general creditors.

13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Debentures may be amended without prior notice to any Debentureholder but with the written consent of the holders of at least a majority in aggregate principal amount of the outstanding Debentures and (ii) any default or noncompliance with any provision may be waived with the written consent of the holders of at least a majority in principal amount of the outstanding Debentures. Subject to certain exceptions set forth in the Indenture, without the consent of any holder of Debentures, the Company and the Trustee may amend the Indenture or the Debentures (i) to cure any ambiguity, omission, defect or inconsistency; (ii) to comply with Article 5 of the

Indenture; (iii) to provide for uncertificated Debentures in addition to or in place of certificated Debentures; provided, however, that the uncertificated Debentures are issued in registered form for purposes of Section 163(f) of the Code or in a manner such that the uncertificated Debentures are described in 163(f)(2)(B) of the Code; (iv) to make any change in Article 12 of the Indenture that would limit or terminate the benefits available to any holder of Senior Indebtedness (or Representatives therefor) under Article 12 of the Indenture; (v) to add additional Guarantees with respect to the Debentures or to secure the Debentures; (vi) to add additional covenants of the Company for the benefit of the Debentureholders or to surrender rights and powers conferred on the Company; (vii) to make any change that does not adversely affect the rights of any Debentureholder, subject to the provisions of the Indenture; (viii) to provide for a successor Trustee; (ix) to make any changes or modifications necessary in connection with the registrations of the Debentures under the Securities Act as contemplated in the Registration Rights Agreement; provided that such change or modification does not adversely affect the interests of the holders of the Debentures in any material respect; or (x) to comply with any requirements of the SEC in connection with qualifying, or maintaining the qualification of, the Indenture under the TIA.

14. Defaults and Remedies

If an Event of Default occurs (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company) and is continuing, the Trustee or the holders of at least 25% in principal amount of the outstanding Debentures may declare the principal of and accrued but unpaid interest on all the Debentures to be due and payable. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company occurs, the principal of and interest on all the Debentures will become immediately due and payable without any declaration or other act on the part of the Trustee or any Debentureholders. Under certain circumstances, the holders of a majority in principal amount of the outstanding Debentures may rescind any such acceleration with respect to the Debentures and its consequences.

If an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Debentureholders unless such Debentureholders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Subject to certain exceptions, no Debentureholder may pursue any remedy with respect to the Indenture or the Debentures unless (i) such Debentureholder has previously given the Trustee notice that an Event of Default is continuing, (ii) holders of at least 25% in principal amount of the outstanding Debentures have requested the Trustee in writing to pursue the remedy, (iii) such Debentureholders have offered the Trustee reasonable security or indemnity against any loss, liability or expense, (iv) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity and (v) the holders of a majority in principal amount of the outstanding Debentures have not given the Trustee a direction inconsistent with such request within such 60-day period. Subject to certain restrictions, the holders of a majority in principal amount of the outstanding Debentures are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee

determines is unduly prejudicial to the rights of any other Debentureholder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

No reference herein to the Indenture and no provision of this Debenture or of the Indenture shall impair, as among the Company and the holder of the Debentures, the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, on and interest on this Debenture at the place, at the respective times, at the rate and in the coin or currency herein and in the Indenture prescribed.

15. Tax Treatment

The Company agrees, and by acceptance of beneficial ownership interest in the Debentures each holder of the Debentures will be deemed to have agreed, for U.S. federal income tax purposes (1) to treat the Debentures as indebtedness that is subject to Treas. Reg. Sec. 1.1275-4 (the Contingent Payment Regulations) and, for purposes of the Contingent Payment Regulations, to treat the cash and the fair market value of any stock beneficially received by a holder upon any conversion of the Debentures as a contingent payment and (2) to be bound by the Company s determination of the comparable yield and projected payment schedule, within the meaning of the Contingent Payment Regulations, with respect to the Debentures. A holder may obtain the issue price, amount of original issue discount, issue date, yield to maturity, comparable yield and projected payment schedule for the Debentures by submitting a written request for such information to the Company at the following address: Wesco International, Inc., 225 West Station Square Drive, Suite 700, Pittsburgh, PA 15219, Attention: Investor Relations Department.

16. Trustee Dealings with the Company

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Debentures and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

17. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company or Distribution shall not have any liability for any obligations of the Company under the Debentures or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Debenture, each Debentureholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Debentures.

18. Authentication

This Debenture shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Debenture.

19. Abbreviations

Customary abbreviations may be used in the name of a Debentureholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

20. GOVERNING LAW

THIS DEBENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

21. CUSIP and ISIN Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP and ISIN numbers to be printed on the Debentures and has directed the Trustee to use CUSIP and ISIN numbers in notices of redemption as a convenience to Debentureholders. No representation is made as to the accuracy of such numbers either as printed on the Debentures or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any holder of Debentures upon written request and without charge to the holder a copy of the Indenture which has in it the text of this Debenture.

CONVERSION NOTICE

TO: WESCO INTERNATIONAL, INC. THE BANK OF NEW YORK, as Trustee

The undersigned registered owner of this Debenture hereby irrevocably exercises the option to convert this Debenture, or the portion thereof (which is $1,000 or a multiple thereof) below designated, into, cash and shares of Common Stock of WESCO International, Inc., if any, in accordance with the terms of the Indenture referred to in this Debenture, and directs that the check in payment for cash and the shares, if any, issuable and deliverable upon such conversion, deliverable upon conversion or for fractional shares and any Debentures representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. If shares or any portion of this Debenture not converted are to be issued in the name of a person other than the undersigned, the undersigned will provide the appropriate information below and pay all transfer taxes payable with respect thereto. Any amount required to be paid by the undersigned on account of interest accompanies this Debenture.

Dated:_____

_____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

_____

Signature Guarantee

Fill in the registration of shares of Common Stock, if any, if to be issued, and Debentures if to be delivered, and the person to whom cash, if any, and payment for fractional shares is to be made, if to be made, other than to and in the name of the registered holder:

Please print name and address

_____
(Name)

_____
(Street Address)

_____
(City, State and Zip Code)

Principal amount to be converted
(if less than all):

$ _____

Social Security or Other Taxpayer
Identification Number:

_____

NOTICE: The signature on this Conversion Notice must correspond with the name as written upon the face of the Debentures in every particular without alteration or enlargement or any change whatever.

REPURCHASE NOTICE

TO: WESCO INTERNATIONAL, INC. THE BANK OF NEW YORK, as Trustee

The undersigned registered owner of this Debenture hereby irrevocably acknowledges receipt of a notice from WESCO International, Inc. (the Company) regarding the right of holders to elect to require the Company to repurchase the Debentures and requests and instructs the Company to repay the entire principal amount of this Debenture, or the portion thereof (which is $1,000 or an integral multiple thereof) below designated, in accordance with the terms of the Indenture at the price of 100% of such entire principal amount or portion thereof, together with accrued and unpaid interest to, but excluding, the Repurchase Date or the Fundamental Change Repurchase Date, as the case may be, to the registered holder hereof. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. The Debentures shall be repurchased by the Company as of the Repurchase Date or the Fundamental Change Repurchase Date, as the case may be, pursuant to the terms and conditions specified in the Indenture.

Dated: _____

Signature(s): _____

_____

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Debentures in every particular without alteration or enlargement or any change whatever.

Debentures Certificate Number (if applicable): _____

Principal amount to be repurchased (if less than all, must be $1,000 or whole multiples thereof): _____

Social Security or Other Taxpayer Identification Number: _____

ASSIGNMENT

For value received _____ hereby sell(s) assign(s) and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Debentures, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Debentures on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the Debentures prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision) (other than any transfer pursuant to a registration statement that has been declared effective under the Securities Act), the undersigned confirms that such Debentures are being transferred:

o To WESCO International, Inc. or a subsidiary thereof; or

o To a "qualified institutional buyer" in compliance with Rule 144A under the Securities Act of 1933, as amended; or

o Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended; or

o Pursuant to a Registration Statement which has been declared effective under the Securities Act of 1933, as amended, and which continues to be effective at the time of transfer;

and unless the Debentures has been transferred to WESCO International, Inc. or a subsidiary thereof, the undersigned confirms that such Debentures are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Debentures evidenced by this certificate in the name of any person other than the registered holder thereof.

Dated:_____

_____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

_____

Signature Guarantee

NOTICE: The signature on this Assignment must correspond with the name as written upon the face of the Debentures in every particular without alteration or enlargement or any change whatever.

SCHEDULE OF INCREASES AND DECREASES IN GLOBAL DEBENTURE[2]

The following increases or decreases in this Global Debenture have been made:

Date	Amount of decrease in Principal Amount of this Global Debenture	Amount of increase in Principal Amount of this Global Debenture	Principal Amount of Debenture following such decrease or increase	Signature of authorized signatory of Trustee or Securities Custodian

2 For Global Debentures only

EXHIBIT B

FORM OF RESTRICTIVE LEGEND FOR
COMMON STOCK ISSUED UPON CONVERSION[3]

THE SECURITY EVIDENCED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT OF 1933"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE BY ACQUISITION HEREOF. THE HOLDER AGREES THAT (1) IT WILL NOT, WITHIN TWO YEARS AFTER THE LAST DATE OF ORIGINAL ISSUANCE OF THE SECURITY UPON THE CONVERSION OF WHICH THE COMMON STOCK EVIDENCED HEREBY WAS ISSUED, RESELL OR OTHERWISE TRANSFER THE SECURITY EVIDENCED HEREBY EXCEPT (A) TO WESCO INTERNATIONAL, INC. (THE "COMPANY") OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT OF 1933, (C) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT OF 1933 AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER, OR (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OF 1933 PROVIDED BY RULE 144 , IF AVAILABLE, SUBJECT TO THE COMPANY'S RIGHT PRIOR TO ANY SUCH TRANSFER, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE COMPANY; AND (2) THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE SECURITY EVIDENCED HEREBY IS TRANSFERRED PURSUANT TO CLAUSE 2(B) ABOVE A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

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3 This legend should be included only if the Security is a Transfer Restricted Security.

Exhibit 4.2

Registration Rights Agreement, dated as of November 2, 2006, by and among WESCO International, Inc., a Delaware corporation (together with any successor entity, herein referred to as the "**Issuer**"), and WESCO Distribution, Inc., a Delaware corporation (the "**Guarantor**"), and Lehman Brothers Inc., Credit Suisse First Boston LLC, Goldman, Sachs & Co. and J.P. Morgan Securities Inc. (collectively, the "**Initial Purchasers**").

Pursuant to the Purchase Agreement, dated October 25, 2006, among the Issuer, the Guarantor and the Initial Purchasers (the "**Purchase Agreement**"), the Initial Purchasers have agreed to purchase from the Issuer up to $250,000,000 aggregate principal amount [ ]% Convertible Senior Debentures due 2026 (the "**Debentures**") together with the guarantee forming a part thereof (the "**Guarantee**" and, together with the Debentures, the "**Securities**") (or up to $50,000,000 aggregate principal amount if the Initial Purchasers exercise in full their option to purchase additional Debentures, as set forth in the Purchase Agreement). The Debentures initially may be convertible into fully paid, nonassessable common stock, $0.01 par value per share, of the Issuer (the "**Common Stock**") on the terms, and subject to the conditions, set forth in the Indenture (as defined herein). To induce the Initial Purchasers to purchase the Debentures, the Issuer and the Guarantor have agreed to provide the registration rights set forth in this Agreement pursuant to the Purchase Agreement.

The parties hereby agree as follows:

1. Definitions. As used in this Agreement, the following capitalized terms shall have the following meanings:

Additional Interest: As defined in Section 3(a) hereof.

Additional Interest Payment Date: Each November 15 and May 15, commencing May 15, 2007.

Agreement: This Registration Rights Agreement, as amended, modified or otherwise supplemented from time to time in accordance with the terms hereof.

Broker-Dealer*:* Any broker or dealer registered under the Exchange Act.

Business Day: A day other than a Saturday or Sunday or any day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

Closing Date: The date of this Agreement.

Commission: Securities and Exchange Commission.

Common Stock*:* As defined in the preamble hereto.

Debentures: As defined in the preamble hereto.

Effectiveness Period: As defined in Section 2(a)(iii) hereof.

Effectiveness Target Date: As defined in Section 2(a)(ii) hereof.

Exchange Act: Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

Guarantees: As defined in the preamble hereto.

Guarantor: As defined in the preamble hereto.

Holder: A Person who owns, beneficially or otherwise, Transfer Restricted Securities.

Indemnified Holder: As defined in Section 6(a) hereof.

Indenture: The Indenture, dated as of November 2, 2006, among the Issuer, the Guarantor and The Bank of New York, as trustee (the "**Trustee**"), pursuant to which the Securities are to be issued, as such Indenture is amended, modified or supplemented from time to time in accordance with the terms thereof.

Initial Purchasers: As defined in the preamble hereto.

Issuer: As defined in the preamble hereto.

Majority of Holders: Registered Holders of a number of shares of the then outstanding Common Stock constituting Transfer Restricted Securities and an aggregate principal amount of then outstanding Debentures constituting Transfer Restricted Securities, such that the sum of such shares of Common Stock and the shares of Common Stock issuable upon conversion of such Debentures constitute in excess of 50% of the sum of all of the then outstanding shares of Common Stock constituting Transfer Restricted Securities and the number of shares of Common Stock issuable upon conversion of then outstanding Debentures constituting Transfer Restricted Securities, in each case assuming that the Debentures are then convertible and that no cash is paid upon a conversion of Debentures. For purposes of the immediately preceding sentence, (i) any Holder may elect to make any request, notice, demand, objection or other action hereunder with respect to all or any portion of Transfer Restricted Securities held by it and only the portion as to which such action is taken shall be included in the numerator of the fraction described in the preceding sentence and (ii) Transfer Restricted Securities owned, directly or indirectly, by the Issuer or its Affiliates shall be deemed not to be outstanding.

NASD: National Association of Securities Dealers, Inc.

New Securities: As defined in Section 10(d).

Person: An individual, partnership, corporation, unincorporated organization, limited liability company, trust, joint venture or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in a Shelf Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated pursuant to the Securities Act and any preliminary prospectus), as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Purchase Agreement: As defined in the preamble hereto.

Questionnaire: As defined in Section 2(b) hereof.

Questionnaire Deadline: As defined in Section 2(b) hereof.

Record Holder: With respect to any Additional Interest Payment Date, each Person who is a Holder on the record date with respect to such Additional Interest Payment Date,

which record date shall be the November 1 and May 1 immediately preceding the relevant November 15 or May 15 Additional Interest Payment Date, respectively.

Registration Default: As defined in Section 3(a) hereof.

Securities: As defined in the preamble hereto.

Securities Act: Securities Act of 1933, as amended, and the rules and resolutions of the Commission thereunder.

Shelf Filing Deadline: As defined in Section 2(a)(i) hereof.

Shelf Registration Statement: As defined in Section 2(a)(i) hereof.

Suspension Notice: As defined in Section 4(c) hereof.

Suspension Period: As defined in Section 4(b)(i) hereof.

TIA: Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder, in each case, as in effect on the date the Indenture is qualified under the TIA.

Transfer Restricted Securities: Each of the Securities and each of the shares of Common Stock or New Securities issued upon conversion of Debentures until the earliest of, in the case of any such Securities or share(s) of Common Stock or New Securities: (i) the date on which holders of such Securities or such shares of Common Stock or New Securities issued upon conversion thereof may sell or transfer all such securities immediately without restriction (including without volume or manner of sale or filing restrictions) pursuant to Rule 144(k) under the Securities Act (or any other similar provision then in force); (ii) the date on which such Securities or such shares of Common Stock or New Securities issued upon conversion thereof has been effectively registered under the Securities Act with the Shelf Registration Statement and sold pursuant thereto; or (iii) the date when all such Securities or such shares of Common Stock or New Securities issued upon conversion have ceased to be outstanding (whether as a result of repurchase and cancellation, conversion or otherwise).

Underwritten Registration or Underwritten Offering: A registration in which Debentures of the Issuer are sold to an underwriter for reoffering to the public.

2. Shelf Registration.

(a) The Issuer and the Guarantor shall (i) not later than 150 days after the date hereof (the "**Shelf Filing Deadline**"), cause to be filed a registration statement for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act (together with any amendments thereto, any registration statement required by Section 2(d) and including any documents incorporated by reference therein, the "**Shelf Registration Statement**"), which Shelf Registration Statement shall provide for resales of all Transfer Restricted Securities held by Holders that have provided the information required pursuant to the terms of Section 2(b) hereof, (ii) use reasonable best efforts to cause the Shelf Registration Statement to be declared effective by the Commission not later than 210 days after the date hereof (the "**Effectiveness Target Date**"), and (iii) use reasonable best efforts to keep the Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 4(b) hereof to the extent necessary to ensure that it (A) is available for resales by the Holders of Transfer Restricted Securities entitled to the benefit of this Agreement and (B) conforms with the

requirements of this Agreement and the Securities Act for a period (the "**Effectiveness Period**") ending on the earliest of (1) the date when the Holders of the Transfer Restricted Securities are able to sell all Transfer Restricted Securities immediately without volume, manner of sale, filing or other restriction under Rule 144(k) under the Securities Act, or (2) the date when all Transfer Restricted Securities are registered under the Shelf Registration Statement and sold pursuant thereto; or (3) the date when all Transfer Restricted Securities have ceased to be outstanding (whether as a result of repurchase and cancellation, conversion or otherwise).

(b) To have its Transfer Restricted Securities included in the Shelf Registration Statement pursuant to this Agreement, each Holder shall complete the Selling Securityholder Notice and Questionnaire, the form of which is contained in Annex A to the Offering Memorandum relating to the Securities (the "**Questionnaire**"). The Issuer shall mail the Questionnaire to each Holder not less than 20 Business Days (but not more than 40 Business Days) prior to the time the Issuer intends in good faith to have the Shelf Registration Statement declared effective by the Commission. Holders are required to complete and deliver the Questionnaire to the Issuer within 10 Business Days prior to the effectiveness of the registration statement (the "**Questionnaire Deadline**") in order to be named as selling securityholders in the Prospectus at the time that the Shelf Registration Statement is declared effective. Upon receipt of a Questionnaire from a Holder on or prior to the Questionnaire Deadline, the Issuer shall include such Holder's Transfer Restricted Securities in the Shelf Registration Statement and the Prospectus. In addition, promptly upon the request of a Holder given to the Issuer at any time, the Issuer shall deliver a Questionnaire to such Holder. Any Holder that does not complete and deliver a Questionnaire prior to the Questionnaire Deadline may not be named as a selling securityholder in the Shelf Registration Statement at the time that it is declared effective. Upon receipt of a completed Questionnaire from a Holder who did not complete and deliver a Questionnaire prior to the Questionnaire Deadline, the Issuer and the Guarantor shall, within 10 Business Days of such receipt, file such amendments to the Shelf Registration Statement or supplements to a related Prospectus as are necessary to permit such Holder to deliver such Prospectus to transferees of Transfer Restricted Securities; provided, that if a post-effective amendment to the Shelf Registration Statement is required, the Issuer and the Guarantor shall not be obligated to file more than one amendment for all such Holders in any one fiscal quarter unless the aggregate principal amount of all Transfer Restricted Securities requested to be included in such amendment or supplement by all such Holders exceeds $25,000,000.

The Issuer will give notice to all Holders of the effectiveness of the Shelf Registration Statement by issuing a press release to Business Wire or PR Newswire.

(c) Upon receipt of written request for additional information from the Issuer, each Holder who intends to be named as a selling securityholder in the Shelf Registration Statement shall furnish to the Issuer in writing, within five Business Days after such Holder's receipt of such request, such additional information regarding such Holder and the proposed distribution by such Holder of its Transfer Restricted Securities, in connection with the Shelf Registration Statement or Prospectus or Preliminary Prospectus included therein and in any application to be filed with or under state securities law, as the Issuer may reasonably request. In connection with all such requests for information from Holders of Transfer Restricted Securities, the Issuer shall notify such Holders of the requirements set forth in this paragraph regarding their obligation to provide the information requested pursuant to this Section 2. Each Holder as to which the Shelf Registration Statement is being effected agrees to furnish promptly to the Issuer

all information required to be disclosed in order to make information previously furnished to the Issuer by such Holder not materially misleading.

3. Additional Interest.

(a) If (i) the Shelf Registration Statement is not filed with the Commission prior to or on the Shelf Filing Deadline, (ii) the Shelf Registration Statement has not been declared effective by the Commission prior to or on the Effectiveness Target Date, (iii) except as provided in Section 4(b)(i) hereof, the Shelf Registration Statement is filed and declared effective but, during the Effectiveness Period, shall thereafter cease to be effective or fail to be usable for its intended purpose without being succeeded within five Business Days by a post-effective amendment to the Shelf Registration Statement, a supplement to the Prospectus or a report filed with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act that cures such failure and, in the case of a post-effective amendment, is itself immediately declared effective, or (iv) (A) prior to or on the 45th or 60th day, as the case may be, of any Suspension Period, such suspension has not been terminated or (B) Suspension Periods exceed an aggregate of 90 days in any 360 day period, (each such event referred to in foregoing clauses (i) through (iv), a "**Registration Default**"), the Issuer and the Guarantor jointly and severally hereby agree to pay additional interest ("**Additional Interest**") with respect to Securities that are Transfer Restricted Securities from and including the day following the Registration Default to but excluding the day on which the Registration Default has been cured, accruing at a rate, to each holder of Securities, (x) with respect to the first 90-day period during which a Registration Default shall have occurred and be continuing, equal to 0.25% per annum of the principal amount of the Securities, and (y) with respect to the period commencing on the 91st day following the day the Registration Default shall have occurred and be continuing, equal to 0.50% per annum of the principal amount of the Securities; provided that in no event shall Additional Interest accrue at an aggregate rate per year exceeding 0.50% of the principal amount of the Securities and provided further that Additional Interest with respect to such Transferred Restricted Securities shall not accrue under more than one of the foregoing clauses (i), (ii), (iii) and (iv) at any one time. No Additional Interest shall be payable on any Securities that have been converted into shares of Common Stock or such Common Stock.

(b) All accrued Additional Interest shall be paid in arrears to Record Holders by the Issuer or the Guarantor on each Additional Interest Payment Date by wire transfer of immediately available funds or by federal funds check in accordance with the terms of the Indenture. Following the cure of all Registration Defaults relating to any particular Securities, the accrual of Additional Interest with respect to such Securities will cease. The Issuer and the Guarantor agree to deliver all notices, certificates and other documents contemplated by the Indenture in connection with the payment of Additional Interest.

All obligations of the Issuer and the Guarantor set forth in this Section 3 that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such Transfer Restricted Security shall have been satisfied in full. The Additional Interest set forth above shall be the exclusive monetary remedy available to the Holders of Transfer Restricted Securities for such Registration Default.

4. Registration Procedures.

(a) In connection with the registration of the Transfer Restricted Securities, the Issuer and the Guarantor shall comply with all the provisions of Section 4(b) hereof and shall use their reasonable best efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and pursuant thereto, shall as expeditiously as possible prepare and file with the Commission a Shelf Registration Statement relating to the registration on any appropriate form under the Securities Act.

(b) In connection with the Shelf Registration Statement and any Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Securities, the Issuer and the Guarantor shall:

(i) Subject to any notice by the Issuer in accordance with this Section 4(b) of the existence of any fact or event of the kind described in Section 4(b)(iii)(D), use reasonable best efforts to keep the Shelf Registration Statement continuously effective during the Effectiveness Period; upon the occurrence of any event that would cause the Shelf Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not be effective and usable for resale of Transfer Restricted Securities during the Effectiveness Period, the Issuer and the Guarantor shall file promptly an appropriate amendment to the Shelf Registration Statement, a supplement to the Prospectus or a report filed with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use their reasonable best efforts to cause such amendment to be declared effective and the Shelf Registration Statement and the related Prospectus to become usable for their intended purposes as soon as practicable thereafter. Notwithstanding the foregoing, the Issuer may suspend the effectiveness of the Shelf Registration Statement by written notice to the Holders for a period not to exceed an aggregate of 45 days in any 90-day period (each such period, a "**Suspension Period**") and not to exceed an aggregate of 90 days in any 360-day period if (x) an event occurs and is continuing as a result of which the Shelf Registration Statement would, in the Issuer's reasonable judgment, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (y) the Issuer reasonably determines that the disclosure of such event at such time would have a material adverse effect on the business of the Issuer (and its subsidiaries, if any, taken as a whole); provided that in the event the disclosure relates to a previously undisclosed proposed or pending material business transaction or agreement, the disclosure of which would impede the Issuer's ability to consummate such transaction or agreement, the Issuer may extend a Suspension Period from 45 days to 60 days in any 90-day period.

(ii) Prepare and file with the Commission such amendments and post-effective amendments to the Shelf Registration Statement as may be necessary to keep the Shelf Registration Statement effective during the Effectiveness Period; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and to comply fully with the applicable provisions of Rules 424 and 430A under the Securities Act in a timely manner; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by the Shelf Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in the Shelf Registration Statement or supplement to the Prospectus; provided, however, that in no event will such

method(s) of distribution take the form of an underwritten offering without the prior written agreement of the Issuer.

(iii) Advise the underwriter(s), if any, and selling Holders promptly (but in any event within five Business Days) and, if requested by such Persons, to confirm such advice in writing (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to the Shelf Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Shelf Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, or (D) of the existence of any fact or the happening of any event, during the Effectiveness Period, that makes any statement of a material fact made in the Shelf Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Shelf Registration Statement or the Prospectus in order to make the statements therein not misleading.

If at any time the Commission shall issue any stop order suspending the effectiveness of the Shelf Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Issuer and the Guarantor shall use their reasonable best efforts to obtain the withdrawal or lifting of such order at the earliest possible time and will provide to the Initial Purchasers and each Holder who is named in the Shelf Registration Statement prompt notice of the withdrawal of any such order.

(iv) Furnish to one counsel for the selling Holders and each of the underwriter(s), if any, before filing with the Commission, a copy of the Shelf Registration Statement and copies of any Prospectus included therein or any amendments or supplements to the Shelf Registration Statement or Prospectus (other than documents incorporated by reference after the initial filing of the Shelf Registration Statement), which documents will be subject to the review of such holders and underwriter(s), if any, for a period of at least five Business Days but no more than seven Business Days (in the case of the Shelf Registration Statement and Prospectus) and at least two Business Days but no more than four Business Days (in the case of any amendment or supplement thereto), and the Issuer and the Guarantor will not file the Shelf Registration Statement or Prospectus or any amendment or supplement to the Shelf Registration Statement or Prospectus (other than documents incorporated by reference) to which a selling Holder of Transfer Restricted Securities covered by the Shelf Registration Statement or the underwriter(s), if any, shall reasonably object prior to the filing thereof.

(v) In connection with an Underwritten Offering of the Transfer Restricted Securities pursuant to the Shelf Registration Statement, make available at reasonable times for inspection by one or more representatives of the selling Holders, designated in writing by a Majority of Holders whose Transfer Restricted Securities are included in the Shelf Registration Statement, any underwriter participating in any distribution pursuant to the Shelf Registration Statement, and any attorney or accountant retained by such selling Holders or any of the

underwriter(s), all financial and other records, pertinent corporate documents and properties of the Issuer and the Guarantor as shall be reasonably necessary to enable them to exercise any applicable due diligence responsibilities, and cause the officers, directors, managers and employees of the Issuer and the Guarantor to supply all information reasonably requested by any such representative or representatives of the selling Holders, underwriter, attorney or accountant in connection with the Shelf Registration Statement after the filing thereof and before its effectiveness, provided, however, that any information designated by the Issuer as confidential at the time of delivery of such information shall be kept confidential by the recipient thereof and shall be subject, upon request of the Issuer, to the execution by such persons of a confidentiality agreement in a form that is reasonable in the context of a registered public offering.

(vi) If requested by any selling Holders or the underwriter(s), if any, promptly incorporate in the Shelf Registration Statement or Prospectus, pursuant to a supplement or post effective amendment if necessary, such information as such selling Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation: (1) information relating to the "Plan of Distribution" of the Transfer Restricted Securities, (2) information with respect to the principal amount of Securities or number of shares of Common Stock being sold to such underwriter(s), (3) the purchase price being paid therefor and (4) any other terms of the offering of the Transfer Restricted Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post effective amendment as soon as reasonably practicable after the Issuer is notified of the matters to be incorporated in such Prospectus supplement or post effective amendment.

(vii) Furnish to each selling Holder and each of the underwriter(s), if any, upon their request, without charge, at least one copy of the Shelf Registration Statement, as first filed with the Commission, and of each amendment thereto (and any documents incorporated by reference therein or exhibits thereto (or exhibits incorporated in such exhibits by reference) as such Person may request).

(viii) Deliver to each selling Holder and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; subject to any notice by the Issuer in accordance with this Section 4(b) of the existence of any fact or event of the kind described in Section 4(b)(iii) (D), the Issuer and the Guarantor hereby consent to the use (in accordance with applicable law) of the Prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto.

(ix) The Issuer and the Guarantor shall (A) upon request, furnish to each selling Holder and each underwriter, if any, in such substance and scope as they may reasonably request and as are customarily made by issuers to underwriters in primary underwritten offerings for selling security holders, upon the date of closing of any sale of Transfer Restricted Securities in an Underwritten Registration (1) a certificate, dated the date of such closing, signed by the Chief Financial Officer of the Issuer covering such matters as are customarily covered in closing certificates delivered to underwriters in connection with underwritten offerings of securities; (2) opinions, each dated the date of such closing, of counsel to the Issuer and the Guarantor covering such of the matters as are customarily covered in legal opinions to underwriters in connection with underwritten offerings of securities; and (3) customary comfort letters, dated the date of

such closing, from the independent public accountants of the Issuer and the Guarantor (and from any other accountants whose report is contained or incorporated by reference in the Shelf Registration Statement) in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with underwritten offerings of securities; (B) set forth in full in the underwriting agreement, if any, indemnification provisions and procedures which provide rights no less protective than those set forth in Section 6 hereof with respect to all parties to be indemnified; and (C) deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with clause (A) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the selling Holders pursuant to this clause (ix).

(x) Before any public offering of Transfer Restricted Securities, cooperate with the selling Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions in the United States as the selling Holders or underwriter(s), if any, may reasonably request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the Shelf Registration Statement; provided, however, that neither the Issuer nor the Guarantor shall be required (A) to register or qualify as a foreign corporation or a dealer of securities where it is not now so qualified or to take any action that would subject it to the service of process in any jurisdiction where it is not now so subject or (B) to subject itself to taxation in any such jurisdiction if it is not now so subject.

(xi) Cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends (unless required by applicable securities laws); and enable such Transfer Restricted Securities to be in such denominations and registered in such names as the Holders or the underwriter(s), if any, may request at least two Business Days before any sale of Transfer Restricted Securities made by such underwriter(s).

(xii) Use their reasonable best efforts to cause the Transfer Restricted Securities covered by the Shelf Registration Statement to be registered with or approved by such other U.S. governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the disposition of such Transfer Restricted Securities.

(xiii) Subject to Section 4(b)(i) hereof, if any fact or event contemplated by Section 4(b)(iii)(D) hereof shall exist or have occurred, use their reasonable best efforts to prepare a supplement or post effective amendment to the Shelf Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(xiv) Provide CUSIP numbers for all Transfer Restricted Securities not later than the effective date of the Shelf Registration Statement and provide the Trustee under the Indenture with certificates for the Securities that are in a form eligible for deposit with The Depository Trust Company.

(xv) Cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter that is required to be retained in accordance with the rules and regulations of the NASD.

(xvi) Otherwise use their reasonable best efforts to comply with all applicable rules and regulations of the Commission and all reporting requirements under the Exchange Act.

(xvii) Cause the Indenture to be qualified under the TIA not later than the effective date of the Shelf Registration Statement required by this Agreement, and, in connection therewith, cooperate with the Trustee and the holders of Securities to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use their reasonable best efforts to cause the Trustee thereunder to execute all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner.

(xviii) Cause all Transfer Restricted Securities covered by the Shelf Registration Statement to be listed or quoted, as the case may be, on each securities exchange or automated quotation system on which similar securities issued by the Issuer are then listed or quoted.

(xix) Provide to each Holder upon written request each document filed with the Commission pursuant to the requirements of Section 13 and Section 15 of the Exchange Act after the effective date of the Shelf Registration Statement.

(xx) If requested by the underwriters, prepare and present to potential investors customary "road show" or marketing materials in a manner consistent with other new issuances of other securities similar to the Transfer Restricted Securities.

(c) Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of any notice (a "Suspension Notice") from the Issuer of the existence of any fact of the kind described in Section 4(b)(iii)(D) hereof, such Holder will, and will use their reasonable best efforts to cause any underwriter(s) in an Underwritten Offering to, forthwith discontinue disposition of Transfer Restricted Securities pursuant to the Shelf Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 4(b)(xiii) hereof, or (ii) such Holder is advised in writing by the Issuer that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by the Issuer, each Holder will deliver to the Issuer (at the Issuer's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of such notice of suspension.

5. Registration Expenses.

(a) All expenses incident to the performance of or compliance with this Agreement by the Issuer and the Guarantor shall be borne by the Issuer and the Guarantor regardless of whether a Shelf Registration Statement becomes effective, including, without limitation (i) all registration and filing fees and expenses (including filings made by the Initial Purchasers or any Holders with the NASD); (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing of Prospectuses and certificates for the Common Stock to be issued upon conversion of the Securities) and the expenses of the Issuer and the Guarantor for messenger and delivery services

and telephone; (iv) all fees and disbursements of counsel to the Issuer and the Guarantor and, subject to Section 5(b) below, the Holders of Transfer Restricted Securities; (v) all application and filing fees in connection with listing (or authorizing for quotation) the Common Stock on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Issuer and the Guarantor (including the expenses of any special audit and comfort letters required by or incident to such performance). The Issuer and the Guarantor shall bear their internal expenses (including, without limitation, all salaries and expenses of their officers and employees performing legal, accounting or other duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Issuer and the Guarantor.

(b) In connection with the Shelf Registration Statement required by this Agreement, including any amendment or supplement thereto, and any other documents delivered to any Holders, the Issuer and the Guarantor shall reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities being registered pursuant to the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel as may be chosen by a Majority of Holders for whose benefit the Shelf Registration Statement is being prepared. The Issuer and the Guarantor shall not be required to pay any underwriting discount, commission or similar fee related to the sale of any securities.

6. Indemnification and Contribution.

(a) The Issuer and the Guarantor shall jointly and severally indemnify and hold harmless each Holder, such Holder's officers, directors, partners and employees and each person, if any, who controls such Holder within the meaning of the Securities Act (each, an "Indemnified Holder"), from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, but not limited to, any loss, claim, damage, liability or action relating to resales of the Transfer Restricted Securities), to which such Indemnified Holder may become subject, insofar as any such loss, claim, damage, liability or action arises out of, or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement or Prospectus or any amendment or supplement thereto or (ii) the omission or alleged omission to state therein any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and shall reimburse each Indemnified Holder promptly upon demand for any legal or other expenses reasonably incurred by such Indemnified Holder in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Issuer shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in the Shelf Registration Statement or Prospectus or amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Issuer by or on behalf of such Holder; provided, further, that the Issuer and the Guarantor shall not be liable for any loss, liability, claim, damage or expense to the extent that it arises from a sale of Transfer Restricted Securities occurring during a Suspension Period, provided that such Holder shall have received a Suspension Notice with respect to such Suspension Period prior to such sale. The foregoing indemnity agreement is in addition to any liability which the Issuer and the Guarantor may otherwise have to any Indemnified Holder.

(b) Each Holder, severally and not jointly, shall indemnify and hold harmless the Issuer, the Guarantor, their officers, directors and employees and each person, if any, who controls the Issuer or any Guarantor within the meaning of the Securities Act, from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which the Issuer, any Guarantor or any such officer, director, employee or controlling person may become subject, insofar as any such loss, claim, damage or liability or action arises out of, or is based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Shelf Registration Statement or Prospectus or any amendment or supplement thereto or (ii) the omission or the alleged omission to state therein any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, but in each case only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Issuer by or on behalf of such Holder (or its related Indemnified Holder) specifically for use therein, and shall reimburse the Issuer, the Guarantor and any such officer, director, employee or controlling person promptly upon demand for any legal or other expenses reasonably incurred by the Issuer, the Guarantor or any such officer, director, employee or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred. The foregoing indemnity agreement is in addition to any liability that any Holder may otherwise have to the Issuer, the Guarantor and any such officer, employee or controlling person.

(c) Promptly after receipt by an indemnified party under this Section 6 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 6, notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 6 except to the extent it has been materially prejudiced by such failure and, provided, further, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 6. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that a Majority of Holders shall have the right to employ a single counsel to represent jointly a Majority of Holders and their respective officers, directors, partners, employees and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by a Majority of Holders against the Issuer under this Section 6, if a Majority of Holders seeking indemnification shall have been advised by legal counsel that there may be one or more legal defenses available to them and their respective officers, employees and controlling persons that are different from or additional to those available to the Issuer, the Guarantor and their officers, directors, employees and controlling persons, the fees and expenses of a single separate counsel shall be paid by the Issuer and the Guarantor. No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall

not be unreasonably withheld) settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) If the indemnification provided for in this Section 6 shall for any reason be unavailable or insufficient to hold harmless an indemnified party under Section 6(a) or 6(b) in respect of any loss, claim, damage or liability (or action in respect thereof) referred to therein, each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability (or action in respect thereof) (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer and the Guarantor from the offering and sale of the Transfer Restricted Securities on the one hand and a Holder with respect to the sale by such Holder of the Transfer Restricted Securities on the other, or (ii) if the allocation provided by clause (6)(d)(i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 6(d)(i) but also the relative fault of the Issuer and the Guarantor on the one hand and the Holders on the other in connection with the statements or omissions or alleged statements or alleged omissions that resulted in such loss, claim, damage or liability (or action in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Issuer and the Guarantor on the one hand and a Holder on the other with respect to such offering and such sale shall be deemed to be in the same proportion as the total net proceeds from the offering of the Securities purchased under the Purchase Agreement (net of discounts and commissions but before deducting expenses) received by the Issuer and the Guarantor on the one hand, bear to the total proceeds received by such Holder with respect to its sale of Transfer Restricted Securities on the other. The relative fault of the parties shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer and the Guarantor on the one hand or the Holders on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Issuer, the Guarantor and each Holder agree that it would not be just and equitable if the amount of contribution pursuant to this Section 6(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the first sentence of this paragraph (d). The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 6 shall be deemed to include, for purposes of this Section 6, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending or preparing to defend any such action or claim. Notwithstanding the provisions of this Section 6, no Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Transfer Restricted Securities purchased by it were resold exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of any untrue or alleged untrue statement or

omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders obligations to contribute as provided in this Section 6(d) are several and not joint.

7. Rule 144A. In the event the Issuer is not subject to Section 13 or 15(d) of the Exchange Act, the Issuer hereby agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding, to make available to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities from such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A.

8. Participation in Underwritten Registrations. No Holder may participate in any Underwritten Registration hereunder unless such Holder (i) agrees to sell such Holder s Transfer Restricted Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements; and (ii) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

9. Selection of Underwriters. The Holders of Transfer Restricted Securities covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Securities in an Underwritten Offering if approved by the Issuer, as provided in Section 4(b)(ii). In any such Underwritten Offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by a Majority of Holders whose Transfer Restricted Securities are included in such offering; provided, that such investment bankers and managers must be reasonably satisfactory to the Issuer.

10. Miscellaneous.

(a) ***Remedies***. The Issuer and the Guarantor acknowledge and agree that any failure by the Issuer and the Guarantor to comply with its obligations under Section 2 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the obligations of the Issuer and the Guarantor under Section 2 hereof. The Issuer and the Guarantor further agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) ***Adjustments Affecting Transfer Restricted Securities***. The Issuer and the Guarantor shall not take any action with the primary purpose of adversely affecting the ability of the Holders of the Transfer Restricted Securities as a class to include such Transfer Restricted Securities in a registration undertaken pursuant to this Agreement.

(c) ***No Inconsistent Agreements***. The Issuer and the Guarantor will not, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. In addition, the Issuer and the Guarantor shall not grant to any of their security holders (other than the Holders of Transfer Restricted Securities in such capacity) the right to include any securities in the Shelf Registration Statement provided for in this Agreement

other than the Transfer Restricted Securities. Except as disclosed in the Offering Memorandum, the Issuer and the Guarantor have not previously entered into any agreement (which has not expired or been terminated) granting any registration rights with respect to its securities to any Person which rights conflict with the provisions hereof.

(d) ***Amendments and Waivers***. Except as provided in the next paragraph, this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given, unless the Issuer and the Guarantor have obtained the written consent of a Majority of Holders or such greater percentage of the Holders as required by the Indenture. In the event of a merger or consolidation or sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the Issuer and its subsidiaries on a consolidated basis, the Issuer and the Guarantor shall procure the assumption of its obligations under this Agreement (which it is understood and agreed shall include the registration of any other securities into which the Securities or the Common Stock (the "**New Securities**") have become convertible on substantially the same terms as provided for the registration of the Common Stock) by the Person (if other than the Issuer) formed by such consolidation or into which the Issuer and the Guarantor are merged or the Person who acquires by sale, assignment, conveyance, transfer, lease or other disposition all or substantially all of the properties and assets of the Issuer and its subsidiaries on a consolidated basis and this Agreement may be amended, modified or supplemented without the consent of any Holders to provide for such assumption of the Issuer's and the Guarantor's obligations hereunder (including the registration of any New Securities). Without the consent of each Holder of Securities, no amendment or modification may change the provisions relating to the payment of Additional Interest during the pendency of a Registration Default.

Each Holder of Transfer Restricted Securities outstanding at the time of any amendment, modification, supplement, waiver or consent or thereafter shall be bound by any amendment, modification, supplement, waiver or consent effected pursuant to this Section 10(d), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Transfer Restricted Securities or is delivered to such Holder.

(e) ***Notices***. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, first class mail (registered or certified, return receipt requested), telex, facsimile transmission, or air courier guaranteeing overnight delivery (i) if to a Holder, at the address set forth on the records of the registrar under the Indenture or the transfer agent of the Common Stock, as the case may be; and (ii) if to the Issuer or the Guarantor:

WESCO International, Inc.
225 West Station Square Drive, Suite 700
Pittsburgh, Pennsylvania 15219
Attention: Daniel A. Brailer
Telephone: 412-454-4220
Facsimile: 412-454-2595

With a copy to:

Kirkpatrick & Lockhart Nicholson Graham LLP

Henry W. Oliver Building
535 Smithfield Street
Pittsburgh, PA 15222-2312
Attention: Michael C. McLean
Telephone: 412-355-6500
Facsimile: 412-355-6501

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if transmitted by facsimile; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

(f) ***Successors and Assigns***. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; provided, however, that (i) this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Transfer Restricted Securities from such Holder and (ii) nothing contained herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities, in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement.

(g) ***Counterparts***. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) ***Securities Held by the Issuer or Its Affiliates***. Whenever the consent or approval of Holders of a specified percentage of Transfer Restricted Securities is required hereunder, Transfer Restricted Securities held by the Issuer or its affiliates (as such term is defined in Rule 405 under the Securities Act) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(i) ***Headings***. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(j) ***Governing Law***. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

(k) ***Severability***. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(l) ***Entire Agreement***. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Issuer and the Guarantor with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

WESCO INTERNATIONAL, INC.

By: /s/ Stephen A. Van Oss
Name: Stephen A. Van Oss
Title: Senior Vice President and Chief Financial and Administrative Officer

WESCO DISTRIBUTION, INC.

By: /s/ Stephen A. Van Oss
Name: Stephen A. Van Oss
Title: Senior Vice President and Chief Financial and Administrative Officer

LEHMAN BROTHERS INC.

FOR THEMSELVES AND AS
REPRESENTATIVE OF THE OTHER INITIAL PURCHASERS

BY: LEHMAN BROTHERS INC.

By: /s/ Victoria Hale
Authorized Representative

Victoria Hale
Vice President

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-1 No. 333-133423) of WESCO International, Inc. and WESCO Distribution, Inc.,
2) Registration Statement (Form S-3 No. 333-119909) of WESCO International, Inc. and WESCO Distribution, Inc.,
3) Registration Statement (Form S-4 No. 333-133422) of WESCO International, Inc. and WESCO Distribution, Inc.,
4) Registration Statement (Form S-8 No. 333-81841) pertaining to the CDW Holding Corporation Stock Option Plan for Branch Employees of WESCO International, Inc.;
5) Registration Statement (Form S-8 No. 333-81845) pertaining to the CDW Holding Corporation Stock Option Plan of WESCO International, Inc.;
6) Registration Statement (Form S-8 No. 333-81847) pertaining to the WESCO International, Inc. 1998 Stock Option Plan of WESCO International, Inc.;
7) Registration Statement (Form S-8 No. 333-81857) pertaining to the WESCO International, Inc. 1999 Long-Term Incentive Plan of WESCO International, Inc.; and
8) Registration Statement (Form S-8 No. 333-91187) pertaining to the WESCO Distribution, Inc. Retirement Savings Plan of WESCO International, Inc.;

of our report dated March 10, 2006 relating to the consolidated financial statements of Communications Supply Holdings, Inc. & Subsidiary for the year ended December 30, 2005 and the period from inception (May 4, 2004) through December 31, 2004 and of the Predecessor for the period from December 27, 2003 through May 3, 2004, appearing in this Form 8-K of WESCO International, Inc.

/s/ Ernst & Young LLP

Chicago, Illinois
November 7, 2006

Exhibit 99.1

NEWS RELEASE

WESCO International, Inc. / Suite 700, 225 West Station Square Drive / Pittsburgh, PA 15219

WESCO International, Inc. Announces Completion of Communications Supply Corp. Acquisition

Contact: Stephen A. Van Oss, Senior Vice President and
Chief Financial & Administrative Officer
WESCO International, Inc. (412) 454-2271, Fax: (412) 454-2477
http://www.wesco.com

PITTSBURGH, November 6/PRNewswire-FirstCall/ — WESCO International, Inc. (NYSE: WCC), a leading provider of electrical MRO products, construction materials, and advanced integrated supply procurement outsourcing services, today announced that it completed its previously announced acquisition of Communication Supply Corporation (CSC). Communications Supply is headquartered in Carol Stream, Illinois and is a leading national distributor of low voltage network infrastructure and industrial wire and cable products.

Chairman and CEO, Roy W. Haley stated, "We are very pleased to have Communications Supply as part of the WESCO organization. The management team has done an outstanding job of building the business, and CSC has a customer service culture that is closely aligned to WESCO's extra-effort work ethic. We are enthusiastic about the growth potential in the data communications market and the opportunities to strengthen our overall position in multiple market segments."

Separately, Stephen A. Van Oss, WESCO's Senior Vice President and Chief Financial and Administrative Officer noted, "We are excited about the business opportunities provided by the combination of WESCO and Communications Supply and pleased with the financing that we have been able to obtain. WESCO successfully completed the issuance of $300 million in convertible debentures on November 2, 2006. The Company was able to obtain an attractive long-term, fixed rate of 1.75% on the convertible debentures due 2026. Also, as previously reported, we anticipate the acquisition of CSC will contribute $0.04 earnings per share this year and $0.35 to $0.40 per share in 2007."

# # #

WESCO International, Inc. (NYSE: WCC) is a publicly traded Fortune 500 holding company, headquartered in Pittsburgh, Pennsylvania, whose primary operating entity is WESCO Distribution, Inc. WESCO Distribution is a leading distributor of electrical construction products and electrical and industrial maintenance, repair and operating (MRO) supplies, and is the nation's largest provider of integrated supply services. 2005 annual sales were approximately $4.4 billion. The Company employs approximately 6,100 people, maintains relationships with over 24,000 suppliers, and serves more than 100,000 customers worldwide. Major markets include commercial and industrial firms, contractors, government agencies, educational institutions, telecommunications businesses and utilities. WESCO operates seven fully automated distribution centers and approximately 365 full-service branches in North America and selected international markets, providing a local presence for area customers and a global network to serve multi-location businesses and multi-national corporations.

# # #

The matters discussed herein may contain forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from expectations. Certain of these risks are set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, as well as the Company's other reports filed with the Securities and Exchange Commission.