

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 {NO FEE REQUIRED}

For the fiscal year ended January 30, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 {NO FEE REQUIRED}

For the transition period from _____ to _____

Commission File No. 001-08772

HUGHES SUPPLY, INC.

(Exact name of registrant as specified in its charter)

Florida 59-0559446
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

20 North Orange Avenue, Suite 200, Orlando, Florida 32801
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: 407/841-4755

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

Title of each class	Name of each exchange on which registered
Common Stock (\$1.00 Par Value)	New York Stock Exchange

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

Common Stock (\$1.00 Par Value)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

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

State the aggregate market value of the voting stock held by non-affiliates of the Registrant: \$818,804,735 as of April 17, 1998.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable

date: 22,817,872 shares of Common Stock (\$1.00 par value) as of April 17, 1998.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K into which the document is incorporated:

- Part I - Annual Report to Shareholders for the fiscal year ended January 30, 1998 (designated portions).
- Part II - Annual Report to Shareholders for the fiscal year ended January 30, 1998 (designated portions).
- Part III- Definitive Proxy Statement for the 1998 Annual Meeting of Shareholders (designated portions).
- Part IV - Annual Report to Shareholders for the fiscal year ended January 30, 1998 (designated portions).

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PART I

ITEM 1. BUSINESS

GENERAL

Hughes Supply, Inc. was founded as a general partnership in Orlando, Florida in 1928 and was incorporated as a Florida corporation in 1947. As used throughout this Report, the terms "Company" and "Registrant" shall be deemed to mean Hughes Supply, Inc. and its subsidiaries, except where the context otherwise indicates.

The Company is one of the largest diversified wholesale distributors of materials, equipment and supplies for the construction and industrial markets operating primarily in the southeastern, southwestern and midwestern United States. The Company distributes more than 210,000 products through 404 branches located in 27 states, Mexico and Puerto Rico. The Company's principal customers are electrical, plumbing and mechanical contractors, electric utility companies, property management companies, municipal and industrial accounts. Industrial accounts include companies in the petrochemical, food and beverage, pulp and paper, mining, pharmaceutical and marine industries. Management believes that the Company holds significant market share in a majority of its local markets and is one of the largest distributors of its range of products in the southeastern, southwestern and midwestern United States. The Company's largest geographic market is Florida (representing approximately 34% of fiscal 1998 net sales), which is one of the largest commercial and residential construction markets in the United States. The following table presents the locations of the Company's branches:

Location	Number of Branches
Florida	100
Texas	71
Georgia	39
North Carolina	37
Alabama	21
South Carolina	21
Ohio	19
Tennessee	18
Arizona	10
Mississippi	10
Virginia	9
Kentucky	6
Indiana	5
Louisiana	5
Illinois	4
Oklahoma	4
West Virginia	4
Missouri	3
New Jersey	3
Pennsylvania	3
Arkansas	2
Maryland	2

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Location	Number of Branches
Michigan	2
California	1
Mexico	1
New York	1
Puerto Rico	1
Utah	1
Washington	1

A current listing of the locations of the wholesale branches and distribution centers of the Company is set forth as Exhibit 99.1 to this Report.

The products which the Company distributes are used in new construction for commercial, residential, utility and industrial applications and for maintenance, replacement and renovation projects. Such products include materials and supplies associated with the Company's nine major product groups, as follows: electrical; plumbing; water and sewer; air conditioning and heating; industrial pipe, plate, valves and fittings; building materials; electric utilities; water systems; and pool equipment and supplies. Each product group is sold by the Company's own specialized and experienced sales force consisting of outside sales representatives and inside account executives. Management believes that the Company's mix of commercial, residential, utility and industrial business, geographic diversification and multiple product groups reduces the impact of economic cycles on the Company's net sales and profitability. Management believes that no other company competes against it across all of its product groups.

The Company's principal business objective is to achieve profitable growth, both internally and through selective acquisitions, primarily in existing and contiguous geographic markets. The Company has grown internally through increases in comparable branch net sales, new branch openings and the addition of new product groups. Since January 29, 1993, the Company has opened 53 new branches (exclusive of new branches acquired through acquisitions). In addition, the Company continues to pursue an active acquisition program to capitalize on the opportunities

presented by the substantial size and highly fragmented ownership structure of its industry. Since January 29, 1993, the Company has completed 51 acquisitions representing 216 branches. In addition to increased geographic penetration, acquisitions often provide opportunities for the Company to gain market share and to enhance and diversify product offerings. Management believes that the most cost effective way for the Company to enter new geographic markets is through acquisitions. All of the Company's significant acquisitions have been accretive to the Company's earnings per share in the first full year subsequent to the transaction.

INDUSTRY OVERVIEW

Based on estimates available to the Company, industry sales in the United States of products sold by the Company exceeded \$100 billion in 1997, and no wholesale distributor of these products accounted for more

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than 5% of the total market. As a result of their smaller size, many of the local or regional distributors generally lack the purchasing power of a larger entity, may lack the resources to offer broad product lines and multiple brands, and may not possess sophisticated inventory management and control systems necessary to operate multiple branches efficiently.

As a result, during the past decade many of the large wholesale distributors, including the Company, have grown considerably through acquisitions. However, many independent distributors are still privately owned, relationship-based companies that emphasize service, delivery and reliability to their customers. Further, a majority of independent distributors focus on a particular size or type of customer and a particular product group. In contrast, the Company services various sizes and types of customers and multiple product groups and diversifies its sales across various types of construction and users of its products. Due to its strong competitive position, its size and its management infrastructure, management also believes that the Company is well-positioned to continue to benefit from consolidation trends within the wholesale distribution business.

The Company differentiates itself from consumer-oriented, large format, do-it-yourself ("DIY") home center retailers with respect to the type of customer served, breadth of products offered and level of service provided. Management believes that the Company's customers, unlike DIY customers, are typically professionals who choose their building materials suppliers primarily on the basis of product availability, price, relationships with sales personnel, and the quality and scope of services offered by such suppliers. Furthermore, professional customers generally buy in large volumes, are involved in ongoing jobs or projects lasting months or years resulting in repeat buying situations, and require specialized services not typically provided by large format DIY home center retailers. Customer services provided by the Company include credit, design assistance, material specifications, scheduled job site delivery, job site visits to ensure satisfaction, technical product services, including blueprint take-off and computerized order quotes, and assistance with product returns. Accordingly, the Company has been able to serve customer groups that large format DIY home center retailers generally do not emphasize.

ACQUISITION STRATEGY

The Company's acquisition strategy is to acquire profitable distribution businesses with strong management and well-developed market positions and customer franchises. Acquisitions can generally be categorized as fill-in acquisitions or new market acquisitions. Fill-in acquisitions are generally smaller in size and represent new branches within existing product groups and existing geographic markets. Since

January 29, 1993, the Company has completed fill-in acquisitions of 49 branches, and management believes that significant additional fill-in acquisition opportunities are available.

New market acquisitions represent the addition of new product groups, within related commercial construction, residential and industrial product categories, or the entry into new geographic

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markets, or both. During the last five fiscal years, the Company has increasingly focused on new market acquisitions with the goal of adding products and product groups with higher gross margins, increasing sales to the replacement and industrial markets (which tend to be less cyclical than new construction markets), achieving greater geographic diversification and developing additional opportunities for future fill-in acquisitions and new branch openings. Recent new market acquisitions completed by the Company include: (i) Sunbelt Supply Company, resulting in a significant increase in the Company's valve and fitting business in new geographic markets; (ii) Metals, Incorporated, Stainless Tubular Products, Inc., and Metals, Inc. - Gulf Coast Division, resulting in a significant increase in the Company's specialty pipe, valve and fitting business as well as the metal fabrication business in new geographic markets; (iii) Mountain Country Supply, Inc., resulting in a significant increase in the Company's plumbing, water and sewer, and air conditioning and heating business in new geographic markets; (iv) International Supply Company, Inc. and its affiliated operations, resulting in a significant increase in the Company's water and sewer and plumbing business in new geographic markets; (v) Merex Corporation, resulting in an increased presence in export markets; and (vi) Chad Supply, Inc., the Company's initial entry into the distribution of repair and maintenance products to the multi-family housing industry.

The following table summarizes the fill-in and new market acquisitions completed by the Company since January 29, 1993:

Acquisition -----	Type of Acquisition -----	Date of Acquisition -----	Number of Branches -----	Location of Operation -----	Major Product Groups -----
Virginia branch	Fill-in	June, 1993	1	VA	Plumbing
Florida and Georgia branches	Fill-in	June, 1993	2	FL,GA	Electrical, electric utilities
Electrical Distributors, Inc.*	New market	June, 1993	1	GA	Electrical
Alabama Water Works Supply, Inc.	New market	July, 1993	3	AL	Water and sewer
Florida branches	Fill-in	December, 1993	2	FL	Building materials
Swaim Supply Company*	New market	January, 1994	8	NC,VA	Plumbing, air conditioning and heating
Florida and Georgia branches (1)	Fill-in	February, 1994- September, 1994	4	FL,GA	Water and sewer, plumbing, electrical
Treaty Distribution Group branches	New market	January, 1995	16	IN,OH	Water and sewer, plumbing, air conditioning and heating
Olander & Brophy, Inc.	New market	March, 1995	4	OH,PA	Pool equipment and supplies, water systems

Port City Electrical Supply, Inc.	Fill-in	March, 1995	2	GA,SC	Electrical
Elec-Tel Supply Company	Fill-in	April, 1995	1	GA	Electric utilities

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Acquisition -----	Type of Acquisition -----	Date of Acquisition -----	Number of Branches -----	Location of Operation -----	Major Product Groups -----
Various branches (2)	Fill-in	June, 1995- February, 1996	7	AL,FL,KY,NC, NJ,SC,TN,VA	Electrical, pool equipment and supplies, plumbing
Moore Electric Supply, Inc.*	New market	August, 1995	5	NC,SC	Electrical
Atlantic Pump & Equipment Companies	Fill-in	September, 1995	4	FL,PR	Pool equipment and supplies
Florida Pipe & Supply Company*	New market	December, 1995	1	FL	Industrial pipe, plate, valves and fittings
Waldorf Supply, Inc.	Fill-in	February, 1996	1	MD	Plumbing
West Virginia Water and Waste Supply Co., Inc.	New market	March, 1996	2	WV	Water and sewer
Electric Laboratories and Sales Corporation*	New market	April, 1996	3	IL,OH	Electric utilities
PVF Holdings, Inc.	New market	May, 1996	16	GA,IL,LA,MO,NC, NJ,TN,TX,UT,WA	Industrial pipe, plate, valves and fittings
Gayle Supply Company, Inc.*	Fill-in	May, 1996	3	AL	Plumbing
R & G Plumbing Supply, Inc.	Fill-in	May, 1996	2	AL	Plumbing
JuNo Industries, Inc. and J.I. Services Corporation*	New market	September, 1996	5	FL,GA	Industrial pipe, plate, valves and fittings
Palm Pool Products, Inc.*	New market	September, 1996	2	MI,OH	Pool equipment and supplies, water systems
Coastal Wholesale, Inc.	Fill-in	November, 1996	1	FL	Pool equipment and supplies, water systems
J & J, Inc.	Fill-in	November, 1996	2	GA,TX	Industrial pipe, plate, valves and fittings
Wholesale Electric Supply Corporation	New market	November, 1996	2	NC,NY	Electrical
Panhandle Pipe & Supply Co., Inc.*	Fill-in	December, 1996	1	WV	Water and sewer
Sunbelt Supply Company*	New market	December, 1996	9	FL,LA,TX,VA	Industrial pipe, plate,

					valves and fittings
Metals, Incorporated, Stainless Tubular Products, Inc., and Metals, Inc. - Gulf Coast Division*	New market	January, 1997	3	AL,MO,OK	Industrial pipe, plate, valves and fittings
Dixie Forming & Building Specialties Incorporated	New market	February, 1997	5	NC,SC,VA	Building materials
Gulf Pool Equipment Company	New market	February, 1997	3	GA,OK,TX	Pool equipment and supplies, water systems
Dominion Pipe and Supply Company and Dominion Pipe Fabricators, Inc.*	New market	May, 1997	1	VA	Water and sewer

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Acquisition -----	Type of Acquisition -----	Date of Acquisition -----	Number of Branches -----	Location of Operation -----	Major Product Groups -----
Gilleland Concrete Products, Inc.	New market	June, 1997	1	GA	Water and sewer
Shrader Holding Co., Inc.*	New market	August, 1997	5	AR,OK,TX	Water and sewer
Workman Developments, Inc.	New market	August, 1997	1	WV	Industrial pipe, plate, valves and fittings
Supply One	Fill-in	September, 1997	1	OH	Plumbing
Allied Metals, Inc.	New market	October, 1997	1	TX	Industrial pipe, plate, valves and fittings
Virginia Water & Waste Supply Company, Inc.*	Fill-in	November, 1997	1	VA	Water and sewer
Superior Concrete Products	Fill-in	December, 1997	-	FL	Building materials
APPCO Process Equipment Company	New market	December, 1997	1	NC	Industrial pipe, plate, valves and fittings
Mountain Country Supply, Inc.	New market	January, 1998	10	AZ	Plumbing, water and sewer, air conditioning and heating
International Supply Company, Inc. and affiliated operations	New market	January, 1998	38	TX	Water and sewer, plumbing, industrial, pipe, plate, valves and fittings
Merex Corporation	New market	January, 1998	2	TX,MX	Industrial pipe, plate, valves and fittings
Chad Supply, Inc.*	New market	January, 1998	18	AL,FL,GA,KY,LA NC,OH,SC,TN	Building materials, plumbing, electrical, air conditioning and heating, pool equipment and supplies

San Antonio Plumbing Distributors, Inc.*	Fill-in	March, 1998	14	TX	Plumbing, water and sewer
United Supply Agencies	New market	March, 1998	1	TX	Air conditioning and heating, plumbing, building materials, electrical

TOTAL			216		
			===		

* Accounted for as pooling of interests.

(1) Facilities acquired in purchases of assets from four entities.

(2) Facilities acquired in purchases of assets from three entities.

OPERATING STRATEGY

The Company's operating strategy is based on decentralizing customer related functions at the branch level, such as sales and local inventory management, and centralizing certain administrative functions at the corporate level, such as credit, human resources, finance and accounting, legal and management information systems. Key elements of the Company's operating strategy include:

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Comprehensive and Diversified Product Groups. As part of its emphasis on superior customer service, the Company offers more than 210,000 products in nine product groups at competitive prices. Distribution of a wide variety of products within product groups assists the Company's customers in managing their inventory, arranging for consolidated delivery requirements and providing a greater portion of total job specifications. The depth and breadth of the Company's product groups generally permits it to make add on sales of higher margin, non-commodity items.

The Company is diversified across nine product groups and various sectors of the construction industry (such as commercial, residential, utility and industrial), which lessens its dependence upon market conditions applicable to any one of its product groups or any single sector of the construction industry. Further, the Company's product diversification permits it to participate in multiple phases of construction projects.

Superior Customer Service. Substantially all of the Company's sales are to professional customers with whom the Company has developed long-term relationships. These relationships are largely based on the Company's history of providing superior service. Customer services provided by the Company include credit, design assistance, material specifications, scheduled job site delivery, job site visits to ensure satisfaction, technical product services, including blueprint take-off and computerized order quotes, and assistance with product returns.

Local Market Focus. The Company has organized its branches as autonomous, decentralized branches capable of meeting local market needs and offering competitive prices. Each branch handles one or more of the Company's product groups and operates as a separate profit center with its own sales force. Each branch manager has the authority and responsibility to set pricing and tailor the product offering and mix, as well as the nature of services offered, to meet the local market demand. In addition, each branch manager is responsible for purchasing, maintenance of adequate inventory levels, cost controls and customer relations.

The Company has been able to tailor its branch size and product offerings to perceived market demand. As a result, the Company has successfully operated branches in secondary cities where management believes it has achieved significant market share and in larger metropolitan areas where it has established a sound market presence.

Well-Trained and Experienced Workforce. The Company has implemented extensive employee training and recruiting programs to ensure that its employees have the skill levels necessary to compete effectively in today's marketplace. The Company utilizes in-depth training seminars covering basic and advanced product knowledge, and selling, purchasing, negotiating and management skills. The Company has also developed a recruiting and training program to increase the number of qualified applicants introduced into its management and sales ranks.

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The Company generally has experienced a low rate of turnover among its employees and, as a result, the Company's corporate management group, branch managers, outside sales representatives and inside sales account executives have considerable experience with the Company.

Centralized Administrative Functions. The Company has centralized certain administrative functions such as credit, human resources, finance and accounting, legal and management information systems. The Company's credit function is essential to its success. All credit decisions are researched, analyzed and approved by a group of regional credit managers to ensure conformity and quality of credit decisions across the Company's operations. Management believes that its credit function has enabled it to be recognized as an industry leader due to its consistently low level of bad debt expense. Centralization of human resources, finance and accounting functions ensure conformity in policy and lower overall cost of administration. The Company's comprehensive management information system is based on point of sale information and provides managers with real time inventory, receivables, purchasing, pricing, credit and margin information. This management information system allows the Company's branches to more effectively manage their inventory and receivables and respond more quickly and accurately to specific customer needs and local market demand.

Volume Purchasing Power. The Company established its Preferred Vendor Program in 1991 to more effectively leverage its purchasing power. This program has reduced the number of vendors and has resulted in stronger, more strategic relationships with a more concentrated group of vendors. The concentration of vendors has also improved the Company's ability to assure more timely delivery, reduce errors, and to obtain better terms and greater financial incentives. Other programs currently being employed with vendors include vendor managed inventory systems, bar coding, and electronic exchange of purchase orders and invoices, each of which has resulted in a reduction in transaction costs and an improvement in operating efficiency.

PRODUCTS

The Company distributes products in the following nine major product groups:

Electrical: Electrical supplies, including wire, cable, cords, boxes, covers, wiring devices, conduit, raceway duct, safety switches, motor controls, breakers, panels, fuses and related supplies and accessories, residential, commercial and industrial electrical fixtures and other special use fixtures.

Plumbing: Plumbing fixtures and related fittings, residential, commercial and industrial water heaters, drain waste, vent, natural gas and potable water piping, and plumbing accessories and supplies.

Water and Sewer: Water works and industrial supplies, including large diameter plastic (PVC) and ductile iron pipe, fire hydrants, water meters, valves, backflow prevention devices, storm drain, pre-cast concrete tested utility and fire line vaults, fire protection fabrication and supply, and related hardware and accessories.

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Air Conditioning and Heating: Air conditioning and heating equipment, furnaces, heaters, heat pumps, condensing units, duct, pipe, fittings, registers, grills, freon, insulation and other refrigeration equipment, supplies and service parts.

Industrial Pipe, Plate, Valves and Fittings: Mechanical and weld pipe, valves and related fittings, fire protection systems and supplies, high performance valves, specialty pipe, high density polyethylene pipe and fittings, stainless steel and other high alloy pipe, plate, valves and fittings.

Building Materials: Reinforcing wire, reinforcing steel, plyform, lumber, concrete chemicals, concrete forming accessories, road and bridge products, masonry accessories and other building materials, hand tools, power tools, hardware, appliances, paint, flooring, janitorial products and equipment.

Electric Utilities: Transformers, conductor cable, insulators, prestressed concrete transmission and distribution poles, and other electric utility supplies and related hardware, accessories and tools.

Water Systems: Jet and submersible pumps and tanks, residential and commercial water treatment, well liners, wire, poly pipe, accessories and environmental products.

Pool Equipment and Supplies: Above-ground and in-ground pool packages, pumps, filters, heaters, lights, slides, diving boards, skimmers, drains, chemicals, solar equipment, pool liners and in-ground pool walls, deck products and cleaning equipment.

SALES AND PURCHASING

The Company employs approximately 780 outside sales representatives who call on customers and who also work with architects, engineers, manufacturers' representatives, purchasing agents, and plant superintendents and foremen for major construction projects. Approximately 720 inside account executives expedite orders, deliveries, quotations, and requests for pricing. Most orders are received by telephone, and materials are delivered by the Company's trucks to the customer's office or job site.

The Company's purchasing agents in its branches use a computerized inventory system to monitor stock levels, while central distribution centers in Orlando, Florida and Forest Park, Georgia provide purchasing assistance as well as a broad stock of inventory which supplements the inventory of the branches. In addition, the Company uses several of its larger branches in other parts of the country as distribution points for certain product lines.

CUSTOMERS AND SUPPLIERS

The Company currently serves over 80,000 customers, and no single customer accounts for more than 1% of total sales annually. Orders for larger construction projects normally require long-term delivery schedules throughout the period of construction, which in some cases may continue for several years. The substantial majority of customer orders are shipped from inventory at the Company's branches. The Company also accommodates special orders from its customers and facilitates the shipment of certain large volume orders directly from the manufacturer to the customer.

The Company regularly purchases from over 8,500 manufacturers and suppliers, of which approximately 675 are currently part of the Company's Preferred Vendor Program. No single supplier accounted for more than 5% of the Company's total purchases during fiscal 1998.

INVENTORIES

The Company is a wholesale distributor of construction and industrial materials and maintains significant inventories to meet rapid delivery requirements and to assure itself of a continuous allotment of goods from suppliers. As of January 30, 1998, inventories constituted approximately 37% of the Company's total assets.

COMPETITION

Management believes that the Company is one of the largest wholesale distributors of its range of products in the southeastern, southwestern and midwestern United States. However, there is strong competition in each product group distributed by the Company. The main sources of competition are other wholesalers, manufacturers who sell certain lines directly to contractors and, to a limited extent, retailers in the markets for plumbing, electrical fixtures and supplies, building materials, pool supplies and contractor's tools. The principal competitive factors in the Company's business are product availability, pricing, technical product knowledge as to application and usage, and advisory and other service capabilities.

EMPLOYEES

As of January 30, 1998, the Company had approximately 6,000 employees consisting of approximately 16 executives, 1,440 managers, 1,500 sales personnel and 3,044 other employees, including truck drivers, warehouse personnel, office and clerical workers. Over the last year, the Company's work force has increased by approximately 36% compared to the prior year as a result of increased sales volume and business acquisitions. The Company considers its relationship with its employees to be good.

ITEM 2. PROPERTIES

The Company leases approximately 40,000 square feet of an office building in Orlando, Florida for its headquarters. In addition, the Company owns or leases 404 facilities in 27 states, Mexico and Puerto

Rico. The typical sales branch consists of a combined office and warehouse facility ranging in size from 3,000 to 50,000 square feet, with paved parking and storage areas. The Company also operates a computer center, two central distribution warehouses, and a garage and trucking terminal.

Additional information regarding owned and leased properties of the Company is set forth as Exhibit 99.1 to this Report and in Note 7 of the Notes to Consolidated Financial Statements of the Annual Report to Shareholders for the fiscal year ended January 30, 1998, a copy of which is filed as an exhibit to this Report and the cited portion of which is incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings arising in the normal course of its business. Management believes that none of these proceedings will have a material adverse impact on its financial condition, results of operations or cash flows.

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

No matter was submitted to a vote of the Company's security holders during the fourth quarter of the fiscal year ended January 30, 1998.

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PART II

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

Information with respect to the principal market for the Company's common stock, stock prices and dividend information is set forth under the caption "Corporate and Shareholder Information" and in Note 11 of the Notes to Consolidated Financial Statements of the Company's Annual Report to Shareholders for the fiscal year ended January 30, 1998, a copy of which is filed as an exhibit to this Report and the cited portion of which is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

Information with respect to selected financial data of the Company is set forth under the caption "Selected Financial Data" of the Company's Annual Report to Shareholders for the fiscal year ended January 30, 1998, a copy of which is filed as an exhibit to this Report and the cited portion of which is incorporated herein by reference.

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

Information with respect to the Company's financial condition, changes in financial condition and results of operations is set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's Annual Report to Shareholders for the fiscal year ended January 30, 1998, a copy of which is filed as an exhibit to this Report and the cited portion of which is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.
NOT APPLICABLE.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(a) Financial Statements

The financial statements filed with this report are set forth in the "Index to Consolidated Financial Statements and Schedules" following Part IV hereof.

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(b) Selected Quarterly Financial Data

Information with respect to selected quarterly financial data of the Company is set forth in Note 11 of the Notes to Consolidated Financial Statements of the Company's Annual Report to Shareholders for the fiscal year ended January 30, 1998, a copy of which is filed as an exhibit to this Report and the cited portion of which is incorporated herein by reference.

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

The Company has not had any change in, or disagreement with its accountants or reportable event which is required to be reported in response to this item.

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PART III

All information required by Part III (Items 10, 11, 12 and 13) is incorporated by reference to the Company's Definitive Proxy Statement for the 1998 Annual Meeting of Shareholders.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS
ON FORM 8-K

(a) Financial Statements and Financial Statement Schedules

Financial statements and financial statement schedules required to be filed by item 8 of this Report are listed in a separately designated section submitted below. Exhibits are listed in subparagraph (c) below.

(b) Reports on Form 8-K

There were no reports on Form 8-K filed during the quarter ended January 30, 1998.

(c) Exhibits Filed

A substantial number of the exhibits referred to below are indicated as having been previously filed as exhibits to other reports under the Securities Exchange Act of 1934, as amended, or as exhibits to registration statements under the Securities Act of 1933, as amended. Such previously filed exhibits are incorporated by reference in this Form 10-K. Exhibits not incorporated by reference herein are filed with this report.

(2) Plan of acquisition, reorganization, arrangement, liquidation or succession. Not applicable.

(3) Articles of incorporation and by-laws.

3.1 Restated Articles of Incorporation, as amended, filed as Exhibit 3.1 to Form 10-Q for the quarter ended April 30, 1997 (Commission File No. 001-08772).

3.2 Composite By-Laws, as amended.

(4) Instruments defining the rights of security holders, including indentures.

- 4.1 Form of Common Stock Certificate representing shares of the Registrant's common stock, \$1.00 par value, filed as Exhibit 4.1 to Form 10-Q for the quarter ended July 31, 1997 (Commission File No. 001-08772).
- 4.2 Resolution Approving and Implementing Shareholder Rights Plan filed as Exhibit 4.4 to Form 8-K dated May 17, 1988 (Commission File No. 0-5235).

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(9) Voting trust agreement. Not applicable.

(10) Material contracts.

10.1 Lease Agreements with Hughes, Inc.

- (a) Orlando Trucking, Garage and Maintenance Operations dated December 1, 1971, filed as Exhibit 13(n) to Registration No. 2-43900 (Commission File No. 0-5235). Letter dated April 15, 1992 extending lease from month to month, filed as Exhibit 10.1(a) to Form 10-K for the fiscal year ended January 31, 1992 (Commission File No. 0-5235).
- (b) Leases effective March 31, 1988, filed as Exhibit 10.1(c) to Form 10-K for the fiscal year ended January 27, 1989 (Commission File No. 0-5235).

Sub-Item	Property
(1)	Clearwater
(2)	Daytona Beach
(3)	Fort Pierce
(4)	Lakeland
(6)	Leesburg
(7)	Orlando Electrical Operation
(8)	Orlando Plumbing Operation
(9)	Orlando Utility Warehouse
(11)	Sarasota
(12)	Venice
(13)	Winter Haven

- (c) Lease amendment letter between Hughes, Inc. and the Registrant, dated December 1, 1986, amending Orlando Truck Operations Center and Maintenance Garage lease, filed as Exhibit 10.1(i) to Form 10-K for the fiscal year ended January 30, 1987 (Commission File No. 0-5235).
- (d) Lease agreement dated June 1, 1987, between Hughes, Inc. and the Registrant, for additional Sarasota property, filed as Exhibit 10.1(j) to Form 10-K for the fiscal year ended January 29, 1988 (Commission File No. 0-5235).
- (e) Lease dated March 11, 1992, filed as Exhibit 10.1(e) to Form 10-K for the fiscal year ended January 31, 1992 (Commission File No. 0-5235).

Sub-Item Property
(2) Gainesville Electrical Operation

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- (f) Amendments to leases between Hughes, Inc. and Hughes Supply, Inc., dated April 1, 1998, amending the leases for the thirteen properties listed in Exhibit 10.1(b), (d) and (e).
- 10.2 Hughes Supply, Inc. 1988 Stock Option Plan as amended March 12, 1996 filed as Exhibit 10.2 to Form 10-K for the fiscal year ended January 26, 1996 (Commission File No. 001-08772).
- 10.3 Form of Supplemental Executive Retirement Plan Agreement entered into between the Registrant and eight of its executive officers, filed as Exhibit 10.6 to Form 10-K for fiscal year ended January 30, 1987 (Commission File No. 0-5235).
- 10.4 Directors' Stock Option Plan, as amended.
- 10.5 Lease Agreement dated June 30, 1993 between Donald C. Martin and Electrical Distributors, Inc., filed as Exhibit 10.6 to Form 10-K for fiscal year ended January 28, 1994 (Commission File No. 001-08772).
- 10.6 Consulting Agreement dated June 30, 1993 between Hughes Supply, Inc. and Donald C. Martin, filed as Exhibit 10.7 to Form 10-K for fiscal year ended January 28, 1994 (Commission File No. 001-08772).
- 10.7 Written description of senior executives' long-term incentive bonus plan for fiscal year 1996 incorporated by reference to the description of the bonus plan set forth under the caption "Approval of the Stock Award Provisions of the Senior Executives' Long-Term Incentive Bonus Plan for Fiscal Year 1996" on pages 26 and 27 of the Registrant's Proxy Statement for the Annual Meeting of Shareholders To Be Held May 24, 1994 (Commission File No. 001-08772).
- 10.8 Hughes Supply, Inc. Amended Senior Executives' Long-Term Incentive Bonus Plan, adopted January 25, 1996, filed as Exhibit 10.9 to Form 10-K for the fiscal year ended January 26, 1996 (Commission File No. 001-08772).
- 10.9 Lease Agreement dated June 24, 1996 between Donald C. Martin and Hughes Supply, Inc., filed as Exhibit 10.10 to Form 10-Q for the quarter ended October 31, 1996 (Commission File No. 001-08772).

- 10.10 Amended and Restated Revolving Credit Agreement and Line of Credit Agreement, dated as of August 18, 1997, by and among the Company, SunTrust, SouthTrust, NationsBank, First Union, Barnett and PNC, filed as Exhibit 10.14 to Form 10-Q for the quarter ended July 31, 1997 (Commission File No. 001-08772). The Amended Credit Agreement contains a table of contents identifying the contents of Schedules and Exhibits, all of which have been omitted. The Company agrees to furnish a supplemental copy of any omitted Schedule or Exhibit to the Commission upon request.
- 10.11 Note Purchase Agreement, dated as of August 28, 1997, by and among the Company and certain purchasers identified in Schedule A of the Note Purchase Agreement, filed as Exhibit 10.15 to Form 10-Q for the quarter ended July 31, 1997 (Commission File No. 001-08772).
- 10.12 Hughes Supply, Inc. 1997 Executive Stock Plan (the "Plan") incorporated by reference to the description of the Plan set forth under Exhibit A of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held May 20, 1997 (Commission File No. 001-08772).
- 10.13 Note Purchase Agreement, dated as of May 29, 1996, by and among the Company and certain purchasers identified in Schedule A of the Note Purchase Agreement.
- (11) Statement re computation of per share earnings. Not applicable.
- (12) Statements re computation of ratios. Not applicable.
- (13) Annual report to security holders, Form 10-Q or quarterly report to security holders.
- 13.1 Information incorporated by reference into Form 10-K from the Annual Report to Shareholders for the fiscal year ended January 30, 1998.
- (16) Letter re change in certifying accountant. Not applicable.
- (18) Letter re change in accounting principles. Not applicable.
- (21) Subsidiaries of the Registrant.
- 21.1 Subsidiaries of the Registrant.
- (22) Published report regarding matters submitted to vote of security holders. Not applicable.

- (23) Consents of experts and counsel.
- 23.1 Consent of Price Waterhouse LLP.
- (24) Power of attorney. Not applicable.

(27) Financial Data Schedule.

27.1 Financial Data Schedule (filed electronically only).

27.2 Restated Financial Data Schedule (filed electronically only).

27.3 Restated Financial Data Schedule (filed electronically only).

(99) Additional exhibits.

99.1 Location of facilities.

(d) Financial Statement Schedules

Financial statements and financial statement schedules required by Regulation S-X which are excluded from the annual report to shareholders by Rule 14a-3(b). Not applicable.

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SIGNATURES

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

HUGHES SUPPLY, INC.

By: /s/ David H. Hughes
David H. Hughes, Chairman of
the Board and Chief Executive
Officer

/s/ J. Stephen Zepf
 J. Stephen Zepf, Treasurer,
 Chief Financial Officer and
 Chief Accounting Officer

Date: April 20, 1998

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

/s/ David H. Hughes
 David H. Hughes
 April 20, 1998
 (Director)

/s/ A. Stewart Hall, Jr.
 A. Stewart Hall, Jr.
 April 20, 1998
 (Director)

/s/ John D. Baker, II
 John D. Baker, II
 April 20, 1998
 (Director)

Clifford M. Hames
 April 20, 1998
 (Director)

/s/ Robert N. Blackford
 Robert N. Blackford
 April 20, 1998
 (Director)

/s/ Vincent S. Hughes
 Vincent S. Hughes
 April 20, 1998
 (Director)

/s/ H. Corbin Day
 H. Corbin Day
 April 20, 1998
 (Director)

/s/ Herman B. McManaway
 Herman B. McManaway
 April 20, 1998
 (Director)

/s/ John B. Ellis
 John B. Ellis
 April 20, 1998
 (Director)

/s/ Donald C. Martin
 Donald C. Martin
 April 20, 1998
 (Director)

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 HUGHES SUPPLY, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

The following consolidated financial statements of the Registrant and its subsidiaries included in the Registrant's Annual Report to Shareholders for the fiscal year ended January 30, 1998, are incorporated by reference:

	Annual Report Page
Consolidated Statements of Income for the years ended January 30, 1998, January 31, 1997 and January 26, 1996	13
Consolidated Balance Sheets as of January 30, 1998 and January 31, 1997	14
Consolidated Statements of Shareholders' Equity for the years ended January 30,	

1998, January 31, 1997 and January 26, 1996	15
Consolidated Statements of Cash Flows for the years ended January 30, 1998, January 31, 1997 and January 26, 1996	16
Notes to Consolidated Financial Statements	17
Report of Independent Certified Public Accountants	26

All other schedules have been omitted as they are either not applicable, not required or the information is given in the financial statements or related notes thereto.

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INDEX OF EXHIBITS FILED WITH THIS REPORT

3.2	Composite By-Laws, as amended.
10.1	Amendments to leases between Hughes, Inc. and Hughes Supply, Inc., dated April 1, 1998, amending the leases for the thirteen properties listed in Exhibit 10.1(b), (d) and (e).
10.4	Director's Stock Option Plan, as amended.
10.13	Note Purchase Agreement, dated as of May 29, 1996, by and among the Company and certain purchasers identified in Schedule A of the Note Purchase Agreement.
13.1	Information incorporated by reference into Form 10-K from the Annual Report to Shareholders for the fiscal year ended January 30, 1998.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Price Waterhouse LLP.
27.1	Financial data schedule (filed electronically only).
27.2	Restated financial data schedule (filed electronically only).
27.3	Restated financial data schedule (filed electronically only).

99.1 Location of facilities.

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Exhibit 3.2

COMPOSITE BY-LAWS

-of-

HUGHES SUPPLY, INC.
(As Amended May 24, 1994)

ARTICLE I

Stock

1. Certificates of Stock shall be issued in numerical order from the stock certificate book, and be signed by the President or the Vice-president, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, and sealed with the seal of the Corporation. The seal may be facsimile, engraved or printed. If such certificate is signed by (a) a transfer agent or an assistant transfer agent, other than the Corporation itself, or by (b) a transfer clerk acting on behalf of the Corporation and a registrar, the signature of any of those officers named herein may be facsimile. In case any officer who signed, or whose facsimile signature has been used on any certificate shall cease to be such officer for any reason before the certificate has been delivered by the Corporation, such certificate may nevertheless be adopted by the Corporation and issued and delivered as though the person who signed it or whose facsimile signature has been used thereon had not ceased to be such officer. Subscription warrants, scrip for fractional shares and similar certificates may be issued from time to time and be signed by the President, a Vice President or the Treasurer, and, where otherwise required, sealed with the seal of the Corporation. The signature of the signing officer, and the seal may be facsimile, engraved or printed.

2. Transfer of Stock shall be made only on the books of the Corporation, in person or by attorney, upon surrender of the certificate evidencing the stock sought to be transferred, properly endorsed or assigned; the certificate so surrendered shall be cancelled as and when a new certificate or certificates are issued.

3. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

4. Record Date, Subsequent Transfers. The Board of Directors shall have power to fix in advance a date, not exceeding sixty days preceding the date of any meeting of stockholders or the date for the payment of any dividends or the date for the allotment of any rights or the date when any change or conversion or exchange of stock shall go into effect or a date in connection with the obtaining of any consent of stockholders for any purpose, as a record date for the determination of the stockholders entitled to

notice of, and to vote at, any such meeting and any adjournment thereof or to receive payment of any such dividend or to any such allotment of rights or to exercise rights in respect of any such change, conversion or exchange of stock or to give any such consent, and, in such case, such stockholders, and only such stockholders, as shall be stockholders on the record date so fixed shall be entitled to notice of, and vote at, such meeting and any adjournment thereof or to receive payment of any such dividend or to receive such allotment of rights or to exercise such rights or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date, fixed as aforesaid.

ARTICLE II

Stockholders

1. The Annual Meeting of this corporation shall be held at ten o'clock a.m. on the third Tuesday of May of each year, if not a legal holiday, and if a legal holiday, then the day following, commencing with the year A.D. 1970. Each Annual Meeting shall be held at the principal office of the Corporation unless some other place in or out of the State of Florida is designated by the Board of Directors three weeks or more before the day of such Meeting.

2. Special Meetings of the stockholders may be called at any time by resolution of the Board of Directors or by the President and may be called at any time by a request in writing submitted by the holder or holders of at least 801 of the out-standing shares of stock entitled to vote. Such request must state the purpose of the meeting.

3. Written Consents. The stockholders of the Corporation shall not be permitted to take action by means of written consents.

4. Notice of Stockholders' Meetings of the Corporation shall be given by mailing a written notice of such meeting, signed by the President, or a Vice President or the Secretary or an Assistant Secretary, of the Corporation, to each stockholder of record entitled to vote at such meeting at his address as it appears on the records of the Corporation not less than ten (10) nor more than sixty (60) days before the date set for such meeting. The notice shall state the purpose of the meeting and the time and place it is to be held. Notice mailed to a stockholder in accordance with the provisions of this By-Law shall be deemed sufficient for said meeting and if any stockholder shall transfer any of his stock after notice, it shall not be necessary to notify the transferee. Any meeting of stockholders may be held either within or without the State of Florida. Any stockholder may waive notice of any meeting either before, or at, or after, the meeting. When stockholders who hold four-fifths (4/5) of the voting stock of the Corporation having the right and entitled to vote at any meeting, shall be present in person, or by proxy, at any meeting, however called or notified, and shall sign a written consent thereto on the record of the meeting, the acts of such meeting shall be as valid as if legally called and notified.

5. A Quorum at any meeting of the stockholders shall consist of a majority of the stock of the Corporation entitled to vote thereat represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting; provided, however, that:

- (i) No plan of consolidation or merger under which the

Corporation is not the surviving constituent corporation shall be deemed approved by the stockholders unless such plan of consolidation or merger shall be approved by the affirmative vote of two-thirds of the total number of shares of stock outstanding and entitled to vote; and

(ii) No amendment to the Articles of Incorporation may amend or delete the requirement that two-thirds of the total number of shares of stock outstanding and entitled to vote approve any plan of consolidation or merger under which the Corporation is not the surviving constituent corporation, unless at a meeting duly called two-thirds of the total number of shares of stock outstanding and entitled to vote shall approve such amendment or deletion of such requirement; and

(iii) In addition to any affirmative vote required by law or the Articles of Incorporation, and except as expressly provided in Section 8 of Article XIII of the Articles of Incorporation ("Article XIII"), the affirmative vote of, the holders of two-thirds of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors shall be required for the approval or authorization of any Business Combination (as defined in Article XIII). The provisions of Section A of Article XIII shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law or any other Article of the Articles of Incorporation, if the Business Combination shall have been approved by a majority of the directors who are Disinterested Directors (as defined in Article XIII), or if all of the conditions of Section B of Article XIII are met; and

(iv) Notwithstanding any other provision of the By-Laws of the Corporation or applicable law, the affirmative vote of two-thirds of the votes of the then outstanding Voting Stock (as defined in the Articles of Incorporation), voting together as a single class, shall be required (1) to amend, modify or repeal Article XIII of the Articles of Incorporation ("Article XIII"), (2) adopt any provision of the Articles of Incorporation or By-Laws which is inconsistent with Article XIII, or (3) prior to the fixing by the Board of Directors of any right or preference of any series of Preferred Stock which is inconsistent with the provisions of Article XIII; and

(v) In the event the number of directors of the Corporation shall be fixed by the stockholders in accordance with Section A of Article XII of the Articles of Incorporation, such number shall be the number fixed by the holders of record of at least 80% of the outstanding shares of stock entitled to vote; and

(vi) Notwithstanding any other provision of the By-Laws of the Corporation or applicable law, the affirmative vote of the holders of record of at least 80% of the outstanding shares of stock entitled to vote shall be required to remove directors of the Corporation without cause; and

(vii) Notwithstanding any other provision of the By-Laws of the Corporation or applicable law, the affirmative vote of the holders of record of at least 80% of the outstanding shares of stock entitled to vote shall be required (1) to amend, modify or repeal Article VII or Article XIV of the Articles of Incorporation ("Article VII or XIV"), (2) adopt any provision of the Articles of Incorporation or the By-Laws of the Corporation which is inconsistent with Article VII or XIV, or (3) prior to the fixing by the Board of Directors of any right or preference of any series of Preferred Stock which is inconsistent with the provisions of Article XII or XIV.

In the absence of a quorum, a majority of the shares present in person or by proxy and entitled to vote may adjourn any meeting from time to time until a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called unless otherwise provided by statute, and no notice of an adjourned meeting need be given.

6. Judges. At every meeting of stockholders the vote shall be conducted by two or more judges appointed for that purpose by the Board of Directors; and all questions respecting the qualification of voters, the validity of the proxies and the acceptance and rejection of votes shall be decided by such judges. Before acting at any meeting, the judges shall be sworn faithfully to execute their duties, with strict impartiality and according to the best of their ability. If fewer than two judges appointed by the Board of Directors to act at any meeting shall be present and willing to act at such meeting, the stockholders present at the meeting in person or by proxy may, by a per capita vote, appoint one or more judges so to act.

ARTICLE III

Directors

1. Powers. The business and property of the Corporation shall be managed by a Board of Directors, all of whom shall be of full age and at least one of whom shall be a citizen of the United States, and such Board of Directors shall have full control over the affairs of the Corporation and shall be authorized to exercise all of its corporate powers unless otherwise provided in these By-Laws.

2. Number and Term of Directors. The Board of Directors shall consist of three or more directors, the exact number to be fixed and determined from time to time by resolution of a majority of the full Board of Directors or by holders of record of at least 80% of the outstanding shares of stock entitled to vote at any meeting thereof. The directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three classes, each consisting of as near one-third of the whole number of Directors as practicable, and all directors of the Corporation shall hold office until their successors are elected and qualified. The first such classification shall be made at the Annual Meeting of the Stockholders to be held in the year 1975. At that Annual Meeting, the directors shall be classified for staggered terms of 1, 2 and 3 years, respectively, and at each successive Annual Meeting the successors to the class of directors whose terms expire that year shall be elected to hold office for the term of 3 years, so that the term of office of one class of directors shall expire in each year. Any vacancy which shall occur in a class of directors prior to the expiration of the term of such class may be filled by the Board of Directors. A director elected to fill a vacancy shall hold office only until the next election of directors by the stockholders. An increase in the number of directors shall be deemed to create vacancies for the purpose of this section.

3. Election of Directors. At the Annual Meeting of Stockholders, directors shall be elected by a plurality of the votes cast at such election. At the election of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected. There shall be no cumulative voting. Nominations for election of the Board of Directors may be made by the Board of Directors, or by

any stockholder of any outstanding class of capital stock of the Corporation entitled to vote for the election of directors. Nominations, other than those made by the existing Board of Directors, shall be made in writing and shall be delivered or mailed to the President of the Corporation not less than 14 days nor more than 50 days prior to any meeting of stockholders called for the election of directors; provided, however, that if less than twenty-one days' (21) notice of the meeting is given to stockholders such nomination shall be mailed or delivered to the President of the Corporation not later than the close of business on the 7th day following the day on which the notice of meeting was mailed. Such nomination and notification shall contain the following information to the extent known to the notifying stockholder:

- (i) The names and addresses of the proposed nominee or nominees;
- (ii) The principal occupation of each proposed nominee;
- (iii) The total number of shares that to the knowledge of the notifying or nominating shareholders will be voted for each of the proposed nominees;
- (iv) The name and residence address of each notifying or nominating shareholder; and
- (v) The number of shares owned by the notifying or nominating shareholder.

Nominations not made in accordance herewith may, in his discretion be disregarded by the chairman of the meeting, and upon his instructions, the judges of election may disregard all votes cast for each such nomination.

4. Place of Meeting. Meetings of the Board of Directors or of any committee thereof may be held either within or without the State of Florida.

5. Organization Meetings of the Board of Directors shall be held as soon as practicable each year after the annual election of directors for the purpose of organization, election of officers and the transaction of other business. No notice of such meeting shall be required. Such organization meeting may, however, be held at any other time or place which shall be specified in a notice given, as hereinafter provided, for special meetings of the Board, or in a consent and waiver of notice thereof signed by all of the directors.

6. Regular Meetings. The Board of Directors may from time to time, by resolution, appoint the time and place for holding regular meetings of the Board, if by it deemed advisable, and such regular meetings shall thereupon be held at the time and place so appointed, without the giving of any notice with regard thereto. In case the day appointed for a regular meeting shall fall upon a Saturday or legal holiday in the State of Florida, such meeting shall be held on the next succeeding day not a Saturday or legal holiday in Florida, at the regularly appointed hour. Except as otherwise provided in the By-Laws, any and all business may be transacted at any regular meeting.

7. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chairman, the President, or by any two of the directors. Notice to a director of any such meeting may be given in writing, by mailing the same to the residence or place of business of the director as shown on the

books of the Corporation not later than two days before the day on which the meeting is to be held, or may be given by sending the same to him at such place by telegraph or by delivering the same to him personally or leaving the same for him at his place of business or by giving the same to him personally or by telephone, not later than the day before such day of meeting. Notice of any meeting of the Board need not, however, be given to any director, if waived by him in writing (including telegram, cablegram or radiogram) or if he shall be present at the meeting; and any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given, if all members shall be present thereat. Except as otherwise provided in the By-Laws or as may be indicated in the notice thereof, any and all business may be transacted at any special meeting.

8. Quorum and Manner of Acting. Except as otherwise provided in the By-Laws, a majority of the directors in office at the time of any meeting of the Board of Directors, but not less than two directors, shall constitute a quorum for the transaction of business; and, except as otherwise required by statute or by the Certificate of Incorporation or any amendment thereto, or by the By-Laws, the act of a majority of the directors present at any such meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn any meeting, from time to time, until a quorum is present. No notice of any adjourned meeting need be given.

9. Business Combination. The Board of Directors acting by a majority of the directors who are Disinterested Directors (as defined in Article XIII of the Articles of Incorporation) ("Article XIII") shall have the power and duty to determine for the purpose of Article XIII on the basis of information known to them after reasonable inquiry, all facts necessary to determine the applicability of the various provisions of Article XIII, including (1) whether a person is an Interested Shareholder (as defined in Article XIII), (2) the number of shares of Voting Stock (as defined in Article XIII) beneficially owned by any person, (3) whether a person is an Affiliate or Associate (as defined in Article XIII) of another, and (4) whether the requirements of Section 8 of Article XIII have been met with respect to any Business Combination (as defined in Article XIII), and the good faith determination of a majority of the directors who are Disinterested Directors shall be conclusive and binding for all purposes of Article XIII.

10. Directors' Compensation. The Board of Directors shall have authority to determine from time to time the amount, if any, of compensation and expenses which shall be paid to its members for attendance at meetings of the Board or of any committee of the Board. The Board of Directors shall also have power, in its discretion, to provide for and to pay to directors rendering services to the Corporation not ordinarily rendered by directors, as such, special compensation appropriate to the value of such services, as determined by the Board from time to time.

11. Resignations. Any director of the Corporation may resign at any time either by oral tender of resignation at any meeting of the Board or by giving written notice thereof to the Chairman, the President, or the Secretary. Such resignation shall take effect at the time specified therefor; and, unless otherwise specified with respect thereto, the acceptance of such resignation shall not be necessary to make it effective.

12. Removal of Directors. Any director may be removed at any time for cause by the affirmative vote of the holders of record of a majority of the outstanding shares of stock entitled to vote, or

without cause by the affirmative vote of the holders of record of at least 80% of the outstanding shares of stock entitled to vote, at a meeting of the stockholders called for the purpose; and the vacancy in the Board caused by such removal may be filled by the stockholders or, if the stockholders shall have failed to do so, such vacancy may be filled by the Board of Directors at any meeting by the affirmative vote of a majority of the remaining directors.

ARTICLE IV

Officers, Employees and Agents

1. Officers, Term of Office, Vacancies, Removal. The Board of Directors shall elect a President, one or more Vice Presidents of such precedence, rank or additional designation, if any, among the same as the Board of Directors may provide, a Secretary and a Treasurer, such election to take place, if practicable, at the Organization Meeting of the Board of Directors each year, and such officers shall hold office, subject to removal by the Board, until the Organization Meeting of the Board of Directors in the next subsequent year and until their respective successors are elected and qualified. In addition, the Board of Directors in its discretion may provide for and elect a Chairman of the Board of Directors, who may also hold the office of President, and a Vice Chairman of the Board, who may also hold the office of Vice President or President. The Board of Directors may appoint a successor to fill a vacancy in any office for the remainder of the term. The Board of Directors or the Executive Committee may, from time to time, appoint any one or more Assistant Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers and agents as may appear to be necessary or advisable in the conduct or affairs of the Corporation; and all such officers shall hold office during the pleasure of the Board. Any officers and agents may be removed at any time, for or without cause, by the Board of Directors, or, in case any such officer or agent may be appointed pursuant to these By-Laws by the Executive Committee, he may be removed by the Executive Committee.

2. Chairman. The Chairman shall be the chief executive officer of the Corporation and, under the direction of the Board of Directors, shall have general executive powers in the management and direction of the business and affairs of the Corporation, as well as the specific powers conferred by these By-Laws or by the Board of Directors. The Chairman shall preside, when present, at all meetings of the stockholders, the Board of Directors and the Executive Committee.

3. President. The President shall be the chief operating and administrative officer of the Corporation and, under the direction of the Board of Directors, shall, subject to the Chairman, have direct general supervision over the management, business, properties and affairs of the Corporation. In the absence of the Chairman, he shall preside at all meetings of the stockholders, the Board of Directors and the Executive Committee. He shall have general executive powers, including all powers required by law to be exercised by a president of a corporation as such, as well as the specific powers conferred by these By-Laws or by the Board of Directors.

4. Vice President. Each Vice President shall have general executive powers as well as the specific powers conferred by these By-Laws. He shall also have such further powers and duties as may from time to time be conferred upon, or assigned to, him by the Board of Directors, the Chairman or the President.

5. Secretary. The Secretary shall attend to the giving of notice of all meetings of stockholders and of the Board of Directors required by these By-Laws to be given, and shall keep true records of all proceedings thereat. He shall have charge of the corporate seal and shall keep and account for all books, documents, papers and records of the Corporation, except those for which some other officer or agent is properly accountable, and shall generally perform all the duties usually appertaining to the office of secretary of a corporation. In the absence of the Secretary, an Assistant Secretary or Secretary pro tempore shall perform his duties.

6. Treasurer. The Treasurer shall have the care and custody of all moneys, funds and securities of the Corporation. He shall disburse the funds of the Corporation in the manner ordered by the Board of Directors and shall keep full and accurate accounts of receipts and disbursements of the Corporation. He shall, whenever required to do so, render an account of all his transactions as Treasurer to the Board of Directors. He shall perform such other duties as shall be assigned to him by the Board of Directors, the Chairman or the President. In the absence of the Treasurer, his duties shall be performed by an Assistant Treasurer or by another officer thereunto designated by the Board of Directors, the Chairman or the President.

7. Additional Officers; Duties and Powers. In addition to the foregoing especially enumerated duties and powers the several officers and agents of the Corporation, whether or not specifically referred to in these By-Laws, shall perform such duties and exercise such powers, in addition to those for which provision is made in these By-Laws, as the Board of Directors or Executive Committee may from time to time determine or as may be assigned to them by any competent superior officer.

8. Compensation. The Board of Directors shall fix the compensation of the Chairman and the President and of the senior and executive Vice Presidents, if any; the compensation of all other officers of the Corporation shall be fixed by the Board of Directors, the Executive Committee, or the President.

ARTICLE V

Committees of the Board

1. Executive Committee; Constitution, Powers, Vacancies. The Board of Directors may, resolution adopted by affirmative vote of a majority of the whole Board, appoint an Executive Committee, to consist of the Chairman and the President, ex officio, and one or more other directors (with such alternates, if any, as may be deemed desirable), which Executive Committee shall have and may exercise, when the Board is not in session, all the powers of the Board of Directors in the management of the business and affairs of the Corporation, including the power to authorize the seal of the Corporation to be affixed to all papers which may require it, and also including the power, from time to time, to appoint one or more attorneys-in-fact to act for and in representation of the Corporation, either generally or specially, judicially or extra-judicially, and to delegate to any such attorney or attorneys-in-fact all or any of the powers which, in the judgment of the Executive Committee, may be necessary, convenient or suitable for exercise in any country or jurisdiction in the transaction of the business of the Corporation or the defense or enforcement of its rights, even though such powers be herein provided or directed to be exercised by a designated officer of the Corporation; provided,

that the foregoing shall not be construed as authorizing action by the Executive Committee with respect to any action which by these By-Laws or by the Certificate of Incorporation or any amendment thereto, or by statute, is required to be taken by the Board of Directors, as such. As far as practicable, members of the Executive Committee and their alternates (if any) shall be appointed at the Organization Meeting of the Board in the next subsequent year and until their respective successors are appointed. Any vacancy in the Executive Committee may be filled by affirmative vote of a majority of the whole Board of Directors.

2. Executive Committee; Meetings. Stated meetings of the Executive Committee, of which no notice shall be necessary, shall be held at such times and at such places as shall be fixed, from time to time, by resolution adopted by the Executive Committee. Special meetings of the Executive Committee may be called by the Chairman or the President, or by the Chairman of the Executive Committee (if he be a person other than the Chairman or the President) or by any other two members of the Executive Committee, at any time. Notice of any special meeting of the Executive Committee may be given in the manner provided in the By-Laws for giving notice of a special meeting of the Board of Directors, but notice of any such meeting need not be given to any member of the Executive Committee if waived by him in writing (including telegram, cablegram or radiogram) or if he shall be present at the meeting; and any meeting of the Executive Committee shall be a legal meeting, without any notice thereof having been given, if all the members shall be present thereat. A majority of the Executive Committee shall constitute a quorum for the transaction of business; and the act of a majority of those present at any meeting at which a quorum is present shall be the act of the Executive Committee.

3. Executive Committee; Records. The Executive Committee shall keep a record of its acts and proceedings and shall report the same, from time to time, to the Board of Directors. The Secretary of the Corporation, or in his absence, an Assistant Secretary, shall act as secretary to the Executive Committee; or the Committee may, in its discretion, appoint its own secretary.

4. Other Committees. The Board of Directors may from time to time, by resolution passed by a majority of the whole Board, designate one or more other committees for any purpose, each consisting of two or more Directors, and may delegate to any such committee such powers of the Board of Directors in the management of the business and affairs of the Corporation as the Board may deem expedient, subject to the provisions of these By-Laws, with power to sub-delegate such powers, if by the Board deemed desirable.

ARTICLE VI

Miscellaneous

1. Fiscal Year. The fiscal year of the corporation shall end on Friday of the last weekend in January of each year, effecting a 52-53 week fiscal year basis.

2. Corporate Seal. The Secretary or any Assistant Secretary, or other officer thereunto designated by the Secretary, shall have authority to affix the corporate seal to any document requiring such seal and to attest the same.

3. Execution of Instruments. The bills, notes, checks, and other instruments for the payment of money, all agreements,

indentures, mortgages, deeds, conveyances, transfers, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, proxies and other instruments or documents may be signed, executed, acknowledged, verified, delivered, or accepted on behalf of the corporation by the Chairman, the President, any Vice President, the Secretary or the Treasurer. Any such instruments may also be signed, executed, acknowledged, verified, delivered or accepted on behalf of the corporation in such other manner and by such other officers, employees or agents of the corporation as the Board of Directors or Executive Committee may from time to time direct.

4. Dividends. Dividends shall be declared only at such times and in such amounts as the Board of Directors shall direct.

ARTICLE VII

Amendments

Except as otherwise provided herein or in the Articles of Incorporation, these By-Laws or any provisions thereof may be amended, altered, or repealed, in any particulars and new By-Laws or provisions, not inconsistent with any provision of the Certificate of Incorporation or any provision of law, may be adopted by the Board of Directors, at any meeting thereof, by the by the affirmative vote of a majority of the whole number of Directors, or by the stockholders of the Corporation, at any meeting of the stockholders, provided, however, that the power of the Directors to make and alter By-Laws shall be subject to such restrictions upon the exercise of such power as may be expressly imposed by the stockholders in any By-Laws adopted by them from time to time.

Adopted by the Board of Directors of Hughes Supply, Inc. on November 18, 1986.

AMENDMENT TO
ARTICLE II, SECTION 1 AND ARTICLE VII
OF THE
HUGHES SUPPLY, INC.
BYLAWS

Pursuant to the Resolutions of the Board of Directors, dated as of November 21, 1997 (a copy of which is attached hereto), Article II, Section 1 of the Bylaws of Hughes Supply, Inc. is amended to read in its entirety as follows:

"1. The Annual Meeting of the stockholders shall be held at ten o'clock on the third Wednesday of May of each year, if not a legal holiday, and if a legal holiday, then the day following, commencing with the year A.D. 1998. Each Annual Meeting shall be held at the principal office of the Corporation unless some other place in or out of the State of Florida is designated by the Board of Directors three weeks or more before the day of such Annual Meeting."; and

Reference to the "Certificate of Incorporation" in Article VII of the Hughes Supply, Inc. Bylaws shall be deleted and in its stead shall be inserted "Articles of Incorporation."

Exhibit 10.1

AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H :

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Clearwater, County of Pinellas, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"	"Lessee"
HUGHES, INC.	HUGHES SUPPLY, INC.
By: /s/ Russell V. Hughes Russell V. Hughes, President	By: /s/ A. Stewart Hall, Jr. A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 3.doc
AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Daytona Beach, County of Volusia, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"

"Lessee"

HUGHES, INC.

HUGHES SUPPLY, INC.

By: /s/ Russell V. Hughes
Russell V. Hughes, President

By: /s/ A. Stewart Hall, Jr.
A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 7.doc
AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Ft. Pierce, County of St. Lucie, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"	"Lessee"
HUGHES, INC.	HUGHES SUPPLY, INC.
By: /s/ Russell V. Hughes Russell V. Hughes, President	By: /s/ A. Stewart Hall, Jr. A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 10.doc
AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Lakeland, County of Polk, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"

"Lessee"

HUGHES, INC.

HUGHES SUPPLY, INC.

By: /s/ Russell V. Hughes
Russell V. Hughes, President

By: /s/ A. Stewart Hall, Jr.
A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 8.doc

AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Leesburg, County of Lake, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least

ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"

"Lessee"

HUGHES, INC.

HUGHES SUPPLY, INC.

By: /s/ Russell V. Hughes
Russell V. Hughes, President

By: /s/ A. Stewart Hall, Jr.
A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 9.doc
AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Orlando, County of Orange, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"

"Lessee"

HUGHES, INC.

HUGHES SUPPLY, INC.

By: /s/ Russell V. Hughes
Russell V. Hughes, President

By: /s/ A. Stewart Hall, Jr.
A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 2.doc
AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H :

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Orlando, County of Orange, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"

"Lessee"

HUGHES, INC.

HUGHES SUPPLY, INC.

By: /s/ Russell V. Hughes
Russell V. Hughes, President

By: /s/ A. Stewart Hall, Jr.
A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 4.doc
AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Orlando, County of Orange, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"

"Lessee"

HUGHES, INC.

HUGHES SUPPLY, INC.

By: /s/ Russell V. Hughes
Russell V. Hughes, President

By: /s/ A. Stewart Hall, Jr.
A. Stewart Hall, Jr., President

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AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Sarasota, County of Sarasota, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"	"Lessee"
HUGHES, INC.	HUGHES SUPPLY, INC.
By: /s/ Russell V. Hughes Russell V. Hughes, President	By: /s/ A. Stewart Hall, Jr. A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 11.doc
AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Venice, County of Sarasota, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as

provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"

"Lessee"

HUGHES, INC.

HUGHES SUPPLY, INC.

By: /s/ Russell V. Hughes
Russell V. Hughes, President

By: /s/ A. Stewart Hall, Jr.
A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 12.doc
AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Winter Haven, County of Polk, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"

"Lessee"

HUGHES, INC.

HUGHES SUPPLY, INC.

By: /s/ Russell V. Hughes
Russell V. Hughes, President

By: /s/ A. Stewart Hall, Jr.
A. Stewart Hall, Jr., President

J:\docs\HI\Lease Amendment 6.doc
AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Sarasota, County of Sarasota, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of

dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"	"Lessee"
HUGHES, INC.	HUGHES SUPPLY, INC.
By: /s/ Russell V. Hughes Russell V. Hughes, President	By: /s/ A. Stewart Hall, Jr. A. Stewart Hall, Jr., President

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AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 1st day of April, 1998, by and between Hughes, Inc., a Florida corporation (hereinafter referred to as the "Lessor"), and Hughes Supply, Inc., a Florida corporation (hereinafter referred to as the "Lessee").

W I T N E S S E T H :

WHEREAS, the Lessor and Lessee are parties to that certain Lease, a copy of which is attached hereto as Exhibit "A" (the "Lease"), which provides for the lease of certain real property located in the City of Gainesville, County of Alachua, State of Florida;

WHEREAS, unless otherwise defined herein, all capitalized terms shall have the same meanings ascribed to them as are set forth in the Lease;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease as provided in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Amendment. This Amendment shall only amend those terms of the Lease specifically amended hereby, and all other terms of the Lease shall remain in full force and effect. This Amendment shall control over any conflicting terms set forth in the Lease.

2. Term. The "term" of the lease shall be for a period of five (5) years commencing as of April 1, 1998 and terminating on March 31, 2003; provided, however, that the Lessee shall have the option of extending the term for an additional term of five (5) years following the expiration of the lease term on March 31, 2003, by providing to the Lessor at least ninety (90) days notice of its intention to renew the Lease.

3. Rent. The monthly rent for the term of the Lease, as amended hereby, shall be increased by the amount which is equal to the result of dividing the monthly rent charged for the Premises on March 31, 1998 by the amount of 0.90 (i.e. monthly rent/0.90 = new monthly rental amount).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

"Lessor"	"Lessee"
HUGHES, INC.	HUGHES SUPPLY, INC.

By: /s/ Russell V. Hughes
Russell V. Hughes, President

By: /s/ A. Stewart Hall, Jr.
A. Stewart Hall, Jr., President

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Exhibit 10.4

RESOLUTIONS ADOPTED
BY THE
BOARD OF DIRECTORS
OF
HUGHES SUPPLY, INC.
On March 18, 1998

WHEREAS, the Hughes Supply, Inc. Directors' Stock Option Plan (the "Directors' Stock Option Plan") provides that in the event that an optionee ceases to be a Director for any reason other than death or disability, such optionee may exercise any option at any time within three months after the date on which the optionee ceases to be a Director; and

WHEREAS, the Company's Board of Directors deems it to be in the best interest of the Company to extend the three month period referenced above to one year.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the time period within which an optionee who ceases to be a Director, for any reason other than death or disability, may exercise his options under the Directors' Stock Option Plan shall be extended from three months to one year.

AMENDMENT NO. 1 TO
HUGHES SUPPLY, INC.
DIRECTORS' STOCK OPTION PLAN

WHEREAS, the Board of Directors of Hughes Supply, Inc. (the "Corporation") approved the Directors' Stock Option Plan (the "Plan") on January 24, 1989 in the form attached hereto as Appendix "A";

WHEREAS, the letter from the staff of the Securities and Exchange Commission referred to in Section 14 of the Plan was issued by the Commission Staff on April 6, 1989 satisfying the conditions of Section 14;

WHEREAS, the shareholders of the Corporation approved the Plan at the Annual Meeting of Shareholders held on May 30, 1989;

WHEREAS, in accordance with the terms of Sections 3 and 4 of the Plan, options with respect to all of the stock authorized for options under the Plan have been granted and no additional options under the Plan may be granted in the absence of the expiration or termination of presently outstanding options or an amendment to the Plan increasing a number of shares as to which options may be granted; and

WHEREAS, the Board of Directors of the Corporation on March 24, 1994 approved and recommended shareholder approval of an amendment to the Plan to increase by 75,000 the number of shares as to which options may be granted under the Plan; and

WHEREAS, the shareholders approved the recommended amendment at Annual Meeting of Shareholders held on May 24, 1994 increasing from 60,000 to 135,000 the number of shares with respect to which

options may be granted under the Plan from 60,000 shares to 135,000 shares;

NOW, THEREFORE, IN WITNESS THEREOF, the following provisions of the Plan are hereby amended and modified as follows:

Section 3.

Section 3. Participants and Options is hereby amended and modified to amend and modify subparagraph (ii) thereof and to add a new subparagraph (iii) as follows:

3. PARTICIPANTS AND OPTIONS

(ii) In addition to the options referred to in subparagraph (i) above, during the term of the Plan until, but not including, the date of the 1994 annual meeting of shareholders a subsequent grant of options for an aggregate of 12,000 shares, or such lesser number of shares as shall then constitute all of the remaining shares which are authorized for options under the Plan but which are not then subject to options under the Plan, within the limitation set forth in Section 4 hereof, divided equally (rounded, if necessary, down to the nearest whole number of shares) among the Participants under the Plan, will be made at the meeting of the Board of Directors of the Corporation immediately following the 1990 annual meeting of stockholders of the Corporation and at each Board meeting immediately following each annual meeting of stockholders thereafter during the term of the Plan and prior to the 1994 annual meeting of shareholders.

(iii) In addition to the options referred to in subparagraphs (i) and (ii) above, during the term of the Plan beginning with the date of the 1994 annual meeting of shareholders a subsequent grant of options for an aggregate of 15,000 shares or such lesser number of shares as shall then constitute all of the remaining shares which are authorized for options under the Plan but which are not then subject to options under the Plan, within the limitations set forth in Section 4 hereof, divided equally (rounded, if necessary, down to the nearest whole number of shares) among the Participants under the Plan, will be made at the meeting of the Board of Directors of the Corporation immediately following the 1994 annual meeting of stockholders of the Corporation at each Board meeting immediately following each annual meeting of stockholders thereafter during the term of the Plan.

Section 4.

Section 4. Stock is hereby amended and modified to read in its entirety as follows:

4. STOCK

The stock which may be subject to options under the Plan shall be 135,000 shares of the Corporation's authorized but unissued or reacquired \$1.00 par value common stock hereafter sometimes called capital stock. The aggregate number of shares of capital stock which are subject to outstanding options and which will be subject to options to be granted under the Plan shall be subject to adjustment in accordance with the provisions of

subsection (h) of Section 5 hereof.

In the event that any outstanding option under the Plan for any reason expires or is terminated, the shares of capital stock allocable to the unexercised portion of such option may again be subject to an option under the Plan.

Of the stock which may be subject to options under the Plan, 75,000 of such shares have been added by an amendment to the Plan approved by the stockholders on May 24, 1994 and such additional shares constitute shares as to which "Amendment Options" within the meaning of Section 6 hereof may be granted and approval by the stockholders of such amendment extends the term of the Plan in accordance with Section 6 hereof.

Except as hereinbefore set forth, the Plan shall remain unchanged and in full force and effect.

The amendments and modifications set forth in this Amendment No. 1 to Hughes Supply, Inc. Directors' Stock Option Plan were approved and adopted by the Board of Directors and the stockholders on the dates hereinabove set forth.

Witness my hand and the seal of the Corporation this 24th day of May, 1994.

s/Robert N. Blackford
Robert N. Blackford, Secretary
Hughes Supply, Inc.

HUGHES SUPPLY, INC.

Directors' Stock Option Plan

1. PURPOSE

This Directors Stock Option Plan (the "Plan") is intended as an incentive and to encourage Directors of Hughes Supply, Inc. (the "Corporation") who are not, and for the previous twelve (12) months have not been, employees of the Corporation eligible to participate in the Hughes Supply, Inc. 1988 Stock Option Plan (the "Employee Plan") to increase their stock ownership and proprietary interest in the success of the Corporation, to encourage them to continue as Directors of the Corporation and as an incentive to work to increase the value of the stock of the Corporation. The options to be issued pursuant to this Plan shall not constitute incentive stock options within the meaning of Section 422A of the 1986 Internal Revenue Code, as amended (the "Code").

2. ADMINISTRATION

The Plan shall be administered by a Directors' Stock

Option Plan committee appointed by the Board of Directors of the Corporation (the "Committee"). The Committee shall consist of not less than three (3) members of the Corporation's Board of Directors who are not, ,employees of the Corporation and who are "disinterested persons as that term is defined in Rule 16b-3(d) under the Securities Exchange Act of 1934 (the "Exchange Act") or any successor statute or regulation regarding the same subject matter. The Board of Directors may from time to time remove members from, or add members to, the Committee. Vacancies on the Committee, howsoever caused, shall be filled by the Board of Directors. The Committee shall elect one of its members as Chairman, and shall hold meetings at such times and places as it may determine. Acts of the Committee taken by a majority of the Committee at a meeting at which a quorum is present, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee. A nonemployee Director shall receive options under the Plan whether or not such Director also serves as a member of the Committee. Subject to the provisions of the Plan the Committee may from time to time adopt such rules for administration of the Plan as it deems appropriate.

The interpretation and construction by the Committee of any provisions of the Plan or of any option granted under it shall be final unless otherwise determined by the Board of Directors. No member of the Board of Directors or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any option granted under it.

3. PARTICIPANTS AND OPTIONS

The persons who shall be participants under the Plan (the "Participants") shall be all such Directors of the Corporation as are not on the date of the grant of an option under the Plan, and for a period of at least twelve (12) months prior to the grant of such option have not been, employees of the Corporation. Options are granted and shall be granted to Participants under the Plan as follows:

(i) Subject to approval of the Plan by the stockholders in accordance with Section 13 hereof and to the receipt by the Corporation of the letter from the staff of the Securities and Exchange Commission referred to in Section 14 hereof, an initial grant of an aggregate of 12,000 shares divided equally (rounded, if necessary, down to the nearest whole number of shares) among the Participants is made effective as of January 24, 1989 to the Participants on that date.

(ii) In addition to the options referred to in subparagraph (i) above, during the term of the Plan a subsequent grant of options for an aggregate of 12,000 shares or such lesser number of shares as shall then constitute all of the remaining shares which are not then, but which may be subject to options under the Plan within the limitation set forth in Section 4 hereof, divided equally (rounded, if necessary, down to the nearest whole number of shares) among the then Participants under the Plan, will be made at the meeting of the Board of Directors of the Corporation immediately following the 1990 annual meeting of stockholders of the Corporation and at each Board meeting immediately following each annual meeting of stockholders of the Corporation thereafter during the term of the Plan.

4. STOCK

The stock which may be subject to the options under the Plan shall be 60,000 shares of the Corporations authorized but

unissued or reacquired \$1.00 par value common stock hereafter sometimes called capital stock. The aggregate number of shares of capital stock which are subject to outstanding options and which will be subject to options to be granted under the Plan shall be subject to adjustment in accordance with the provisions of subsection (h) of Section 5 hereof.

In the event that any outstanding option under the Plan for any reason expires or is terminated, the shares of capital stock allocable to the unexercised portion of such option may again be subjected to an option under the Plan.

5. TERMS AND CONDITIONS OF OPTIONS: STOCK OPTION AGREEMENTS

Stock options granted pursuant to the Plan shall be evidenced by stock option agreements in such form as the Committee shall from time to time recommend and the Board of Directors shall from time to time approve, which agreements shall comply with and be subject to the following terms and conditions:

(a) Optionee's Agreement

Each optionee shall agree to remain as a Director of the Corporation but such agreement shall not impose upon the Corporation any obligation to retain the optionee as a Director for any period.

(b) Number of Shares

Each option shall state the number of shares to which it pertains.

(c) Option Price

Each option shall state the option price, which shall be not less than one hundred percent (100%) of the fair market value of the shares of capital stock of the Corporation on the date of the granting of the option. During such time as such stock is not listed upon an established stock exchange the fair market value per share shall be the mean between dealer "bid" and "ask" prices of the capital stock in over-the-counter market applicable to transactions effected in Orlando, Florida on the day the option is granted, as reported by the National Association of Securities Dealers, Inc. If the stock is listed upon an established stock exchange or exchanges such fair market value shall be deemed to be the highest closing price of the capital stock on such stock exchange or exchanges on the day the option is granted or if no sale of the Corporation's capital stock shall have been made on any stock exchange on that day, on the next preceding day on which there was a sale of such stock. Subject to the foregoing, the Board of Directors and the Committee in fixing the option price shall have full authority and discretion and be fully protected in doing so.

(d) Medium and Time of Payment

The option price shall be payable in United States dollars upon the exercise of the option and may be paid in cash, by check or with shares of capital stock of the Corporation valued at their fair market value, as that term is defined in the preceding paragraph.

(e) Term and Exercise of Options

An option shall be exercisable either in whole or in part at any time after the date on which it is granted and prior to

its expiration date which, unless sooner terminated under subsections (f) or (g) of this Section 5 hereof, shall be ten (10) years from the date on which it is granted. The procedure for exercise of an option shall be as set forth in the Plan and in the stock option agreement evidencing the grant of the option. In the event of any conflict between the language of the stock option agreement and the language of the Plan, the language of the Plan shall govern. No option shall be exercisable after its expiration date. Not less than ten (10) shares may be purchased at any one time unless the number purchased is the total number at the time purchasable under the option. During the lifetime of the optionee, the option shall be exercisable only by him and shall not be assignable or transferable by him and no other person shall acquire any rights therein.

(f) Termination of Service as a Director Except Death

In the event that an optionee shall cease to be a Director of the Corporation for any reason other than his death, subject to the condition that no option shall be exercisable after its expiration date, such optionee shall have the right to exercise the option at any time within three (3) months after such termination as a Director to the extent his right to exercise such option has not previously been exercised at the date of such termination. For purposes of this paragraph, in the case of an optionee who becomes disabled within the meaning of Section 22(3)(e) of the Code, the words "three months" shall be replaced by the words "one year".

(g) Death of Optionee and Transfer of Option

If the optionee shall die while a Director of the Corporation or within a period of three (3) months after the termination of his service as a Director of the Corporation and shall not have fully exercised the option, an option may be exercised at any time within one (1) year after the optionee's death, subject to the condition that no option shall be exercisable after its expiration date, to the extent that the optionee's right to exercise such option at the time of his death had not been previously exercised, by the executors or administrators of the optionee or by any person or persons who shall have acquired the option directly from the optionee by bequest or inheritance or by reason of the death of the decedent.

No option shall be transferable by the optionee otherwise than by Will or the laws of descent and distribution.

(h) Recapitalization

Subject to any required action by the stockholders, the number of shares of capital stock which are subject to each outstanding option or which will be subject to each option to be granted under the Plan, and the price per share thereof in each such option, shall be proportionately adjusted for any increase or decrease in the number of issued shares of capital stock of the Corporation resulting from a subdivision or consolidation of shares or the payment of a stock dividend (but only on the capital stock) or any other increase or decrease in the number of such shares effected without receipt of consideration by the Corporation.

Subject to any required action by the stockholders if the Corporation shall be the surviving corporation in any merger or consolidation, each outstanding option shall pertain to and apply to the securities to which a holder of the number of shares of capital stock subject to the option would have been entitled. A dissolution or liquidation of the Corporation or a

merger or consolidation in which the Corporation is not the surviving corporation, shall cause each outstanding option to terminate provided that each optionee shall, in such event, have the right immediately prior to such dissolution or liquidation, or merger or consolidation in which the Corporation is not the surviving corporation, to exercise his option in whole or in part.

In the event of a change in the capital stock of the Corporation as presently constituted, which is limited to a change of all of its authorized shares with par value into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the capital stock within the meaning of the Plan.

To the extent that the foregoing adjustments relate to stock or securities of the Corporation, such adjustments shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive.

Except as hereinbefore expressly provided in this subsection 5(h), the optionee shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger, or consolidation or spin-off of assets or stock of another corporation, and any issue by the Corporation of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of capital stock subject to the option.

The grant of an option pursuant to the Plan shall not affect in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

(i) Rights as a Stockholder

An optionee or a transferee of an option shall have no rights as a stockholder with respect to any shares covered by his option until the date of the issuance of a stock certificate to him for such shares. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued, except as provided in subsection 5(h) hereof.

(j) Modification, Extension and Renewal of Options

Subject to the terms and conditions and within the limitations of the Plan, the Board of Directors may modify, extend or renew outstanding options granted under the Plan, or accept the surrender of outstanding options (to the extent not theretofore exercised) and authorize the granting of new options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, however, no modification of an option shall, without consent of the optionee, alter or impair any rights of obligations under any option theretofore granted under the Plan.

(k) Investment Purpose

Each option under the Plan shall be granted on the

condition that the purchases of stock thereunder shall be for investment purposes, and not with a view to resale or distribution except that in the event the stock subject to such option is registered under the Securities Act of 1933, as amended (the "Securities Act"), or in the event a resale of such stock without such registration would otherwise be permissible, such condition shall be inoperative if in the opinion of counsel for the Corporation such condition is not required under the Securities Act, or any other applicable law, regulation, or rule of any governmental agency.

(I) Other Provisions

The option agreements authorized under the Plan shall contain such other provisions, including, without limitation, restrictions upon the exercise of the option, as the Committee and the Board of Directors of the Corporation shall deem advisable.

6. EFFECTIVE DATE AND TERM OF PLAN

Subject to approval by the stockholders as required by Section 13 hereof and to the receipt by the Corporation of the letter from the staff of the Securities and Exchange Commission referred to in Section 14 hereof, the Plan shall become effective as of January 24, 1989, the date of its adoption by the Board of Directors of the Corporation and, subject to such stockholder approval and the receipt of such letter, the initial grant of options hereunder as provided in subsection 3(i) shall be effective as of the effective date of the Plan. This Plan shall remain in effect and options shall be granted hereunder from time to time until ten (10) years from the date the Plan is approved by the stockholders or until terminated by the Board of Directors in accordance with Section 8 hereof, whichever is earlier. Notwithstanding the foregoing part of this Section 6, with respect to any amendment to this Plan adopted for the purpose of increasing the number of shares as to which options ("Amendment Options") may be granted hereunder, the Plan shall remain in effect as to Amendment Options and Amendment Options may be granted hereunder from time to time until ten (10) years from the date such amendment is adopted or the date such amendment is approved by the stockholders if such approval is required or until the Plan, as amended, is terminated by the Board of Directors in accordance with Section 8 hereof, whichever is earlier. For purposes of options outstanding under the Plan the Plan shall continue in effect until all outstanding options have been exercised in full or are no longer exercisable.

7. INDEMNIFICATION OF COMMITTEE

In addition to such other rights of indemnification as they may have as Directors or as members of the Committee, the members of the Committee shall be indemnified by the Corporation against the reasonable expenses, including attorneys fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any option granted thereunder, and against all amounts paid by them in settlement thereof, not to exceed, in the judgment of the Board of Directors, the estimated expense of litigating the proceeding to conclusion (provided such settlement is approved by independent legal counsel selected by the Corporation) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that the member of the Committee is liable. A Committee member shall in writing offer the

Corporation the opportunity, at its own expense, to handle and defend the same.

8. AMENDMENT OF THE PLAN

The Board of Directors of the Corporation may, insofar as permitted by law, from time to time, with respect to any shares at the time not subject to options, suspend or discontinue the Plan or revise or amend it in any respect whatsoever except that, without approval of the stockholders, no such revision or amendment shall change the number of shares subject to the Plan, extend the term of the Plan or the term of any option which may be granted under the Plan, change the designation of the Participants or the manner in which options are granted under the Plan or materially increase the benefits accruing under the Plan (materially, within the meaning of Rule 16b-3 implementing the Exchange Act), decrease the price at which options may be granted or remove the administration of the Plan from the Committee (except as may be required by the staff of the Commission to provide the letter described in Section 13 hereof).

9. APPLICATION OF FUNDS

The proceeds received by the Corporation from the sale of capital stock pursuant to options will be used for general corporate purposes.

10. NO OBLIGATION TO EXERCISE OPTION

The granting of an option shall impose no obligation upon the optionee to exercise such option.

11. WITHHOLDING

The exercise of any option granted under the Plan shall constitute an optionee's full and complete consent to whatever action the Committee directs to satisfy the federal and state withholding requirements, if any, which the Committee in its discretion deems applicable to such exercise or surrender.

12. CONSTRUCTION

The Plan shall be construed under the laws of the State of Florida.

13. APPROVAL OF STOCKHOLDERS

The Plan shall be submitted for approval by the stockholders of the Corporation within twelve (12) months from the date the Plan is adopted by the Board of Directors. Any amendment to the Plan requiring approval by the stockholders of the Corporation shall be submitted for approval by the stockholders within twelve (12) months from the date the amendment is adopted by the Board of Directors.

The initial options granted under the Plan, as set forth in subsection 3(i) hereof are granted as of the date set forth therein; provided, however, that such options shall not be exercisable until after the date on which the Plan shall have approved by a vote of the stockholders. Options may be granted pursuant to any amendment to this Plan adopted for the purpose of increasing the number of shares as to which options may be granted, the types of options which may be granted or the rights applicable to options which may be granted hereunder, commencing with the date of adoption of such amendment by the Board of Directors of the Corporation; provided, however, that options granted in reliance

upon any such amendment shall not be exercisable until the date on which such amendment shall have been submitted for approval of the stockholders.

14. LETTER FROM COMMISSION STAFF

The Corporation will request a letter from the staff of the Securities and Exchange Commission (the "Commission") concurring with the opinion of legal counsel to the Corporation that the Plan complies with the requirements set forth in Rule 16b-3 promulgated by the Commission to provide exemptive relief from certain aspects of Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). If, as a condition of providing its concurring letter, the staff of the Commission requires modifications to the Plan which are not material and such modifications are approved by the Board of Directors, the Plan shall be so modified and amended under the provisions of Section 8 hereof. In the event the Corporation is unable to obtain the aforementioned concurring letter from the staff of the Commission as required by this Section 14 or the Plan is not approved by the stockholders as required by Section 13 hereof, the Plan shall be deemed null and void ab initio.

Exhibit 10.13

7.96% Senior Notes due May 30, 2011

May 29, 1996

TO EACH OF THE PURCHASERS LISTED IN
THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

Hughes Supply, Inc., a Florida corporation (the "Company"),
agrees with you as follows:

1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of Ninety-Eight Million Dollars (\$98,000,000) aggregate principal amount of its 7.96% Senior Notes due May 30, 2011 (the "Notes", such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement or the Other Agreements (as hereinafter defined)). The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by you and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amounts specified opposite your respective names in Schedule A at the purchase price of 100% of the principal amount thereof. Contemporaneously with entering into this Agreement, the Company is entering into separate Note Purchase Agreements (the "Other Agreements") identical with this Agreement with each of the other purchasers named in Schedule A (the "Other Purchasers"), providing for the sale at such Closing to each of the Other Purchasers of Notes in the principal amount specified opposite its name in Schedule A. Your respective obligations hereunder and the obligations of the Other Purchasers under the Other Agreements are several and not joint obligations and you shall have no obligation under any Other Agreement and no liability to any Person for the performance or non-performance by any Other Purchaser thereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Alston & Bird, 1201 West Peachtree Street, Atlanta, Georgia, at 10:00 a.m., Atlanta time, at a closing (the "Closing") on May 29, 1996 or on such other Business Day thereafter as may be agreed upon by the Company and you and the Other Purchasers. At the Closing the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least \$500,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 880-119-6331, Account Name: "Hughes Supply, Inc.", at SunTrust Bank, Atlanta, Atlanta, Georgia, ABA #061000104. If at the Closing the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your

election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1 Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

4.2 Performance; No Default.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.14) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Sections 10.1 through 10.10 hereof had such Sections applied since such date.

4.3 Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificates. The Company and each Subsidiary executing the Guarantee referenced in Section 4.11 shall have delivered to you a certificate from the Secretary or an Assistant Secretary certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of, in the case of the Company, the Notes and the Agreements and, in the case of such Subsidiaries, the Guarantee and Contribution Agreement referenced in Section 4.11.

4.4 Opinions of Counsel.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Benjamin P. Butterfield, General Counsel for the Company, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request and (b) from Alston & Bird, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request.

4.5 Purchase Permitted by Applicable Law, etc.

On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including, without limitation, Regulation G, T or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law

or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6 Sale of Other Notes.

Contemporaneously with the Closing the Company shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

4.7 Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of your special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

4.8 Private Placement Number.

A Private Placement number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.9 Changes in Corporate Structure.

Except as specified in Schedule 4.9, the Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

4.10 Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

4.11 Guarantees of Subsidiaries.

Each of the Material Subsidiaries specified in Schedule 4.11 shall have executed and delivered a Guarantee in the form set forth in Exhibit 4.11(a) and the Company and each such Material Subsidiary shall have executed and delivered a Contribution Agreement in the form set forth in Exhibit 4.11(b).

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to you that:

5.1 Organization; Power and Authority.

The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and

proposes to transact, to execute and deliver this Agreement and the Other Agreements and the Notes and to perform the provisions hereof and thereof.

5.2 Authorization, etc.

This Agreement and the Other Agreements and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3 Disclosure.

The Company, through its agent, SunTrust Capital Markets, Inc., has delivered to you and each Other Purchaser a copy of a Private Placement Memorandum, dated April 24, 1996 (the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. Except as disclosed in Schedule 5.3, this Agreement, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Memorandum or as expressly described in Schedule 5.3, or in one of the documents, certificates or other writings identified therein, or in the financial statements listed in Schedule 5.5, since January 26, 1996, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

5.4 Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) of the Company's Affiliates and (iii) of the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4). All of the entities set forth in Schedule 5.4 are Consolidated. Schedule 4.11 sets forth all Material Subsidiaries of the Company as of the date hereof.

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in

each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact. The Guarantee and Contribution Agreement to be executed and delivered by each Material Subsidiary referenced in Section 4.11 have been duly authorized by all necessary corporate action on the part of each such Material Subsidiary and such Guarantee and Contribution Agreement will constitute a legal, valid and binding obligation of such Material Subsidiary enforceable against such Material Subsidiary except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) No Subsidiary is a party to, or otherwise subject to any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5 Financial Statements.

The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

5.6 Compliance With Laws, Other Instruments, etc.

The execution, delivery and performance by the Company of this Agreement and the Notes and by the Material Subsidiaries referenced in Section 4.11 of the Guarantee and Contribution Agreement referenced therein will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

5.7 Governmental Authorizations, etc.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes or of the Guarantee and the Contribution Agreement referenced in Section 4.11 by the Material Subsidiaries referenced therein.

5.8 Litigation; Observance of Agreements, Statutes and Orders.

(a) Except as disclosed in Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.9 Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid or reflected appropriate reserves and/or accruals on its balance sheets for, all taxes, including federal, state, local, sales, use, VAT, customs, excise, franchise, assets, ad valorem withholding taxes, duties or levies (collectively "Taxes"), except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of federal, state or other Taxes for all fiscal periods are adequate. The federal income tax returns liabilities of the Company and its Subsidiaries have been audited by the Internal Revenue Service for all fiscal years up to and including the fiscal year ended 1989 and any resulting deficiencies, additional assessments, fines, penalties, interest or other charge have either been paid for or adequately reserved for in the financial statements. Other than certain ordinary course audits of state sales and income tax returns, neither the Company nor any Subsidiary is presently under, nor has any of them received notice of, any investigation or audit by any national, regional, provincial, local or other agency concerning any fiscal year or period ended prior to the date hereof. All taxes required to be withheld from employees of the Company and its Subsidiaries for income and social security taxes have been properly withheld.

5.10 Title to Property; Leases.

The Company and its Subsidiaries have good and sufficient title to their respective owned properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

5.11 Licenses, Permits, etc.

Except as disclosed in Schedule 5.11,

(a) the Company and its Subsidiaries own or possess all

licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;

(b) to the best knowledge of the Company, no product of the Company infringes in any material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and

(c) to the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

5.12 Compliance With ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(c) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(d) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this Section 5.12(d) is made in reliance upon and subject to (i) the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you and (ii) the assumption, made solely for the purpose of making such representation, that Department of Labor Interpretive Bulletin 75-2 with respect to prohibited transactions remains valid in the circumstances of the transactions contemplated herein.

5.13 Private Offering by the Company.

Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than you, the Other Purchasers and not more than 50 other Institutional Investors, each of which has been offered the

Notes at a private sale for investment. Neither the Company, nor, to the best knowledge of the Company, anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.14 Use of Proceeds; Margin Regulations.

The Company will apply the proceeds of the sale of the Notes as set forth in Schedule 5.14. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation G of the Board of Governors of the Federal Reserve System (12 CFR 207), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the Consolidated Assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation G.

5.15 Existing Debt; Future Liens.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of March 31, 1996, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Subsidiary and no event or condition exists with respect to any Debt of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.5.

5.16 Foreign Assets Control Regulations, etc.

Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

5.17 Status Under Certain Statutes.

Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the Interstate Commerce Act, as amended, or the Federal Power Act, as amended.

5.18 Environmental Matters.

Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the

environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

6. REPRESENTATIONS OF THE PURCHASER.

6.1 Purchase for Investment.

You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

6.2 Source of Funds.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) if you are an insurance company, the Source does not include assets allocated to any separate account maintained by you in which any employee benefit plan (or its related trust) has any interest, other than a separate account that is maintained solely in connection with your fixed contractual obligations under which the amounts payable, or credited, to such plan and to any participant or beneficiary of such plan (including any annuitant) are not affected in any manner by the investment performance of the separate account; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of Prohibited Transaction Exemption ("PTE") 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated

to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c); or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1 Financial and Business Information.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in

compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a) so long as such requirements of the Securities and Exchange Commission continue to require that Form 10-Q include the financial statements described in subparagraphs (i) and (ii) above;

(b) Annual Statements -- within 105 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by:

(A) an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(B) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that such accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit);

provided, that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(b) so long as such requirements of the Securities and Exchange Commission continue to require that Form 10-K include the financial statements described in subparagraphs (i) and (ii) above.

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) Notice of Default or Event of Default -- promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect; or

(iv) if at any time the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$1,000,000;

(f) Notices From Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(g) New Material Subsidiaries -- within 30 days after the formation or acquisition of any Material Subsidiary, or any other event resulting in the creation of a new Material Subsidiary, notice of the formation or acquisition of such Material Subsidiary or such occurrence, including a description of the assets of such entity, the activities in which it will be engaged, and such other information as an Institutional Investor may request; and

(h) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

7.2 Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Sections 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.8 inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3 Inspection.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

8. PREPAYMENT OF THE NOTES.

8.1 Required Prepayments.

On May 30, 2001 and on each November 30 and May 30 thereafter to and including November 30, 2010, the Company will prepay \$4,666,760 and on May 30, 2011 the Company will make a final payment of \$4,664,800 of principal amount (or such amount as shall be the remaining outstanding principal amount) of the Notes at par and without payment of the Make-Whole

Amount or any premium, provided that upon any partial prepayment of the Notes pursuant to Section 8.2 or purchase of the Notes permitted by Section 8.5 the principal amount of each required prepayment of the Notes becoming due under this Section 8.1 on and after the date of such prepayment or purchase shall be reduced in the same proportion as the aggregate unpaid principal amount of the Notes is reduced as a result of such prepayment or purchase.

8.2 Optional Prepayments With Make-Whole Amount.

The Company may, at its option, upon notice as provided below, prepay the Notes in whole at any time, or from time to time in part in an amount not less than \$5,000,000, at 100% of the principal amount so prepaid plus all accrued interest on the principal amount of Notes so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. Any such optional payment shall be on a Business Day and the Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the Business Day fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate via facsimile transmission of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

8.3 Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

8.4 Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.5 Purchase of Notes.

The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.6 Make-Whole Amount.

The term "Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, 0.50% plus the yield to maturity implied by (i) the yields reported (offer side), as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page 500" on the Telerate Access Service (or such other display as may replace Page 500 on Telerate Access Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield in (i) and (ii) above will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of

interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

9.1 Compliance With Law.

The Company shall and shall cause each of its Subsidiaries to comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, and shall obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2 Insurance.

The Company shall and shall cause each of its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3 Maintenance of Properties.

The Company shall and shall cause each of its Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4 Payment of Taxes and Claims.

The Company shall and shall cause each of its Subsidiaries to file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, provided that neither the Company nor any Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company

or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.5 Corporate Existence, etc.

The Company shall at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.7 and 10.8, the Company shall at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

9.6 Covenant To Secure Notes Equally.

The Company covenants that, if it or any Subsidiary shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of Section 10.5 and 10.6 hereof (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to Section 17), the Company will make or cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any and all other Debt thereby secured so long as any such other Debt shall be so secured. This Section 9.6 shall not be deemed a consent to any Lien or Liens not otherwise permitted by Section 10.5 or Section 10.6.

9.7 Covenant Relating to Subsidiary Guarantees.

Promptly after: (i) the formation or acquisition of any Material Subsidiary not listed on Schedule 4.11; (ii) the transfer of assets from the Company or any Subsidiary to another Subsidiary and as a result thereof the recipient of such assets becomes a Material Subsidiary; or (iii) the occurrence of any other event creating a new Material Subsidiary, the Company shall cause to be executed and delivered a guarantee of the obligations of the Company hereunder and under the Notes from such Material Subsidiary in substantially the form of Exhibit 4.11(a) and a Contribution Agreement from such Material Subsidiary in substantially the form of Exhibit 4.11(b), together with related documents of the kind described in Section 5.4(c), all in form and substance satisfactory to your special counsel.

9.8 Ownership of Subsidiary Guarantors.

The Company shall maintain its percentage of ownership existing as of the date hereof of all Material Subsidiaries that execute the Guarantee referenced in Section 4.11, and shall not decrease its ownership percentage in each Material Subsidiary that executes a Guarantee pursuant to Section 9.7 after the date hereof, as such ownership exists at the time such Subsidiary so executes such Guarantee.

10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

10.1 Funded Debt.

The Company shall not, and shall not permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee, or otherwise become directly or indirectly liable with respect to any Funded Debt unless, on the date the Company or such Subsidiary becomes liable with respect to such Debt and immediately after giving effect thereto and the

concurrent retirement of any other Debt, (i) no Default or Event of Default exists and (ii) Consolidated Funded Debt outstanding at such time does not exceed 60% of Consolidated Total Capitalization at such time. For purposes of this Section 10.1, any Person becoming a Subsidiary after the date hereof shall be deemed, at the time it becomes a Subsidiary, to have incurred all of its then outstanding Debt, and any Person extending, renewing or refunding any Debt shall be deemed to have incurred such Debt at the time of such extension, renewal or refunding.

10.2 Current Debt.

Neither the Company nor any Subsidiary shall at any time have or suffer to exist Current Debt unless, during the preceding 365-day period, there shall be at least 45 consecutive days on each of which there shall have been no Consolidated Current Debt outstanding in excess of the amount of additional Funded Debt that the Company would have been permitted to incur on each such day under Section 10.1.

10.3 Minimum Net Worth.

The Company shall not permit Consolidated Net Worth to be less than \$170,000,000 at any time.

10.4 Restricted Payments.

The Company shall not:

(i) pay or declare any cash dividend on account of or with respect to any Capital Stock or make any other cash distribution on account of or with respect to any class of its Capital Stock; or

(ii) redeem, purchase or otherwise acquire, directly or indirectly, any shares of the Company's Capital Stock

(all of the foregoing described in these subparagraphs (i) and (ii) hereof being herein called "Restricted Payments") unless (A) the aggregate amount of all Restricted Payments made since January 26, 1996 would not exceed the sum of (x) \$40,000,000 plus (y) 60% of cumulative Consolidated Net Income since January 26, 1996 (less 100% of cumulative Consolidated Net Income incurred for such period if such Consolidated Net Income for such period is a loss) plus (z) the aggregate net cash proceeds of any issuance or sale of the Company's Capital Stock (other than the PVF Stock Offering) and (B) no Default or Event of Default shall have occurred and be continuing, or a Default or Event of Default would occur, as a result of such Restricted Payment.

10.5 Liens.

The Company shall not, and shall not permit any Subsidiary to, create, assume or suffer to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired except:

(i) Liens existing on the Date of Closing and specified on Schedule 10.5;

(ii) any Lien on property acquired, constructed or improved by the Company after the date hereof to secure or provide for all or a portion of the purchase price of such property or a portion of the indebtedness of such property provided (A) any such Lien shall extend solely to the item or items of such property so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired or constructed property or which is real property being improved by such acquired or constructed property, (B) the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to

the lesser of (1) the cost to the Company or such Subsidiary of the property so acquired or constructed and (2) the Fair Market Value of such property at the time of such acquisition or construction and (C) any such Lien shall be created contemporaneously with, or within 180 days after, the acquisition or construction of such property;

(iii) Liens (A) for taxes (including and valorem and property taxes) and assessments or governmental charges or levies not yet due or (B) for taxes due or (C) resulting from any judgment or award, and in the case of clause (B) and (C), are being actively contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained;

(iv) landlord liens and statutory liens of carriers, warehousemen, mechanics, material men and other liens imposed by law, created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings or with respect to which adequate reserves are being maintained, and which were not incurred in connection with the borrowing of money;

(v) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;

(vi) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not materially interfering with the ordinary conduct of the business of the Company or any of its Subsidiaries;

(vii) other Liens incidental to the conduct of its business or the ownership of its property and assets which were not incurred in connection with the borrowing of money, and which do not in the aggregate materially detract from the value of property or assets of the Company and its Subsidiaries taken as a whole or materially impair the use of such property or assets in the operation of the business of the Company or any of its Subsidiaries;

(viii) Liens provided for in equipment leases that are not Capitalized Lease Obligations (including financing statements and undertakings to file financing statements); provided that they are limited to the equipment subject to such leases and the proceeds thereof;

(ix) leases, subleases, licenses and sublicenses granted to third parties not interfering in any material respect with the business of the Company or any of its Subsidiaries;

(x) any lien renewing, extending, or refunding any Lien described in subparagraphs (i) through (ix) above, provided that the principal amount secured is not increased and that such lien is not extended to other property (other than pursuant to its original terms);

(xi) Liens on property or assets of a Subsidiary of the Company to secure obligations of such Subsidiary to the Company or another Wholly-Owned Subsidiary;

(xii) any right of set off or banker's lien (whether by common law, statute, contract or otherwise) in favor of any bank (other than Liens securing Debt); and

(xiii) Liens of any Subsidiary that arose prior to the time that such Subsidiary became a Subsidiary of the Company, provided that

(A) any such Lien was not incurred in anticipation of such acquisition, (B) the assets of such acquired Subsidiary subject to such Lien shall only be those assets subject to such Lien at the time of the closing of the acquisition of such Subsidiary and (C) the principal amount of Debt secured by such Lien shall not exceed the amount of Debt so secured by such Lien at the time of the closing of the acquisition of such Subsidiary; and

(xiv) Liens securing Priority Debt described in clause (ii) of the definition of Priority Debt; provided, however, that after giving effect to the Debt secured by such Liens, Priority Debt shall not exceed 20% of Consolidated Net Worth at any time.

10.6 Priority Debt.

The Company will not at any time permit Priority Debt to exceed 20% of Consolidated Net Worth.

10.7 Merger or Consolidation.

The Company shall not, and shall not permit any Subsidiary to, merge consolidate or exchange shares with any other Person, except that:

(i) any Subsidiary may merge or consolidate with and into the Company or with a Subsidiary that is a Wholly-Owned Subsidiary or if not a Wholly-Owned Subsidiary in which the ownership interest of the Company is not reduced or diluted in connection with or as a result of such merger or consolidation; and

(ii) the Company may merge or consolidate with any other corporation so long as:

(A) the surviving corporation shall be the Company or another corporation organized under the laws of the United States or a State thereof or the District of Columbia;

(B) the surviving corporation (if not the Company) shall assume the obligations of the Company hereunder pursuant to an agreement reasonably acceptable to the Required Holders;

(C) immediately after giving effect to such merger or consolidation, no Default or Event of Default shall have occurred or exist; and

(D) immediately after giving effect to such merger or consolidation, the Company (or the surviving corporation, if not the Company) could incur at least \$1 of Funded Debt under Section 10.1; and

(iii) the Company and any Subsidiary or Affiliate may acquire any other Person provided such acquisition does not otherwise result in an Event of Default hereunder.

10.8 Sale of Assets.

The Company will not, and will not permit any Subsidiary to, Dispose of any property or assets (other than marketable securities), except, so long as no Default or Event of Default shall exist and be continuing:

(i) any Subsidiary (the "Transferor Subsidiary") may Dispose of its assets to the Company or another Subsidiary (the "Transferee Subsidiary") so long as, in the case of a Disposition to another Subsidiary, the ownership interest of the Company in the Transferee Subsidiary is at least equal to, or greater than, the Company's ownership interest in the Transferor Subsidiary;

(ii) the Company or any Subsidiary may Dispose of any equipment that it in its good faith opinion determines to be obsolete, wornout or no longer useful in its business, as determined in good faith by the Company;

(iii) the Company or any Subsidiary may Dispose of inventory in the ordinary course of business;

(iv) the Company or any Subsidiary may Dispose of any other of its assets so long as immediately after giving effect to such proposed Disposition;

(A) the consideration for such assets represents the Fair Market Value of such assets at the time of such Disposition; and

(B) the cumulative net book value of all assets Disposed of by the Company and its Subsidiaries during any period of 12 consecutive calendar months does not exceed 15% of Consolidated Assets determined as of the most recently completed fiscal year.

For purposes of this Section 10.8:

(1) "Disposition" means the sale, lease, transfer or other disposition of property but shall not include any public taking or condemnation, and "Dispose of" and "Disposed of" shall have a corresponding meaning to Disposition. The term "Disposition" shall not include an exchange of assets, provided that the assets involved in such exchange are similar in function in that after giving effect to such exchange there has not been (A) a Materially Adverse Effect upon the Company and its Subsidiaries taken as a whole, (B) any material deterioration of cash flow generation from or in connection with such assets, or (C) any material deterioration in the overall quality of plant, property and equipment of the Company and its Subsidiaries taken as a whole. An "exchange" shall be deemed to have occurred if each of the transactions involved shall have been consummated within a six month period.

(2) Calculation of net book value. The net book value of any assets shall be determined as of the respective date of Disposition of those assets.

10.9 Transactions With Related Party.

The Company shall not, and shall not permit any Subsidiary to, effect or permit to exist any transaction with any Affiliate by which any asset or services of the Company or a Subsidiary is transferred to such Affiliate, or enter into any other transaction with an Affiliate on terms more favorable than would be reasonably expected in a similar transaction with an unrelated entity.

10.10 Nature of Business.

Neither the Company nor any Subsidiary shall engage in any business, if as a result, when taken as a whole, the general nature of the business then engaged in by the Company and its Subsidiaries would be substantially changed from the nature of the business of the Company and its Subsidiaries on the date hereof.

11. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and

payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Sections 10.1, 10.2, 10.3, 10.4, 10.5, 10.6, 10.7, 10.8 or 10.9; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt that is outstanding in an aggregate principal amount of at least \$5,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt in an aggregate outstanding principal amount of at least \$5,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared (or one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), (x) the Company or any Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$5,000,000, or (y) one or more Persons have the right to require the Company or any Subsidiary so to purchase or repay such Debt; or

(g) the Company or any Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Subsidiaries, a custodian, receiver, trustee or other officer with

similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, or any such petition shall be filed against the Company or any of its Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of \$5,000,000 are rendered against one or more of the Company and its Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (iv) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, (v) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder, or (vi) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall at any time exceed \$5,000,000; and any such event or events described in clauses (i) through (v) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11(j), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1 Acceleration.

(a) If an Event of Default with respect to the Company described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time,

at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon and (y) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2 Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3 Rescission.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of not less than 51% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4 No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all reasonable costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1 Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2 Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$500,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$500,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Sections 6.1 and 6.2. Transfers hereunder shall only be made by the Company to the extent such transfers are permitted by applicable law.

13.3 Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$100,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1 Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York, at the principal office of The Chase Manhattan Bank, N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2 Home Office Payment.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

15. EXPENSES, ETC.

15.1 Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all reasonable costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the reasonable costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the reasonable costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

15.2 Survival.

The obligations of the Company under Section 15.1 shall survive the payment or transfer permitted pursuant to Section 13.2 of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1 Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2 Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes or any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

17.3 Binding Effect, etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver.

No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4 Notes Held by Company, etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of J. Stephen Zepf, Treasurer and Chief Financial Officer of the Company, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates or Subsidiaries (a "Permitted Purchaser") as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Permitted Purchaser, shall contain such Permitted Purchaser's agreement to be bound by this Agreement and shall contain a confirmation by such Permitted Purchaser of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Permitted Purchaser in lieu of you. In the event that such Permitted Purchaser is so substituted as a purchaser hereunder and such Permitted Purchaser thereafter transfers to you all of

the Notes then held by such Permitted Purchaser, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Permitted Purchaser, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

22. MISCELLANEOUS.

22.1 Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

22.2 Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

22.3 Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

22.4 Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

22.5 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

22.6 Governing Law.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

{Signatures on Following Pages}

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return

it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,
HUGHES SUPPLY, INC.

By: J. Stephen Zepf
Treasurer and Chief Financial Officer

The foregoing is hereby agreed to as of the date hereof.

METROPOLITAN LIFE INSURANCE COMPANY

By: Title:

CM LIFE INSURANCE COMPANY

By: Title:

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: Title:

{Signature Page to Hughes Supply, Inc. Note Purchase Agreement}

AMERICAN GENERAL LIFE INSURANCE COMPANY OF NEW YORK
AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY
INDEPENDENT LIFE AND ACCIDENT INSURANCE COMPANY
THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

By: Title:

SCHEDULE A TO NOTE PURCHASE AGREEMENT
Information Relating To Purchasers

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
METROPOLITAN LIFE INSURANCE COMPANY	\$40,000,000

- (1) All payments by wire transfer of immediately available funds to:

The Chase Manhattan Bank, N.A.
33 East 23rd Street
New York, NY 10010
ABA No. 021000021
Account No. 002-2-410591

with sufficient information to identify the source and application of such funds (including the PPN of the Notes)

- (2) All notices of payments and written confirmation of such wire transfer:

Metropolitan Life Insurance Company
One Madison Avenue
New York, NY 10010
Attention: Private Placement Unit

with a copy to:

Metropolitan Life Insurance Company
334 Madison Avenue
Convent Station, NJ 07936
Attention: Private Placement Unit
Telephone: (201) 254-3222

- (3) All other communications:

Metropolitan Life Insurance Company
334 Madison Avenue
Convent Station, NJ 07936
Attention: Private Placement Unit
Telephone: (201) 254-3222

Tax Identification Number: 13-5581829

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
CM LIFE INSURANCE COMPANY c/o MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	\$1,000,000

- (1) All payments by wire transfer of immediately available funds to:

Citibank, N.A.
111 Wall Street
New York, New York 10043
ABA No. 021000089
For Segment 43- Universal Life
Account No. 4068-6561
Re: Description of security, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3878

- (2) All notices of payments and written confirmations of such wire transfers:

Massachusetts Mutual Life Insurance Company
 Securities Custody and Collection Department, F 381
 1295 State Street
 Springfield, Massachusetts 01111
 Attn: Securities Investment Division

- (3) All other communications:

Massachusetts Mutual Life Insurance Company
 1295 State Street
 Springfield, Massachusetts 01111
 Attn: Securities Investment Division

Tax Identification No. 06-1041383

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	\$23,000,000

- (1) All payments by wire transfer of immediately available funds to:

Citibank, N.A.
 111 Wall Street
 New York, New York 10043
 ABA No. 021000089
 For MassMutual Long Term Pool
 Account No. 4067-3488
 Re: Description of security, principal and interest split

With telephone advice of payment to the
 Securities Custody and Collection Department
 of Massachusetts Mutual Life Insurance Company
 at (413) 744-3878

- (2) All notices of payments and written confirmations of such wire transfers:

Massachusetts Mutual Life Insurance Company
 Securities Custody and Collection Department, F 381
 1295 State Street
 Springfield, Massachusetts 01111
 Attn: Securities Investment Division

- (3) All other communications:

Massachusetts Mutual Life Insurance Company
 1295 State Street
 Springfield, Massachusetts 01111
 Attn: Securities Investment Division

Tax Identification No. 04-1590850

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	\$6,000,000

- (1) All payments by wire transfer of immediately available funds to:

Chase Manhattan Bank, N.A.
 4 Chase MetroTech Center
 New York, New York 10081
 ABA No. 021000021
 For MassMutual Pension Management
 Account No. 910-2594018
 Re: Description of security, principal and interest split

With telephone advice of payment to the
 Securities Custody and Collection Department
 of Massachusetts Mutual Life Insurance Company
 at (413) 744-3878

- (2) All notices of payments and written confirmations of such wire transfers:

Massachusetts Mutual Life Insurance Company
 Securities Custody and Collection Department, F 381
 1295 State Street
 Springfield, Massachusetts 01111
 Attn: Securities Investment Division

- (3) All other communications:

Massachusetts Mutual Life Insurance Company
 1295 State Street
 Springfield, Massachusetts 01111
 Attn: Securities Investment Division

Tax Identification No. 04-1590850

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	\$3,000,000

- (1) All payments by wire transfer of immediately available funds to:

Chase Manhattan Bank, N.A.
 4 Chase MetroTech Center
 New York, New York 10081
 ABA No. 021000021
 For MassMutual IFM Non-Traditional
 Account No. 910-2509073
 Re: Description of security, principal and interest split

With telephone advice of payment to the
 Securities Custody and Collection Department
 of Massachusetts Mutual Life Insurance Company
 at (413) 744-3878

- (2) All notices of payments and written confirmations of such wire transfers:

Massachusetts Mutual Life Insurance Company
 Securities Custody and Collection Department, F 381
 1295 State Street
 Springfield, Massachusetts 01111
 Attn: Securities Investment Division

(3) All other communications:

Massachusetts Mutual Life Insurance Company
 1295 State Street
 Springfield, Massachusetts 01111
 Attn: Securities Investment Division

Tax Identification No. 04-1590850

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
AMERICAN GENERAL LIFE INSURANCE COMPANY OF NEW YORK	\$3,000,000

(1) All payments by wire transfer of immediately available funds, with sufficient information (including PPN #, interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds, to:

ABA No. 011000028
 State Street Bank and Trust Company
 Boston, MA 02101
 Re: American General Life Insurance Company of New York
 AC - 0125-942-3
 OBI=PPN # and description of payment
 Fund Number PA 45

(2) All notices of payments and written confirmation of such wire transfers:

American General Life Insurance Company of New York 45
 % State Street Bank and Trust Company
 Insurance Services Custody (AH2)
 1776 Heritage Drive
 North Quincy, MA 02171
 Fax: (617) 985-4923

(3) Duplicate payment notices and all other correspondences to:

American General Life Insurance Company of New York
 % American General Corporation
 Attention: Investment Research Department, A37-01
 P. O. Box 3247
 Houston, TX 77253-3247

Overnight Mail Address: 2929 Allen Parkway
 Houston, TX 77019-2155

Fax: (713) 831-1366

Tax Identification No. 13-1853201

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY	\$7,000,000

(1) All payments by wire transfer of immediately available funds, with sufficient information (including PPN #, interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds, to:

ABA No. 011000028
 State Street Bank and Trust Company
 Boston, MA 02101
 Re: American General Life and Accident Insurance Company
 AC - 0125-934-0
 OBI=PPN # and description of payment
 Fund Number PA 10

(2) All notices of payments and written confirmation of such wire transfers:

American General Life and Accident Insurance Company and PA 10
 % State Street Bank and Trust Company
 Insurance Services Custody (AH2)
 1776 Heritage Drive
 North Quincy, MA 02171
 Fax: (617) 985-4923

(3) Duplicate payment notices and all other correspondences to:

American General Life and Accident Insurance Company
 % American General Corporation
 Attention: Investment Research Department, A37-01
 P. O. Box 3247
 Houston, TX 77253-3247

Overnight Mail Address: 2929 Allen Parkway
 Houston, TX 77019-2155

Fax: (713) 831-1366

Tax Identification No. 62-0306330

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
INDEPENDENT LIFE AND ACCIDENT INSURANCE COMPANY	\$3,000,000

(1) All payments by wire transfer of immediately available funds to, with sufficient information (including PPN #, interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds, to:

ABA No. 011000028
 State Street Bank and Trust Company
 Boston, MA 02101
 Re: Independent Life and Accident Insurance Company
 AC - 34817924
 OBI=PPN # and description of payment
 Fund Number PA 88

(2) All notices of payments and written confirmation of such wire transfers:

Independent Life and Accident Insurance Company and PA 88
 % State Street Bank and Trust Company
 Insurance Services Custody (AH2)
 1776 Heritage Drive
 North Quincy, MA 02171
 Fax: (617) 985-4923

(3) Duplicate payment notices and all other correspondences to:

Independent Life and Accident Insurance Company

% American General Corporation
 Attention: Investment Research Department, A37-01
 P. O. Box 3247
 Houston, TX 77253-3247

Overnight Mail Address: 2929 Allen Parkway
 Houston, TX 77019-2155

Fax: (713) 831-1366

Tax Identification No. 59-0302660

Name and Address of Purchaser	Principal Amount of Notes to be Purchased
THE VARIABLE ANNUITY LIFE INSURANCE COMPANY	\$12,000,000

- (1) All payments by wire transfer of immediately available funds to, with sufficient information (including PPN #, interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds, to:

ABA No. 011000028
 State Street Bank and Trust Company
 Boston, MA 02101
 Re: The Variable Annuity Life Insurance Company
 AC - 0125-821-9
 OBI=PPN # and description of payment
 Fund Number PA 54

- (2) All notices of payments and written confirmation of such wire transfers:

The Variable Annuity Life Insurance Company and PA 54
 % State Street Bank and Trust Company
 Insurance Services Custody (AH2)
 1776 Heritage Drive
 North Quincy, MA 02171
 Fax: (617) 985-4923

- (3) Duplicate payment notices and all other correspondences to:

The Variable Annuity Life Insurance Company
 % American General Corporation
 Attention: Investment Research Department, A37-01
 P. O. Box 3247
 Houston, TX 77253-3247

Overnight Mail Address: 2929 Allen Parkway
 Houston, TX 77019-2155

Fax: (713) 831-1366

Tax Identification No. 74-1625348

SCHEDULE B TO NOTE PURCHASE AGREEMENT

Defined Terms

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Affiliate" shall mean any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company, except a Subsidiary, or any officer or Person holding

10% or more of the capital stock of the Company. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporations, whether through the ownership of voting securities, by contract or otherwise.

"Bank Credit Agreement" shall mean (i) that certain Revolving Credit and Line of Credit Agreement dated as of May 28, 1993 by and among the Company, the Lenders named therein and SunTrust Bank, Atlanta (f/k/a Trust Company Bank), as Agent, as amended by a First Amendment dated as of December 30, 1993, a Second Amendment dated as of October 31, 1994, a Third Amendment dated July 31, 1995 and a Fourth Amendment dated May 13, 1996 and as the same may be further modified, amended, renewed, extended or supplemented from time to time and (ii) all replacements, substitutions, refinancings and refundings thereof.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed.

"Capital Lease" means a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Stock" shall mean, with respect to any Person, the outstanding capital stock (including all common, preferred or other equity securities and any options or warrants to purchase capital stock or other securities exchangeable for or convertible into capital stock) of such Person.

"Capitalized Lease Obligation" shall mean, with respect to any Person, any rental obligation which, under GAAP, is or will be required to be indebtedness (net of interest expense) in accordance with such principles.

"Closing" is defined in Section 3.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Company" shall mean Hughes Supply, Inc., a Florida corporation.

"Confidential Information" is defined in Section 20.

"Consolidated" shall mean the consolidated financial information of the Company and its Subsidiaries under generally accepted accounting principles.

"Consolidated Assets" shall mean, at any time, the total assets of the Company and its Subsidiaries on a Consolidated basis under GAAP.

"Consolidated Current Debt" shall mean, at any time, the amount of Current Debt of the Company and its Subsidiaries on a Consolidated basis under GAAP at such time.

"Consolidated EBITR" shall mean, for any period, an amount equal to, the sum of its Consolidated Net Income plus, to the extent deducted in determining Consolidated Net Income (i) provisions for taxes based on income, (ii) Consolidated Interest Expense, and (iii) Consolidated Rental Expense.

"Consolidated Funded Debt" shall mean, at any time but without duplication, the amount of Funded Debt of the Company and its Subsidiaries on a Consolidated basis under GAAP at such time.

"Consolidated Interest Expense" shall mean, for any period, total interest expense (including without limitation, interest expense attributable to capitalized leases in accordance with generally accepted accounting principles) of the Company and its Subsidiaries on a Consolidated basis under GAAP.

"Consolidated Net Income" shall mean, for any period, the consolidated net income (or loss) of the Company and its Subsidiaries for such period (taken as a single accounting period) determined in conformity with GAAP, but excluding therefrom (to the extent otherwise included therein) (i) any extraordinary gains or losses, together with any related provision for taxes, realized upon any sale of assets outside the ordinary course of business, and (ii) undistributed net income of a Subsidiary to the extent that such distribution is prohibited by agreement, judgment or regulation; provided, however, that all earnings from acquisitions will accrue to the benefit of the Company in accordance with GAAP.

"Consolidated Net Worth" shall mean, at any time, on a Consolidated basis, shareholders' equity of the Company and its Subsidiaries at such time determined in accordance with GAAP.

"Consolidated Rental Expense" shall mean, for any period, total operating lease expense of the Company and its Subsidiaries on a Consolidated basis under GAAP.

"Consolidated Total Capitalization" shall mean, at any time, the sum of Consolidated Net Worth and Consolidated Funded Debt.

"Current Debt" shall mean all Debt with an original maturity of one year or less. For the avoidance of doubt, Debt incurred under Bank Credit Agreement shall not constitute "Current Debt".

"Debt" shall mean, without duplication, with respect to any Person, as at any date of determination:

(i) all indebtedness for borrowed money which such Person has directly or indirectly created, incurred or assumed (including, without limitation, all Capitalized Lease Obligations);

(ii) all indebtedness, whether or not for borrowed money, secured by any Lien on any property or asset owned or held by such Person subject thereto, whether or not the indebtedness secured thereby shall have been assumed by such Person;

(iii) any indebtedness, whether or not for borrowed money, with respect to which such Person has become directly or indirectly liable and which represents or has been incurred to finance the purchase price (or a portion thereof) of any property or services or business acquired by such Person, whether by purchase, consolidation, merger or otherwise other than any payables and accrued expenses in the ordinary course of business that are current liabilities under GAAP; and

(iv) any indebtedness of any other Person of the character referred to in clauses (i), (ii), or (iii) of this definition with respect to which the Person whose Debt is being determined has become liable by way of a Guarantee;

all as determined in accordance with GAAP; provided, however, Debt shall not include endorsement of negotiable instruments for collection in the ordinary course of business.

"Default" shall mean an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" shall mean that rate of interest that is the greater of (i) 2% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2% over the rate of interest publicly announced by The Chase Manhattan Bank, N.A. as its "base" or "prime" rate.

"Environmental Laws" shall mean any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

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

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"Event of Default" is defined in Section 11.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fair Market Value" shall mean, at any time, the sale value of property that would be realized in an arm's length sale at such time between an informed and willing buyer, and an informed and willing seller, under no compulsion to buy or sell, respectively.

"Funded Debt" shall mean (i) all Debt with an original maturity of greater than one year (including Debt incurred under the Bank Credit Agreement), including current maturities of such Debt, and all Debt which is renewable solely at the option of the Company or a Subsidiary, (ii) all Debt with an original maturity of less than one year, including commercial paper issued by the Company, if a direct or secondary source of repayment of such Debt is, or such Debt is credit enhanced by, a line of credit or other financial accommodation having a maturity of greater than one year and (iii) all other Debt that is now or hereafter characterized by the Company or any Subsidiary in its financial statements as "Funded Debt".

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

"Governmental Authority" shall mean

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guarantee" shall mean, with respect to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any Debt, lease, dividend or other obligation of another, including,

without limitation, any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation, any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise) in any such case if the purpose or intent of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected against loss in respect thereof. The amount of any Guarantee shall be equal to the outstanding principal amount of the obligation guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited.

"Hazardous Material" shall mean any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

"holder" shall mean, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"Institutional Investor" shall mean (a) any original purchaser of a Note, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"Lien" shall mean, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Make-Whole Amount" is defined in Section 8.6.

"Material" shall mean material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

"Material Subsidiary" shall mean (i) each Subsidiary set forth on Schedule 4.11 and (ii) each other Subsidiary of the Company, now existing or hereinafter established or acquired, that has or acquires total assets in excess of \$1,000,000 or that accounted for or produced more than 5% of the Consolidated EBITR of the Company on a Consolidated basis during any of

the three most recently completed fiscal years of the Company.

"Memorandum" is defined in Section 5.3.

"Multiemployer Plan" shall mean any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"Notes" is defined in Section 1.

"Officer's Certificate" shall mean a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"Other Agreements" is defined in Section 2.

"Other Purchasers" is defined in Section 2.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Person" shall mean an individual, corporation, company, limited liability company, voluntary association, partnership, limited liability partnership, trust, unincorporated organization or joint venture or a government or any agency, instrumentality or political subdivision thereof, and for the purpose of the definition of "ERISA Affiliate", a trade or business.

"Plan" shall mean an "employee benefit plan" (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"Preferred Stock" shall mean any class of Capital Stock of a corporation that is preferred over any other class of Capital Stock of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

"Priority Debt" shall mean with respect to any Person, at any time, without duplication, the sum of:

- (i) Unsecured Debt of each Subsidiary (other than such Debt held by the Company or a Wholly-Owned Subsidiary thereof);
- (ii) Debt of the Company and any Subsidiary secured by any Lien unless such Lien is otherwise permitted by subparagraphs (i) through (xiii) of Section 10.5 (other than such Debt held by the Company or a Wholly-Owned Subsidiary thereof); and
- (iii) All Preferred Stock of Subsidiaries owned by a Person other than the Company or a Wholly-Owned Subsidiary thereof.

"property" or "properties" shall mean, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"PVF Stock Offering" shall mean the common stock offering being conducted by the Company in connection with the acquisition by the Company of substantially all of the assets and business of PVF Holdings, Inc., a Delaware corporation, pursuant to the terms of that certain Asset Purchase Agreement dated March 27, 1996.

"QPAM Exemption" shall mean Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"Required Holders" shall mean the holders of at least 51% in the principal amount of the Notes at the time outstanding.

"Responsible Officer" shall mean any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this agreement.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"Senior Financial Officer" shall mean the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Subsidiary" means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Subsidiary Debt" shall mean all Debt of which the direct obligor is a subsidiary of the Company.

"Wholly-Owned Subsidiary" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

SCHEDULE 4.9 TO NOTE PURCHASE AGREEMENT

Changes in Corporate Structure

(i) Closed Acquisitions:

- (a) Waldorf Supply, Inc. - Closed in February 1996
- (b) West Virginia Water & Waste Supply Co. - Closed in March 1996
- (c) Electric Laboratories and Sales Corporation - Closed in April 1996
- (d) Elasco Agency Sales, Inc. - Closed in April 1996
- (e) PVF Acquisition (acquisition of substantially all of the assets of PVF Holdings, Inc.) - Closed in May 1996

(ii) Pending Acquisitions:

- (a) Gayle Supply Company, Inc. - Scheduled to close on May 31, 1996
- (b) R&G Plumbing Supply, Inc. - Scheduled to close on May 31, 1996

SCHEDULE 4.11 TO NOTE PURCHASE AGREEMENT

Material Subsidiaries Executing and Delivering Guarantees on Date of Closing

Each of the following is a Material Subsidiary of the Company:

- (i) Atlantic Pump & Equipment Company of Miami, Inc., a Florida corporation
- (ii) Carolina Pump & Supply Corp. d/b/a Pump & Lighting Company, a Rhode Island corporation
- (iii) Elasco Agency Sales, Inc., an Illinois corporation
- (iv) Elec-Tel Supply Company, a Georgia corporation
- (v) Electric Laboratories and Sales Corporation, a Delaware corporation
- (vi) Florida Pipe & Supply Company, a Florida corporation
- (vii) Hughes Acquisition Corp., a West Virginia corporation
- (viii) Mills & Lupton Supply Company, a Tennessee corporation
- (ix) One Stop Supply, Inc., a Tennessee corporation
- (x) USCO Incorporated, a North Carolina corporation
- (xi) Paine Supply of Jackson, Inc., d/b/a Paine Supply Company, a Mississippi corporation
- (xii) Port City Electrical Supply, Inc., a Georgia corporation
- (xiii) HHH, Inc., a Delaware corporation
- (xiv) H Venture Corp., a Florida corporation
- (xv) Southwest Stainless, L.P., a Delaware limited partnership
- (xvi) Moore Electric Supply, Inc., a North Carolina corporation
- (xvii) Olander & Brophy, Incorporated, a Pennsylvania corporation

SCHEDULE 5.3 TO NOTE PURCHASE AGREEMENT

Disclosure Materials

No Exceptions.

SCHEDULE 5.4 TO NOTE PURCHASE AGREEMENT

Subsidiaries of the Company
and Ownership of Subsidiary Stock; Company's
Affiliates; Company's Directors and Senior Officers

- (i) Subsidiaries of the Company:

Legal Entities	State of Incorporation/ Organization	Entity's Ownership
Atlantic Pump and Equipment Company of Miami, Inc.	Florida	100%
Atlantic Pump and Equipment Company of Puerto Rico, Inc.	Puerto Rico	100
Atlantic Pump and Equipment Company of	Florida	100

West Palm Beach, Inc.	Rhode Island	100
Carolina Pump and Supply Corp.	Illinois	100
Elasco Agency Sales, Inc.	Georgia	100
Elec-Tel Supply Company	Delaware	100
Electric Laboratories and Sales Corporation	Florida	100
Florida Pipe and Supply Company	Florida	100
H Venture Corp.	Delaware	100
HHH, Inc.	Delaware	100
HSI Corp.	West Virginia	100
Hughes Acquisition Corporation	Florida	100
Hughes Aviation, Inc.	Tennessee	100
Mills and Lupton Supply Company	North Carolina	100
Moore Electric Supply, Inc.	Pennsylvania	100
Olander & Brophy, Inc.	Tennessee	100
One Stop Supply, Inc.	Mississippi	100
Paine Supply of Jackson, Inc.	Georgia	100
Port City Electrical Supply, Inc.	Delaware	100
Southwest Stainless, L.P.	North Carolina	100
USCO Incorporated	Delaware	100
Z&L Acquisition Corp.1	Delaware	100
Z&L Acquisition Corp. of Delaware, Inc.2	Delaware	100

(ii) Affiliates of the Company:

(a) No person holds 10% or more of the Company's common stock as of the date of this Agreement.

(b) Except for the Subsidiaries of the Company, there are no other Affiliates of the Company, except that the Company's wholly-owned Subsidiary, H Venture Corp., owns a 20% equity interest in Accord Industries Company, a Florida general partnership. Accord Industries Company is not a consolidated entity.

(iii) Directors and Senior Officers of the Company:

Directors:

David H. Hughes
 John D. Baker II
 Robert N. Blackford
 John B. Ellis
 A. Stewart Hall, Jr.
 Clifford M. Hames
 Russell V. Hughes
 Vincent S. Hughes
 Herman B. McManaway
 Donald C. Martin

Officers:

David H. Hughes, Chairman of the Board and Chief Executive Officer
 A. Stewart Hall, Jr., President
 Russell V. Hughes, Vice President
 Vincent S. Hughes, Vice President
 Sidney J. Strickland, Vice President
 Robert N. Blackford, Secretary
 J. Stephen Zepf, Treasurer, Chief Financial Officer and Assistant Secretary
 Jay Clark, Assistant Treasurer
 Benjamin P. Butterfield, Assistant Secretary

SCHEDULE 5.5 TO NOTE PURCHASE AGREEMENT

Financial Statements

(i) The Company's Annual Reports to Shareholders for the Years Ended January 28, 1994, January 27, 1995, and January 26, 1996.

(ii) The Company's Annual Reports on Form 10-K for the fiscal years ended January 28, 1994, January 27, 1995, and January 26, 1996.

SCHEDULE 5.8 TO NOTE PURCHASE AGREEMENT

Certain Litigation

None.

SCHEDULE 5.11 TO NOTE PURCHASE AGREEMENT

Patents, Etc.

No Exceptions.

SCHEDULE 5.14 TO NOTE PURCHASE AGREEMENT

Use of Proceeds

The proceeds received by the Company shall be used (i) to satisfy in full the obligations of the Company under that certain Bridge Revolving Credit Agreement, dated as of May 13, 1996, by and among the Company, SunTrust Bank, Atlanta, SunTrust Bank, Central Florida, National Association and SouthTrust Bank of Alabama, National Association, as lenders, and SunTrust Bank, Atlanta, as agent for such lenders, and (ii) for general corporate purposes.

SCHEDULE 5.15 TO NOTE PURCHASE AGREEMENT

Existing Debt; Unpermitted Liens

(i) Existing Debt:

	Maximum Principal Amount	Current Principal Amount Outstanding as of May 22, 1996
Bank Credit Agreement	*\$160,000,000	
First Union		\$20,150,000
NationsBank		--
SouthTrust		25,000,000
Sun Bank		23,437,500
SunTrust		23,437,500
Commercial Paper	*35,000,000	34,865,000
SunTrust Cash Management Line	6,000,000	80,000
Bridge Loan	55,000,000	32,335,000
Mortgages:		

Barnett Bank	31,095
Darrell and Betty Jo Canady	62,394
J. Reed and Associates	242,339

*As amended on May 13, 1996, by the Fourth Amendment.

Guarantee of Affiliated Debt: A wholly-owned subsidiary of the Company, H Venture Corp. , owns a 20% interest in Accord Industries Company ("Accord"), a joint venture formed from the Company's sale of its manufacturing operations in 1990. In connection with the investment in Accord, the Company guaranteed \$500,000 of Accord's indebtedness to a bank and H Venture Corp., as a joint venturer, is contingently liable for the remaining bank debt.

See also "Schedule 10.5 to Note Purchase Agreement - Liens."

(ii) Unpermitted Liens:

None.

SCHEDULE 10.5 TO NOTE PURCHASE AGREEMENT

Liens

Lease	Future Minimum Lease Payments (Annual)
Orlando-Exec., Electric	\$585,000
Orlando-Plumbing	840,000
Orlando - Maint. Garage	245,000
Orlando - Utilities	551,250
Daytona Beach	221,375
Fort Pierce	146,250
Sarasota	287,950
Leesburg	105,300
St. Petersburg	209,625
Clearwater	102,375
Lakeland	131,625
Venice	213,750
Winter Haven	144,000
Total	\$3,783,500

Mortgage Notes as described in "Schedule 5.15 to Note Purchase Agreement - Existing Debt; Unpermitted Liens" under item (i) thereto are secured by the real property acquired using the loan proceeds evidenced by such Mortgage Notes.

EXHIBIT 1 TO NOTE PURCHASE AGREEMENT

Form of 7.96% Senior Note due May 30, 2011

HUGHES SUPPLY, INC.

7.96% SENIOR NOTE DUE MAY 30, 2011

No. {R-_____} {Date}
 \${_____} PPN 444482 B@1

FOR VALUE RECEIVED, the undersigned, HUGHES SUPPLY, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of Florida, hereby promises to pay to { }, or registered assigns, the principal sum of { } DOLLARS on May 30, 2011, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 7.96% per annum from the date hereof, payable semiannually, on the 30th day of May and November in each year, commencing with the November 30 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 9.96% or (ii) 2% over the rate of interest publicly announced by The Chase Manhattan Bank, N.A. from time to time in New York, New York as its "base" or "prime" rate.

Subject to Section 14.2 of each Note Purchase Agreement (as defined below), payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at The Chase Manhattan Bank, N.A., or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to separate Note Purchase Agreements, dated as of May 29, 1996 (as from time to time amended, the "Note Purchase Agreements"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreements and (ii) to have made the representation set forth in Sections 6.1 and 6.2 of the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreements. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the

manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note is governed by and is to be construed in accordance with the terms of the Note Purchase Agreement, the terms of which are incorporated herein by reference. All capitalized terms not otherwise defined herein shall have the same meanings attributed to them as are set forth in the Note Purchase Agreement.

HUGHES SUPPLY, INC.

By: _____

J. Stephen Zepf
Treasurer and Chief Financial Officer

EXHIBIT 4.4(a) TO NOTE PURCHASE AGREEMENT

Matters To Be Covered by Opinion of General Counsel for the Company

1. Each of the Company and its Subsidiaries being duly incorporated, validly existing and in good standing and having requisite corporate power and authority to issue and sell the Notes and to execute and deliver the documents.

2. Each of the Company and its Subsidiaries being duly qualified and in good standing as a foreign corporation in appropriate jurisdictions.

3. Due authorization and execution of the documents and, if governed by the laws of the State of Florida, such documents would be legal, valid, binding and enforceable.

4. No conflicts with charter documents, laws or other agreements.

5. All consents required to issue and sell the Notes and to execute and deliver the documents having been obtained.

6. No litigation questioning validity of documents.

7. The Notes not requiring registration under the Securities Act of 1933, as amended; no need to qualify an indenture under the Trust Indenture Act of 1939, as amended.

8. No violation of Regulations G, T or X of the Federal Reserve Board.

9. Company not an "investment company", or a company "controlled" by an "investment company", under the Investment Company Act of 1940, as amended.

10. A Florida state court, or a federal court sitting in Florida, would, under Florida conflict of laws principles, recognize the choice of New York law to govern the Note Purchase Agreement and the Notes.

The opinion shall be subject to standard and customary qualification of counsel with respect to transactions of this nature.

EXHIBIT 4.4(b) TO NOTE PURCHASE AGREEMENT

Matters To Be Covered by Opinion of Special Counsel to the Purchasers

1. Note Purchase Agreement in commercially acceptable legal form.

2. The Note Purchase Agreement and the Notes would be legal, valid and

binding obligations, enforceable against the Company in accordance with their respective terms.

3. The Notes not requiring registration under the Securities Act of 1933, as amended; no need to qualify an indenture under the Trust Indenture Act of 1939, as amended.

Opinions subject to standard and customary qualifications and exceptions.

EXHIBIT 4.11(a) TO NOTE PURCHASE AGREEMENT

Form of Guarantee

SUBSIDIARY GUARANTEE AGREEMENT

This SUBSIDIARY GUARANTEE AGREEMENT, dated as of May 29, 1996 (this "Guarantee"), made by CAROLINA PUMP & SUPPLY CORP., d/b/a Pump & Lighting Company and a corporation organized and existing under the laws of the State of Rhode Island, ONE STOP SUPPLY, INC., a corporation organized and existing under the laws of the State of Tennessee, USCO INCORPORATED, a corporation organized and existing under the laws of the State of North Carolina, MILLS & LUPTON SUPPLY COMPANY, a corporation organized and existing under the laws of the State of Tennessee, PAINE SUPPLY OF JACKSON, INC., d/b/a Paine Supply Company and a corporation organized and existing under the laws of the State of Mississippi, HHH, INC., a corporation organized and existing under the laws of the State of Delaware, H VENTURE CORP., a corporation organized and existing under the laws of the State of Florida, PORT CITY ELECTRICAL SUPPLY, INC., a corporation organized and existing under the laws of the State of Georgia, ELEC-TEL SUPPLY COMPANY, a corporation organized and existing under the laws of the State of Georgia, ATLANTIC PUMP & SUPPLY COMPANY OF MIAMI, INC., a corporation organized and existing under the laws of the State of Florida, FLORIDA PIPE & SUPPLY COMPANY, a corporation organized and existing under the laws of the State of Florida, HUGHES ACQUISITION CORP., a corporation organized and existing under the laws of the State of West Virginia, ELECTRIC LABORATORIES AND SALES CORP., a corporation organized and existing under the laws of the State of Delaware, ELASCO AGENCY SALES, INC., a corporation organized and existing under the laws of the State of Illinois, SOUTHWEST STAINLESS, L.P., a limited partnership formed under the laws of the State of Delaware, MOORE ELECTRIC SUPPLY, INC., a corporation organized and existing under the laws of the State of North Carolina, and OLANDER & BROPHY, INCORPORATED, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (the foregoing entities individually a "Guarantor" and collectively the "Guarantors"), in favor of METROPOLITAN LIFE INSURANCE COMPANY, CM LIFE INSURANCE COMPANY, MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, AMERICAN GENERAL LIFE INSURANCE COMPANY OF NEW YORK, AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY, INDEPENDENT LIFE AND ACCIDENT INSURANCE COMPANY, THE VARIABLE ANNUITY LIFE INSURANCE COMPANY, the foregoing, together with their successors and assigns, individually a "Guaranteed Party" and collectively the "Guaranteed Parties");

W I T N E S S E T H :

WHEREAS, Hughes Supply, Inc., a corporation organized and existing under the laws of the State of Florida ("Hughes") and the Guaranteed Parties have entered into those certain identical (except for the names of the purchasers and the amounts of Notes, as defined below, to be purchased) Note Purchase Agreements dated as of May 29, 1996 (together the "Agreements" and separately each an "Agreement"), pursuant to which Hughes has issued to the Guaranteed Parties its 7.96% Senior Notes due May 30, 2011 (the "Notes"), in the aggregate principal amount of \$98,000,000;

WHEREAS, Hughes owns, directly or indirectly, all or a majority of the outstanding capital stock of each of the Guarantors;

WHEREAS, Hughes and Guarantors share an identity of interest as members of a consolidated group of companies engaged in substantially similar businesses with Hughes providing certain centralized financial, accounting and management services to each of the Guarantors by virtue of intercompany advances and loans such that financial accommodations extended to Hughes shall inure to the direct and material benefit of Guarantors; and

WHEREAS, consummation of the transactions pursuant to the Agreements will facilitate expansion and enhance the overall financial strength and stability of Hughes's entire corporate group, including the Guarantors; and

WHEREAS, it is a condition precedent to the Guaranteed Parties' obligations to enter into the Agreements and to purchase the Notes thereunder that Guarantors execute and deliver this Guarantee, and Guarantors desire to execute and deliver this Guarantee to satisfy such condition precedent;

NOW, THEREFORE, in consideration of the premises and in order to induce the Guaranteed Parties to enter into and perform their obligations under the Agreements, the Guarantors hereby jointly and severally agree as follows:

SECTION 1. Guarantee. The Guarantors hereby, jointly and severally, irrevocably, absolutely and unconditionally guarantee the due and punctual payment of all principal of, premium, if any, and interest on, the Notes and all other obligations owing by Hughes to the Guaranteed Parties, or any of them, jointly or severally under the Agreements, the Notes and the other documents, instruments and agreements relating to the transactions contemplated by the Agreements, and all renewals, extensions, modifications and refinancings thereof, now or hereafter owing, whether for principal, interest, make-whole or yield maintenance premium or other fees, expenses or otherwise, and any and all reasonable out-of-pocket expenses (including reasonable attorneys' fees and expenses actually incurred) incurred by the Guaranteed Parties in enforcing any rights under this Guarantee (collectively, the "Guaranteed Obligations") including, without limitation, all interest which, but for the filing of a petition in bankruptcy with respect to Hughes, would accrue on any principal portion of the Guaranteed Obligations. Any and all payments by the Guarantors hereunder shall be made free and clear of and without deduction for any set-off, counterclaim, or withholding so that, in each case, each Guaranteed Party will receive, after giving effect to any Taxes (as such term is defined in the Agreements, but excluding Taxes imposed on overall net income of any Guaranteed Party), the full amount that it would otherwise be entitled to receive with respect to the Guaranteed Obligations (but without duplication of amounts for Taxes already included in the Guaranteed Obligations). The Guarantors acknowledge and agree that this is a guarantee of payment when due, and not of collection, and that, subject to Section 13 hereof, this Guarantee may be enforced up to the full amount of the Guaranteed Obligations without proceeding against Hughes, against any security for the Guaranteed Obligations, against any other Guarantor or under any other guaranty covering any portion of the Guaranteed Obligations.

SECTION 2. Guarantee Absolute. The Guarantors guarantee that the Guaranteed Obligations will be paid strictly in accordance with the terms of the documents, instruments and agreements evidencing any Guaranteed Obligations, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Guaranteed Party with respect thereto. The liability of each Guarantor under this Guarantee shall be absolute and unconditional in accordance with its terms and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation, the following (whether or not such Guarantor consents thereto or has notice thereof):

(a) any change in the time, place or manner of payment of, or in any other term of, all or any of the Guaranteed Obligations, any waiver, indulgence, renewal, extension, amendment or modification of or addition, consent or supplement to or deletion from or any other action or inaction under or in respect of the Agreements, or any other documents, instruments or agreements relating to the Guaranteed Obligations or any other instrument or agreement referred to therein or any assignment or transfer of any thereof;

(b) any lack of validity or enforceability of the Agreements or any other document, instrument or agreement referred to therein or any assignment or transfer of any thereof;

(c) any furnishing to the Guaranteed Parties of any additional security for the Guaranteed Obligations, or any sale, exchange, release or surrender of, or realization on, any security for the Guaranteed Obligations;

(d) any settlement or compromise of any of the Guaranteed Obligations, any security therefor, or any liability of any other party with respect to the Guaranteed Obligations, or any subordination of the payment of the Guaranteed Obligations to the payment of any other liability of Hughes;

(e) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to any Guarantor or Hughes, or any action taken with respect to this Guarantee by any trustee or receiver, or by any court, in any such proceeding;

(f) any nonperfection of any security interest or lien on any collateral, or any amendment or waiver of or consent to departure from any guaranty or security, for all or any of the Guaranteed Obligations;

(g) any application of sums paid by Hughes or any other Person with respect to the liabilities of Hughes to the Guaranteed Parties, regardless of what liabilities of Hughes remain unpaid;

(h) any act or failure to act by any Guaranteed Party which may adversely affect a Guarantor's subrogation rights, if any, against Hughes to recover payments made under this Guarantee; and

(i) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Guarantor.

If claim is ever made upon any Guaranteed Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations, and any Guaranteed Party repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over the Guaranteed Party or any of its property, or (b) any settlement or compromise of any such claim effected by the Guaranteed Party with any such claimant (including Hughes or a trustee in bankruptcy for Hughes), then and in such event the Guarantors agree that any such judgment, decree, order, settlement or compromise shall be binding on it, notwithstanding any revocation hereof or the cancellation of the Agreements or the other documents, instruments and agreements evidencing any Guaranteed Obligations, and the Guarantors shall be and remain liable to the Guaranteed Party for the amounts so repaid or recovered to the same extent as if such amount had never originally been paid to the Guaranteed Party.

The obligations of each Guarantor shall be joint and several and the release or discharge of the obligations of one Guarantor shall not modify,

affect, release or discharge the obligations of the other Guarantors hereunder.

SECTION 3. Waiver. The Guarantors hereby waive notice of acceptance of this Guarantee, notice of any liability to which it may apply, and further waive presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liabilities, suit or taking of other action by the Guaranteed Parties against, and any other notice to, Hughes or any other party liable with respect to the Guaranteed Obligations (including the Guarantors or any other Person executing a guaranty of the obligations of Hughes).

SECTION 4. Waiver of Subrogation. No Guarantor will exercise any rights against Hughes which it may acquire by way of subrogation or contribution, by any payment made hereunder or otherwise. Each Guarantor hereby expressly waives any claim, right or remedy which such Guarantor may now have or hereafter acquire against Hughes that arises hereunder and/or from the performance by any Guarantor hereunder, including, without limitation, any claim, right or remedy of the Guaranteed Parties against Hughes or any security which the Guaranteed Parties now have or hereafter acquire, whether or not such claim, right or remedy arises in equity, under contract, by statute, under color of law or otherwise.

SECTION 5. Severability. Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 6. Amendments, Etc. No amendment or waiver of any provision of this Guarantee nor consent to any departure by a Guarantor therefrom shall in any event be effective unless the same shall be in writing executed by the Guaranteed Parties.

SECTION 7. Notices. All notices and other communications provided for hereunder shall be given in the manner specified in the Agreements (i) in the case of the Guaranteed Parties, at the address specified for the Guaranteed Parties in the Agreements, and (ii) in the case of the Guarantors, at the respective addresses specified for such Guarantors in this Guarantee.

SECTION 8. No Waiver; Remedies. No failure on the part of the Guaranteed Parties to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other further notice or demand in any similar or other circumstances or constitute a waiver of the rights of the Guaranteed Parties to any other or further action in any circumstances without notice or demand. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9. Right of Set-Off. In addition to and not in limitation of all rights of offset that the Guaranteed Parties may have under applicable law, the Guaranteed Parties shall, upon the occurrence of any Event of Default and whether or not the Guaranteed Parties have made any demand or the Guaranteed Obligations are matured, have the right to appropriate and apply to the payment of the Guaranteed Obligations, all indebtedness or property then or thereafter owing by the Guaranteed Parties to any Guarantor, whether or not related to this Guarantee or any transaction hereunder. The Guaranteed Parties shall promptly notify the relevant Guarantor of any offset hereunder.

SECTION 10. Continuing Guarantee; Transfer of Obligations. This Guarantee is a continuing guaranty and shall (i) remain in full force and effect until payment in full of the Guaranteed Obligations and all other amounts payable under this Guarantee and the termination of the Agreements, (ii) be binding upon each Guarantor, its successors and assigns, and (iii) inure to the benefit of and be enforceable by the Guaranteed Parties.

SECTION 11. Governing Law. THIS GUARANTEE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER, SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF).

SECTION 12. Subordination of Hughes's Obligations to the Guarantors. As an independent covenant, each Guarantor hereby expressly covenants and agrees for the benefit of the Guaranteed Parties that all obligations and liabilities of Hughes to such Guarantor of whatsoever description including, without limitation, all intercompany receivables of such Guarantor from Hughes ("Junior Claims") shall be subordinate and junior in right of payment to all obligations of Hughes to the Guaranteed Parties under the terms of the Agreements and the other documents, instruments and agreements evidencing any Guaranteed Obligations ("Senior Claims").

If an Event of Default shall occur, then, unless and until such Event of Default shall have been cured, waived, or shall have ceased to exist, no direct or indirect payment (in cash, property, securities by setoff or otherwise) shall be made by Hughes to any Guarantor on account of or in any manner in respect of any Junior Claim except such payments and distributions the proceeds of which shall be applied to the payment of Senior Claims.

In the event of a Proceeding (as hereinafter defined), all Senior Claims shall first be paid in full before any direct or indirect payment or distribution (in cash, property, securities by setoff or otherwise) shall be made to any Guarantor on account of or in any manner in respect of any Junior Claim except such payments and distributions the proceeds of which shall be applied to the payment of Senior Claims. For the purposes of the previous sentence, "Proceeding" means Hughes or any Guarantor shall commence a voluntary case concerning itself under the Bankruptcy Code of 1978, as amended (the "Bankruptcy Code"), or any other applicable bankruptcy laws; or any involuntary case is commenced against Hughes or any Guarantor; or a custodian (as defined in the Bankruptcy Code or any other applicable bankruptcy laws) is appointed for, or takes charge of, all or any substantial part of the property of Hughes or any Guarantor, or Hughes or any Guarantor commences any other proceedings under any reorganization arrangement, adjustment of debt, relief of debtor, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to Hughes or any Guarantor, or any such proceeding is commenced against Hughes or any Guarantor, or Hughes or any Guarantor is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or Hughes or any Guarantor suffers any appointment of any custodian or the like for it or any substantial part of its property; or Hughes or any Guarantor makes a general assignment for the benefit of creditors; or Hughes or any Guarantor shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or Hughes or any Guarantor shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debts; or Hughes or any Guarantor shall by any act or failure to act indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate action shall be taken by Hughes or any Guarantor for the purpose of effecting any of the foregoing.

In the event any direct or indirect payment or distribution is made to a Guarantor in contravention of this Section 12, such payment or distribution shall be deemed received in trust for the benefit of the Guaranteed Parties and shall be immediately paid over to the Guaranteed

Parties for application against the Guaranteed Obligations in accordance with the terms of the Agreements.

Each Guarantor agrees to execute such additional documents as the Guaranteed Parties may reasonably request to evidence the subordination provided for in this Section 12.

SECTION 13. Savings Clause. (a) It is the intent of each Guarantor and the Guaranteed Parties that each Guarantor's maximum obligations hereunder shall be, but not in excess of:

(i) in a case or proceeding commenced by or against such Guarantor under the Bankruptcy Code on or within one year from the date on which any of the Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Guaranteed Parties) to be avoidable or unenforceable against such Guarantor under (A) Section 548 of the Bankruptcy Code or (B) any state fraudulent transfer or fraudulent conveyance act or statute applied in such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(ii) in a case or proceeding commenced by or against such Guarantor under the Bankruptcy Code subsequent to one year from the date on which any of the Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of the Guarantor to the Guaranteed Parties) to be avoidable or unenforceable against such Guarantor under any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(iii) in a case or proceeding commenced by or against such Guarantor under any law, statute or regulation other than the Bankruptcy Code (including, without limitation, any other bankruptcy, reorganization, arrangement, moratorium, readjustment of debt, dissolution, liquidation or similar debtor relief laws), the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Guaranteed Parties) to be avoidable or unenforceable against such Guarantor under such law, statute or regulation including, without limitation, any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding.

(The substantive laws under which the possible avoidance or unenforceability of the Guaranteed Obligations (or any other obligations of such Guarantor to the Guaranteed Parties) shall be determined in any such case or proceeding shall hereinafter be referred to as the "Avoidance Provisions").

(b) To the end set forth in Section 13(a), but only to the extent that the Guaranteed Obligations would otherwise be subject to avoidance under the Avoidance Provisions if such Guarantor is not deemed to have received valuable consideration, fair value or reasonably equivalent value for the Guaranteed Obligations, or if the Guaranteed Obligations would render the Guarantor insolvent, or leave the Guarantor with an unreasonably small capital to conduct its business, or cause the Guarantor to have incurred debts (or to have intended to have incurred debts) beyond its ability to pay such debts as they mature, in each case as of the time any of the Guaranteed Obligations are deemed to have been incurred under the Avoidance Provisions and after giving effect to contribution as among Guarantors, the maximum Guaranteed obligations for which such Guarantor shall be liable hereunder shall be reduced to that amount which, after giving effect thereto, would not cause the Guaranteed Obligations (or any other

obligations of such Guarantor to the Guaranteed Parties), as so reduced, to be subject to avoidance under the Avoidance Provisions. This Section 13(b) is intended solely to preserve the rights of the Guaranteed Parties hereunder to the maximum extent that would not cause the Guaranteed Obligations of any Guarantor to be subject to avoidance under the Avoidance Provisions, and neither such Guarantor nor any other Person shall have any right or claim under this Section 13 as against the Guaranteed Parties that would not otherwise be available to such Person under the Avoidance Provisions.

SECTION 14. Information. Each of the Guarantors assumes all responsibility for being and keeping itself informed of Hughes' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Guaranteed Parties will have any duty to advise any of the Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 15. Survival of Agreement. All agreements, representations and warranties made herein shall survive the execution and delivery of this Guarantee.

SECTION 16. Counterparts. This Guarantee and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

SECTION 17. Additional Guarantors. Upon execution and delivery by any Material Subsidiary of Hughes of an instrument in the form of this Guarantee, such Material Subsidiary of Hughes shall become a Guarantor hereunder with the same force and effect as if originally named a Guarantor herein (each an "Additional Guarantor"). The execution and delivery of any such instrument shall not require the consent of any Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any Additional Guarantor as a party to this Guarantee.

SECTION 18. Successors and Assigns. This Guarantee shall be binding upon the successors and assigns of the Guarantors. This Guarantee shall inure to the benefit of the successors and assigns of the Guaranteed Parties including any subsequent holder of any Notes. No Guarantor may assign its obligations hereunder to any other Person.

SECTION 19. Defined Terms. All capitalized terms used herein and not otherwise defined herein shall have their respective defined meanings as set forth in the Agreements.

{Signatures on Following Page}

IN WITNESS WHEREOF, each Guarantor and Hughes caused this Guarantee to be duly executed and delivered by their respective duly authorized officers as of the date first above written.

CAROLINA PUMP & SUPPLY CORP.
ONE STOP SUPPLY, INC.
USCO INCORPORATED
MILLS & LUPTON SUPPLY COMPANY
PAINE SUPPLY OF JACKSON, INC.
H VENTURE CORP.
PORT CITY ELECTRICAL SUPPLY, INC.
ELEC-TEL SUPPLY COMPANY

ATLANTIC PUMP & EQUIPMENT
COMPANY OF MIAMI, INC.
FLORIDA PIPE & SUPPLY COMPANY
HUGHES ACQUISITION CORP.
ELASCO AGENCY SALES, INC.
MOORE ELECTRIC SUPPLY, INC.
OLANDER & BROPHY, INCORPORATED
ELECTRIC LABORATORIES AND SALES
CORP.

By:
Title:

Address for Notices:

{Insert Guarantor}
c/o Hughes Supply, Inc.
20 North Orange Avenue
Orlando, Florida 32801
Attention: General Counsel

{Signatures Continued on Following Page}

{Signature Page to Subsidiary Guarantee Agreement}

HHH, INC.

By:
Title:

Address for Notices:

{Insert Guarantor}
c/o Hughes Supply, Inc.
20 North Orange Avenue
Orlando, Florida 32801
Attention: General Counsel

{Signatures Continued on Following Page}

{Signature Page to Subsidiary Guarantee Agreement}

SOUTHWEST STAINLESS, L.P.

By: Z&L Acquisition Corp., its general
partner

By:
Title:

Address for Notices:

Southwest Stainless, L.P.
c/o Hughes Supply, Inc.
20 North Orange Avenue
Orlando, Florida 32801
Attention: General Counsel

{Signatures Continued on Following Page}
 {Signatures Page to Subsidiary Guarantee Agreement}

SECTION 12 OF THE
 FOREGOING GUARANTEE
 ACKNOWLEDGED AND
 AGREED TO:

HUGHES SUPPLY, INC.

By:

Name: J. Stephen Zepf
 Title: Treasurer and Chief Financial Officer

EXHIBIT 4.11(b) TO NOTE PURCHASE AGREEMENT

Form of Contribution Agreement

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT, dated as of May 29, 1996 (this "Contribution Agreement"), by and among HUGHES SUPPLY, INC. ("Hughes"), a corporation organized and existing under the laws of the State of Florida, each of the subsidiaries of Hughes, namely CAROLINA PUMP & SUPPLY CORP., d/b/a Pump & Lighting Company and a corporation organized and existing under the laws of the State of Rhode Island, ONE STOP SUPPLY, INC., a corporation organized and existing under the laws of the State of Tennessee, USCO INCORPORATED, a corporation organized and existing under the laws of the State of North Carolina, MILLS & LUPTON SUPPLY COMPANY, a corporation organized and existing under the laws of the State of Tennessee, PAINE SUPPLY OF JACKSON, INC., d/b/a Paine Supply Company and a corporation organized and existing under the laws of the State of Mississippi, HHH, INC., a corporation organized and existing under the laws of the State of Delaware, H VENTURE CORP., a corporation organized and existing under the laws of the State of Florida, PORT CITY ELECTRICAL SUPPLY, INC., a corporation organized and existing under the laws of the State of Georgia, ELEC-TEL SUPPLY COMPANY, a corporation organized and existing under the laws of the State of Georgia, ATLANTIC PUMP & SUPPLY COMPANY OF MIAMI, INC., a corporation organized and existing under the laws of the State of Florida, FLORIDA PIPE & SUPPLY COMPANY, a corporation organized and existing under the laws of the State of Florida, HUGHES ACQUISITION CORP., a corporation organized and existing under the laws of the State of West Virginia, ELECTRIC LABORATORIES AND SALES CORP., a corporation organized and existing under the laws of the State of Delaware, ELASCO AGENCY SALES, INC., a corporation organized and existing under the laws of the State of Illinois, SOUTHWEST STAINLESS, L.P., a limited partnership formed under the laws of the State of Delaware, MOORE ELECTRIC SUPPLY, INC., a corporation organized and existing under the laws of the State of North Carolina, and OLANDER & BROPHY, INCORPORATED, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (the foregoing entities individually a "Guarantor" and collectively the "Guarantors") for the purpose of establishing rights and obligations of contribution among the Guarantors in connection with the Guarantee Agreement (as such term is defined below).

R E C I T A L S

WHEREAS, Hughes Supply, Inc., a corporation organized and existing under the laws of the State of Florida ("Hughes"), and Metropolitan Life Insurance Company, The Variable Annuity Life Insurance Company, Independent Life And Accident Insurance Company, American General Life And Accident Insurance Company, American General Life Insurance Company of New York, Massachusetts Mutual Life Insurance Company, CM Life

Insurance Company, the foregoing corporations, together with their successors and assigns, individually a "Guaranteed Party" and collectively the "Guaranteed Parties") have entered into those certain identical (except for the names of the purchasers and the amounts of Notes, as defined below, to be purchased) Note Purchase Agreements dated as of May 29, 1996 (together the "Agreements" and separately each an "Agreement"), pursuant to which Hughes has issued to the Guaranteed Parties its 7.96% Senior Notes due May 30, 2011 (the "Notes"), in the aggregate principal amount of \$98,000,000;

WHEREAS, the obligation of Guaranteed Parties to purchase the Notes under the Agreements is conditioned on, among other things, the provision of a Contribution Agreement in the form hereof;

WHEREAS, the Guarantors have entered into the Subsidiary Guarantee Agreement dated as of even date herewith (the "Guarantee Agreement") pursuant to which such Guarantors have agreed to guarantee all the obligations of Hughes pursuant to the Agreements and all other Guaranteed Obligations;

WHEREAS, as a result of transactions contemplated by the Agreements, Guarantors will benefit from the Guaranteed Obligations and in consideration thereof desire to enter into this Contribution Agreement to provide a fair and equitable arrangement to make contributions in the event payments are made under the Guarantee Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Hughes, each Guarantor hereby agrees as follows:

SECTION 1. Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 3), Hughes agrees that in the event a payment shall be made by any Guarantor under the Guarantee Agreement in respect of any Guaranteed Obligations, Hughes shall indemnify such Guarantor for the full amount of such payment. Each Guarantor has waived its rights to subrogation, pursuant to Section 4 of the Guarantee Agreement.

SECTION 2. Contribution and Subrogation. Each Guarantor agrees (subject to Section 3) that in the event a payment shall be made by any Guarantor under the Guarantee Agreement or assets of any Guarantor shall be sold to satisfy a claim of any Guaranteed Party, and such Guarantor (the "Claiming Guarantor") shall not have been indemnified by Hughes as provided in Section 1, each other Guarantor (a "Contributing Guarantor") shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment or the greater of the book value or the fair market value of such assets, as the case may be, multiplied by a fraction, the numerator of which shall be the net worth of the Contributing Guarantor on the date hereof, and the denominator of which shall be the sum of the net worth of all the Guarantors on the date hereof. Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 2 shall be subrogated to the rights of such Claiming Guarantor under Section 1 to the extent of such payment.

SECTION 3. Subordination. Notwithstanding any provision of this Agreement to the contrary, (i) all rights of the Guarantors under Sections 1 and 2 and all other rights of indemnity or contribution under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Guaranteed Obligations, and (ii) no such rights shall be exercised until all of the Guaranteed Obligations shall have been irrevocably paid in full in cash and the Agreements shall have been irrevocably terminated. If any amount shall be paid to any Guarantor on account of such indemnity or contribution rights at any time when all of the Guaranteed Obligations shall not have been paid in full in cash, such

amount shall be held in trust for the benefit of the Guaranteed Parties and shall forthwith be paid to the Guaranteed Parties to be credited and applied upon the Guaranteed Obligations in accordance with the terms of the Agreements. No failure on the part of Hughes or any Guarantor to make the payments required by Sections 1 and 2 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to the Guarantee Agreement, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor under such Guarantee Agreement.

SECTION 4. Allocation. If at any time there exists more than one Claiming Guarantor with respect to the Guarantee Agreement, then payment from other Guarantors pursuant to this Contribution Agreement shall be allocated among such Claiming Guarantors in proportion to the total amount of money paid for or on account of the Guaranteed Obligations by each such Claiming Guarantor pursuant to the Guarantee Agreement.

SECTION 5. Preservation of Rights. This Contribution Agreement shall not limit or affect any right which any Guarantor may have against any other Person that is not a party hereto.

SECTION 6. Subsidiary Payment. The amount of contribution payable under this Contribution Agreement by any Guarantor with respect to the Guarantee Agreement shall be reduced by the amount of any contribution paid hereunder by a Subsidiary of such Guarantor with respect to the Guarantee Agreement.

SECTION 7. Asset Sale. If all of the stock of any Guarantor shall be sold or otherwise disposed of (including by merger or consolidation) in an asset sale not prohibited by the Agreements or otherwise consented to by the Guaranteed Parties under the Agreements, the agreements of such Guarantor hereunder shall automatically be discharged and released without any further action by such Guarantor and shall be assumed in full by the corporation which prior to such asset sale or consent owned the stock of such Guarantor, effective as of the time of such asset sale or consent. Hughes shall cause any such corporation which is not a Guarantor to become a party to this Contribution Agreement and the Guarantee Agreement unless otherwise agreed in writing by the Guaranteed Parties.

SECTION 8. Equitable Allocation. If as a result of any reorganization, recapitalization or other corporate change in Hughes or any of its Subsidiaries, or as a result of any amendment, waiver or modification of the terms and conditions governing the Guarantee Agreement or any of the Guaranteed Obligations, or for any other reason, the contributions under this Contribution Agreement become inequitable, the parties hereto shall promptly modify and amend this Contribution Agreement to provide for an equitable allocation of contributions. All such modifications and amendments shall be in writing and signed by all parties hereto.

SECTION 9. Asset of Party to Which Contribution and Indemnification Are Owed. The parties hereto acknowledge that the right to contribution and indemnification hereunder shall each constitute an asset in favor of the party to which such contribution or indemnification is owing.

SECTION 10. Successors and Assigns; Amendments. This Contribution Agreement shall be binding upon each party hereto and its respective successors and assigns and shall inure to the benefit of the parties hereto and their respective successors and assigns. None of any Guarantor's rights or any interest therein under this Contribution Agreement may be assigned or transferred without the written consent of the Guaranteed Parties. In the event of any such transfer or assignment of rights by any Guarantor, the rights and privileges herein conferred upon that Guarantor shall automatically extend to and be vested in such

transferee or assignee, all subject to the terms and conditions hereof. This Contribution Agreement shall not be amended without the prior written consent of the Guaranteed Parties.

SECTION 11. Termination. This Contribution Agreement, as it may be modified or amended from time to time, shall remain in effect, and shall not be terminated as to the Guarantee Agreement, until the Guarantee Agreement has been discharged or otherwise satisfied in accordance with its terms.

SECTION 12. CHOICE OF LAW. THIS CONTRIBUTION AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

SECTION 13. Counterparts. This Contribution Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

SECTION 14. Additional Guarantors. Upon execution and delivery, after the date hereof, by a Material Subsidiary of Hughes of an instrument in the form of this Contribution Agreement, such Material Subsidiary of Hughes shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Contribution Agreement.

SECTION 15. Severability. In case any provision in or obligation under this Contribution Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality or enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 16. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telegraphic or telecopy communication) and mailed, telegraphed, telecopied or delivered, if to any Guarantor, addressed to it at the address set forth for such party in the Guarantee Agreement, and if to any other party, at the address set forth for such party in the Agreements. All such notices and other communications shall be given and deemed to have been received as provided by the terms of the Agreements.

SECTION 17. Defined Terms. All capitalized terms used herein and not defined herein shall have their respective defined meanings as set forth or used in the Guarantee Agreement.

{Signatures on Following Page}

IN WITNESS WHEREOF, Hughes and the Guarantors have duly executed this Contribution Agreement as of the day and year first above written.

CAROLINA PUMP & SUPPLY CORP.
 ONE STOP SUPPLY, INC.
 USCO INCORPORATED
 MILLS & LUPTON SUPPLY COMPANY
 PAINE SUPPLY OF JACKSON, INC.
 H VENTURE CORP.
 PORT CITY ELECTRICAL SUPPLY, INC.
 ELEC-TEL SUPPLY COMPANY
 ATLANTIC PUMP & EQUIPMENT
 COMPANY OF MIAMI, INC.

FLORIDA PIPE & SUPPLY COMPANY
HUGHES ACQUISITION CORP.
ELASCO AGENCY SALES, INC.
MOORE ELECTRIC SUPPLY, INC.
OLANDER & BROPHY, INCORPORATED
ELECTRIC LABORATORIES AND SALES
CORP.

By:
Title:

Address for Notices:

{Insert Guarantor}
c/o Hughes Supply, Inc.
20 North Orange Avenue
Orlando, Florida 32801
Attention: General Counsel

{Signatures Continued on Following Page}
{Signature Page to Contribution Agreement}

HHH, INC.

By:
Title:

Address for Notices:

{Insert Guarantor}
c/o Hughes Supply, Inc.
20 North Orange Avenue
Orlando, Florida 32801
Attention: General Counsel

{Signatures on Continued on Following Page}
{Signature Page to Contribution Agreement}

SOUTHWEST STAINLESS, L.P.

By: Z&L Acquisition Corp., its general
partner

By:
Title:

Address for Notices:

Southwest Stainless, L.P.
c/o Hughes Supply, Inc.
20 North Orange Avenue
Orlando, Florida 32801
Attention: General Counsel

=====

HUGHES SUPPLY, INC.

\$98,000,000

7.96% Senior Notes due May 30, 2011

NOTE PURCHASE AGREEMENT

Dated May 29, 1996

=====

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1 is a 1% general partner of Southwest Stainless, L.P.

2 is a 99% general partner of Southwest Stainless, L.P.

Exhibit 13.1

Hughes Supply, Inc.
 Consolidated Statements of Income
 (in thousands, except per share data)

	Fiscal Years Ended		
	January 30, 1998	January 31, 1997	January 26, 1996
Net Sales	\$1,878,739	\$1,567,571	\$1,285,328
Cost of Sales	1,466,764	1,235,099	1,018,804
Gross Profit	411,975	332,472	266,524
Operating Expenses:			
Selling, general and administrative	308,872	253,756	211,805
Depreciation and amortization	18,432	15,349	11,707
Provision for doubtful accounts ...	1,001	850	2,073
Total operating expenses	328,305	269,955	225,585
Operating Income	83,670	62,517	40,939
Non-Operating Income and (Expenses):			
Interest and other income	5,791	6,207	5,092
Interest expense	(18,544)	(14,232)	(9,917)
	(12,753)	(8,025)	(4,825)
Income Before Income Taxes	70,917	54,492	36,114
Income Taxes	26,093	19,178	11,661
Net Income	\$ 44,824	\$ 35,314	\$ 24,453
Earnings Per Share:			
Basic	\$ 2.34	\$ 2.14	\$ 1.80
Diluted	\$ 2.30	\$ 2.09	\$ 1.77
Average Shares Outstanding:			
Basic	19,194	16,537	13,575
Diluted	19,518	16,872	13,804

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

Hughes Supply, Inc.
 Consolidated Balance Sheets
 (dollars in thousands, except per share data)

	January 30, 1998	January 31, 1997

Assets		
Current Assets:		
Cash and cash equivalents	\$ 7,661	\$ 6,329
Accounts receivable, less allowance for losses of \$3,136 and \$3,809	282,880	201,480
Inventories	346,312	258,111
Deferred income taxes	9,708	12,761
Other current assets	17,600	12,412

Total current assets	664,161	491,093
Property and Equipment, Net	105,421	76,044
Excess of Cost over Net Assets Acquired	153,052	89,755
Deferred Income Taxes	3,438	2,204
Other Assets	15,957	8,143

	\$ 942,029	\$ 667,239
	=====	
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt	\$ 603	\$ 3,108
Accounts payable	150,042	113,503
Accrued compensation and benefits	20,602	16,847
Other current liabilities	18,571	15,126

Total current liabilities	189,818	148,584
Long-Term Debt	335,207	222,451
Other Noncurrent Liabilities	2,662	2,199

Total liabilities	527,687	373,234

Commitments and Contingencies (Note 7)		
Shareholders' Equity:		
Preferred stock, no par value; 10,000,000 shares authorized; none issued; preferences, limitations and relative rights to be established by the Board of Directors	--	--
Common stock, par value \$1 per share; 100,000,000 shares authorized; 22,500,135 and 18,685,699 shares issued	22,500	18,686
Capital in excess of par value	203,006	111,146
Retained earnings	190,078	164,173
Unearned compensation related to outstanding restricted stock	(1,242)	--

Total shareholders' equity	414,342	294,005

	\$ 942,029	\$ 667,239
	=====	

The accompanying notes are an integral part of these consolidated financial

statements.

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Hughes Supply, Inc.
 Consolidated Statements of Shareholders' Equity
 (dollars in thousands, except per share data)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Treasury Stock	
	Shares	Amount			Shares	Amount
Balance, January 27, 1995, as previously reported	8,280,957	\$ 8,281	\$ 36,952	\$ 105,144	108,988	\$ (1,688)
Adjustment for three-for-two stock split	4,140,201	4,140	(4,147)	--	54,494	--
Adjustment for pooling of interests	1,408,530	1,409	1,984	9,943	--	--
Balance, January 27, 1995 as restated	13,829,688	13,830	34,789	115,087	163,482	(1,688)
Net Income	--	--	--	24,453	--	--
Cash dividends--						
\$.20 per share	--	--	--	(1,971)	--	--
Pooled companies	--	--	--	(3,641)	--	--
Stock dividend by pooled company	43,065	43	246	(289)	--	--
Shares issued under						
stock option plans	9,985	10	267	(154)	(130,476)	1,347
Purchase and retirement						
of common shares	(29,463)	(29)	(137)	(354)	--	--
Other acquisitions	253,470	253	2,628	--	(33,006)	341
Balance, January 26, 1996	14,106,745	14,107	37,793	133,131	--	--
Net Income	--	--	--	35,314	--	--
Cash dividends--						
\$.25 per share	--	--	--	(3,712)	--	--
Pooled companies	--	--	--	(4,899)	--	--
Shares issued under stock option						
and bonus plans	99,471	99	954	--	--	--
Issuance of shares in public offering ..	2,230,483	2,231	45,962	--	--	--
Purchase and retirement of						
common shares	(21,948)	(22)	(202)	(329)	--	--
Other acquisitions	2,270,948	2,271	26,639	4,668	--	--
Balance, January 31, 1997	18,685,699	18,686	111,146	164,173	--	--
Net Income	--	--	--	44,824	--	--
Cash dividends--						
\$.31 per share	--	--	--	(5,966)	--	--
Pooled companies	--	--	--	(2,178)	--	--
Shares issued under stock option						
and bonus plans	125,576	125	1,472	--	--	--
Purchase and retirement						
of common shares	(19,476)	(19)	(234)	(325)	--	--
Issuance of restricted stock	50,000	50	1,250	--	--	--
Capitalization of undistributed earnings						
of Subchapter S corporation	--	--	12,999	(12,999)	--	--
Other acquisitions	3,658,336	3,658	76,373	2,549	--	--
Balance, January 30, 1998	22,500,135	\$ 22,500	\$ 203,006	\$ 190,078	--	\$ --

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

Hughes Supply, Inc.
 Consolidated Statements of Cash Flows
 (in thousands)

	Fiscal Years Ended		
	January 30, 1998	January 31, 1997	January 26, 1996

Increase (Decrease) in Cash and Cash Equivalents:			
Cash flows from operating activities:			
Cash received from customers	\$ 1,852,201	\$ 1,556,090	\$ 1,272,511
Cash paid to suppliers and employees	(1,821,592)	(1,518,453)	(1,232,689)
Interest received	4,007	3,905	3,685
Interest paid	(17,462)	(13,601)	(9,570)
Income taxes paid	(22,993)	(22,676)	(15,729)
	-----	-----	-----
Net cash provided by (used in) operating activities	(5,839)	5,265	18,208
	-----	-----	-----
Cash flows from investing activities:			
Capital expenditures	(27,733)	(16,793)	(13,690)
Proceeds from sale of property and equipment	1,184	1,838	1,292
Business acquisitions, net of cash	(46,067)	(100,078)	(10,009)
	-----	-----	-----
Net cash used in investing activities	(72,616)	(115,033)	(22,407)
	-----	-----	-----
Cash flows from financing activities:			
Net borrowings (payments) under short-term			
debt arrangements	35,060	(5,407)	15,418
Principal payments on:			
Long-term notes	(27,481)	(19,985)	(6,038)
Capital lease obligations	(1,022)	(777)	(844)
Proceeds from issuance of long-term debt	80,000	98,000	--
Net proceeds from sale of common stock	--	48,193	--
Proceeds from stock options exercised	1,305	1,053	1,470
Purchase of common shares	(578)	(553)	(520)
Dividends paid	(7,497)	(8,071)	(5,417)
	-----	-----	-----
Net cash provided by financing activities	79,787	112,453	4,069
	-----	-----	-----
Net Increase (Decrease) in Cash and Cash Equivalents	1,332	2,685	(130)
Cash and Cash Equivalents, beginning of year	6,329	3,644	3,774
	-----	-----	-----
Cash and Cash Equivalents, end of year	\$ 7,661	\$ 6,329	\$ 3,644
	=====	=====	=====

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

Hughes Supply, Inc.
Notes to Consolidated Financial Statements
(dollars in thousands, except per share data)

Note 1--Description of Business and Summary of Significant Accounting Policies

Industry

Hughes Supply, Inc. and its subsidiaries (the "Company") are engaged in the wholesale distribution of a broad range of materials, equipment and supplies primarily to the construction and industrial markets. Major product lines distributed by the Company include electrical; plumbing; water and sewer; air conditioning and heating; industrial pipe, plate, valves and fittings; building materials; electric utilities; water systems; and pool equipment and supplies. The Company's principal customers are electrical, plumbing and mechanical contractors, electric utility companies, municipal and industrial accounts. Industrial accounts include companies in the petrochemical, food and beverage, pulp and paper, pharmaceutical and marine industries.

Principles of Consolidation

The consolidated financial statements include the Company and its wholly-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated. Prior period financial statements have been restated to include the accounts of a company acquired and accounted for as a pooling of interests. Results of operations of companies acquired and accounted for as purchases and immaterial poolings are included from their respective dates of acquisition.

Fiscal Year

The Company's fiscal year ends on the last Friday in January. Fiscal 1998, 1997 and 1996 contained 52 weeks, 53 weeks and 52 weeks, respectively.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories

Inventories are carried at the lower of cost or market. The cost of substantially all inventories is determined by the average cost method.

Property and Equipment

Buildings and equipment are recorded at cost and depreciated using both straight-line and declining-balance methods based on the following estimated useful lives:

Buildings and improvements	5-40 years
Transportation equipment	2-7 years
Furniture, fixtures and equipment	2-12 years
Property under capital leases	20-40 years

Maintenance and repairs are charged to expense as incurred and major renewals and betterments are capitalized. Gains or losses are credited or charged to earnings upon disposition.

Excess of Cost over Net Assets Acquired

The excess of cost over the fair value of net assets of purchased companies (goodwill) is being amortized by the straight-line method over 15 to 40 years.

At January 30, 1998 and January 31, 1997, goodwill was \$153,052 and \$89,755, respectively, net of accumulated amortization of \$11,040 and \$6,029, respectively.

Other Assets

The Company capitalizes certain internal software development costs which are amortized by the straight-line method over the estimated useful lives of the software, not to exceed five years. At January 30, 1998 and January 31, 1997, unamortized software development costs were \$8,357 and \$1,500, respectively, net of accumulated amortization of \$394 and \$78, respectively. Amortization of capitalized internal software development costs was \$316 and \$78 in fiscal 1998 and 1997, respectively. In fiscal 1996, internal software development costs were not material.

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that the carrying value of a long-lived asset, including associated intangibles, may be impaired, an evaluation of recoverability is performed by comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow is required. Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of ("SFAS 121"), was issued in March 1995 and was implemented by the Company in fiscal 1997. However, as the Company's previous accounting policy was consistent with the provisions of SFAS 121, there was no impact as a result of adopting the new standard.

Revenue Recognition

The Company recognizes revenue from product sales when goods are received by customers.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes. The deferred

Hughes Supply, Inc.
Notes to Consolidated Financial Statements (continued)
(dollars in thousands, except per share data)

tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income.

Stock-Based Compensation

The Company accounts for compensation cost related to employee stock options and other forms of employee stock-based compensation plans in accordance with the requirements of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB 25"). APB 25 requires compensation cost for stock-based compensation plans to be recognized based on the difference, if any, between the fair market value of the stock on the date of grant and the option exercise price. In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS 123"). SFAS 123 established a fair value-based method of accounting for compensation cost related to stock options and other forms of stock-based compensation plans. SFAS 123 allows an entity to continue to measure compensation cost using the principles of APB 25 if certain pro forma disclosures are made. SFAS 123 was effective for fiscal years beginning after December 15, 1995. The Company adopted the provisions for the pro forma disclosure requirements of SFAS 123 in fiscal 1997.

Earnings Per Common Share

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings per Share ("SFAS 128"). SFAS 128 became effective for reporting periods ending after December 15, 1997 and, accordingly, was adopted by the Company commencing in the period ended January 30, 1998. Under the provisions of SFAS 128, primary and fully diluted earnings per share were replaced with basic and diluted earnings per share. Basic earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding. Diluted earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding, adjusted for dilutive potential common shares. The weighted-average number of shares used in calculating basic earnings per share were 19,194,000, 16,537,000 and 13,575,000 for fiscal 1998, 1997 and 1996, respectively. In calculating diluted earnings per share, these amounts were adjusted to include 324,000, 335,000 and 229,000 of dilutive potential common shares for fiscal 1998, 1997 and 1996, respectively. The Company's dilutive potential common shares consist of stock options and restricted stock. Earnings per share data for prior periods was restated to give effect to the Company's adoption of SFAS 128 and the stock split described in Note 8.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values because of the short maturity of these instruments. The fair value of the Company's long-term debt is estimated based on quoted market prices for the same or similar issues or on current rates offered to the Company for debt of the same remaining maturities. The fair value of long-term debt, excluding capital lease obligations, approximated \$338,259 at January 30, 1998 and the related carrying value was \$334,568.

Deferred Employee Benefits

The present value of amounts estimated to be payable under unfunded supplemental retirement agreements with certain officers is being accrued over the remaining

years of active employment of the officers and is included in other noncurrent liabilities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2--Business Combinations

On January 30, 1998, the Company exchanged 1,408,530 shares of the Company's common stock for all of the common stock of Chad Supply, Inc. ("Chad"). Chad is a wholesale distributor of repair and maintenance products to the multi-housing industry with 18 outlets in nine states. Chad was a Subchapter S corporation for federal income tax purposes and accordingly, did not pay U.S. federal income taxes. Chad will be included in the Company's U.S. federal income tax return effective January 30, 1998.

The above transaction has been accounted for as a pooling of interests and, accordingly, the consolidated financial statements for the periods presented have been restated to include the accounts of Chad. Chad's fiscal year end has been changed to the last Friday in January to conform to the Company's fiscal year end.

Net sales and net income of the separate companies for the periods preceding the Chad merger were as follows:

	Net Sales	Net Income	Unaudited Pro Forma Net Income

Nine months ended October 31, 1997 (unaudited):			
Hughes, as previously reported	\$1,369,125	\$ 33,198	\$ 33,198
Chad	49,124	2,715	1,643
Combined	\$1,418,249	\$ 35,913	\$ 34,841
=====			
Fiscal year ended January 31, 1997:			
Hughes, as previously reported	\$1,516,088	\$ 32,528	\$ 31,747
Chad	51,483	2,786	1,711
Combined	\$1,567,571	\$ 35,314	\$ 33,458
=====			
Fiscal year ended January 26, 1996:			
Hughes, as previously reported	\$1,242,446	\$ 23,206	\$ 20,749
Chad	42,882	1,247	741
Combined	\$1,285,328	\$ 24,453	\$ 21,490
=====			

Unaudited pro forma net income reflects adjustments to net income to record an estimated provision for income taxes for each period presented assuming Chad was a tax paying entity. Additionally, in fiscal 1997, the Company merged with certain other Subchapter S corporations, including Electric Laboratories and Sales Corporation and ELASCO Agency Sales, Inc. (collectively, "ELASCO") and Metals, Incorporated and Stainless Tubular Products, Inc. (the "Metals Group"). As Subchapter S corporations, ELASCO and the Metals Group did not pay U.S. federal income taxes in periods prior to the mergers. ELASCO and the Metals Group were included in the Company's U.S. federal income tax return effective with their mergers with the Company on April 26, 1996 and January 24, 1997, respectively. For purposes of calculating unaudited pro forma net income, ELASCO and the Metals Group were also assumed to be tax paying entities.

On January 8, 1998, the Company acquired all of the common stock of Mountain Country Supply ("Mountain Country"). Mountain Country is a wholesale distributor of plumbing supplies; water and sewer equipment and supplies; and air conditioning and heating equipment and supplies with 10 locations in Arizona. On January 13, 1998, the Company acquired all of the common stock of International Supply Company, Inc. and all of its affiliated operations ("International"). International is a wholesale distributor of water and sewer equipment and supplies, plumbing supplies and industrial pipe, valves and fittings with 38 locations in Texas. The aggregate consideration paid for the Mountain Country and International acquisitions was \$96,000, consisting of cash in the amount of

\$36,870 and the issuance of 2,111,789 shares of common stock. These transactions were accounted for as purchases and the results of operations of Mountain Country and International from their respective dates of acquisition are included in the consolidated financial statements. The excess of cost over net assets acquired for Mountain Country and International is being amortized over 40 years by the straight-line method.

On May 13, 1996, the Company acquired substantially all of the assets, properties and business of PVF Holdings, Inc. and its subsidiaries ("PVF"), a wholesale distributor of stainless steel pipe, valves and fittings with 16 locations nationwide. The aggregate consideration paid was \$108,984, consisting of cash in the amount of \$82,069, the issuance of 1,106,468 shares of common stock and the assumption of \$6,436 of bank debt. The transaction was accounted for as a purchase and the results of operations of PVF from the date of acquisition are included in the consolidated financial statements. The excess of cost over net assets acquired is being amortized over 40 years by the straight-line method.

The following table reflects the unaudited pro forma combined results of operations, assuming the Mountain Country, International and PVF acquisitions had occurred at the beginning of each year presented:

	Fiscal Years Ended	
	1998	1997
Net sales	\$ 2,113,520	\$ 1,840,580
Net income	50,467	43,060
Earnings per share:		
Basic	2.38	2.27
Diluted	2.35	2.23

The past and future financial performance of PVF will be directly influenced by the cost of stainless steel and nickel alloy which as a commodity item can and does fluctuate. As a result of these commodity price fluctuations and the fact that significant price fluctuations could continue to create cyclicity in PVF's future operating performance, management believes that the pro forma information is not necessarily indicative of future performance.

During fiscal 1998, 1997 and 1996, the Company acquired several other wholesale distributors of materials to the construction and industrial markets that were accounted for as purchases or immaterial poolings. These acquisitions, individually or in the aggregate, did

Hughes Supply, Inc.
Notes to Consolidated Financial Statements (continued)
(dollars in thousands, except per share data)

not have a material effect on the consolidated financial statements. Results of operations of these companies from their respective dates of acquisition have been included in the consolidated financial statements.

Note 3--Property and Equipment

Property and equipment consist of the following:

	1998	1997
Land	\$ 19,367	\$ 16,224
Buildings and improvements	83,256	59,532
Transportation equipment	28,484	25,023
Furniture, fixtures and equipment	42,941	34,589
Assets under capital leases	9,407	9,696
	-----	-----
	183,455	145,064
Less accumulated depreciation and amortization	(78,034)	(69,020)
	-----	-----
	\$ 105,421	\$ 76,044
	=====	=====

Note 4--Long-Term Debt

Long-term debt consists of the following:

	1998	1997
7.96% Senior notes, due 2011	\$ 98,000	\$ 98,000
7.14% Senior notes, due 2012	40,000	--
7.19% Senior notes, due 2012	40,000	--
Unsecured revolving bank notes under \$180,000 credit agreement, payable August 17, 2000, fluctuating interest (5.9% to 6.1% at January 30, 1998)	105,900	80,000
Short-term instruments classified as long-term debt	50,000	40,921
Other notes payable	668	4,374
Capital lease obligations	1,242	2,264
	-----	-----
	335,810	225,559
Less current portion	(603)	(3,108)
	-----	-----
	\$ 335,207	\$ 222,451
	=====	=====

On May 29, 1996, the Company issued \$98,000 of senior notes in a private placement in connection with the acquisition of PVF. The notes mature in 2011, bear interest at 7.96% and will be payable in 20 equal semi-annual payments beginning in 2001. Proceeds received by the Company in the private placement of the senior notes were used to partially fund the PVF acquisition and to reduce indebtedness outstanding under the Company's revolving credit facility and line of credit agreement (the "credit agreement").

On August 28, 1997, the Company issued \$80,000 of senior notes due 2012 in a private placement. The notes, of which \$40,000 bear interest at 7.14% and \$40,000 bear interest at 7.19%, will be payable in 21 and 13 equal semi-annual payments beginning in 2002 and 2006, respectively. Proceeds received by the Company from the sale of the notes were used to reduce indebtedness outstanding under the Company's credit agreement.

On August 27, 1997, in connection with the issuance of the \$80,000 of senior notes, the Company entered into an interest rate swap agreement (the "swap agreement"). The swap agreement effectively converts the Company's \$40,000 of 7.19% senior notes due 2012 from fixed-rate debt to floating-rate debt based on six-month London Interbank Offered Rates (LIBOR) less a predetermined spread of .05% (5.86% as of January 30, 1998). The differential is accrued as interest rates change and is recorded as an adjustment to interest expense. As a result of the swap agreement, interest expense decreased by \$219 in fiscal 1998. The swap agreement matures in 2012, however, the counterparty has the option to terminate the agreement at any time from May 30, 2000 through November 30, 2011. The estimated fair value of the swap agreement, based on a valuation from an investment bank, approximated \$1,091 at January 30, 1998.

On August 18, 1997, the Company's credit agreement with a group of banks was amended. The credit agreement, as amended, now permits the Company to borrow up to \$180,000 (subject to borrowing limitations under the credit agreement) --\$130,000 of which is long-term debt due August 17, 2000, and \$50,000 of which is a line of credit convertible to a term note due two years from conversion date. The \$50,000 line of credit backs commercial paper. Under the credit agreement, interest is payable at market rates plus applicable margins. Commitment fees of .225% and .125% are paid on the unused portions of the revolving and line of credit facilities, respectively.

Loan covenants require the Company to maintain consolidated working capital of not less than \$75,000 and a maximum ratio of funded debt to total capital, as defined, of .60 to 1.0. The covenants also restrict the Company's activities regarding investments, liens, borrowing and leasing, and payment of dividends other than stock. Under the dividend covenant, approximately \$38,970 is available at January 30, 1998 for payment of dividends.

The Company has a commercial paper program backed by its revolving credit facility. The weighted average interest rate on outstanding commercial paper borrowings of \$50,000 and \$36,521 as of January 30, 1998 and January 31, 1997 was 6.1% and 5.5%, respectively. In addition, the Company had short-term bank borrowings of \$4,400 at a weighted average interest rate of 6.0% as of January 31, 1997.

The Company's credit agreement enables the Company to refinance short-term borrowings on a long-term basis

to the extent that the credit facility is unused. Accordingly, \$50,000 and \$40,921 of short-term borrowings at January 30, 1998 and January 31, 1997, respectively, have been classified as long-term debt.

Maturities of long-term debt, excluding capital lease obligations, for each of the five years subsequent to January 30, 1998 and in the aggregate are as follows:

Fiscal Years Ending

1999	\$ 160
2000	427
2001	155,900
2002	9,334
2003	13,143
Later years	155,604

	\$334,568
	=====

Note 5--Income Taxes

The components of deferred tax assets and liabilities at January 30, 1998 and January 31, 1997 are as follows:

	1998	1997

Deferred tax assets:		
Allowance for doubtful accounts	\$ 1,286	\$ 1,513
Inventories	1,445	3,461
Property and equipment	3,184	1,241
Accrued vacation	2,252	1,588
Deferred compensation	1,092	832
Other accrued liabilities	3,596	5,253
Other	1,129	1,083
	-----	-----
Total deferred tax assets	13,984	14,971
	-----	-----
Deferred tax liabilities:		
Intangible assets	838	6
	-----	-----
Net deferred tax assets	\$13,146	\$14,965
	=====	=====

No valuation allowance has been provided for these deferred tax assets at January 30, 1998 and January 31, 1997 as full realization of these assets is expected.

The consolidated provision for income taxes consists of the following:

	Fiscal Years Ended		
	1998	1997	1996

Currently payable:			
Federal	\$ 21,058	\$ 18,399	\$ 11,676
State	3,216	2,807	1,796
	-----	-----	-----
	24,274	21,206	13,472

Deferred:			
Federal	1,500	(1,739)	(1,555)
State	319	(289)	(256)
	1,819	(2,028)	(1,811)
	\$ 26,093	\$ 19,178	\$ 11,661
	=====		

The following is a reconciliation of tax computed at the statutory Federal rate to the income tax expense in the consolidated statements of income:

	Fiscal Years Ended					
	1998		1997		1996	
	Amount	%	Amount	%	Amount	%

Tax computed at statutory Federal rate	\$ 24,821	35.0	\$ 19,072	35.0	\$ 12,640	35.0
Effect of:						
State income tax, net of Federal income tax benefit	2,298	3.2	1,637	3.0	991	2.7
Subchapter S corporation earnings	(1,298)	(1.8)	(1,714)	(3.1)	(2,603)	(7.2)
Nondeductible purchase adjustments	288	.4	123	.2	43	.1
Nondeductible expenses	886	1.3	637	1.2	396	1.1
Other, net	(902)	(1.3)	(577)	(1.1)	194	.6

Income tax expense	\$ 26,093	36.8	\$ 19,178	35.2	\$ 11,661	32.3
	=====					

Prior to their merger with the Company, ELASCO, the Metals Group and Chad were Subchapter S corporations and were not subject to corporate income tax.

Note 6--Employee Benefit Plans

Profit Sharing and Employee Stock Ownership Plans

The Company has a 401(k) profit sharing plan which provides benefits for substantially all employees of the Company who meet minimum age and length of service requirements. Under the plan, employee contributions of not less than 2% to not more than 3% of each eligible employee's compensation are matched (in cash or stock) 50% by the Company. Additional annual contributions may be made at the discretion of the Board of Directors.

The Company has an employee stock ownership plan (ESOP) covering substantially all employees of the Company who meet minimum age and length of service requirements. The plan is designed to enable eligible employees to acquire a proprietary interest in the Company. Company contributions (whether in cash or stock) are determined annually by the Board of Directors in an amount not to exceed the maximum allowable as an income tax deduction. At January 30, 1998 and

January 31, 1997, the plan owned approximately 259,000 and 258,000 shares, respectively, of the Company's common stock, all of which were allocated to participants.

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Hughes Supply, Inc.
Notes to Consolidated Financial Statements (continued)
(dollars in thousands, except per share data)

Amounts charged to expense for these and other similar plans during fiscal 1998, 1997 and 1996 were \$1,581, \$2,088 and \$2,322, respectively.

Bonus Plans

The Company has bonus plans, based on profitability formulas, which provide incentive compensation for key employees. Amounts charged to expense for bonuses to executive officers were \$1,539, \$1,544 and \$1,354 for fiscal 1998, 1997 and 1996, respectively.

Stock Plans

The Company's stock plans provide for the granting of stock options, restricted stock awards and stock appreciation rights ("SARs"). The stock option plans authorize the granting of both incentive and non-incentive stock options for an aggregate of 2,452,500 shares of common stock to key employees and, with respect to 202,500 of these shares, to directors. Under the plans, options are granted at prices not less than the market value on the date of grant, and the maximum term of an option may not exceed ten years. Prices for incentive stock options granted to employees who own 10% or more of the Company's stock are at least 110% of market value at date of grant. Options may be granted from time to time to December 2006, or May 2003 with regard to directors. An option becomes exercisable at such times and in such installments as set by the Board of Directors.

Under one of its stock plans, the Company can grant up to 375,000 shares of the authorized options as restricted stock to certain key employees. These shares are subject to certain transfer restrictions, and vesting may be dependent upon continued employment, the satisfaction of performance objectives, or both. During fiscal 1998, the Company granted certain employees 50,000 shares of restricted stock with a market value of \$1,300 at the date of grant. The market value of the restricted stock was recorded as unearned compensation, a component of shareholders' equity, and is being charged to expense over the shorter of the 10-year vesting period, or the period of time from the date of grant through the date when the employee will reach age 65. In fiscal 1998, this expense amounted to \$58.

The employee plans permit the granting of SARs to holders of options. Such rights permit the optionee to surrender an exercisable option, in whole or in part, on any date that the fair market value of the Company's common stock exceeds the option price for the stock and receive payment in common stock or, if the Board of Directors approves, in cash or any combination of cash and common stock. Such payment would be equal to the excess of the fair market value of the shares under the surrendered option over the option price for such shares. The change in value of SARs would be reflected in income based upon the market value of the stock. No SARs have been granted or issued through January 30, 1998.

A summary of option transactions during each of the three fiscal years in the period ended January 30, 1998 is shown below:

	Number of Shares	Weighted-Average Option Price
Under option, January 27, 1995		
(509,015 shares exercisable)	705,516	\$ 9.89
Granted	22,500	12.83
Exercised	(140,311)	8.94
Cancelled	(2,791)	7.36

Under option, January 26, 1996		
(494,912 shares exercisable)	584,914	10.24
Granted	172,500	19.58
Exercised	(85,100)	9.05
Cancelled	(6,000)	13.50
Under option, January 31, 1997		
(492,312 shares exercisable)	666,314	12.78
Granted	271,991	33.23
Exercised	(112,908)	11.53
Cancelled	(6,000)	13.50
Under option, January 30, 1998		
(455,897 shares exercisable)	819,397	19.74
	=====	

There were 1,208,788 shares available for the granting of options at January 30, 1998.

The following table summarizes the stock options outstanding at January 30, 1998:

Range of Exercise Prices	Number Outstanding at Jan. 30, 1998	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
\$ 8.00 - \$11.75	260,594	3 Years	\$ 8.68
12.08 - 16.92	126,000	7 Years	13.96
18.67 - 25.67	183,303	8 Years	20.03
33.00 - 34.00	249,500	10 Years	33.99

The Company has adopted the disclosure-only provisions of SFAS 123. Accordingly, no compensation expense has been recognized for its stock option plans. If the fair value estimates had been used to record compensation expense, pro forma net income would have been \$44,394, \$35,007, and \$24,368 in fiscal 1998, 1997 and 1996, respectively, with an immaterial effect on earnings per share. The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yields of 1.3% for fiscal 1998, 1997 and 1996; expected volatility of 32% for fiscal 1998 and 33% for fiscal 1997 and 1996;

risk-free interest rates of 5.72%, 6.47%, and 6.44% for fiscal 1998, 1997 and 1996, respectively; and expected lives of 8 years for fiscal 1998, 1997 and 1996. The weighted-average fair value of options granted during the year was \$13.92, \$8.76 and \$5.70 for fiscal 1998, 1997 and 1996, respectively. The pro forma calculations only include the effects of fiscal 1998, 1997 and 1996 grants. As such, the impact is not necessarily indicative of the effects on reported net income in future years.

Supplemental Executive Retirement Plan

The Company has entered into agreements with certain key executive officers providing for supplemental payments, generally for periods up to 15 years, upon retirement, disability or death. The obligations are not funded apart from the Company's general assets. Amounts charged to expense under the agreements were \$445, \$421 and \$238 in fiscal 1998, 1997 and 1996, respectively.

Note 7--Commitments and Contingencies

Lease Commitments

The Company leases certain facilities under agreements which are classified as capital leases. The building leases are with a corporation which is owned by two directors and one executive officer of Hughes Supply, Inc. These leases generally provide that all expenses related to the properties are to be paid by the lessee. The leases also generally provide for rental increases at specified intervals. The leases all expire within ten years; however, it is expected that they will be renewed. Rents under these agreements amounted to \$1,044, \$1,092 and \$1,149 for fiscal 1998, 1997 and 1996, respectively. Assets under capital leases are included in the consolidated balance sheets as follows:

	1998	1997
Property (land and buildings)	\$ 9,407	\$ 9,407
Equipment	--	289
	9,407	9,696
Accumulated amortization	(8,866)	(8,492)
	\$ 541	\$ 1,204

In addition, rents under operating leases paid to the related corporation were \$96, \$220 and \$358 in fiscal 1998, 1997 and 1996, respectively.

Future minimum payments, by year and in the aggregate, under the aforementioned leases and other noncancelable operating leases with initial or remaining terms in excess of one year as of January 30, 1998, are as follows:

Fiscal Years Ending	Capital Leases	Operating Leases
1999	\$ 565	\$20,404
2000	377	17,203
2001	331	14,539
2002	148	10,968
2003	74	6,448
Later years	37	10,499

Total minimum lease payments	1,532	\$80,061
		=====
Less amount representing interest	(290)	

Present value of net minimum lease payments	1,242	
Less current portion	(443)	

	\$ 799	
	=====	

Lease-related expenses are as follows:

	Fiscal Years Ended		
	1998	1997	1996
Capital lease amortization	\$ 518	\$ 552	\$ 584
Capital lease interest expense	199	290	364
Operating lease rentals (excluding month-to- month rents)	22,229	16,471	13,183

Legal Matters

The Company is involved in various legal proceedings arising in the normal course of its business. In the opinion of management, none of the proceedings are material in relation to the Company's consolidated operations or financial position.

Note 8--Capital Stock

Common Stock

In May 1996, the Company sold 2,230,483 shares of its common stock in a public offering which generated net proceeds of \$48,193. Proceeds received by the Company from the sale of the common stock were used to partially fund the PVF acquisition and to reduce indebtedness outstanding under the Company's credit agreement.

On May 20, 1997, the Company's Board of Directors declared a three-for-two stock split to shareholders of record as of July 10, 1997. The date of issuance for the additional shares was July 17, 1997. Accordingly, all share and per share data have been restated for periods prior to the stock split.

On May 20, 1997, the shareholders approved an amendment to the Restated Articles of Incorporation of the Company increasing the number of authorized shares of common stock from 20,000,000 to 100,000,000 shares.

Hughes Supply, Inc.
Notes to Consolidated Financial Statements (continued)
(dollars in thousands, except per share data)

Preferred Stock

The Company's Board of Directors established Series A Junior Participating Preferred Stock (Series A Stock) consisting of 300,000 shares. Each share of Series A Stock will be entitled to one vote on all matters submitted to a vote of shareholders. Series A Stock is not redeemable or convertible into any other security. Each share of Series A Stock shall have a minimum cumulative preferential quarterly dividend rate equal to the greater of \$1.25 per share or 100 times the aggregate per share amount of the dividend declared on common stock. In the event of liquidation, shares of Series A Stock will be entitled to the greater of \$100 per share plus any accrued and unpaid dividend or 100 times the payment to be made per share of common stock. No shares of Series A Stock are presently outstanding, and no shares are expected to be issued except in connection with the shareholder rights plan referred to below.

The Company has a shareholder rights plan. Under the plan, the Company distributed to shareholders a dividend of one right per share of the Company's common stock. When exercisable, each right will permit the holder to purchase from the Company a unit consisting of one one-hundredth of a share of Series A Stock at a purchase price of \$65 per unit. The rights generally become exercisable if a person or group acquires 20% or more of the Company's common stock or commences a tender offer that could result in such person or group owning 30% or more of the Company's common stock. If certain subsequent events occur after the rights first become exercisable, the rights may become exercisable for the purchase of shares of common stock of the Company, or of an acquiring company, having a value equal to two times the exercise price of the right. The rights may be redeemed by the Company at \$.01 per right at any time prior to ten days after 20% or more of the Company's stock is acquired by a person or group. The rights expire on June 2, 1998 unless terminated earlier in accordance with the rights plan.

Note 9--Concentration of Credit Risk

The Company sells its products in the major areas of construction and industrial markets in certain states primarily in the southeast, southwest and midwest United States. Approximately 90% of the Company's sales are credit sales which are made primarily to customers whose ability to pay is dependent upon the construction industry economics prevailing in these areas; however, concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers comprising the Company's customer base and no one customer comprises more than 1% of annual sales. The Company performs ongoing credit evaluations of its customers and in certain situations obtains collateral sufficient to protect its credit position. The Company maintains reserves for potential credit losses, and such losses have been within management's expectations.

Note 10--Supplemental Cash Flows Information

The following is a reconciliation of net income to net cash provided by (used in) operating activities:

	Fiscal Years Ended		
	1998	1997	1996
Net income	\$ 44,824	\$ 35,314	\$ 24,453
Adjustments to reconcile net income			

to net cash provided by (used in)			
operating activities:			
Depreciation	12,534	9,953	9,777
Amortization	5,898	5,396	1,930
Provision for doubtful accounts	1,001	850	2,073
Other, net	(626)	(708)	(474)
Changes in assets and liabilities, net of effects of business acquisitions:			
(Increase) decrease in--			
Accounts receivable	(27,638)	(13,075)	(13,750)
Inventories	(37,825)	(24,270)	(9,847)
Other current assets	(3,900)	5,129	(3,628)
Other assets	(8,848)	(77)	(807)
Increase (decrease) in--			
Accounts payable and accrued expenses	4,151	(10,801)	11,977
Accrued interest and income taxes	1,757	(879)	(1,878)
Other noncurrent liabilities	408	421	225
(Increase) decrease in deferred income taxes	2,425	(1,988)	(1,843)
Net cash provided by (used in) operating activities	\$ (5,839)	\$ 5,265	\$ 18,208

Noncash Investing and Financing Activities

The net assets acquired and consideration for acquisitions accounted for as purchases are summarized below:

	Fiscal Years Ended		
	1998	1997	1996
Fair value of:			
Assets acquired	\$ 170,126	\$ 161,198	\$ 22,600
Liabilities assumed	(45,054)	(32,958)	(9,369)
Purchase price	\$ 125,072	\$ 128,240	\$ 13,231

Consideration in fiscal 1998, 1997 and 1996 included 2,850,526, 1,420,154 and 286,476 shares of common stock, with fair values of \$78,768, \$28,162 and \$3,222, respectively.

Note 11--Quarterly Results of Operations (Unaudited)

	Quarter			
	First	Second	Third	Fourth
Fiscal 1998				
Net sales	\$ 434,526	\$ 478,160	\$ 505,563	\$ 460,490
Gross profit	\$ 93,894	\$ 105,086	\$ 111,152	\$ 101,843
Net income	\$ 8,663	\$ 13,563	\$ 13,687	\$ 8,911
Earnings per share:				
Basic	\$.47	\$.73	\$.71	\$.44
Diluted	\$.46	\$.71	\$.69	\$.43
Average shares outstanding (in thousands):				
Basic	18,365	18,687	19,381	20,329
Diluted	18,662	19,062	19,710	20,687
Market price per share:				
High	\$ 24.00	\$ 26.83	\$ 35.69	\$ 36.13
Low	\$ 20.33	\$ 22.00	\$ 25.56	\$ 31.38
Dividends per share	\$.073	\$.075	\$.080	\$.080
Fiscal 1997				
Net sales	\$ 361,049	\$ 409,773	\$ 419,687	\$ 377,062
Gross profit	\$ 72,705	\$ 86,895	\$ 89,664	\$ 83,208
Net income	\$ 5,604	\$ 11,171	\$ 10,817	\$ 7,722
Earnings per share:				
Basic	\$.41	\$.67	\$.61	\$.42
Diluted	\$.40	\$.66	\$.60	\$.42
Average shares outstanding (in thousands):				
Basic	13,812	16,618	17,616	18,191
Diluted	14,085	16,962	17,961	18,555
Market price per share:				
High	\$ 23.00	\$ 27.33	\$ 27.25	\$ 29.75
Low	\$ 17.75	\$ 21.08	\$ 21.42	\$ 21.33
Dividends per share	\$.060	\$.060	\$.067	\$.067

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company historically performs a detailed analysis of its accounts receivable in the fourth quarter for purposes of determining and recording the write-off of doubtful accounts. In fiscal 1998 and 1997, the Company's collection experience was better than anticipated, resulting in credits of \$(104) and \$(1,941) in the provision for doubtful accounts for the fourth quarter of the respective years.

Report of Independent
Certified Public Accountants

To the Shareholders and Board of Directors
of Hughes Supply, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Hughes Supply, Inc. and its subsidiaries at January 30, 1998 and January 31, 1997, and the results of their operations and their cash flows for the years ended January 30, 1998, January 31, 1997 and January 26, 1996, in conformity with generally accepted accounting principles. 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 of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse LLP

Orlando, Florida
March 27, 1998

Management's Responsibility
for Financial Statements

The consolidated financial statements and related information included in this annual report were prepared in conformity with generally accepted accounting principles. Management is responsible for the integrity of the financial statements and for the related information. Management has included in the Company's financial statements amounts that are based on estimates and judgements which it believes are reasonable under the circumstances.

The responsibility of the Company's independent accountants is to express an opinion on the fairness of the financial statements. Their opinion is based on an audit conducted in accordance with generally accepted auditing standards as further described in their report.

The Audit Committee of the Board of Directors is composed of three non-management directors. The Committee meets periodically with financial management, internal auditors, and the independent accountants to review internal accounting control, auditing, and financial reporting matters.

Hughes Supply, Inc.
Management's Discussion and Analysis of Financial Condition and
Results of Operations

As described in Note 2 of the Notes to Consolidated Financial Statements, in fiscal 1998 the Company entered into a business combination with Chad which was accounted for as a pooling of interests. Accordingly, all financial data in Management's Discussion and Analysis of Financial Condition and Results of Operations is reported as though the companies have always been one entity.

As described in Note 8 of the Notes to Consolidated Financial Statements, on May 20, 1997 the Company's Board of Directors declared a three-for-two stock split to shareholders of record as of July 10, 1997. Accordingly, all share and per share data have been restated for periods prior to the stock split.

Certain statements set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created by such sections. When used in this report, the words "believe," "anticipate," "estimate," "expect," and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company's actual results may differ significantly from the results discussed in such forward-looking statements. When appropriate, certain factors that could cause results to differ materially from those projected in the forward-looking statements are enumerated. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company's consolidated financial statements and the notes thereto.

Results of Operations

Net Sales

In fiscal 1998, the Company generated net sales of \$1.88 billion, a 20% increase over fiscal 1997 net sales of \$1.57 billion. Fiscal 1997 net sales of \$1.57 billion increased 22% over fiscal 1996 net sales of \$1.29 billion. On a basis comparable to the prior year, the Company experienced same-store sales increases of 6% and 8% for fiscal 1998 and 1997, respectively. The remaining increase in net sales is attributable to newly-opened and acquired wholesale outlets.

The same-store sales increase of 6% for fiscal 1998 was below the high single-digit increases the Company has achieved in recent years. This was primarily due to the adverse impact that mild and wet weather had on air conditioning and pool product sales, partially offset by double-digit same-store sales increases in two of the Company's newest product groups, water and sewer and industrial pipe, plate, valves and fittings.

Management expects market activity to continue at current levels. These favorable conditions coupled with the Company's acquisition program should result in continued sales growth.

Gross Margin

Gross margins have been improving steadily over the past three years. Gross margins were 21.9%, 21.2% and 20.7% for fiscal 1998, 1997 and 1996, respectively. The improvement has resulted from several factors, including expansion of product offerings to lines with better margins, efficiencies created with central distribution centers, increased volume and concentration of

supply sources as part of the Company's preferred vendor program.

Operating Expenses

Operating expenses in fiscal 1998 were \$328 million (or 17.5% of net sales), a 22% increase over fiscal 1997 operating expenses of \$270 million (or 17.2% of net sales). Newly-opened wholesale outlets and recent acquisitions accounted for approximately 19 percentage points of the 22% increase. The remainder of the increase is primarily due to higher personnel expenses, including health care costs, and higher transportation costs associated with the same-store sales growth. The increase in operating expenses as a percentage of sales from 17.2% in fiscal 1997 to 17.5% in fiscal 1998 is primarily the result of unrealized synergies associated with acquisitions completed in the fourth quarter of fiscal 1998.

Similarly, approximately 80% of the \$44 million increase in fiscal 1997 compared to fiscal 1996, which had operating expenses of \$226 million (or 17.6% of net sales), is attributed to newly-opened wholesale outlets and acquisitions. The remainder of the increase is primarily due to personnel and transportation costs associated with same-store sales growth.

Non-Operating Income and Expenses

Interest and other income was \$5.8 million in fiscal 1998 compared to \$6.2 million in fiscal 1997 and \$5.1 million in fiscal 1996. This decrease of \$.4 million in fiscal 1998 is primarily due to non-recurring gains recognized on the sale of property and equipment in fiscal 1997. The increase of \$1.1 million from fiscal 1996 to fiscal 1997 is primarily the result of improved collection of service charge income on delinquent accounts receivable.

Hughes Supply, Inc.
Management's Discussion and Analysis of Financial Condition and
Results of Operations (continued)

Interest expense for fiscal 1998, 1997 and 1996 was \$18.5 million, \$14.2 million and \$9.9 million, respectively. The \$4.3 million increase in fiscal 1998 is primarily the result of higher borrowing levels, partially offset by lower interest rates, as expansion through business acquisitions has been partially funded by debt financing. Higher borrowing levels were primarily responsible for the \$4.3 million increase in interest expense from fiscal 1996 to 1997. Interest rates were relatively stable in fiscal 1997.

Income Taxes

The effective tax rates for fiscal 1998, 1997 and 1996 were 36.8%, 35.2% and 32.3%, respectively. Prior to the mergers with ELASCO on April 26, 1996, with the Metals Group on January 24, 1997 and with Chad on January 30, 1998, all of these entities were Subchapter S corporations and, therefore, not subject to corporate income tax. Each entity's Subchapter S corporation status terminated upon the merger with the Company. As a result, the Company's effective tax rate is higher for fiscal 1998 and 1997 than for fiscal 1996. The Company's effective tax rate for fiscal 1998, 1997 and 1996 would have been approximately 40% assuming ELASCO, the Metals Group and Chad were tax paying entities.

Net Income

Net income in fiscal 1998 increased 27% to \$44.8 million from \$35.3 million in fiscal 1997. Diluted earnings per share increased 10% to \$2.30 in fiscal 1998 compared to \$2.09 in fiscal 1997 on 16% more average shares outstanding. These results followed fiscal 1997 increases of 44% and 18% in net income and diluted earnings per share, respectively. Net income and diluted earnings per share in fiscal 1996 were \$24.5 million and \$1.77, respectively.

These improved results reflect operating leverage that has been achieved through the Company's acquisition program and the resulting purchasing and administrative synergies, as well as through internal growth. Operating margins (operating income as a percentage of net sales) have steadily improved to 4.5% in fiscal 1998, compared to 4.0% and 3.2% in fiscal 1997 and 1996, respectively.

Liquidity and Capital Resources

Working capital in fiscal 1998 amounted to \$474 million compared to \$343 million and \$227 million in fiscal 1997 and 1996, respectively. The working capital ratio was 3.5 to 1, 3.3 to 1 and 2.6 to 1 for fiscal 1998, 1997 and 1996, respectively. During expansionary periods when sales volumes are increasing, the Company is required to carry higher levels of inventories and receivables to support the growth. The Company strives to maintain inventories at levels that support current sales activity but that are not at excessive levels. The Company believes this is accomplished through increased use of central distribution facilities and by investing in resources to improve the efficiency and service capability of its facilities.

Net cash used in operations was \$5.8 million in fiscal 1998 compared to net cash provided by operations of \$5.3 million in fiscal 1997 and \$18.2 million in fiscal 1996. These changes are primarily due to increases in accounts receivable and inventories resulting from the Company's growth.

The Company's expenditures for property and equipment were \$27.7 million in fiscal 1998, including approximately \$11 million for upgrades and enhancements to its information system and approximately \$7 million for new warehouse facilities to support its internal growth. Capital expenditures for property and

equipment, not including amounts for business acquisitions, are expected to be approximately \$24 million in fiscal 1999.

Principal reductions on long-term debt were \$27.5 million for fiscal 1998 compared to \$20.0 million and \$6.0 million for fiscal 1997 and 1996, respectively. These amounts are attributed primarily to the repayment of debt assumed as a result of certain business acquisitions. Dividend payments of \$7.5 million, \$8.1 million and \$5.4 million during fiscal 1998, 1997 and 1996 included cash dividends of pooled companies totaling \$2.2 million, \$4.9 million and \$3.6 million, respectively.

As discussed in Note 4 of the Notes to Consolidated Financial Statements, in August 1997 the Company issued \$80 million of senior notes in a private placement. The proceeds of this offering were used to reduce indebtedness outstanding under the Company's credit agreement.

In August 1997, the Company amended its credit agreement with a group of banks. The credit agreement now permits the Company to borrow up to \$180 million (\$150 million previously). Management believes that the Company has sufficient borrowing capacity, with approximately \$30 million available under its existing credit facilities (subject to borrowing limitations under long-term debt covenants) as of January 30, 1998, to fund ongoing operating requirements and anticipated capital expenditures. Future growth and business acquisition opportunities will continue to be financed on a project-by-project basis through additional borrowing or, as circumstances allow, through the issuance of common stock.

Business Acquisitions

In addition to the business combination with Chad accounted for as a pooling of interests, during fiscal 1998 the Company acquired several wholesale distributors for approximately \$142 million (\$46 million in cash and

\$96 million in stock). In fiscal 1997, consideration paid by the Company for acquisitions (excluding poolings of interests) was approximately \$144 million (\$100 million in cash and \$44 million in stock). Outlays for acquisitions of wholesale distributors in fiscal 1996 (excluding poolings of interests) totaled \$13 million (\$10 million in cash and \$3 million in stock). These acquisitions were accounted for as either purchases or immaterial poolings and the results of operations of these businesses from their respective dates of acquisition are included in the Company's consolidated financial statements. These acquisitions, along with Chad, were primarily responsible for the Company's increase in the number of its facilities to 384 branches in 27 states as of the end of fiscal 1998, compared to 272 branches in 25 states as of the end of fiscal 1997.

Inflation and Changing Prices

The Company is aware of the potentially unfavorable effects inflationary pressures may create through higher asset replacement costs and related depreciation, higher interest rates and higher material costs. In addition, the Company's operating performance is impacted by price fluctuations in the cost of stainless steel and nickel alloy. These commodity price fluctuations have historically created cyclicalities in the financial performance of the Company's industrial pipe, plate, valves and fittings product group, and could continue to do so in the future.

The Company seeks to minimize the effects of inflation and changing prices through economies of purchasing and inventory management resulting in cost reductions and productivity improvements as well as price increases to maintain reasonable profit margins. Management believes, however, that inflation (which has been moderate over the past few years) and changing prices have not significantly affected the Company's operating results or markets in the three most recent fiscal years.

Recent Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("SFAS 130"). SFAS 130 established standards for reporting and display of comprehensive income and its components in the financial statements. SFAS 130 is effective for fiscal years beginning after December 15, 1997. The adoption of this standard is not expected to have a material impact on the Company's financial reporting.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS 131"). SFAS 131 established standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. It also established standards for related disclosures about products and services, geographic areas and major customers. SFAS 131 is effective for financial statements for periods beginning after December 15, 1997; however, it is not required to be applied for interim reporting in the initial year of application. The Company is currently evaluating the impact of this statement on the disclosures included in its annual and interim period financial statements.

Year 2000 Issue

Many existing computer programs use only two digits to identify a year in the date field. As the century date change occurs, these programs may recognize the year 2000 as 1900, or not at all. If not corrected, many computer systems and applications could fail or create erroneous results by or at the year 2000 (the

"Year 2000 Issue").

The Company has completed certain modifications to its central operating and accounting systems. Utilizing internal resources, initial testing of these modifications to ensure year 2000 compliance was completed, and final testing is scheduled for completion in fiscal 1999. Based on the results of its initial testing, with respect to these two systems, the Company does not anticipate that the Year 2000 Issue will materially impact operations or operating results.

An assessment of the Company's other remote systems, which have resulted from the Company's acquisition program, was completed in fiscal 1998. Several of these systems are not year 2000 compliant. The majority of the non-compliant systems, however, are expected to convert to the Company's central operating and accounting systems in fiscal 1999 as part of the Company's normal integration activities. The remaining non-compliant systems will be brought into compliance using vendor-supplied software. Management believes that the incremental costs associated with achieving year 2000 compliance for its remote systems will not be material to the Company's operating results.

While the Company believes its planning efforts are adequate to address the Year 2000 Issue, there can be no guarantee that the systems of other unrelated entities on which its systems and operations rely will be corrected on a timely basis and will not have a material effect on the Company. The Company is in the preliminary stages of assessing the impact on its operations should these other entities fail to properly remediate their computer systems.

Hughes Supply, Inc.
Selected Financial Data
(in thousands, except per share data and ratios)

	Fiscal Years Ended(1)(2)			
	1998	1997	1996	1995
Statements of Income Data:				
Net sales	\$1,878,739	\$1,567,571	\$1,285,328	\$1,027,919
Cost of sales	\$1,466,764	\$1,235,099	\$1,018,804	\$ 818,611
Gross margin	21.9%	21.2%	20.7%	20.4%
Selling, general and administrative expenses				
	\$ 308,872	\$ 253,756	\$ 211,805	\$ 167,404
As a percentage of net sales	16.4%	16.2%	16.5%	16.3%
Depreciation and amortization	\$ 18,432	\$ 15,349	\$ 11,707	\$ 10,003
Provision for doubtful accounts	\$ 1,001	\$ 850	\$ 2,073	\$ 1,435
Operating income	\$ 83,670	\$ 62,517	\$ 40,939	\$ 30,466
Operating margin	4.5%	4.0%	3.2%	3.0%
Interest and other income				
	\$ 5,791	\$ 6,207	\$ 5,092	\$ 3,202
Interest expense	\$ 18,544	\$ 14,232	\$ 9,917	\$ 6,564
Income (loss) before income taxes				
	\$ 70,917	\$ 54,492	\$ 36,114	\$ 27,104
As a percentage of net sales	3.8%	3.5%	2.8%	2.6%
Income taxes (benefits)	\$ 26,093	\$ 19,178	\$ 11,661	\$ 7,979
Net income	\$ 44,824	\$ 35,314	\$ 24,453	\$ 19,125
As a percentage of net sales	2.4%	2.3%	1.9%	1.9%
Earnings per share:				
Basic	\$ 2.34	\$ 2.14	\$ 1.80	\$ 1.51
Diluted	\$ 2.30	\$ 2.09	\$ 1.77	\$ 1.47
Average shares outstanding:				
Basic	19,194	16,537	13,575	12,661
Diluted	19,518	16,872	13,804	13,149
Balance Sheet Data:				
Working capital	\$ 474,343	\$ 342,509	\$ 226,701	\$ 205,401
Total assets	\$ 942,029	\$ 667,239	\$ 457,953	\$ 406,516
Long-term debt, less current portion	\$ 335,207	\$ 222,451	\$ 131,864	\$ 121,915
Shareholders' equity	\$ 414,342	\$ 294,005	\$ 185,031	\$ 162,018
Current ratio				
	3.5 to 1	3.3 to 1	2.6 to 1	2.7 to 1
Ratio of long-term debt to				
total capital employed45 to 1	.43 to 1	.42 to 1	.43 to 1
Leverage (total assets/shareholders' equity)	2.27	2.27	2.48	2.51
Other Data:				
Cash dividends per share	\$.31	\$.25	\$.20	\$.15
Shareholders' equity per share	\$ 18.42	\$ 15.73	\$ 13.12	\$ 11.86
Return on assets(3)	6.7%	7.7%	6.0%	5.9%
Return on equity(3)	15.2%	19.1%	15.1%	16.6%
Capital expenditures(4)	\$ 27,733	\$ 16,793	\$ 13,690	\$ 14,570

(1) The Company's fiscal year ends on the last Friday in January.

(2) All data adjusted for poolings of interests and three-for-two stock splits

declared in fiscal 1998 and 1989.

(3) Ratios based on balance sheet at beginning of year.

(4) Excludes capital leases.

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Fiscal Years Ended(1)(2)

1994	1993	1992	1991	1990	1989	1988
\$ 851,691	\$ 695,733	\$ 666,094	\$ 735,505	\$ 688,289	\$ 638,139	\$ 540,173
\$ 681,100	\$ 560,185	\$ 537,717	\$ 593,970	\$ 549,791	\$ 506,114	\$ 428,467
20.0%	19.5%	19.3%	19.2%	20.1%	20.7%	20.7%
\$ 141,125	\$ 115,575	\$ 112,871	\$ 115,141	\$ 105,362	\$ 95,382	\$ 80,808
16.6%	16.6%	16.9%	15.7%	15.3%	14.9%	15.0%
\$ 8,572	\$ 7,324	\$ 7,945	\$ 9,901	\$ 9,712	\$ 9,258	\$ 7,159
\$ 2,229	\$ 1,942	\$ 2,882	\$ 3,026	\$ 2,796	\$ 1,542	\$ 1,842
\$ 18,665	\$ 10,707	\$ 4,679	\$ 13,467	\$ 20,628	\$ 25,843	\$ 21,897
2.2%	1.5%	.7%	1.8%	3.0%	4.0%	4.1%
\$ 3,679	\$ 4,072	\$ 2,703	\$ 4,730	\$ 3,348	\$ 4,116	\$ 2,977
\$ 6,284	\$ 5,877	\$ 7,481	\$ 9,680	\$ 8,701	\$ 7,511	\$ 4,829
\$ 16,060	\$ 8,902	\$ (99)	\$ 8,517	\$ 15,275	\$ 22,448	\$ 20,045
1.9%	1.3%	.0%	1.2%	2.2%	3.5%	3.7%
\$ 4,710	\$ 1,734	\$ (1,359)	\$ 2,058	\$ 4,914	\$ 7,592	\$ 7,897
\$ 11,350	\$ 7,168	\$ 1,260	\$ 6,459	\$ 10,361	\$ 14,856	\$ 12,148
1.3%	1.0%	.2%	0.9%	1.5%	2.3%	2.2%
\$ 1.03	\$.65	\$.11	\$.57	\$.87	\$ 1.23	\$.99
\$.96	\$.65	\$.11	\$.57	\$.83	\$ 1.15	\$.94
11,057	11,056	11,056	11,324	11,952	12,077	12,238
12,832	11,074	11,056	11,324	13,640	13,760	13,928
\$ 167,215	\$ 144,759	\$ 131,960	\$ 141,029	\$ 138,304	\$ 128,043	\$ 111,138
\$ 322,547	\$ 287,837	\$ 270,526	\$ 268,803	\$ 281,084	\$ 259,233	\$ 230,535
\$ 118,224	\$ 101,028	\$ 87,922	\$ 98,054	\$ 93,002	\$ 84,989	\$ 66,324
\$ 115,194	\$ 105,087	\$ 98,545	\$ 101,213	\$ 106,528	\$ 102,511	\$ 95,265
2.9 to 1	2.8 to 1	2.6 to 1	3.1 to 1	2.7 to 1	2.9 to 1	2.7 to 1
.51 to 1	.49 to 1	.47 to 1	.49 to 1	.47 to 1	.45 to 1	.41 to 1
2.80	2.74	2.75	2.66	2.64	2.53	2.42
\$.11	\$.08	\$.16	\$.24	\$.23	\$.21	\$.18
\$ 9.97	\$ 9.22	\$ 8.65	\$ 8.88	\$ 8.79	\$ 8.28	\$ 7.67
3.9%	2.6%	.5%	2.3%	4.0%	6.4%	6.6%
10.8%	7.3%	1.2%	6.1%	10.1%	15.6%	13.9%
\$ 9,808	\$ 10,186	\$ 6,035	\$ 8,812	\$ 11,828	\$ 10,235	\$ 15,991

Corporate and Shareholder Information

Directors

David H. Hughes
Chairman of the Board

John D. Baker, II
President and Chief Executive Officer,
Florida Rock Industries, Inc.

Robert N. Blackford
Attorney, Maguire, Voorhis &
Wells, P.A.

H. Corbin Day
Chairman, Jemison
Investment Co., Inc.

John B. Ellis
Former Senior Vice President-
Finance and Treasurer,
Genuine Parts Company

A. Stewart Hall, Jr.

Clifford M. Hames
Former Vice Chairman of the Board,
SunTrust Bank, N.A.

Vincent S. Hughes

Herman B. McManaway
Former Vice President, Ruddick
Corporation and President, Ruddick
Investment Co.

Donald C. Martin
Former President, Electrical Distributors, Inc.

Executive Officers
and Management

David H. Hughes
Chairman of the Board and Chief
Executive Officer

A. Stewart Hall, Jr.
President and Chief Operating Officer

Robert N. Blackford
Assistant Secretary

Benjamin P. Butterfield
Secretary and General Counsel

Jacqueline K. Clark
Assistant Secretary and Assistant
Treasurer

Jasper L. Holland, Jr.
Regional Vice President

Clyde E. Hughes
Regional Vice President

Russell V. Hughes
Vice President

Vincent S. Hughes
Vice President

James C. Plyler, Jr.
Regional Vice President

Kenneth H. Stephens
Regional Vice President

Sidney J. Strickland, Jr.
Vice President, Administration

Gradie E. Winstead, Jr.
Regional Vice President

J. Stephen Zepf
Treasurer and Chief Financial Officer

Transfer Agent and
Registrar

American Stock Transfer
& Trust Company
40 Wall Street
New York, New York 10005

Annual Meeting

Wednesday, May 20, 1998,
at 10:00 AM
Hughes Supply, Inc.
Suite 200
20 North Orange Avenue
Orlando, Florida 32801

Independent Accountants

Price Waterhouse LLP
Orlando, Florida

Corporate Headquarters

Hughes Supply, Inc.
20 North Orange Avenue
Orlando, Florida 32801
Telephone: 407-841-4755

The shares of Hughes Supply, Inc. common stock are traded on the New York Stock

Exchange under the symbol "HUG." The approximate number of shareholders of record as of February 20, 1998 was 1,179. A COPY OF THE HUGHES SUPPLY, INC. ANNUAL REPORT ON FORM 10-K AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WILL BE MADE AVAILABLE WITHOUT CHARGE, UPON WRITTEN REQUEST. REQUESTS SHOULD BE DIRECTED TO:

J. Stephen Zepf
Treasurer and Chief Financial Officer
Hughes Supply, Inc.
Post Office Box 2273
Orlando, Florida 32802

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Exhibit 21.1

Subsidiaries of the Registrant

Set forth below is a listing, by name and state of incorporation, of each corporation which is, as of the date of this Report, or was, at any time since the first day of the fiscal year ended January 30, 1998, a subsidiary of the Registrant. Unless otherwise indicated, each such corporation was a 100% owned subsidiary during such fiscal year and continues in existence as a 100% owned subsidiary of the Registrant as of the date of this Report.

- 1) Allied Metals, Inc., a Texas corporation.
- 2) APPCO Process Equipment Company, a North Carolina corporation.
- 3) Aspen Water Products, Inc., a Texas corporation.
- 4) Atlantic Pump & Equipment Company of Miami, Inc., a Florida corporation.
- 5) Atlantic Pump and Equipment Co. of Puerto Rico, a Florida corporation.
- 6) Atlantic Pump & Equipment Company of West Palm Beach, Inc., a Florida corporation.
- 7) Carolina Pump & Supply Corp., a Rhode Island corporation.
- 8) Chad Supply, Inc., a Florida corporation.
- 9) Coastal Wholesale, Inc., a Florida corporation.
- 10) Dominion Pipe & Supply Co., a Virginia corporation.
- 11) Dominion Pipe Fabricators, Incorporated, a Virginia corporation.
- 12) ELASCO Agency Sales, Inc., an Illinois corporation.
- 13) Elec-Tel Supply Company, a Georgia corporation.
- 14) Electric Laboratories and Sales Corporation, a Delaware corporation, acquired by the Registrant April 30, 1996.
- 15) Florida Pipe & Supply Company, a Florida corporation.
- 16) Full Circle Transport, Inc., a Florida corporation.
- 17) Gayle Supply Company, Inc., an Alabama corporation.
- 18) Gilleland Concrete Products, Inc., a Georgia corporation.
- 19) GPEC, Inc., a Texas corporation.
- 20) H Venture Corp., a Florida corporation.
- 21) HHH, Inc., a Delaware corporation.
- 22) HSI Acquisition Corporation, an Ohio corporation.
- 23) HSI Corp., a Delaware corporation.

- 24) Hughes Acquisition Corp., a West Virginia corporation.
- 25) Hughes Supply FSC, Inc., a Barbados corporation.
- 26) International Supply Company, Inc., a Texas corporation.
- 27) J.I. Services Corporation, a Florida corporation.
- 28) J & J, Inc., a Georgia corporation.
- 29) JuNo Industries, Inc., a Florida corporation.
- 30) Merex Corporation, a Texas corporation.
- 31) Metals Incorporated, an Oklahoma corporation.
- 32) Metals, Inc. - Gulf Coast Division, an Oklahoma corporation.
- 33) Mills & Lupton Supply Company, a Tennessee corporation.
- 34) Moore Electric Supply, Inc., a North Carolina corporation.
- 35) Mountain Country Supply, Inc., an Arizona corporation.
- 36) Olander & Brophy, Inc., a Pennsylvania corporation.
- 37) One Stop Supply, Inc., a Tennessee corporation.
- 38) Paine Supply of Jackson, Inc., a Mississippi corporation.
- 39) Palm Pool Products, Inc., a Michigan corporation.
- 40) Panhandle Pipe & Supply Co., Inc., a West Virginia corporation.
- 41) Port City Electrical Supply, Inc., a Georgia corporation.
- 42) R & G Plumbing Supply, Inc., an Alabama corporation.
- 43) San Antonio Plumbing Distributors, Inc., a Texas corporation.
- 44) Shrader Holding Company, Inc., an Arkansas corporation.
- 45) Southwest Stainless, L.P., a Delaware corporation.
- 46) Stainless Tubular Products, Inc., an Oklahoma corporation.
- 47) Sunbelt Supply Company, a Texas corporation.
- 48) USCO Incorporated, a North Carolina corporation.
- 49) Virginia Water & Waste Supply Company, Inc., a Virginia corporation.
- 50) Wholesale Electric Supply Corporation, a New York corporation.
- 51) Z&L Acquisition Corp., a Delaware corporation.
- 52) Z&L Acquisition Corp. Of Delaware, Inc., a Delaware corporation.

Exhibit 23.1

Consent of Independent Certified Public Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 2-78323, 33-9082, 33-26468, 33-33701, 333-19007, 333-27935 and 333-35059) and in the Prospectus constituting part of the Registration Statement on Form S-3 (Nos. 333-15675, 333-21953, 333-27937, 333-31523 and 333-41699) of Hughes Supply, Inc. of our report dated March 27, 1998, appearing on page 26 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K.

/s/ Price Waterhouse LLP

Price Waterhouse LLP

Orlando, Florida
April 17, 1998

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET OF HUGHES SUPPLY, INC. AS OF JANUARY 30, 1998, AND THE RELATED STATEMENT OF INCOME FOR THE YEAR THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<CIK> 0000049029

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<MULTIPLIER> 1,000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS OF HUGHES SUPPLY, INC. AND RELATED STATEMENTS OF INCOME AS OF AND FOR THE PERIODS ENDED OCTOBER 31, 1997, JULY 31, 1997, APRIL 30, 1997, JANUARY 31, 1997, AND OCTOBER 31, 1996. THIS SCHEDULE IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<RESTATED>

<CIK> 0000049029

<NAME> HUGHES SUPPLY, INC.

<MULTIPLIER> 1,000

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<PREFERRED-MANDATORY>	0	0	0	0	0
<PREFERRED>	0	0	0	0	0
<COMMON>	19,994	19,325	18,826	18,686	18,360
<OTHER-SE>	325,694	304,666	284,301	275,319	263,788
<TOTAL-LIABILITY-AND-EQUITY>	809,896	769,107	731,332	667,239	645,695
<SALES>	1,418,249	912,686	434,526	1,567,571	1,190,509
<TOTAL-REVENUES>	1,418,249	912,686	434,526	1,567,571	1,190,509
<CGS>	1,108,117	713,706	340,632	1,235,099	941,245
<TOTAL-COSTS>	1,108,117	713,706	340,632	1,235,099	941,245
<OTHER-EXPENSES>	241,463	156,847	76,877	269,105	198,347
<LOSS-PROVISION>	1,105	614	394	850	2,791
<INTEREST-EXPENSE>	13,873	8,766	4,160	14,232	10,104
<INCOME-PRETAX>	57,592	35,325	13,742	54,492	42,885
<INCOME-TAX>	21,679	13,099	5,079	19,178	15,293
<INCOME-CONTINUING>	35,913	22,226	8,663	35,314	27,592
<DISCONTINUED>	0	0	0	0	0
<EXTRAORDINARY>	0	0	0	0	0
<CHANGES>	0	0	0	0	0
<NET-INCOME>	35,913	22,226	8,663	35,314	27,592
<EPS-PRIMARY>	1.91	1.20	.47	2.14	1.73
<EPS-DILUTED>	1.87	1.17	.46	2.09	1.69

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS OF HUGHES SUPPLY, INC. AND RELATED STATEMENTS OF INCOME AS OF AND FOR THE PERIODS ENDED JULY 31, 1996, APRIL 30, 1996, AND JANUARY 26, 1996. THIS SCHEDULE IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<RESTATED>

<CIK> 0000049029

<NAME> HUGHES SUPPLY, INC.

<MULTIPLIER> 1,000

<PERIOD-TYPE>	6-MOS	3-MOS	YEAR
<FISCAL-YEAR-END>	JAN-31-1997	JAN-31-1997	JAN-26-1996
<PERIOD-END>	JUL-31-1996	APR-30-1996	JAN-26-1996
<CASH>	652	3,286	3,644
<SECURITIES>	0	0	0
<RECEIVABLES>	219,165	191,697	165,566
<ALLOWANCES>	7,427	6,127	4,976
<INVENTORY>	209,800	179,435	174,498
<CURRENT-ASSETS>	444,385	389,387	365,988
<PP&E>	139,908	134,220	127,490
<DEPRECIATION>	69,340	65,844	61,947
<TOTAL-ASSETS>	607,985	488,975	457,953
<CURRENT-LIABILITIES>	153,135	156,192	139,287
<BONDS>	185,303	141,420	131,864
<PREFERRED-MANDATORY>	0	0	0
<PREFERRED>	0	0	0
<COMMON>	17,769	14,250	14,107
<OTHER-SE>	249,759	175,214	170,924
<TOTAL-LIABILITY-AND-EQUITY>	607,985	488,975	457,953
<SALES>	770,822	361,049	1,285,328
<TOTAL-REVENUES>	770,822	361,049	1,285,328
<CGS>	611,222	288,344	1,018,804
<TOTAL-COSTS>	611,222	288,344	1,018,804
<OTHER-EXPENSES>	129,518	62,113	223,512
<LOSS-PROVISION>	1,761	900	2,073
<INTEREST-EXPENSE>	6,256	2,624	9,917
<INCOME-PRETAX>	25,799	8,725	36,114
<INCOME-TAX>	9,024	3,121	11,661
<INCOME-CONTINUING>	16,775	5,604	24,453
<DISCONTINUED>	0	0	0
<EXTRAORDINARY>	0	0	0
<CHANGES>	0	0	0
<NET-INCOME>	16,775	5,604	24,453
<EPS-PRIMARY>	1.10	.41	1.80
<EPS-DILUTED>	1.08	.40	1.77

HUGHES SUPPLY, INC.
 LOCATION OF FACILITIES
 AS OF APRIL 1, 1998

Exhibit 99.1

STATE/TERRITORY/COUNTRY	CITY	NUMBER OF BRANCHES

BRANCHES		

ALABAMA	Anniston	1
	Birmingham	5
	Cullman	1
	Dothan	2
	Huntsville	4
	Mobile	4
	Montgomery	3
	Pelham	1

		21
ARKANSAS	Little Rock	1
	Tontitown	1

		2
ARIZONA	Cottonwood	1
	Flagstaff	1
	Gilbert	1
	Kingman	1
	Lake Havasu	1
	Lakeside	1
	Phoenix	1
	Prescott	1
	Scottsdale	1
	Tucson	1

		10
CALIFORNIA	Artesia	1

		1
FLORIDA	Auburndale	1
	Bradenton	1
	Bunnell	1
	Cape Coral	2
	Clearwater	3
	Clermont	1
	Daytona	1
	Eaton Park	2
	Ft. Lauderdale	1
	Ft. Myers	3
	Ft. Pierce	1
	Gainesville	3
	Holly Hill	1
	Inverness	1
	Jacksonville	7
	Kissimmee	1
	Lady Lake	1
	Lakeland	3

Leesburg	1
Longwood	1
Marianna	1
Melbourne	2
Miami	4
Mulberry	1
Naples	1
Ocala	4
Orange City	1
Orlando	9
Orlando (Distribution Center)	1
Panama City	3
Pembroke Park	1
Pensacola	1
Perry	1
Pompano Beach	4
Port Richey	1
Riviera Beach	1
Port St. Lucie	1
St. Petersburg	1
Sarasota	3
Sebring	1
Tallahassee	5
Tampa	5
Tavares	1
Thonotosassa	2
Venice	1
West Palm Beach	5
Winter Haven	2
Winter Park	1

100

GEORGIA

Albany	1
Alpharetta	1
Athens	3
Atlanta	1
Augusta	1
Austell	1
Brunswick	1
Buford	1
Chamblee	1
Columbus	1
Conyers	1
Dalton	1
Doraville	3
Forest Park (Distribution Center)	1
Hampton	1
Lithonia	1
Macon	4
Marietta	2
McDonough	1
Norcross	2
Oakwood	1
Savannah	3
Thomasville	1
Tifton	2
Valdosta	2
Woodstock	1

39

ILLINOIS

Decatur	1
Mattoon	2
Romeoville	1

		4
INDIANA	Fort Wayne	1
	Indianapolis	3
	Muncie	1

		5
KENTUCKY	Bowling Green	1
	Glasgow	1
	Louisville	4

		6
LOUISIANA	Baton Rouge	1
	Kenner	1
	Luling	1
	Port Allen	1
	Sulphur	1

		5
MARYLAND	Capitol Heights	1
	Waldorf	1

		2
MICHIGAN	Detroit	1
	Holt	1

		2
MISSOURI	Bridgeton	1
	Springfield	1
	St. Charles	1

		3
MISSISSIPPI	Biloxi	1
	Greenville	1
	Greenwood	1
	Gulfport	1
	Hattiesburg	1
	Jackson	1
	Laurel	1
	Meridian	1
	Pascagoula	1
	Tupelo	1

		10
MEXICO	Tampico	1

		1
NEW JERSEY	Blackwood	1
	Hopelawn	1
	Piscataway	1

		3
NEW YORK	Vestal	1

		1
NORTH CAROLINA	Albemarle	1

	Asheville	1
	Charlotte	10
	Durham	1
	Elizabeth City	1
	Fayetteville	1
	Goldsboro	1
	Greensboro	1
	Henderson	2
	Hickory	1
	High Point	1
	Kinston	1
	Leland	1
	Monroe	2
	Pinehurst	1
	Pineville	1
	Raleigh	4
	Rocky Mount	1
	Salisbury	1
	Statesville	1
	Wilmington	2
	Zebulon	1
	---	---
		37
OHIO	Batavia	1
	Brimfield	1
	Cincinnati	1
	Cleveland	1
	Columbus	3
	Dayton	2
	Elyria	1
	Fairfield	1
	Greenville	1
	Hartsville	1
	Lima	1
	Marion	1
	Monroe	1
	Perrysburg	1
	Van Wert	1
	West Chester	1
	---	---
		19
OKLAHOMA	Oklahoma City	1
	Tulsa	3
	---	---
		4
PENNSYLVANIA	Bedford	1
	Monroeville	1
	Shippenville	1
	---	---
		3
PUERTO RICO	Carolina	1
	---	---
		1
SOUTH CAROLINA	Aiken	1
	Anderson	1
	Bluffton	1
	Charleston	2
	Cheraw	1
	Columbia	2
	Florence	1
	Greenville	3

	Greer	2
	Hilton Head	1
	Lancaster	1
	Myrtle Beach	1
	North Charleston	2
	West Columbia	2

		21
TENNESSEE	Alcoa	1
	Chattanooga	2
	Clarksville	1
	Cleveland	1
	Cookeville	1
	Jackson	1
	Knoxville	2
	Memphis	4
	Nashville	5

		18
TEXAS	Alief	1
	Allen	1
	Arlington	1
	Austin	6
	Beaumont	2
	Boerne	1
	College Station	1
	Corpus Christi	4
	Dallas	3
	Denton	1
	DeSoto	1
	Fort Worth	1
	Freeport	1
	Friendswood	2
	Garland	2
	Grapevine	1
	Haltom City	1
	Harlingen	1
	Helotes	1
	Houston	10
	Humble	1
	Jasper	1
	Kerrville	1
	La Porte	1
	Laredo	1
	Longview	2
	Lufkin	1
	Marshall	1
	McAllen	1
	Mesquite	1
	Mt. Pleasant	1
	Pharr	1
	Richardson	1
	Richland Hills	1
	Round Rock	1
	San Antonio	9
	Sherman	2
	Southlake	1
	Texas City	1

		71
UTAH	Salt Lake City	1

		1

VIRGINIA	Arlington	1
	Colonial Heights	1
	Herndon	1
	La Crosse	1
	Lynchburg	1
	Manassas	1
	Richmond	1
	Roanoke	1
	Virginia Beach	1

		9
WASHINGTON	Kent	1

		1
WEST VIRGINIA	Alum Creek	1
	Fairmont	1
	Martinsburg	1
	South Charleston	1

		4
TOTAL BRANCHES		404
		===