

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

FORM 10-K

(Mark One)

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

For the fiscal year ended January 28, 2000

OR

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

For the transition period from _____ to _____

Commission File No. 001-08772

HUGHES SUPPLY, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

59-0559446
(I.R.S. Employer
Identification No.)

20 North Orange Avenue, Suite 200, Orlando, Florida
(Address of principal executive offices)

32801
(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)

Page 1

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

YES {X}

NO { }

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: \$347,827,104 as of April 14, 2000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 23,589,078 shares of Common Stock (\$1.00 par value) as of April 14, 2000.

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 28, 2000 (designated portions).
- Part II - Annual Report to Shareholders for the fiscal year ended January 28, 2000 (designated portions).
- Part III - Definitive Proxy Statement for the 2000 Annual Meeting of Shareholders (designated portions).
- Part IV - Annual Report to Shareholders for the fiscal year ended January 28, 2000 (designated portions).

TABLE OF CONTENTS

	Page ----
PART I	
Item 1. Business	4
Item 2. Properties	15
Item 3. Legal Proceedings	15
Item 4. Submission of Matters to a Vote of Security Holders.....	15
PART II	
Item 5. Market for Registrant's Common Equity and Related Stockholder Matters	16
Item 6. Selected Financial Data	16
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 7A. Quantitative and Qualitative Disclosures About Market Risk.....	16
Item 8. Financial Statements and Supplementary Data	17
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	17
PART III	
Item 10. Directors and Executive Officers of the Registrant.....	18
Item 11. Executive Compensation	18
Item 12. Security Ownership of Certain Beneficial Owners and Management ...	18
Item 13. Certain Relationships and Related Transactions	18
PART IV	
Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K ..	19
Signatures	23
Index to Consolidated Financial Statements and Schedules	24
Index of Exhibits Filed with this Report	25

PART I

ITEM 1. BUSINESS

GENERAL

Hughes Supply, Inc. (as used throughout this report, "Hughes Supply," the "Company" or the "Registrant" refers to Hughes Supply, Inc. and its subsidiaries, except where the context otherwise requires) is one of the largest diversified wholesale distributors of construction and industrial materials, equipment and supplies to commercial construction, residential construction, industrial and public infrastructure markets in North America. Hughes Supply operates primarily in the southeastern, southwestern and midwestern United States. The Company, founded in 1928, distributes over 250,000 products, representing five major product categories, through 488 branches and distribution centers located in 32 states and Mexico.

The Company focuses on distributing products that leverage its strengths in inventory management, specialized sales forces by product group, distribution and logistics, credit management, information technology and mergers and acquisitions. The Company has increasingly focused on value-added products and services, including integrated supply arrangements, fabrication, facilities, management and the development of national accounts.

The Company employs a specialized and experienced sales force for each of its product groups to best serve its customers. Management believes that no other company competes against Hughes Supply across all of its product groups. The Company sells its products to customers in the commercial construction, residential construction, public infrastructure and industrial markets.

At the commencement of fiscal year 2001, Hughes Supply completed its planned reorganization into five strategic business units ("SBUs"), each of which is led by a group president and includes a staff dedicated to the unit. An SBU is organized around each of the following five broad product categories:

- Electrical and Electric Utility;
- Plumbing/Heating, Ventilation, and Air Conditioning ("HVAC");
- Water and Sewer;
- Industrial Pipe, Valves and Fittings ("Industrial PVF"); and
- Building Materials/Pool and Spa/Maintenance Supplies.

This improved product-driven organizational structure is designed to enhance the Company's already strong, competitive position in the marketplace by intensifying the Company's focus on satisfying customer needs, strengthening vendor relationships and streamlining the decision-making processes at the Company.

In recent years, the Company has centered its internal growth and growth through acquisitions around customer groups and products which help it to diversify geographically and product-wise, capturing more of the total construction dollar while focusing more on products used in repair, maintenance, replacement and renovation applications. These products generally offer higher margins and are less dependent on new construction. Management believes that the Company's product, market and geographic diversification helps reduce the impact of economic cycles on its net sales and profitability.

INDUSTRY OVERVIEW

Based on estimates available to the Company, industry sales in the United States of products sold by the Company exceeded \$200 billion in 1999, and no wholesale distributor of these products accounted for more than 5% of the total market.

Many local and regional distributors are privately-owned, relationship-based companies. Such distributors often have limited purchasing power, lack sufficient resources to offer broad product lines and multiple brands, and lack the sophisticated inventory management and control systems necessary to operate multiple branches efficiently. As a result, such distributors target their services to a particular type or size of customer and/or a particular product group. To counter the limitations experienced by small distributors, certain wholesale distributors, including the Company, have grown considerably through acquisitions. This expansion has enabled Hughes Supply to service various sizes and types of customers and multiple product groups and diversify its sales across various types of construction and users of its products.

Because of Hughes Supply's strong competitive position, its size and its management infrastructure, management believes that the Company is well positioned to continue to benefit from consolidation trends within the wholesale distribution business.

Unlike do-it-yourself home center retailers, the Company does not market its products to retail consumers. Consequently, the Company differentiates itself with respect to its customer base, breadth of products offered and level of service provided. Management believes that the Company's customers are typically professionals who choose their 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 repeat buyers because of their involvement in longer-term projects, and require specialized services not typically provided by do-it-yourself home center retailers. The Company provides its customers with credit services, 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 do-it-yourself home center retailers generally do not emphasize.

GROWTH STRATEGY

Hughes Supply's growth strategy consists of internal and acquisition-led growth.

Internal Growth

Hughes Supply has grown internally through increases in same-store sales and the opening of new branches. Same store sales increases have been attributable to new product introductions within existing branches, such as fire protection equipment and concrete fabrication products, fiber-optic products and the higher value-added services such as integrated supply, national account business or complete warehouse management contracts. Since January 27, 1995, Hughes Supply has opened 83 new branches. New branches are generally opened to fill in existing market areas or to accommodate the split out of multiple product group branches.

Acquisitions

Hughes Supply pursues an active acquisition strategy to capitalize on the large, growing and highly-fragmented markets in which it competes. Since January 27, 1995, the Company has completed 58 acquisitions representing 228 branches. Hughes Supply's acquisition strategy focuses on acquiring profitable, private, wholesale distribution businesses with strong management teams and well-developed market positions and customer relationships. Hughes Supply identifies acquisition targets that present growth opportunities and complement Hughes Supply's existing structure, allowing Hughes Supply to benefit from synergies resulting from the integration of these targets' operations with its own. Management believes that significant acquisition opportunities exist in each of its product categories. Hughes Supply categorizes its acquisitions as fill-in acquisitions or new market acquisitions:

- Fill-in acquisitions include acquisitions of primarily small companies that distribute some of the same product groups as the Company in geographic areas already served by Hughes Supply. Since January 27, 1995, the Company has added 46 branches through 22 fill-in acquisitions, and the Company's management believes that significant additional fill-in acquisition opportunities are available.
- New market acquisitions represent the addition of new product groups, primarily within the Company's existing product categories, or the entry into new geographic markets, or both. During the last five fiscal years, the Company has completed 36 new market acquisitions, adding 182 branches. During such period, the Company's principal acquisition criteria has been to:
 - add products and product groups with higher gross margins;
 - increase sales to the replacement and industrial markets (that tend to be less cyclical than new construction markets);
 - achieve greater geographical diversification;
 - develop additional opportunities for future fill-in acquisitions and new branch openings; and
 - expand its current product offering from leading suppliers.

Since January 29, 1999, the Company has acquired several wholesale distributors, including:

- (i) W.C. Caye and Company, Inc., significantly increasing the Company's building materials business in new geographic markets;
- (ii) Reaction Supply Corporation, significantly increasing the fire protection part of the Company's water and sewer business in new geographic markets; and
- (iii) Western Utilities Supply Co., significantly expanding the Company's water and sewer business in new geographic markets.

The following table summarizes the fill-in and new-market acquisitions completed by the Company since January 27, 1995:

Company Acquired	Type of Acquisition	Date of Acquisition	Number of Branches	Location of Operation	Major Product Categories
Olander & Brophy, Inc.	New market	March 1995	4	OH, PA	Building Materials/Pool & Spa/Maintenance Supplies
Port City Electrical Supply, Inc.	Fill-in	March 1995	2	GA, SC	Electrical and Electric Utility
Elec-Tel Supply Company	Fill-in	April 1995	1	GA	Electrical and Electric Utility
Various branches (1)	Fill-in	June 1995 - December 1995	7	AL, FL, KY, NJ, SC, TN, VA	Electrical and Electric Utility; Plumbing/HVAC; Building Materials/Pool & Spa/Maintenance Supplies
Moore Electric Supply, Inc.*	New market	July 1995	4	NC, SC	Electrical and Electric Utility
Atlantic Pump & Equipment Companies	Fill-in	September 1995	3	FL	Building Materials/Pool & Spa/Maintenance Supplies
Florida Pipe & Supply Company*	New market	December 1995	-	FL	Industrial PVF
Waldorf Supply, Inc.	Fill-in	February 1996	1	MD	Plumbing/HVAC
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	Electrical and Electric Utility
PVF Holdings, Inc.	New market	May 1996	16	GA, IL, LA, MO, NC, NJ, TN, TX, UT, WA	Industrial PVF
Gayle Supply Company, Inc.*	Fill-in	May 1996	3	AL	Plumbing/HVAC
R & G Plumbing Supply, Inc.	Fill-in	May 1996	2	AL	Plumbing/HVAC
JuNo Industries, Inc. and J.I. Services Corporation*	New market	September 1996	4	FL, GA	Plumbing/HVAC
Palm Pool Products, Inc.*	New market	September 1996	2	MI, OH	Building Materials/Pool & Spa/Maintenance Supplies
Coastal Wholesale, Inc.	Fill-in	November 1996	1	FL	Building Materials/Pool & Spa/Maintenance Supplies
J & J, Inc.	New market	November 1996	2	GA, TX	Industrial PVF

Wholesale Electric Supply Corporation	New market	November 1996	2	NC, NY	Electrical and Electric Utility
Panhandle Pipe & Supply Co., Inc.*	Fill-in	December 1996	1	WV	Water and Sewer
Sunbelt Supply Company*	New market	December 1996	8	LA, TX, VA	Industrial PVF
Metals, Incorporated, Stainless Tubular Products, Inc., and Metals, Inc. - Gulf Coast Division*	New market	January 1997	3	AL, MO, OK	Industrial PVF
Dixie Forming & Building Specialities Incorporated	New market	February 1997	5	NC, SC, VA	Building Materials/Pool & Spa/Maintenance Supplies
Gulf Pool Equipment Company	New market	February 1997	3	GA, OK, TX	Building Materials/Pool & Spa/Maintenance Supplies
Dominion Pipe and Supply Company and Dominion Pipe Fabricators, Inc.*	New market	May 1997	1	VA	Water and Sewer

Page 7

Company Acquired	Type of Acquisition	Date of Acquisition	Number of Branches	Location of Operation	Major Product Categories
Gilleland Concrete Products, Inc.	New market	June 1997	1	GA	Water and Sewer
Shrader Holding Co., Inc.*	New market	August 1997	3	AR, TX	Water and Sewer
Workman Developments, Inc.	New market	August 1997	1	WV	Plumbing/HVAC
Supply One	Fill-in	September 1997	1	OH	Plumbing/HVAC
Allied Metals, Inc.	New market	October 1997	1	TX	Industrial PVF
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/Pool & Spa/Maintenance Supplies
APPCO Process Equipment Company	New market	December 1997	-	NC	Water and Sewer
Mountain Country Supply, Inc.	New market	January 1998	10	AZ	Plumbing/HVAC
International Supply Company, Inc.	New market	January 1998	33	TX	Plumbing/HVAC; Water and Sewer
and affiliatated operations					
Merex Corporation	New market	January 1998	2	TX, MX	Plumbing/HVAC
Chad Supply, Inc.*	New market	January 1998	18	AL, FL, GA, KY, LA, NC, OH, SC, TN	Building Materials/Pool & Spa/Maintenance Supplies
San Antonio Plumbing Distributors, Inc.*	Fill-in	March 1998	14	TX	Plumbing/HVAC
United Supply Agencies	New market	March 1998	1	TX	Building Materials/Pool & Spa/Maintenance Supplies
Winn-Lange Electric, Inc.*	New market	June 1998	3	TX	Electrical and Electric Utility
Windward Supply, Inc.	New market	August 1998	1	TX	Building Materials/Pool & Spa/Maintenance Supplies
US Fusion, Inc.*	New market	September 1998	1	LA	Plumbing/HVAC
Douglas Leonhardt and Associates, Inc.	New market	October 1998	3	GA, NC, TN	Water and Sewer
Municipal and Contractor Sales, Inc.	New market	November 1998	4	MD	Water and Sewer
Rainbow Sales Co., Inc.	New market	December 1998	3	NC, VA	Building Materials/Pool & Spa/Maintenance Supplies

Florida Electric Supply, Inc.	Fill-in	December 1998	1	FL	Electrical and Electric Utility
Kamen Supply Company, Inc.	New market	January 1999	10	CO, KS	Plumbing/HVAC
American Industrial Precast Products, Inc.	New market	January 1999	2	TX	Water and Sewer

Page 8

Company Acquired	Type of Acquisition	Date of Acquisition	Number of Branches	Location of Operation	Major Product Categories
Stewart Supply Company, Inc.	Fill-in	February 1999	-	TX	Building Materials/Pool & Spa/Maintenance Supplies
State Wholesale Supply, Inc.	Fill-in	March 1999	1	NC	Plumbing/HVAC
W.C. Caye and Company, Inc.	New market	March 1999	11	AL, FL, GA, SC	Building Materials/Pool & Spa/Maintenance Supplies
Turf Irrigation & Water Works	Fill-in	May 1999	4	AZ	Water and Sewer
Water Works Supply	Fill-in	May 1999	2	VA	Water and Sewer
Reaction Supply Corporation	New market	September 1999	8	AZ, CA, NV	Water and Sewer
Plumbing & Mechanical Supply Company, Inc.	Fill-in	October 1999	1	FL	Plumbing/HVAC
Western Utilities Supply Co., Inc.	New market	February 2000	7	AK, MT, WA	Water and Sewer ---
TOTAL					228 ===

* Accounted for as pooling of interests.

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

OPERATING STRATEGY

The Company's operating strategy is based on decentralizing, at the branch level, customer-related functions such as sales and local inventory management, and centralizing, at the corporate level, the administrative responsibility for certain functions such as credit, human resources, finance and accounting, legal and information technology.

At the commencement of fiscal 2001, Hughes Supply completed its planned reorganization centered solely around the Company's main product categories by creating five SBUs, each of which is led by a group president. Under the reorganized structure, the Company's branches are grouped into territories, territories into districts, and districts into SBUs. Territory managers generally have oversight responsibility for branches within a territory as well as direct responsibility for a specific branch within the territory. District managers have two or more territory managers who report to them and regional managers have two or more district managers who report to them. Before the reorganization, the Company was organized into regions which were mixtures of geographic and product group categories. The Company's prior organizational structure also differed in that district and territory managers reported to the Company's Regional Vice Presidents who, in turn, reported to the Company's President. Management believes that this reorganization will provide improved support for the Company's expected future growth through acquisitions, create increased customer focus and vendor recognition by product category and improve

and accelerate decision making while increasing the overall administrative efficiency.

Page 9

Key elements of the Company's operating strategy include:

Local Market Focus. Hughes Supply 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 experienced sales force which is specialized by product group. Each branch manager has the authority and responsibility to set pricing, tailor the inventory 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, maintaining adequate inventory levels, cost controls and customer relations. A substantial portion of a branch manager's compensation is dependent on his branch's financial performance. The Company has been able to tailor its branch size and product offerings to meet perceived market demand. As a result, the Company successfully operates 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.

Superior Customer Service. Substantially all of Hughes Supply's sales are to professional customers with whom the Company has developed long-term relationships. These relationships are based on the Company's history of providing superior service, which creates trust. 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.

Comprehensive and Diversified Product Groups. As part of its emphasis on superior customer service, the Company offers more than 250,000 products in its product categories at competitive prices. Distribution of a wide variety of products within each product category helps the Company's customers manage their inventory, arrange for consolidated delivery requirements and provide a greater portion of total job specifications. The depth and breadth of the Company's product categories generally permits it to make add-on sales of higher margin, non-commodity items. The Company is diversified across multiple product categories, geographic regions and various sectors of the construction industry (such as commercial, residential, public infrastructure and industrial), which lessens its dependence upon market conditions applicable to any of its product categories or any single sector of the construction industry. Such product diversification provides opportunities for the Company to participate in multiple phases of construction projects, capturing more of the total construction spending dollar and spanning the entire construction cycle.

Well-Trained and Experienced Workforce. The Company has implemented extensive employee recruiting and training 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, as well as multiple levels of selling, purchasing, negotiating and management skills workshops. The Company has also developed a recruiting and training program to increase the number of qualified applicants introduced into its management and sales ranks. The Company generally has experienced a low rate of turnover within its management and sales force ranks. 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. Centralization of human resources, finance and accounting functions ensure conformity in policy and lower overall cost of administration. 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.

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.

PRODUCTS

The Company distributes products in the following five main product categories:

- Electrical/Electric Utility: Electrical supplies; residential, commercial, and industrial electrical fixtures and other specialty fixtures; and electric utility supplies and related hardware;
- Plumbing/HVAC: Plumbing fixtures and related fittings; plumbing accessories and supplies; residential, commercial and industrial water heaters; HVAC equipment; and refrigeration equipment, supplies and service parts;
- Water and Sewer: Waterworks and industrial supplies; pre-cast concrete tested utility and fire line vaults; and fire protection fabrication and supplies and related hardware and accessories;
- Industrial PVF: Mechanical and welded pipe, valves and fittings; high performance valves; specialty pipe; and stainless steel and other high alloy pipe, plate, valves and fittings; and
- Building Materials/Pool and Spa/ Maintenance Supplies: Concrete-forming products, tools, forms and accessories; road and bridge products; above-ground and in-ground pool packages; cleaning equipment and water treatment supplies; and multi-family housing maintenance supplies.

SALES AND MARKETING

The Company employs approximately 950 outside sales representatives who call on and work with professional buyers such as architects, engineers, manufacturers' representatives, purchasing agents, plant superintendents, foremen and job specifiers for contractors and subcontractors. The Company's outside sales representatives provide product specifications and usage data, design alternatives, and job quotes to professional buyers in an effort to assist them in fulfilling their material needs. This sales force also assists with custom design projects for customers providing assistance through brainstorming, story boarding, graphic design and photography.

Approximately 680 inside account executives expedite orders, deliveries, quotations, requests for pricing and the release of products for delivery. Most orders and shipment releases are delivered by the Company's trucks to the customers' offices, job sites or plants.

DISTRIBUTION AND LOGISTICS

The Company's distribution network consists of branches and distribution centers in the United States (483) and Mexico (5). The efficient operation of the Company's distribution network is critical in providing quality service to its specialized customer base. The Company's distribution centers and the branches connected to a distribution center, use technology in warehouse management to optimize receiving, inventory control, picking, packing and shipping functions. The Company's purchasing agents in its branches use a computerized inventory system to monitor stock levels, while central distribution centers in Florida, Georgia and Arizona 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 125,000 customers, and no single customer accounts for more than 1% of total annual sales. 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 11,000 manufacturers and suppliers of which approximately 750 are currently part of the Company's Preferred Vendor Program. The Company instituted this Preferred Vendor Program to leverage its existing relationships with a number of suppliers and to increase sales of their products in local markets through various initiatives, including sales promotions, cooperative marketing efforts, dedicated sales force and product exclusivity. In return, many of these key suppliers offer lower prices and rebate programs to the Company. The Company actively solicits volume-purchasing discounts and rebates from its preferred vendors and is constantly working to expand its Preferred Vendor Program. No single supplier accounted for more than 5% of the Company's total purchases during fiscal 2000.

INFORMATION TECHNOLOGY

The Company's Information Technology systems are capable of supporting numerous operational functions including purchasing, receiving, order processing, shipping, inventory management, sales analysis and accounting. The Company's customers and sales representatives rely on these systems for real-time information on product pricing, inventory availability and order status. The systems also provide management with information relating to sales, inventory levels and customer payments, and with other data that is essential for the Company to operate efficiently and provide a high level of service to its customers. The Company believes that its continued investment in upgrading and consolidating its Information Technology systems is necessary to provide a platform to implement its e-commerce initiatives and to allow it to continue its strategic growth initiatives.

Over the last three fiscal years, the Company has consolidated the number of operating systems from 35 to 15 and plans to reduce such number to seven by the end of fiscal year 2001. The Company believes that this consolidation allows for increased operational efficiencies, particularly in the area of working capital management, provides a means for decreasing transaction costs and provides the Company with the infrastructure necessary to realize administrative synergies associated with past and future acquisitions.

Hughes Supply's multi-pronged approach to e-commerce strategy focuses upon: (i) expanding net sales through greater customer reach, extended hours (i.e., 24/7/365) and broader product offerings; and (ii) lowering costs through streamlined selling, general and administrative costs, improved inventory management and lower product procurement costs. In addition, e-commerce solutions in the wholesale distribution business are ideally suited to national account programs and integrated supply chain management, important growth areas of the Company.

The key elements of the Company's e-commerce initiatives are:

- hughessupply.com: This web site, when fully operational, will enable the Company's customers to order products directly via electronic commerce, as well as allow the Company to place direct electronic orders with vendors for the majority of its products. Fulfillment will be done from the existing branch network. The overall reduction in paper flow is expected to reduce procurement costs. This site is currently being developed internally by the IT group.
- supplyFORCE.com: The Company has committed to participate in a new advanced internet system organized by Affiliated Distributors, a cooperative of supply houses in which Hughes Supply is one of the largest members. This system will be an e-commerce site focused on national accounts and integrated supply targeted toward industrial customers and is expected to be operational during fiscal year 2001.
- bestroute.com: The Company made a significant minority investment in bestroute.com, a new internet supply house that targets slower-moving, hard-to-find inventory items to industrial concerns and contractors on a national basis. bestroute.com's site became operational on March 31, 2000 and is currently serving as a source of industry information. The commerce part of this site is expected to become operational June 1, 2000.

COMPETITION

Management believes that the Company is one of the largest wholesale distributors of its range of products in the United States and that no other company competes against it across all of its product groups. 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 and spa supplies, and contractors' tools. The principal competitive factors in the Company's business are product availability, pricing, technical knowledge as to application and usage, and advisory and other service capabilities which develop the trust factor needed in successful customer relationships.

INVENTORIES

The Company is a wholesale distributor of construction and industrial materials and maintains significant inventories to meet rapid delivery requirements and to ensure a continuous allotment of goods from suppliers. As of January 28, 2000, inventories constituted approximately 36% of the Company's total assets.

EMPLOYEES

As of January 28, 2000, the Company had approximately 7,800 employees consisting of approximately 15 executives, 1,840 managers, 1,630 sales personnel and 4,315 other employees, including truck drivers, warehouse personnel, office and clerical workers. Over the last year, the Company's work force has increased approximately 8% compared to the prior year as a result of business acquisitions, increased sales volume and personnel required for its administrative functions. The Company considers its relationship with its employees to be good.

FORWARD-LOOKING STATEMENTS

Certain statements set forth in this Report 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," "may," "will," "should," "plan," "intend," "potential," "predict," "forecast," 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. The foregoing should be read in conjunction with the Company's consolidated financial statements and the notes thereto contained herein.

ITEM 2. PROPERTIES

The Company leases approximately 52,000 square feet of an office building in Orlando, Florida for its headquarters. In addition, the Company owns or leases 488 facilities in 32 states and Mexico. 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, three 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.

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 28, 2000.

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 28, 2000, 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 28, 2000, 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 28, 2000, 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

Information with respect to the Company's market risk is set forth under the section "Inflation and Changing Prices" 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 28, 2000, a copy of which is filed as an exhibit to this Report and the cited portion of which is incorporated herein by reference.

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.

(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 28, 2000, 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.

Page 17

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 2000 Annual Meeting of Shareholders.

Page 18

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 28, 2000.

(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, incorporated by reference to 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, incorporated by reference to Exhibit 3.2 to Form 10-Q for the quarter ended October 31, 1999 (Commission File No. 001-08772).

3.3 Form of Articles of Amendment to Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit 99.2 to Form 8-A dated May 22, 1998 (Commission File No. 001-08772).

(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, incorporated by reference to Exhibit 4.1 to Form 10-Q for the quarter ended July 31, 1997 (Commission File No. 001-08772).

4.2 Rights Agreement dated as of May 20, 1998 between Hughes Supply, Inc. and American Stock Transfer & Trust Company, incorporated by reference to Exhibit 99.2 to Form 8-A dated May 22, 1998 (Commission File No. 001-08772).

(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, incorporated by reference to 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, incorporated by reference to 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, incorporated by reference to 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, incorporated by reference to 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, incorporated by reference to 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

- (f) Amendments to leases between Hughes, Inc. and the Registrant, dated April 1, 1998, amending the leases for the thirteen properties listed in Exhibit 10.1(b), (d) and (e), incorporated by reference to Exhibit 10.1 to Form 10-K for the fiscal year ended January 30, 1998 (Commission File No. 001-08772).
- 10.2 Hughes Supply, Inc. 1988 Stock Option Plan as amended March 12, 1996 incorporated by reference to 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, incorporated by reference to Exhibit 10.6 to Form 10-K for the fiscal year ended January 30, 1987 (Commission File No. 0-5235).
- 10.4 Directors' Stock Option Plan, as amended, incorporated by reference to Exhibit 10.4 to Form 10-Q for the quarter ended October 31, 1999 (Commission File No. 001-08772).
- 10.5 Hughes Supply, Inc. Amended Senior Executives' Long-Term Incentive Bonus Plan, adopted January 25, 1996, incorporated by reference to Exhibit 10.9 to Form 10-K for the fiscal year ended January 26, 1996 (Commission File No. 001-08772).
- 10.6 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, incorporated by reference to Exhibit 10.15 to Form 10-Q for the quarter ended July 31, 1997 (Commission File No. 001-08772).
- 10.7 Hughes Supply, Inc. 1997 Executive Stock Plan.
- 10.8 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, incorporated by reference to Exhibit 10.13 to Form 10-K for the fiscal year ended January 30, 1998 (Commission File No. 001-08772).
- 10.9 Note Purchase Agreement, dated as of May 5, 1998, by and among the Company and certain purchasers identified in Schedule A of the Note Purchase Agreement, incorporated by reference to Exhibit 10.11 to Form 10-Q for the quarter ended April 30, 1998 (Commission File No. 001-08772).
- 10.10 Revolving Credit Agreement, dated as of January 26, 1999 and amended on September 29, 1999, by and among the Company and a group of banks, incorporated by reference to Exhibit 10.11 to Form 10-Q for the quarter ended October 31, 1999 (Commission File No. 001-08772). The Revolving 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 Line of Credit Agreement, dated as of January 26, 1999 and amended on September 29, 1999, by and among the Company and a group of banks, incorporated by reference to Exhibit 10.12 to Form 10-Q for the quarter ended October 31, 1999 (Commission File No. 001-08772). The Line of 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.
- 10.12 Bridge Revolving Credit Agreement, dated as of November 30, 1999, by and between the Company and SunTrust Bank, Central Florida, N.A.
- (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 28, 2000.
- (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 PricewaterhouseCoopers LLP.
- (24) Power of attorney. Not applicable.
- (27) Financial Data Schedule.
- 27.1 Financial Data Schedule (filed electronically only).
- (99) Additional exhibits.
- 99.1 Location of Facilities.

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 24, 2000

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 24, 2000
(Director)

/s/ A. Stewart Hall, Jr.

A. Stewart Hall, Jr.
April 24, 2000
(Director)

/s/ John D. Baker II

John D. Baker II
April 24, 2000
(Director)

/s/ Vincent S. Hughes

Vincent S. Hughes
April 24, 2000
(Director)

/s/ Robert N. Blackford

Robert N. Blackford
April 24, 2000
(Director)

/s/ William P. Kennedy

William P. Kennedy
April 24, 2000
(Director)

/s/ H. Corbin Day

H. Corbin Day
April 24, 2000
(Director)

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 28, 2000, are incorporated by reference:

	Annual Report Page ----
Consolidated Statements of Income for the years ended January 28, 2000, January 29, 1999 and January 30, 1998	17
Consolidated Balance Sheets as of January 28, 2000 and January 29, 1999	18
Consolidated Statements of Shareholders' Equity for the years ended January 28, 2000, January 29, 1999 and January 30, 1998	19
Consolidated Statements of Cash Flows for the years ended January 28, 2000, January 29, 1999 and January 30, 1998	20
Notes to Consolidated Financial Statements	21
Report of Independent Certified Public Accountants	30

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.

INDEX OF EXHIBITS FILED WITH THIS REPORT

- 10.7 Hughes Supply, Inc. 1997 Executive Stock Plan.
- 10.12 Bridge Revolving Credit Agreement, dated as of November 30, 1999, by and between the Company and SunTrust Bank, Central Florida, N.A.
- 13.1 Information incorporated by reference into Form 10-K from the Annual Report to Shareholders for the fiscal year ended January 28, 2000.
- 21.1 Subsidiaries of the Registrant.
- 23.1 Consent of PricewaterhouseCoopers LLP.
- 27.1 Financial Data Schedule (filed electronically only).
- 99.1 Location of Facilities.

HUGHES SUPPLY, INC. 1997 EXECUTIVE STOCK PLAN

SECTION 1. BACKGROUND AND PURPOSE

The name of this Plan is the Hughes Supply, Inc. 1997 Executive Stock Plan (the "Plan"). The purpose of this Plan is to promote the interest of the Company and its Subsidiaries through grants to Key Employees of Options to purchase Stock, grants of stock appreciation rights and grants of Restricted Stock in order (1) to attract and retain Key Employees, (2) to provide an additional incentive to each Key Employee to work to increase the value of Stock and (3) to provide each Key Employee with a stake in the future of the Company which corresponds to the stake of each of the Company's shareholders.

SECTION 2. DEFINITIONS

Each term set forth in this Section 2 shall have the meaning set forth opposite such term for purposes of this Plan and, for purposes of such definitions, the singular shall include the plural and the plural shall include the singular.

2.1 Board - means the Board of Directors of the Company.

2.2 Change in Control - means the first to occur of the following events:

(i) any person (as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d) and 14(d) thereof), excluding the Company, any Subsidiary and any employee benefit plan sponsored or maintained by the Company or any Subsidiary (including any trustee of such plan acting as trustee) (the Company, all Subsidiaries, and such employee benefit plans and trustees acting as trustees being hereafter referred to as the "Company Group"), but including a 'group' defined in Section 13(d)(3) of the Exchange Act (a "Person"), becomes the beneficial owner of shares of the Company having at least thirty percent (30%) of the total number of votes that may be cast for the election of directors of the Company (the "Voting Shares"); provided that no Change in Control will occur as a result of an acquisition of stock by the Company Group which increases, proportionately, the stock representing the voting power of the Company, and provided further that if such person or group acquires beneficial ownership of stock representing more than thirty percent (30%) of the voting power of the Company by reason of share purchases by the Company Group, and after such share purchases by the Company Group acquires any additional shares representing voting power of the Company, then a Change in Control shall occur;

(ii) the shareholders of the Company shall approve any merger or other business combination of the Company, sale of the Company's assets or combination of the foregoing transactions (a "Transaction") other than a Transaction involving only the Company

and one or more of its subsidiaries, or a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction continue to have a majority of the voting power in the resulting entity excluding for this purpose any shareholder owning directly or indirectly more than ten per cent (10%) of the shares of the other company involved in the merger; or

(iii) within any 24-month period, the persons who are directors of the Company immediately before the beginning of such period (the "Incumbent Directors") shall cease (for any reason other than death) to constitute at least a majority of the Board or the board of directors of any successor to the Company, provided that any director who was not a director as of the effective date of this Plan shall be deemed to be an Incumbent Director if such director was elected to the Board by, or on the recommendation of or with the approval of, at least two-third of the directors who were then qualified as Incumbent Directors either actually or by prior operation of this clause (iii); and provided further that any director elected to the Board to avoid or settle a threatened or actual proxy contest shall in no event be deemed to be an Incumbent Director.

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

2.4 Committee - means the Compensation Committee of the Board to which the responsibility to administer this Plan is delegated by the Board and which shall consist of at least two members of the Board all of whom are "outside directors" within the meaning of Code Section 162(m).

2.5 Company - means Hughes Supply, Inc., a Florida company, and any successor to such corporation.

2.6 "Disability" - has the same meaning as provided in the long-term disability plan or policy maintained or, if applicable, most recently maintained, by the Company or, if applicable, any affiliate of the Company for the Key Employee. If no long-term disability plan or policy was ever maintained on behalf of the Key Employee or, if the determination of Disability relates to an ISO, Disability shall mean that condition described in Code Section 22(e)(3), as amended from time to time. In the event of a dispute, the determination of Disability shall be made by the Board and shall be supported by advice of a physician competent in the area to which such Disability relates.

2.7 Exchange Act - means the Securities Exchange Act of 1934, as amended.

2.8 Fair Market Value - refers to the determination of value of a share of Stock. If the Stock is actively traded on any national securities exchange or any Nasdaq quotation or market system, Fair Market Value shall mean the closing price at which sales of Stock shall have been sold on the most recent trading date immediately prior to the date of termination, as reported by any such exchange or system selected by the Committee on which the shares of Stock are then traded. If the shares of Stock are not actively traded on any such exchange or

system, Fair Market Value shall mean the arithmetic mean of the bid and asked prices for the shares of Stock on the most recent trading date within a reasonable period prior to the determination date as reported by such exchange or system. If there are no bid and asked prices within a reasonable period or if the shares of Stock are not traded on any exchange or system as of the determination date, Fair Market Value shall mean the fair market value of a share of Stock as determined by the Committee taking into account such facts and circumstances deemed to be material by the Committee to the value of the Stock in the hands of the Key Employee; provided that, for purposes of granting awards other than ISOs, Fair Market Value of a share of Stock may be determined by the Committee by reference to the average market value determined over a period certain or as of specified dates, to a tender offer price for the shares of Stock (if settlement of an award is triggered by such an event) or to any other reasonable measure of fair market value and provided further that, for purposes of granting ISOs, Fair Market Value of a share of Stock shall be determined in accordance with the valuation principles described in the regulations promulgated under Code Section 422.

2.9 ISO - means an option granted under this Plan to Purchase Stock which is evidenced by an Option Agreement which provides that the option is intended to satisfy the requirements for an incentive stock option under Section 422 of the Code.

2.10 Key Employee - means any employee of the Company or any Subsidiary who, in the judgment of the Committee acting in its absolute discretion, is a key to the success of the Company or such Subsidiary.

2.11 NQO - means an option granted under this Plan to purchase Stock which is evidenced by an Option Agreement which provides that the option shall not be treated as an incentive stock option under Section 422 of the Code.

2.12 Option - means an ISO or a NQO.

2.13 Option Agreement - means the written agreement or instrument which sets forth the terms of an Option granted to a Key Employee under Section 7 of this Plan.

2.14 Option Price - means the price which shall be paid to purchase one share of Stock upon the exercise of an Option granted under this Plan.

2.15 Parent Corporation - means any corporation which is a parent of the Company within the meaning of Section 424(e) of the Code.

2.16 Plan - means the Hughes Supply, Inc. 1997 Executive Stock Plan, as amended from time to time.

2.17 Restricted Stock - means Stock granted to a Key Employee under Section 8 of this Plan.

2.18 Restricted Stock Agreement - means the written agreement or instrument which sets forth the terms of a Restricted Stock grant to a Key Employee under Section 8 of this Plan.

2.19 Rule 16b-3 - means the exemption under Rule 16b-3 to Section 16(b) of the Exchange Act or any successor to such rule.

2.20 Stock - means the One Dollar (\$1.00) par value common stock of the Company.

2.21 SAR - means a right which is granted pursuant to the terms of Section 7 of this Plan to the appreciation in the Fair Market Value of a share of Stock in excess of the SAR Share Value for such a share.

2.22 SAR - Agreement means the written agreement or instrument which sets forth the terms of a SAR granted to a Key Employee under Section 7 of this Plan.

2.23 SAR Share Value - means the figure which is set forth in each SAR Agreement and which is no less than the Fair Market Value of a share of Stock on the date the related SAR is granted.

2.24 Subsidiary - means any corporation which is a subsidiary corporation (within the meaning of Section 424(f) of the Code) of the Company except a corporation which has subsidiary corporation status under Section 424(e) of the Code exclusively as a result of the Company or its subsidiary holding stock in such corporation as a fiduciary with respect to any trust, estate, conservatorship, guardianship or agency.

2.25 Ten Percent Shareholder - means a person who owns (after taking into account the attribution rules of Section 424(d) of the Code) more than ten percent of the total combined voting power of all classes of stock of either the Company, a Subsidiary or a Parent Corporation.

SECTION 3. SHARES RESERVED UNDER PLAN

There shall be 500,000 shares of Stock reserved for use under this Plan. All such shares of Stock shall be reserved to the extent that the Company deems appropriate from authorized but unissued shares of Stock and from shares of Stock which have been reacquired by the Company. Furthermore, any shares of Stock subject to an Option which remain unissued after the cancellation, expiration or exchange of such Option and any Restricted Shares which are forfeited thereafter shall again become available for use under this Plan, but any shares of Stock used to satisfy a withholding obligation under Section 14.3 shall not again become available for use under this Plan. The exercise of a SAR or a surrender right in an Option with respect to any shares of Stock shall be treated for purposes of this Section 3 the same as the exercise of an Option for the same number of shares of Stock.

SECTION 4. EFFECTIVE DATE

This Plan shall be effective on _____, 1997, provided the shareholders of the Company (acting at a duly called meeting of such shareholders) approve this Plan within twelve (12) months after such date and such approval satisfies the requirements for shareholder approval under Code Section 422(b)(1) and Code Section 162(m). Any Restricted Stock, any Option, and any SAR granted under this Plan before such shareholder approval automatically shall be granted subject to such shareholder approval.

SECTION 5. COMMITTEE

This Plan shall be administered by the Committee. The Committee acting in its absolute discretion shall exercise such powers and like such action as expressly called for under this Plan and, further, the Committee shall have the power to interpret this Plan and (subject to Section 11, Section 12 and Section 13) to take such other action in the administration and operation of this Plan as the Committee deems equitable under the circumstances, which action shall be binding on the Company, on each affected Key Employee and on each other person directly or indirectly affected by such action. The Committee shall use its best efforts to grant Options, SARs and Restricted Stock under this Plan to a Key Employee which will qualify as "performance-based compensation" for purposes of Section 162(m) of the Code, except where the Committee deems that the Company's interests when viewed broadly will be better served by a grant which is free of the conditions required to so qualify any such grant for purposes of Section 162(m) of the Code.

SECTION 6. ELIGIBILITY

Only Key Employees shall be eligible for the grant of Options, SARs or Restricted Stock under this Plan.

SECTION 7. OPTIONS AND SARs

7.1 Options. The Committee acting in its absolute discretion shall have the right to grant Options to Key Employees under this Plan from time to time to purchase shares of Stock. Each grant of an Option shall be evidenced by an Option Agreement, and each Option Agreement shall set forth whether the Option is an ISO or a NQO and shall set forth such other terms and conditions of such grant as the Committee acting in its absolute discretion deems consistent with the terms of this Plan.

7.2 \$100,000 Limit. The aggregate Fair Market Value of ISOs granted to a Key Employee under this Plan and Incentive stock options granted to such Key Employee under any other stock option plan adopted by the Company, a Subsidiary or a Parent Corporation which

first become exercisable in any calendar year shall not exceed \$100,000; provided, however, that if the limitation is exceeded, the ISOs which cause the limitation to be exceeded will be treated as NQOs. Such Fair Market Value figure shall be determined by the Committee on the date the ISO or other incentive stock option is granted, and the Committee shall interpret and administer the limitation set forth in this Section 7.2 in accordance with Section 422(d) of the Code.

7.3 Share Limitation. A Key Employee may be granted in any calendar year one or more Options, or one or more SARs, or one or more Options and SARs in any combination which, individually or in the aggregate, relate to no more than 15,000 shares of Stock.

7.4 Option Price. Subject to adjustment in accordance with Section 11, the Option Price for each share of Stock subject to an Option must be set forth in the applicable Option Agreement, but in no event shall it be less than the Fair Market Value of a share of Stock on the date the Option is granted. With respect to each grant of an ISO to a Key Employee who is a Ten Percent Shareholder, the Option Price must not be less than 110% of the Fair Market Value of a share of Stock as of the date the Option is granted. The Option Price may not be amended or modified after the grant of the Option, and an Option may not be surrendered in consideration of or exchanged for a grant of a new Option having an Option Price below that of the Option which was surrendered or exchanged.

7.5 Payment. The Option Price shall be payable in full upon the exercise of any Option, and an Option Agreement at the discretion of the Committee can provide for the payment of the Option Price:

- (a) in cash or by a check acceptable to the Committee,
- (b) in Stock which has been held by the Key Employee for a period acceptable to the Committee and which Stock is otherwise acceptable to the Committee,
- (c) through a broker facilitated exercise procedure acceptable to the Committee, or
- (d) in any combination of the three methods described in this Section 7.5 which is acceptable to the Committee.

Any payment made in Stock shall be treated as equal to the Fair Market Value of such Stock on the date the properly endorsed certificate for such Stock is delivered to the Committee.

7.6 Exercise Period. Any ISO granted to a Key Employee who is not a Ten Percent Shareholder is not exercisable after the expiration of ten (10) years after the date the Option is granted. Any ISO granted to a Key Employee who is a Ten Percent Shareholder is not exercisable after the expiration of five (5) years after the date the Option is granted. The term of any NQO must be specified in the applicable Option Agreement. The date an Option is granted is the date on which the Committee has approved the terms and conditions of the Option.

and has determined the recipient of the Option and the number of Shares of Stock covered by the Option.

7.7 Conditions to Exercise of an Option. Each Option granted under the Plan is exercisable by whom, at such time or times, or upon the occurrence of such event or events, and in such amounts as the Committee shall specify in the Option Agreement; provided, however, that subsequent to the grant of an Option, the Committee, at any time before complete termination of the Option, may accelerate the time or times at which such Option may be exercised in whole or in part, including, without limitation, upon a Change in Control and may permit the Key Employee or any other designated person to exercise the Option, or any person thereof, for all or part of the remaining Option term, notwithstanding any provisions in the Option Agreement to the contrary.

7.8 Termination of an ISO. With respect to an ISO, in the event of termination of employment of a Key Employee, the Option or portion thereof held by the Key Employee which is unexercised will expire, terminate, and become exercisable no later than the expiration of three (3) months after the date of termination of employment; provided, however, that in the case of a holder whose termination of employment is due to death or Disability, one (1) year shall be substituted for such three (3) month period. For purposes of this Section 7.8, termination of employment by the Key Employee will not be deemed to have occurred if the Key Employee is employed by another corporation (or a parent or subsidiary corporation of such other corporation) which has assumed the ISO of the Key Employee in a transaction to which Code Section 424(a) is applicable.

7.9 Special Provisions for Certain Substitute Options. Notwithstanding anything to the contrary in Section 7, any Option issued in substitution for an option previously issued by another entity, which substitution occurs in connection with a transaction to which Code Section 424(a) is applicable, may provide for an exercise price computed in accordance with Code Section 424(a) and the regulations thereunder and may contain such other terms and conditions as the Committee may prescribe to cause substitute Option to contain as nearly as possible the same terms and conditions (including the applicable vesting and termination provisions) as those conditions in the previously issued option being replaced thereby.

7.10 Nontransferability. Except to the extent the Committee deems permissible under Section 422(b) of the Code and Rule 16b-3 and consistent with the best interests of the Company neither an Option granted under this Plan for any related surrender rights nor any SAR shall be transferable by a Key Employee other than by will or by the laws of descent and distribution, and such Option and any such surrender rights and any such SAR shall be exercisable during a Key Employee's lifetime only by the Key Employee. The person or persons to whom an Option or a SAR is transferred by will or by the laws of descent and distribution thereafter shall be treated as the Key Employee under this Plan.

7.11 SARs and Surrender Rights.

(a) SARs. The Committee acting in its absolute discretion may grant a Key Employee a SAR which will give the Key Employee the right to the appreciation in one, or more than one, share of Stock, and any such appreciation shall be measured from the related SAR Share Value. The Committee shall have the right to make any such grant subject to such additional terms as the Committee deems appropriate, and such terms shall be set forth in the related SAR Agreement.

(b) Option Surrender Rights. The Committee acting in its absolute discretion also may incorporate a provision in an Option Agreement to give a Key Employee the right to surrender his or her Option in whole or in part in lieu of the exercise (in whole or in part) of that Option to purchase Stock on any date that

(1) the Fair Market Value of the Stock subject to such Option exceeds the Option Price for such Stock, and

(2) the Option to purchase such Stock is otherwise exercisable.

(c) Procedure. The exercise of a SAR or a surrender right in an Option shall be effected by the delivery of the related SAR. Agreement or Option Agreement to the Committee (or to its delegate) together with a statement signed by the Key Employee which specifies the number of shares of Stock as to which the Key Employee, as appropriate, exercises his or her SAR or exercises his or her right to surrender his or her Option and (at the Key Employee's option) how he or she desires payment to be made with respect to such shares.

(d) Payment. A Key Employee who exercises his or her SAR or right to surrender his or her Option shall (to the extent consistent with the exemption under Rule 16b-3) receive a payment in cash or in Stock, or in a combination of cash and Stock, equal in amount on the date such exercise is effected to: (i) the number of shares of Stock with respect to which as applicable, the SAR or the surrender right is exercised times (ii) the excess of the Fair Market Value of a share of Stock on such date over, as applicable, the SAR Share Value for a share of Stock subject to the SAR or the Option Price for a share of stock subject to an Option. The Committee acting in its absolute discretion shall determine the form and timing of such payment, and the Committee shall have the right (1) to take into account whatever factors the Committee deems appropriate under the circumstances, including any written request made by the Key Employee and delivered to the Committee (or to its delegate) and (2) to forfeit a Key Employee's right to payment of cash in lieu of a fractional share of stock if the Committee deems such forfeiture necessary in order for the surrender of his or her Option under this Section 7.11 to come within the exemption under Rule 16b-3. Any cash payment under this Section 7.11 shall be made from the Company's general assets, and a Key Employee shall be no more than a general and unsecured creditor of the Company with respect to such payment.

(e) Restrictions. Each SAR Agreement and each Option Agreement which incorporates a provision to allow a Key Employee to surrender his or her Option shall incorporate such additional restrictions on the exercise of such SAR or surrender right as the Committee deems necessary to satisfy the conditions to the exemption under Rule 16b-3.

SECTION 8. RESTRICTED STOCK

8.1 Committee Action. The Committee acting in its absolute discretion shall have the right to grant Restricted Stock to Key Employees under this Plan from time to time. However, no more than 250,000 shares of Stock shall be granted as Restricted Stock from the shares otherwise available for grants under this Plan. Each Restricted Stock grant shall be evidenced by a Restricted Stock Agreement, and each Restricted Stock Agreement shall set forth the conditions, if any, which will need to be timely satisfied before the grant will be effective and the conditions, if any, under which the Key Employee's interest in the related Stock will be forfeited.

8.2 Effective Date. A Restricted Stock grant shall be effective (a) as of the date set by the Committee when the grant is made or, if the grant is made subject to one, or more than one, condition, (b) as of the date the Committee determines that such conditions have been timely satisfied.

8.3 Conditions.

(a) Grant Conditions. The Committee acting in its absolute discretion may make the grant of Restricted Stock to a Key Employee subject to the satisfaction of one, or more than one, objective employment, performance or other grant condition which the Committee deems appropriate under the circumstances for Key Employees generally or for a Key Employee in particular, and the related Restricted Stock Agreement shall set forth each such condition and the deadline for satisfying each such grant condition. If a Restricted Stock grant will become effective only upon the satisfaction of one, or more than one, condition, the related shares of Stock shall be unavailable under Section 3 for the period which begins on the date as of which such grant is made and, if a Restricted Stock grant fails to become effective in whole or in part under Section 8.2, such period shall end on the date of such failure (i) for the related shares of Stock subject to such grant (if the entire grant fails to become effective) or (ii) for the related shares of Stock subject to that part of the grant which fails to become effective (if only part of the grant fails to become effective). If such period ends for any such shares of Stock, such shares shall be treated under Section 3 as forfeited at the end of such period and shall again become available under Section 3.

(b) Forfeiture Conditions. The Committee may make each Restricted Stock grant (if, when and to the extent that the grant becomes effective) subject to one, or more than one, objective employment, performance or other forfeiture condition which the Committee acting in its absolute discretion deems appropriate under the circumstances for Key Employees

generally or for a Key Employee in particular, and the related Restricted Stock Agreement shall set forth each such condition and the deadline for satisfying each such forfeiture condition. A Key Employee's nonforfeitable interest in the shares of Stock related to a Restricted Stock grant shall depend on the extent to which each such condition is timely satisfied. Each share of Stock related to a Restricted Stock grant shall again become available under Section 3 after such grant becomes effective if such share is forfeited as a result of a failure to timely satisfy a forfeiture condition, in which event such share of Stock shall again become available under Section 3 as of the date of such failure. A Stock certificate shall be issued (subject to the conditions, if any, described in this Section 8.3(b) and Section 8.4) to, or for the benefit of, the Key Employee with respect to the number of shares for which a grant has become effective as soon as practicable after the date the grant becomes effective.

8.4 Dividends and Voting Rights.

(a) Each Restricted Stock Agreement shall state whether the Key Employee shall right receive any cash dividends which are paid with respect to his or her Restricted Stock after the date his or her Restricted Stock grant has become effective and before the first day that the Key Employee's interest in such stock is forfeited completely or becomes completely nonforfeitable. If a Restricted Stock Agreement provides that a Key Employee has no right to receive a cash dividend when paid, such agreement shall set forth the conditions, if any, under which the Key Employee will be eligible to receive one, or more than one, payment in the future to compensate the Key Employee for the fact that he or she had no right to receive any cash dividends on his or her Restricted Stock when such dividends were paid. If a Restricted Stock Agreement calls for any such payments to be made, the Company shall make such payments from the Company's general assets, and the Key Employee shall be no more than a general and unsecured creditor of the Company with respect to such payment.

(b) If a Stock dividend is declared on such a share of Stock after the grant is effective but before the Key Employee's interest in such Stock has been forfeited or has become nonforfeitable, such Stock dividend shall be treated as part of the grant of the related Restricted Stock, and a Key Employee's interest in such Stock dividend shall be forfeited or shall become nonforfeitable at the same time as the Stock with respect to which the Stock dividend was paid is forfeited or becomes nonforfeitable.

(c) If a dividend is paid other than in cash or Stock, the disposition of such dividend shall be made in accordance with such rules as the Committee shall adopt with respect to each such dividend.

(d) A Key Employee shall have the right to vote the Stock related to his or her Restricted Stock grant after the grant is effective with respect to such Stock but before his or her interest in such Stock has been forfeited or has become nonforfeitable.

8.5 Satisfaction of Forfeiture Conditions. A share of Stock shall cease to be Restricted Stock at such time as a Key Employee's interest in such Stock becomes nonforfeitable.

under this Plan, and the certificate representing such share shall be reissued as soon as practicable thereafter without any further restrictions related to Section 8.3(b) or Section 8.4 and shall be transferred to the Key Employee.

SECTION 9. SECURITIES REGISTRATION AND ESCROW OF SHARES

9.1 Securities Registration. Each Option Agreement, SAR Agreement and Restricted Stock Agreement shall provide that, upon the receipt of shares of Stock as a result of the exercise of an Option (or any related surrender right) or a SAR or the satisfaction of the forfeiture conditions under a Restricted Stock Agreement, the Key Employee shall, if so requested by the Company, hold such shares of Stock for investment and not with a view of resale or distribution to the public and, if so requested by the Company, shall deliver to the Company a written statement satisfactory to the Company to that effect. As for Stock issued pursuant to this Plan, the Company at its expense shall take such action as it deems necessary or appropriate to register the original issuance of such Stock to a Key Employee under the Securities Act of 1933, as amended, or under any other applicable securities laws or to qualify such Stock for an exemption under any such laws prior to the issuance of such Stock to a Key Employee; however, the Company shall have no obligation whatsoever to take any such action in connection with the transfer, resale or other disposition of such Stock by a Key Employee.

9.2 Escrow of Shares. Any certificates representing the shares of Stock issued under the Plan shall be issued in the Key Employee's name, but, if the applicable Option Agreement, SAR Agreement or Restricted Stock Agreement (the "Agreements") so provides, the shares of Stock will be held by a custodian designated by the Committee (the "Custodian"). Each applicable Agreement providing for the transfer of shares of Stock to the Custodian shall appoint the Custodian as attorney-in-fact for the Key Employee for the term specified in the applicable Agreement, with full power and authority in the Key Employee's name, place and stead to transfer, assign and convey to the Company any shares of Stock held by the Custodian for such Key Employee, if the Key Employee forfeits the shares of Stock under the terms of the applicable Agreement. During the period that the Custodian holds the shares subject to this Section, the Key Employee will be entitled to all rights, except as provided in the applicable Agreement, applicable to shares of Stock not so held. Subject to Section 8.4 of this Plan, any dividends declared on shares of Stock held by the Custodian will, as the Committee may provide on the applicable Agreement, be paid directly to the Key Employee or, in the alternative, be retained by the Custodian or by the Company until the expiration of the term specified in the applicable Agreement and will then be delivered, together with any proceeds, with the shares of Stock to the Key Employee or to the Company, as applicable.

SECTION 10. LIFE OF PLAN

No Option or SAR or Restricted Stock shall be granted under this Plan after the earlier of

(1) December 31, 2006, in which event this Plan otherwise thereafter shall continue in effect until all outstanding Options (and any related surrender rights) and SARs have been exercised in full or no longer are exercisable and all Restricted Stock grants under this Plan have been forfeited or the forfeiture conditions on the related Stock have been satisfied in full, or

(2) the date on which all of the Stock reserved under Section 3 of this Plan has (as a result of the exercise of all Options (and any related surrender rights) and all SARs granted under this Plan or the satisfaction of the forfeiture conditions on Restricted Stock) been issued or no longer is available for use under this Plan, in which event this Plan also shall terminate on such date.

SECTION 11. ADJUSTMENT

The number of shares of Stock reserved under Section 3 of this Plan, the number of shares of Stock related to Restricted Stock grants under this Plan and any related grant conditions and forfeiture conditions, the number of shares of Stock subject to Options granted under this Plan and the Option Price of such Options and the SAR Grant Value and the number of shares of Stock related to any SAR all shall be adjusted by the Board in an equitable manner to reflect any change in the capitalization of the Company, including, but not limited to, such changes as stock dividends or stock splits. Furthermore, the Board shall have the right to adjust (in a manner which satisfies the requirements of Section 424(a) of the Code) the number of shares of Stock reserved under Section 3 of this Plan, the number of shares of Stock related to Restricted Stock grants under this Plan and any related grant conditions and forfeiture conditions, the number of shares subject to Options granted under this Plan and the Option Price of such Options and the SAR Grant Value and the number of shares of Stock related to any SAR in the event of any corporate transaction described in Section 424(a) of the Code which provides for the substitution or assumption of such Options, SARs or Restricted Stock grants. If any adjustment under this Section 11 would create a fractional share of Stock or a right to acquire a fractional share of Stock, such fractional share shall be disregarded and the number of shares of Stock reserved under this Plan and the number subject to any Options or related to any SARs or Restricted Stock grants under this Plan shall be the next lower number of shares of Stock, rounding all fractions downward. An adjustment made under this Section 11 by the Board shall be conclusive and binding on all affected persons and, further, shall not constitute an increase in the "number of shares reserved under Section 3" within the meaning of Section 13(1) of this Plan.

SECTION 12. CHANGE IN CONTROL

If there is a Change in Control and the Board determines that no adequate provision has been made as part of such Change in Control for either the assumption of the Options, SARs and Related Stock grants outstanding under this Plan or for the granting of comparable,

substitute stock options, stock appreciation rights and restricted stock grants, (1) each outstanding Option and SAR at the direction and discretion of the Board (a) may (subject to such conditions, if any, as the Board deems appropriate under the circumstances) be cancelled unilaterally by the Company in exchange for the number of whole shares of Stock (and cash in lieu, of a fractional share), if any, which each Key Employee would have received if on the date set by the Board he or she had exercised his or her SAR in full or if he or she had exercised a right to surrender his or her outstanding Option in full under Section 7.11 of this Plan or (b) may be cancelled unilaterally by the Company if the Option Price or SAR Share Value equals or exceeds the Fair Market Value of a share of Stock on such date and (2) the grant conditions, if any, and forfeiture conditions on all outstanding Restricted Stock grants may be deemed completely satisfied on the date set by the Board.

SECTION 13. AMENDMENT OR TERMINATION

This Plan may be amended by the Board from time to time to the extent that the Board deems necessary or appropriate; provided, however, that any such amendment may be conditioned on shareholder approval if the Committee determines such approval is necessary or advisable for securities of tax purposes. The Board also may suspend the granting of Options, SARs and Restricted Stock under this Plan at any time and may terminate this Plan at any time; provided, however, the Company shall not have the right to modify, amend or cancel any Option, SAR or Restricted Stock granted before such suspension or termination unless (1) the Key Employee consents in writing to such modification, amendment or cancellation or (2) there is a dissolution or liquidation of the Company or a transaction described in Section 11 or Section 12 of this Plan.

SECTION 14. MISCELLANEOUS

14.1 Shareholder Rights. No Key Employee shall have any rights as a shareholder of the Company as a result of the grant of an Option or a SAR under this Plan or his or her exercise of such Option or SAR pending the actual delivery of the Stock subject to such Option to such Key Employee, subject to Section 8.4, a Key Employee's rights as a shareholder in the shares of Stock related to a Restricted Stock grant which is effective shall be set forth in the related Restricted Stock Agreement.

14.2 No Contract of Employment. The grant of an Option, SAR or Restricted Stock to a Key Employee under this Plan shall not constitute a contract of employment and shall not confer on a Key Employee any rights upon his or her termination of employment in addition to those rights, if any, expressly set forth in the Option Agreement which evidences his or her Option, the SAR Agreement which evidences his or her SAR or the Restricted Stock Agreement related to his or her Restricted Stock.

14.3 Withholding. The Company shall deduct from all cash distributions under the Plan any taxes required to be withheld by federal, state or local government. Whenever the Company proposes or is required to issue or transfer shares of Stock under the Plan, the Company shall have the right to require the recipient to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such shares. A Key Employee may pay the withholding tax in cash, or, if the applicable Option Agreement, SAR Agreement or Restricted Stock Agreement provides, a Key Employee may elect to have the number of shares of Stock he is to receive reduced by the smallest number of whole shares of Stock which, when multiplied by the Fair Market Value of the shares of Stock determined as of the Tax Date (defined below), is sufficient to satisfy federal, state and local if any, withholding taxes arising from exercise or payment of a grant under this Plan (a "Withholding Election"); A Key Employee may make a Withholding Election only if both the following conditions are met:

(a) The Withholding Election must be made on or prior to the date on which the amount of tax required to be withheld is determined (the "Tax Date") by executing and delivering to the Company a properly completed notice of Withholding Election as prescribed by the Committee; and

(b) Any Withholding Election made will be irrevocable except on six months advance written notice delivered to the Company; however, the Committee may in its sole discretion disapprove and give no effect to the Withholding Election.

14.4 Construction. This Plan shall be construed under the laws of the State of Georgia, to the extent not preempted by federal law, without reference to the principles of conflict of laws.

14.5 Cash Awards. The Committee may, at any time and in its discretion, grant to any holder of an incentive granted under this Plan the right to receive, at such times and in such amounts as determined by the Committee in its discretion, a cash amount which is intended to reimburse such person for all or a portion of the federal, state and local income taxes imposed upon such a person as a consequence of the receipt of the incentive granted under this Plan or the exercise of rights thereunder.

14.6 Compliance with Code. All ISOs to be granted hereunder are intended to comply with Code Section 422, and all provisions of the Plan and all ISOs granted hereunder shall be construed in such manner as to effectuate that intent.

14.7 Non-alienation of Benefits. Other than as specifically provided with regard to the death of a Key Employee, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge; and any attempt to do so shall be void. No such benefit shall, prior to receipt by the Key Employee, be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the Key Employee.

14.8 Listing and Legal Compliance. The Committee may suspend the exercise or payment of any incentive granted under this Plan so long as it determines that securities exchange listing or registration or qualification under any securities laws is required in connection therewith and has not been completed on terms acceptable to the Committee.

14.9 Effective Date of Plan. The Plan shall become effective upon the date the Plan is approved by the stockholders of the Company.

HUGHES SUPPLY, INC.

By: /s/ J. Stephen Zepf

J. Stephen Zepf

Title: Treasurer and Chief Financial Officer

ATTEST:

By: /s/ Benjamin P. Butterfield

Title: Secretary and General Counsel

{CORPORATE SEAL}

BRIDGE REVOLVING CREDIT AGREEMENT

Dated as of November 30, 1999

By And Among

HUGHES SUPPLY, INC.

AND

SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION,

King & Spalding
191 Peachtree Street, N.E.
Atlanta, Georgia 30303
Attn: G. Lemuel Hewes
(404) 572-4600

TABLE OF CONTENTS

Article I.	DEFINITIONS; CONSTRUCTION.....	1
Section 1.01	Definitions.....	1
Section 1.02	Accounting Terms and Determination.....	11
Section 1.03	Other Definitional Terms.....	11
Section 1.04	Exhibits and Schedules.....	11
Article II.	REVOLVING LOAN COMMITMENT.....	12
Section 2.01	Revolving Loan Commitment, Use of Proceeds.....	12
Section 2.02	Revolving Note; Repayment of Principal.....	12
Section 2.03	Voluntary Reduction of Revolving Loan Commitment.....	13
Article III.	GENERAL LOAN TERMS.....	13
Section 3.01	Funding Notices.....	13
Section 3.02	Disbursement of Funds.....	14
Section 3.03	Interest.....	14
Section 3.04	Interest Periods.....	15
Section 3.05	Fees.....	16
Section 3.06	Voluntary Prepayments of Borrowings.....	16
Section 3.07	Payments, etc.....	16
Section 3.08	Interest Rate Not Ascertainable, etc.....	18
Section 3.09	Illegality.....	18
Section 3.10	Increased Costs.....	18
Section 3.11	Lending Offices.....	20
Section 3.12	Funding Losses.....	20
Section 3.13	Assumptions Concerning Funding of Eurodollar Advances.....	20
Section 3.14	Capital Adequacy.....	20
Section 3.15	Benefits to Guarantors.....	21
Section 3.16	Limitation on Certain Payment Obligations.....	21
Article IV.	CONDITIONS TO BORROWINGS.....	22
Section 4.01	Conditions Precedent to Initial Revolving Loans.....	22
Section 4.02	Conditions to All Revolving Loans.....	23
Article V.	REPRESENTATIONS AND WARRANTIES.....	24
Article VI.	COVENANTS.....	24
Article VII.	EVENTS OF DEFAULT.....	25
Section 7.01	Payments.....	26
Section 7.02	Other Covenants.....	26
Section 7.03	Representations.....	26
Section 7.04	Defaults under Syndicated Revolving Credit Agreement.....	26
Section 7.05	Bankruptcy.....	26
Section 7.06	Default Under Other Credit Documents.....	27
Article VIII.	MISCELLANEOUS.....	27
Section 8.01	Notices.....	27
Section 8.02	Amendments, Etc.....	27
Section 8.03	No Waiver, Remedies Cumulative.....	28
Section 8.04	Payment of Expenses, Etc.....	28
Section 8.05	Right of Setoff.....	29
Section 8.06	Benefit of Agreement.....	29
Section 8.07	Governing Law; Submission to Jurisdiction.....	32
Section 8.08	Counterparts.....	33
Section 8.09	Effectiveness; Survival.....	33
Section 8.10	Severability.....	33
Section 8.11	Independence of Covenants.....	33

Section 8.12	Change in Accounting Principles, Fiscal Year or Tax Laws.....	34
Section 8.13	Headings Descriptive, Entire Agreement.....	34
Section 8.14	Time is of the Essence.....	34
Section 8.15	Usury.....	34
Section 8.16	Construction.....	34
Section 8.17	Waiver of Effect of Corporate Seal.....	35

EXHIBITS

Exhibit A	Form of Revolving Note
Exhibit B	Form of Guaranty Agreement
Exhibit C	Form of Closing Certificate

BRIDGE REVOLVING CREDIT AGREEMENT

THIS BRIDGE REVOLVING CREDIT AGREEMENT, dated as of November 30, 1999 (the "Agreement") by and among HUGHES SUPPLY, INC. ("Borrower"), a Florida corporation, and SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION (together with its successors and assigns, the "Lender"), a national banking association.

W I T N E S S E T H:

WHEREAS, Borrower has requested that the Lender establish a \$50,000,000 revolving credit facility in favor of Borrower, and subject to the terms and conditions contained herein, the Lender is willing to establish such revolving credit facility in favor of Borrower subject to the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the mutual covenants made herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Article I.

DEFINITIONS; CONSTRUCTION

Section 1.01 Definitions. As used in this Agreement, and in any instrument, certificate, document or report delivered pursuant hereto, the following terms shall have the following meanings (to be equally applicable to both the singular and plural forms of the term defined):

"Adjusted LIBO Rate" shall mean with respect to each Interest Period for a Eurodollar Advance, the rate obtained by dividing (A) LIBOR for such Interest Period by (B) a percentage equal to 1 minus the then stated maximum rate (stated as a decimal) of all reserves requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) applicable to any member bank of the Federal Reserve System in respect of Eurodollar liabilities as defined in Regulation D (or against any successor category of liabilities as defined in Regulation D). The Lender shall promptly notify the Borrower of any such reserve requirements that become applicable.

"Advance" shall mean an advance hereunder (or conversion or continuation thereof) consisting of a portion of the Revolving Loans made (or continued or converted) at the same time, of the same Type and, in the case of Eurodollar Advances, for the same Interest Period, which shall be made and outstanding as a Base Rate Advance or Eurodollar Advance, as the case may be.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by, or under common control with, such Person, whether through the ownership of

voting securities, by contract or otherwise. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by", and "under common control with") as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person.

"Agreement" shall mean this Bridge Revolving Credit Agreement, either as originally executed or as it may be from time to time supplemented, amended, restated, renewed or extended and in effect.

"Applicable Margin" shall mean the percentage designated below based on Borrower's Leverage Ratio for the most recently ended fiscal quarter for which financial statements have been delivered pursuant to Section 6.07(a) or (b) of the Syndicated Revolving Credit Agreement:

Leverage Ratio	Applicable Margin for Revolving Loan Commitment:
Less than 0.4: 1.0	0.25%
Greater than or equal to 0.4: 1.0 but less than 0.45: 1.0	0.325%
Greater than or equal to 0.45: 1.0 but less than 0.5: 1.0	0.55%
Greater than or equal to 0.5: 1.0 but less than 0.55: 1.0	0.625%
Greater than or equal to 0.55:1.0	0.825%

provided, however, that:

(a) The Applicable Margin in effect as of the date of execution and delivery of this Agreement is .625%, and such percentage shall remain in effect until such time as the Applicable Margin may be adjusted as hereinafter provided; and

(b) Adjustments, if any, to the Applicable Margin based on changes in the ratios set forth above shall be made and become effective (i) on the first day of the fiscal quarter immediately following delivery of the financial statements required pursuant to Section 6.07(b) of the Syndicated Revolving Credit Agreement, and (ii) on the first day of the second fiscal quarter immediately following the last day of any fiscal year of Borrower.

(c) Notwithstanding the foregoing, at any time during which Borrower has failed to deliver the financial statements and certificates when required by Section 6.07(a) and (b) of the Syndicated Revolving Credit Agreement, as the case may be, the Applicable Margin shall be 0.825% until such time as the delinquent financial statements are delivered at which time the Applicable Margin shall be reset as provided above.

"Asbestos Laws" means the common law in all federal, state and local and foreign jurisdictions and other laws in such jurisdictions, and regulations, codes, orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder, now or hereafter in affect relating to or concerning asbestos or asbestos-containing material, including without limitation, exposure to asbestos or asbestos-containing material.

"Bankruptcy Code" shall mean The Bankruptcy Code of 1978, as amended and in effect from time to time (11 U.S.C.ss. 101 et seq..).

"Base Rate" shall mean (with any change in the Base Rate to be effective as of the date of change of either of the following rates) the higher of (a) the rate which the Lender designates from time to time to be its prime lending rate, as in effect from time to time, and (b) the Federal Funds Rate, as in effect from time to time, plus one-half of one percent (0.50%) per annum. The Lender's prime lending rate is a reference rate and does not necessarily represent the lowest or best rate charged to customers; Lender may make commercial loans or other loans at rates of interest at, above or below the Lender's prime lending rate.

"Base Rate Advance" shall mean an Advance bearing interest based on the Base Rate.

"Business Day" shall mean, with respect to Eurodollar Loans, any day other than a day on which commercial banks are closed or required to be closed for domestic and international business, including dealings in Dollar deposits on the London interbank market, and with respect to all other Revolving Loans and matters, any day other than Saturday, Sunday and a day on which commercial banks are required to be closed for business in Atlanta, Georgia or Orlando, Florida.

"Capitalized Lease Obligations" shall mean all lease obligations which have been or are required to be, in accordance with GAAP, capitalized on the books of the lessee.

"CERCLA" has the meaning set forth in Section 5.15(a) of the Syndicated Revolving Credit Agreement Agreement.

"Closing Date" shall mean the date on or before November 30, 1999, on which the initial Revolving Loans are made and the conditions set forth in Section 4.01 are satisfied or waived in accordance with Section 8.02.

"Consolidated Companies" shall mean, collectively, Borrower and all of its Subsidiaries.

"Consolidated EBITR" shall mean, for any fiscal period of the Borrower, an amount equal to Consolidated Net Income (Loss) for such period, plus, to the extent deducted in determining Consolidated Net Income (Loss), (i) Consolidated Tax Expense for such period, (ii)

Consolidated Interest Expense for such period, and (iii) Consolidated Rental Expense for such period.

"Consolidated Interest Expense" shall mean, for any fiscal period of Borrower, total interest expense (including without limitation, interest expense attributable to capitalized leases in accordance with the GAAP and any program costs incurred by Borrower in connection with sales of accounts receivable pursuant to a securitization program) of the Consolidated Companies for such period, determined on a consolidated basis.

"Consolidated Net Income (Loss)" shall mean, for any fiscal period of Borrower, the net income (or loss) of the Consolidated Companies for such period (taken as a single accounting period) determined on a consolidated basis in conformity with GAAP; provided that there shall be excluded therefrom (i) any items of gain or loss which were included in determining such Consolidated Net Income and were not realized in the ordinary course of business or the result of a sale of assets other than in the ordinary course of business; and (ii) the income (or loss) of any party accrued prior to the date such becomes a Subsidiary of Borrower or is merged into or consolidated with Borrower or any of its Subsidiaries, or such party's assets are acquired by any Consolidated Company, unless such party is acquired in a transaction accounted for as a pooling of interests.

"Consolidated Net Worth" shall mean as of the date of determination, the Borrower's total shareholder's equity as of such date as determined in accordance with GAAP.

"Consolidated Rental Expense" shall mean, for any fiscal period of Borrower, total operating lease expense of the Consolidated Companies for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated Tax Expense" shall mean, for any fiscal period of the Borrower, tax expense of the Consolidated Companies for such period determined on a consolidated basis in accordance with GAAP.

"Contractual Obligation" of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property owned by it is bound.

"Credit Documents" shall mean, collectively, this Agreement, the Revolving Note, the Guaranty Agreements, and all other Guaranty Documents, if any.

"Credit Parties" shall mean, collectively, each of Borrower, the Guarantors, and every other Person who, from time to time, executes a Credit Document with respect to all or any portion of the Obligations.

"Default" shall mean any condition or event which, with notice or lapse of time or both, would constitute an Event of Default.

"Dollar" and "U.S. Dollar" and the sign "\$" shall mean lawful money of the United States of America.

"Eligible Assignee" shall mean (i) a commercial bank organized under the laws of the United States of America, or any state thereof, or organized under the laws of any other country with a Lending Office in the United States of America, having total assets in excess of \$1,000,000,000 or any commercial finance or asset based lending Affiliate of any such commercial bank and (ii) any Affiliate of the Lender.

"Environmental Laws" shall mean all federal, state, local and foreign statutes and codes or regulations, rules or ordinances issued, promulgated, or approved thereunder, now or hereafter in effect (including, without limitation, Asbestos Laws), relating to pollution or protection of the environment and relating to public health and safety, relating to (i) emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial toxic or hazardous constituents, substances or wastes, including without limitation, any Hazardous Substance, petroleum including crude oil or any fraction thereof, any petroleum product or other waste, chemicals or substances regulated by any Environmental Law into the environment (including without limitation, ambient air, surface water, ground water, land surface or subsurface strata), or (ii) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of any Hazardous Substance, petroleum including crude oil or any fraction thereof, any petroleum product or other waste, chemicals or substances regulated by any Environmental Law, and (iii) underground storage tanks and related piping, and emissions, discharges and releases or threatened releases therefrom, such Environmental Laws to include, without limitation (i) the Clean Air Act (42 U.S.C.ss.7401 et seq.), (ii) the Clean Water Act (33 U.S.C.ss.1251 et seq.), (iii) the Resource Conservation and Recovery Act (42 U.S.C.ss. 6901 et seq.), (iv) the Toxic Substances Control Act (15 U.S.C.ss.2601 et seq.) and (v) the Comprehensive Environmental Response Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C.ss. 9601 et seq.).

"Eurodollar Advance" shall mean an Advance bearing interest based on the Adjusted LIBO Rate.

"Eurodollar Loan" shall mean any Revolving Loan hereunder which bears interest based on the Adjusted LIBO Rate.

"Event of Default" shall have the meaning set forth in Article VIII.

"Executive Officer" shall mean with respect to any Person (other than a Guarantor), the President, Vice Presidents, Chief Financial Officer, Treasurer, Secretary and any Person holding comparable offices or duties, and with respect to a Guarantor, the President.

"Facility" or "Facilities" shall mean the Revolving Loan Commitment and Revolving Loans.

"Federal Funds Rate" shall mean for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of Atlanta, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Lender from three Federal funds brokers of recognized standing selected by the Lender.

"Fee Letter" shall mean that certain letter agreement, dated as of November 30, 1999, executed by the Lender and acknowledged and agreed to by the Borrower, pursuant to which the Borrower has agreed to pay certain fees set forth in such letter agreement.

"Fees" shall mean, collectively, any and all fees specified in the Fee Letter.

"Final Maturity Date" shall mean the date on which all Commitments have been terminated and all amounts outstanding under this Agreement have been declared or have automatically become due and payable pursuant to the provisions of Article VIII.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"Guaranteed Indebtedness" shall mean, as to any Person, any obligation of such Person guaranteeing any indebtedness, lease, dividend, or other obligation ("primary obligation") of any other Person (the "primary obligor") in any manner including, without limitation, any obligation or arrangement of such Person (a) to purchase or repurchase any such primary obligation, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet condition of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) to indemnify the owner of such primary obligation against loss in respect thereof.

"Guarantors" shall mean, collectively, each Material Subsidiary of the Borrower that has executed the Guaranty Agreement as of the Closing Date, together with all other Material Subsidiaries that hereafter execute supplements to the Guaranty Agreement, and their respective successors and permitted assigns.

"Guaranty Agreement" shall mean the Subsidiary Guaranty Agreement substantially in the form of Exhibit B attached hereto, dated as of the date hereof, executed by

certain of Borrower's Subsidiaries in favor of the Lender, as the same may be amended, restated or supplemented from time to time.

"Guaranty Documents" shall mean, collectively, the Guaranty Agreement, and each other guaranty agreement, mortgage, deed of trust, security agreement, pledge agreement, or other security or collateral document guaranteeing or securing the Obligations, as the same may be amended, restated, or supplemented from time to time.

"Hazardous Substances" has the meaning assigned to that term in CERCLA.

"Indebtedness" of any Person shall mean, without duplication (i) all obligations of such Person which in accordance with GAAP would be shown on the balance sheet of such Person as a liability (including, without limitation, obligations for borrowed money and for the deferred purchase price of property or services, and obligations evidenced by bonds, debentures, notes or other similar instruments); (ii) all Guaranteed Indebtedness of such Person (including contingent reimbursements obligations under undrawn financial letters of credit but not performance letters of credit) (iii) all Capitalized Lease Obligations; (iv) all Indebtedness of others secured by any Lien upon property owned by such Person, whether or not assumed; and (v) all obligations or other liabilities under currency contracts, interest rate contracts, interest rate protection agreements, or similar agreements or combinations thereof. Notwithstanding the foregoing, in determining the Indebtedness of any Person, there shall be included all obligations of such Person of the character referred to in clauses (i) through (v) above deemed to be extinguished under GAAP but for which such Person remains legally liable except to the extent that such obligations (x) have been defeased in accordance with the terms of the applicable instruments governing such obligations and (y) the accounts or other assets dedicated to such defeasance are not included as assets on the balance sheet of such Person.

"Interest Period" shall mean, with respect to Eurodollar Advances, the period of 30, 60, 90, 120, 150 or 180 days selected by the Borrower, pursuant to the terms of the credit facility and subject to customary adjustments in duration; provided, that (a) the first day of an Interest Period must be a Business Day, (b) any Interest Period that would otherwise end on day that is not a Business Day for Eurodollar Loans shall be extended to the next succeeding Business Day for Eurodollar Loans, unless such Business Day falls in the next calendar month, in which case the Interest Period shall end on the next preceding Business Day for Eurodollar Loans, and (c) Borrower may not elect an Interest Period that would extend beyond the Revolving Loan Termination Date.

"Lender" shall mean SunTrust Bank, Central Florida, National Association, a national bank, and each assignee thereof, if any, pursuant to Section 8.06.

"Lending Office" shall mean the office Lender may designate in writing from time to time to Borrower with respect to each Type of Revolving Loan.

"Leverage Ratio" shall mean, as of any date of determination, the ratio of Total Funded Debt as of such date to Total Capitalization as of such date.

"LIBOR" shall mean, for any Interest Period, the offered rates for deposits in U.S. Dollars for a period comparable to the Interest Period appearing on the Telerate Page 3750, as of 11:00 A.M. London time on the day that is two business days prior to the Interest Period. If at least two such rates appear on the Telerate Page 3750, the rate for that Interest Period will be the arithmetic mean of such rates, rounded, if necessary, to the next higher 1/16 of 1.0%. If the foregoing rate is unavailable from the Telerate Page 3750 for any reason, then such rate shall be determined by the Lender from the Reuters Screen LIBOR Page, or if such rate is also unavailable on such service, then on any other interest rate reporting service of recognized standing designated in writing by the Lender to Borrower; in any such case rounded, if necessary, to the next higher 1/16 of 1.0%, if the rate is not such a multiple.

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind or description and shall include, without limitation, any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any capital lease in the nature thereof including any lease or similar arrangement with a public authority executed in connection with the issuance of industrial development revenue bonds or pollution control revenue bonds, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction.

"Materially Adverse Effect" shall mean the occurrence of an event, which would (i) cause the recognition of a liability, as required by Statement of Financial Accounting Standard No. 5, in the current quarter financial statements in the amount of \$15,000,000 or more, or (ii) cause an auditor to have a substantial doubt about the ability of Borrower to continue as a going concern after consideration of management's plans as described in Statement of Auditing Standards, No. 50.

"Material Subsidiary" shall mean each Subsidiary of Borrower, now existing or hereinafter established or acquired, that at any time prior to the Final Maturity Date, 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 Borrower on a consolidated basis during any of the three most recently completed fiscal years of Borrower.

"Notice of Borrowing" shall have the meaning provided in Section 3.01 hereof

"Notice of Continuation/Conversion" shall have the meaning provided in Section 3.01 hereof.

"Obligations" shall mean all amounts owing to the Lender pursuant to the terms of this Agreement or any other Credit Document, including without limitation, all Revolving Loans (including all principal and interest payments due thereunder), fees, expenses, indemnification and reimbursement obligations, payments, indebtedness, liabilities, and obligations of the Credit Parties, direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising, together with all renewals, extensions, modifications or refinancings thereof

"Payment Office" shall mean the "Payment Office" listed on the Lender's signature page to this Agreement.

"Person" shall mean and shall include an individual, a partnership, a joint venture, a corporation, a trust, an unincorporated association, a government or any department or agency thereof and any other entity whatsoever.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time.

"Requirement of Law" for any Person shall mean the articles or certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation, or determination of an arbitrator or a court or other governmental authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Reuters Screen" shall mean, when used in connection with any designated page and LIBOR, the display page so designated on the Reuter Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying rates comparable to LIBOR).

"Revolving Loans" or "Loans" shall mean, collectively, the revolving credit loans made to Borrower by the Lender pursuant to Section 2.01 hereof.

"Revolving Loan Commitment" or "Commitment" shall mean, at any time, the amount of such commitment set forth opposite Lender's name on the signature page hereof or in any assignment hereafter executed by any assignee of Lender pursuant to Section 8.06, as the same may be increased or decreased from time to time as a result of any reduction thereof pursuant to Section 2.03, any assignment thereof pursuant to Section 8.06, or any amendment thereof pursuant to Section 8.02.

"Revolving Loan Termination Date" shall mean the earlier of (i) May 31, 2000 and (ii) the date on which the Revolving Loan Commitment is terminated in accordance with Article VIII.

"Revolving Note" or "Note" shall mean a promissory note evidencing Revolving Loans in the form attached hereto as Exhibit A, either as originally executed or as the same may be from time to time supplemented, modified, amended, renewed or extended.

"Subsidiary" shall mean, with respect to any Person, any corporation or other entity (including, without limitation, partnerships, joint ventures, and associations) regardless of its jurisdiction of organization or formation, at least a majority of the total combined voting power of all classes of voting stock or other ownership interests of which shall, at the time as of which any determination is being made, be owned by such Person, either directly or indirectly through one or more other Subsidiaries.

"Syndicated Revolving Credit Agreement" shall mean that certain Revolving Credit Agreement, dated as of January 26, 1999, by and among Borrower, SunTrust Bank, Central Florida, National Association, as Administrative Agent, First Union National Bank, as Documentation Agent, Bank of America, N.A., formerly known as NationsBank N.A., as Syndication Agent, SouthTrust Bank, National Association, as Co-Agent, and the banks and lending institutions from time to time parties thereto, as amended by the First Amendment to Revolving Credit Agreement, dated as of September 29, 1999, as so amended and as from time to time amended, restated, modified or supplemented hereinafter.

"Syndicated Line of Credit Agreement" shall mean that certain Line of Credit Agreement, dated as of January 26, 1999, by and among Borrower, SunTrust Bank, Central Florida, National Association, as Administrative Agent, First Union National Bank, as Documentation Agent, Bank of America, N.A., formerly known as NationsBank N.A., as Syndication Agent, SouthTrust Bank, National Association, as Co-Agent, and the banks and lending institutions from time to time parties thereto, as amended by the First Amendment to Line of Credit Agreement, dated as of September 29, 1999, as so amended and as from time to time amended, restated, modified or supplemented hereinafter.

"Tax Code" shall mean the Internal Revenue Code of 1986, as amended and in affect from time to time.

"Taxes" shall mean any present or future taxes, levies, imposts, duties, fees, assessments, deductions, withholdings or other charges of whatever nature, including without limitation, income, receipts, excise, property, sales, transfer, license, payroll, withholding, social security and franchise taxes now or hereafter imposed or levied by the United States of America, or any state, local or foreign government or by any department, agency or other political subdivision or taxing authority thereof or therein and all interest, penalties, additions to tax and similar liabilities with respect thereto.

"Telerate" shall mean, when used in connection with any designated page and "LIBOR," the display page so designated on the Dow Jones Telerate Service (or such other page as may replace that page on that service for the purpose of displaying rates comparable to "LIBOR").

"Total Capitalization" shall mean, as of any date of determination, the sum of (i) Total Funded Debt plus (ii) Consolidated Net Worth as of such date.

"Total Funded Debt" shall mean all Indebtedness of the Consolidated Companies that by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, one year or more from, or is directly or indirectly renewable or extendable at the option of the debtor to a date one year or more (including an option of the debtor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more) from, the date of the creation thereof, provided that Total Funded Debt shall include, as at any date of determination, any portion of

such Indebtedness outstanding on such date which matures on demand or within one year from such date (whether by sinking fund, other required prepayment, or final payment at maturity) and shall also include all Indebtedness of the Consolidated Companies for borrowed money under a line of credit, guidance line, revolving credit, bankers acceptance facility or similar arrangement for borrowed money, including, without limitation, all unpaid drawings under letters of credit and unreimbursed amounts pursuant to letter of credit reimbursement agreements, regardless of the maturity date thereof.

"Type" of Advance shall mean either a Base Rate Advance or Eurodollar Advance, as the case may be.

"United States of America" shall mean the fifty (50) States and the District of Columbia

Section 1.02 Accounting Terms and Determination. Unless otherwise defined or specified herein, all accounting terms shall be construed herein, all accounting determinations hereunder shall be made, all financial statements required to be delivered hereunder shall be prepared, and all financial records shall be maintained in accordance with, GAAP.

Section 1.03 Other Definitional Terms. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Article, Section, Schedule, Exhibit and like references are to this Agreement unless otherwise specified.

Section 1.04 Exhibits and Schedules. All Exhibits and Schedules attached hereto are by reference made a part hereof.

Article II.

REVOLVING LOAN COMMITMENT

Section 2.01 Revolving Loan Commitment, Use of Proceeds.

(a) Subject to and upon the terms and conditions herein set forth, the Lender severally agrees to make to Borrower from time to time on and after the Closing Date, but prior to the Revolving Loan Termination Date, Revolving Loans in an aggregate amount outstanding at any time not to exceed the Revolving Loan Commitment. Borrower shall be entitled to repay and reborrow Revolving Loans in accordance with the provisions hereof.

(b) Each Revolving Loan shall, at the option of Borrower, be made or continued as, or converted into, part of one or more Base Rate Advances or Eurodollar Advances. The aggregate principal amount of each Eurodollar Advance shall not be less than \$5,000,000 or a greater integral multiple of \$1,000,000. The aggregate principal amount of each Base Rate Advance shall not be less than \$1,000,000 or a greater integral multiple of \$1,000,000. At no time shall the number of Advances outstanding under this Article II exceed ten; provided that, for the purpose of determining the number of Advances outstanding and the minimum amount for Advances resulting from conversions or continuations, all Base Rate Advances under this Facility shall be considered as one Advance. The parties hereto agree that (i) the aggregate principal balance of the Revolving Loans shall not exceed the aggregate principal amount of the Revolving Loan Commitment and (ii) the Lender shall not be obligated to make Revolving Loans in excess of the Revolving Loan Commitment.

(c) The proceeds of Revolving Loans shall be used solely to fund the working capital needs of the Borrower and its Subsidiaries and for general corporate purposes.

Section 2.02 Revolving Note; Repayment of Principal.

(a) Borrower's obligations to pay the principal of, and interest on, the Revolving Loans to the Lender shall be evidenced by the records of the Lender and by the Revolving Note payable to the Lender (or the assignor of the Lender) completed in conformity with this Agreement.

(b) All outstanding principal amounts under the Revolving Loans shall be due and payable in full at the earlier of (i) the Revolving Loan Termination Date or (ii) acceleration of the indebtedness as provided in Article VIII.

Section 2.03 Voluntary Reduction of Revolving Loan Commitment. Upon at least three (3) Business Days' prior telephonic notice (promptly confirmed in writing) to the

Lender, Borrower shall have the right, without premium or penalty, to terminate the Revolving Loan Commitment, in part or in whole, provided that (i) any partial termination pursuant to this Section 2.03 shall be in an amount of at least \$5,000,000 and integral multiples of \$1,000,000, and (ii) no such reduction shall be permitted if prohibited or without payment of all costs required to be paid hereunder with respect to a prepayment. If the aggregate outstanding amount of the Revolving Loans exceeds the amount of the Revolving Loan Commitment as so reduced, Borrower shall immediately repay the Revolving Loans by an amount equal to such excess, together with all accrued but unpaid interest on such excess amount and any amounts due under Section 3.12 hereof

Article III.

GENERAL LOAN TERMS

Section 3.01 Funding Notices.

(a) (i) Whenever Borrower desires to borrow a Revolving Loan under its Revolving Loan Commitment (other than one resulting from a conversion or continuation pursuant to Section 3.01(b)), it shall give the Lender prior written notice (or telephonic notice promptly confirmed in writing) of such requested Revolving Loan (a "Notice of Borrowing") at its Payment Office; such Notice of Borrowing to be given prior to (x) 11:00 A.M. (local time for the Lender) one (1) Business Day prior to the requested date if such Revolving Loan will consist of Base Rate Advances and (y) 11:00 A.M. (local time for the Lender) three (3) Business Days prior to the requested date if such Revolving Loan will consist of Eurodollar Advances. Notices received after 11:00 A.M. shall be deemed received on the next Business Day. Each Notice of Borrowing shall be irrevocable and shall specify the aggregate principal amount of such Revolving Loan, the date on which such Revolving Loan will be borrowed (which shall be a Business Day), and whether such Revolving Loan will consist of Base Rate Advances or Eurodollar Advances and (in the case of Eurodollar Advances) the Interest Period to be applicable thereto.

(b) Whenever Borrower desires to convert all or a portion of any outstanding Base Rate Advances into one or more Eurodollar Advances or to continue outstanding a Eurodollar Advance for a new Interest Period, it shall give the Lender at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each such Advance to be converted into or continued as Eurodollar Advances. Such notice (a "Notice of Continuation/Conversion") shall be given prior to 11:00 A.M. (local time for the Lender) on the date specified at the Payment Office of the Lender. Each such Notice of Continuation/Conversion shall be irrevocable and shall specify the aggregate principal amount of the Advances to be converted or continued, the date of such conversion or continuation and the Interest Period applicable thereto. If, upon the expiration of any Interest Period in respect of any Eurodollar Advance, Borrower shall have failed to deliver the Notice of Continuation/Conversion, Borrower shall be deemed

to have elected to convert or continue such Eurodollar Advance to a Base Rate Advance. So long as any Executive Officer of Borrower has knowledge that any Default or Event of Default shall have occurred and be continuing, no Advances may be converted into or continued as (upon expiration of the current Interest Period) Eurodollar Advances unless the Lender shall have otherwise consented in writing. No conversion of any Eurodollar Advances shall be permitted except on the last day of the Interest Period in respect thereof.

(c) Without in any way limiting Borrower's obligation to confirm in writing any telephonic notice, the Lender may act without liability upon the basis of telephonic notice believed by the Lender in good faith to be from Borrower prior to receipt of written confirmation. In each such case, Borrower hereby waives the right to dispute the Lender's record of the terms of such telephonic notice.

Section 3.02 Disbursement of Funds. No later than 11:00 A.M. (local time for the Lender) on the date each Revolving Loan is borrowed (other than one resulting from a conversion or continuation pursuant to Section 3.01(b)), the Lender will make available the amount of such Revolving Loan in immediately available funds by crediting such amount to Borrower's demand deposit account maintained with the Lender or at Borrower's option, to effect a wire transfer of such amounts to Borrower's account specified by the Borrower, by the close of business on such Business Day.

Section 3.03 Interest.

(a) Borrower agrees to pay interest in respect of all unpaid principal amounts of the Revolving Loans from the respective dates such principal amounts were advanced to maturity (whether by acceleration, notice of prepayment or otherwise) at rates per annum (on the basis of a 360-day year) equal to the applicable rates indicated below:

(i) For Base Rate Advances--The Base Rate in effect from time to time; and

(ii) For Eurodollar Advances--The relevant Adjusted LIBO Rate plus the Applicable Margin.

(b) Overdue principal and, to the extent not prohibited by applicable law, overdue interest, in respect of the Revolving Loans, and all other overdue amounts owing hereunder, shall bear interest from each date that such amounts are overdue:

(i) in the case of overdue principal and interest with respect to all Revolving Loans outstanding as Eurodollar Advances, at the rate otherwise applicable for the then-current Interest Period plus an additional two percent (2.0%) per annum; thereafter at the rate in effect for Base Rate Advances plus an additional two percent (2.0%) per annum; and

(ii) in the case of overdue principal and interest with respect to all other Revolving Loans outstanding as Base Rate Advances, and all other Obligations hereunder (other than Revolving Loans), at a rate equal to the applicable Base Rate plus an additional two percent (2.0%) per annum;

provided that no Revolving Loan shall bear interest after maturity, whether by non-payment at scheduled due date, acceleration, notice of prepayment or otherwise at a rate per annum less than two percent (2.0%) per annum in excess of the rate of interest applicable thereto at maturity.

(c) Interest on each Revolving Loan shall accrue from and including the date of such Revolving Loan to, but excluding, the date of any repayment thereof; provided that, if a Revolving Loan is repaid on the same day made, one day's interest shall be paid on such Revolving Loan. Interest on all outstanding Base Rate Advances shall be payable quarterly in arrears on the last calendar day of each fiscal quarter of Borrower in each year. Interest on all outstanding Eurodollar Advances shall be payable on the last day of each Interest Period applicable thereto, and, in the case of Eurodollar Advances having an Interest Period in excess of 90 days, on each day which occurs every 90 days, as the case may be, after the initial date of such Interest Period and on the last day of such Interest Period. Interest on all Revolving Loans shall be payable on any conversion of any Advances comprising such Revolving Loans into Advances of another Type, prepayment (on the amount prepaid), at maturity (whether by acceleration, notice of prepayment or otherwise) and, after maturity, on demand.

(d) The Lender, upon determining the Adjusted LIBO Rate for any Interest Period, shall promptly notify Borrower by telephone (confirmed in writing) or in writing. Any such determination shall, absent manifest error, be final, conclusive and binding for all purposes.

Section 3.04 Interest Periods. In connection with the making or continuation of, or conversion into, each Eurodollar Advance, Borrower shall select an interest period (each an "Interest Period") to be applicable to such Eurodollar Advance, which Interest Period shall be either a 30, 60, 90, 120, 150 or 180 day period; provided that:

(a) The initial Interest Period for any Eurodollar Advance shall commence on the date of such Advance (including the date of any conversion from an Advance of another Type) and each Interest Period occurring thereafter in respect of such Eurodollar Advance shall commence on the day on which the next preceding Interest Period expires;

(b) If any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day, provided that if any Interest Period in respect of Eurodollar Advances would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(c) Any Interest Period in respect of Eurodollar Advances which begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall, subject to part (d) below, expire on the last Business Day of such calendar month;

(d) No Interest Period shall extend beyond any date upon which any principal payment is due with respect to the Revolving Loans.

Section 3.05 Fees. Borrower shall pay to the Lender the Fees as are specified, and in accordance with, the Fee Letter.

Section 3.06 Voluntary Prepayments of Borrowings.

(a) Borrower may, at its option, prepay Revolving Loans consisting of Base Rate Advances at any time in whole, or from time to time in part, in amounts aggregating \$2,500,000 or any greater integral multiple of \$500,000, by paying the principal amount to be prepaid together with interest accrued and unpaid thereon to the date of prepayment. Those Revolving Loans consisting of Eurodollar Advances may be prepaid, at Borrower's option, in whole, or from time to time in part, in amounts aggregating \$5,000,000 or any greater integral multiple of \$1,000,000, by paying the principal amount to be prepaid, together with interest accrued and unpaid thereon to the date of prepayment and all compensation payments pursuant to Section 3.12 if such prepayment is made on a date other than the last day of an Interest Period applicable thereto. Each such optional prepayment shall be applied in accordance with Section 3.06(c) below.

(b) Borrower shall give written notice (or telephonic notice confirmed in writing) to the Lender of any intended prepayment of (i) Base Rate Advances not less than one Business Day prior to any such prepayments and (ii) Eurodollar Advances not less than three Business Days prior to any such prepayment. Such notice, once given, shall be irrevocable.

(c) Borrower, when providing notice of prepayment pursuant to Section 3.06(b) may designate the Types of Advances which are to be prepaid, provided that, if any prepayment shall reduce an outstanding Eurodollar Advance to an amount less than \$1,000,000, such Eurodollar Advance shall immediately be converted into a Base Rate Advance. All voluntary prepayments shall be applied to the payment of any unpaid interest before application to principal.

Section 3.07 Payments, etc.

(a) Except as otherwise specifically provided herein, all payments under this Agreement and the other Credit Documents shall be made without defense, set-off or counterclaim to the Lender, not later than 2:00 P.M. (local time for the Lender) on the

date when due and shall be made in Dollars in immediately available funds at the respective Payment Office.

(b) All such payments shall be made free and clear of and without deduction or withholding for any Taxes in respect of this Agreement, the Revolving Note or other Credit Documents, or any payments of principal, interest, fees or other amounts payable hereunder or thereunder (but excluding any Taxes imposed on the overall net income of the Lender pursuant to the laws of the jurisdiction in which the principal executive office or appropriate Lending Office of Lender is located). If any Taxes are so levied or imposed, Borrower agrees (A) to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every net payment of all amounts due hereunder and under the Revolving Note and other Credit Documents, after withholding or deduction for or on account of any such Taxes (including additional sums payable under this Section 3.07), will not be less than the full amount provided for herein had no such deduction or withholding been required, (B) to make such withholding or deduction and (C) to pay the full amount deducted to the relevant authority in accordance with applicable law. Borrower will furnish to the Lender, within 30 days after the date the payment of any Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by Borrower. Borrower will indemnify and hold harmless the Lender and reimburse the Lender upon written request for the amount of any Taxes so levied or imposed and paid by the Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or illegally asserted. A certificate as to the amount of such payment by the Lender, absent manifest error, shall be final, conclusive and binding for all purposes.

(c) Subject to Section 3.04(b), whenever any payment to be made hereunder or under the Revolving Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the applicable rate during such extension.

(d) All computations of interest and fees shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed), except that interest on Base Rate Advances shall be computed on the basis of a year of 360 days for the actual number of days. Interest on Base Rate Advances shall be calculated based on the Base Rate from and including the date of such Revolving Loan to but excluding the date of the repayment or conversion thereof. Interest on Eurodollar Advances shall be calculated as to each Interest Period from and including the first day thereof to but excluding the last day thereof.

Section 3.08 Interest Rate Not Ascertainable, etc. In the event that the Lender, in the case of the Adjusted LIBO Rate, shall have determined (which determination shall be made in good faith and, absent manifest error, shall be final, conclusive and binding upon all parties) that on any date for determining the Adjusted LIBO Rate for any Interest Period, by

reason of any changes arising after the date of this Agreement affecting the London interbank market or the Lender's position in such market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Adjusted LIBO Rate then, and in any such event, the Lender shall forthwith give notice (by telephone confirmed in writing) to Borrower of such determination and a summary of the basis for such determination. Until the Lender notifies Borrower that the circumstances giving rise to the suspension described herein no longer exist, the obligations of the Lender to make or permit portions of the Revolving Loans to remain outstanding past the last day of the then current Interest Periods as Eurodollar Advances shall be suspended, and such affected Advances shall bear the same interest as Base Rate Advances.

Section 3.09 Illegality.

(a) In the event that the Lender shall have determined (which determination shall be made in good faith and, absent manifest error, shall be final, conclusive and binding upon all parties) at any time that the making or continuance of any Eurodollar Advance has become unlawful by compliance by the Lender in good faith with any applicable law, governmental rule, regulation, guideline or order (whether or not having the force of law and whether or not failure to comply therewith would be unlawful), then, in any such event, the Lender shall give prompt notice (by telephone confirmed in writing) to Borrower of such determination and a summary of the basis for such determination.

(b) Upon the giving of the notice to Borrower referred to in subsection (a) above, Borrower's right to request and the Lender's obligation to make Eurodollar Advances shall be immediately suspended, and the Lender shall make any requested Eurodollar Advance as a Base Rate Advance, and (ii) if the affected Eurodollar Advance or Advances are then outstanding, Borrower shall immediately, or if permitted by applicable law, no later than the date permitted thereby, upon at least one Business Day's written notice to the Lender, convert each such Advance into an Advance or Advances of a different Type with an Interest Period ending on the date on which the Interest Period applicable to the affected Eurodollar Advances expires.

Section 3.10 Increased Costs.

(a) If, by reason of (x) after the date hereof, the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law or regulation, or (y) the compliance with any guideline or request from any central bank or other governmental authority or quasi-governmental authority exercising control over banks or financial institutions generally (whether or not having the force of law):

(i) the Lender (or its applicable Lending Office) shall be subject to any tax, duty or other charge with respect to its Eurodollar Advances or its obligation to make Eurodollar Advances, or the basis of taxation of payments to the Lender of the principal

of or interest on its Eurodollar Advances or its obligation to make Eurodollar Advances shall have changed (except for changes in the tax on the overall net income of the Lender or its applicable Lending Office imposed by the jurisdiction in which the Lender's principal executive office or applicable Lending Office is located); or

(ii) any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Lender's applicable Lending Office shall be imposed or deemed applicable or any other condition affecting its Eurodollar Advances or its obligation to make Eurodollar Advances shall be imposed on the Lender or its applicable Lending Office or the London interbank market;

and as a result thereof there shall be any increase in the cost to the Lender of agreeing to make or making, funding or maintaining Eurodollar Advances (except to the extent already included in the determination of the applicable Adjusted LIBO Rate for Eurodollar Advances), or there shall be a reduction in the amount received or receivable by the Lender or its applicable Lending Office; then Borrower shall from time to time (subject, in the case of certain Taxes, to the applicable provisions of Section 3.07(b)), upon written notice from and demand by the Lender on Borrower, pay to the Lender within five Business Days after the date of such notice and demand, additional amounts sufficient to indemnify the Lender against such increased cost. A certificate as to the amount of such increased cost, submitted to Borrower in good faith and accompanied by a statement prepared by the Lender describing in reasonable detail the basis for and calculation of such increased cost, shall, except for manifest error, be final, conclusive and binding for all purposes.

(b) If at any time, because of the circumstances described in clauses (x) or (y) in Section 3.11(a) or any other circumstances beyond the Lender's reasonable control arising after the date of this Agreement affecting the Lender or the London interbank market or the United States of America secondary certificate of deposit market or the Lender's position in such markets, the Adjusted LIBO Rate, as determined by the Lender, will not adequately and fairly reflect the cost to the Lender of funding its Eurodollar Advances, then, and in any such event:

(i) the Lender shall forthwith give notice (by telephone confirmed in writing) to Borrower of such advice;

(ii) Borrower's right to request and the Lender's obligation to make or permit portions of the Revolving Loans to remain outstanding past the last day of the then current Interest Periods as Eurodollar Advances shall be immediately suspended; and

(iii) the Lender shall make any requested Eurodollar Advance as a Base Rate Advance.

Section 3.11 Lending Offices. The Lender agrees that, if requested by Borrower, it will use reasonable efforts (subject to overall policy considerations of the Lender) to designate an alternate Lending Office with respect to any of its Eurodollar Advances affected by the matters or circumstances described in Sections 3.07(b), 3.08, 3.09 or 3.10 to reduce the liability of Borrower or avoid the results provided thereunder, so long as such designation is not disadvantageous to the Lender as determined by the Lender, which determination if made in good faith, shall be conclusive and binding on all parties hereto. Nothing in this Section 3.11 shall affect or postpone any of the obligations of Borrower or any right of the Lender provided hereunder.

Section 3.12 Funding Losses. Borrower shall compensate the Lender, upon its written request to Borrower (which request shall set forth the basis for requesting such amounts in reasonable detail and which request shall be made in good faith and, absent manifest error, shall be final, conclusive and binding upon all of the parties hereto), for all losses, expenses and liabilities (including, without limitation, any interest paid by the Lender to lenders of funds borrowed by it to make or carry its Eurodollar Advances, in either case to the extent not recovered by the Lender in connection with the re-employment of such funds and including loss of anticipated profits), which the Lender may sustain: (i) if for any reason (other than a default by the Lender) a borrowing of, or conversion to or continuation of Eurodollar Advances to Borrower does not occur on the date specified therefor in a Notice of Borrowing or Notice of Continuation/Conversion (whether or not withdrawn), (ii) if any repayment (including mandatory prepayments and any conversions pursuant to Section 3.09(b)) of any Eurodollar Advances to Borrower occurs on a date which is not the last day of an Interest Period applicable thereto, or (iii), if, for any reason, Borrower defaults in its obligation to repay its Eurodollar Advances when required by the terms of this Agreement.

Section 3.13 Assumptions Concerning Funding of Eurodollar Advances. Calculation of all amounts payable to the Lender under this Article III shall be made as though the Lender had actually funded its relevant Eurodollar Advances through the purchase of deposits in the relevant market bearing interest at the rate applicable to such Eurodollar Advances in an amount equal to the amount of the Eurodollar Advances and having a maturity comparable to the relevant Interest Period and through the transfer of such Eurodollar Advances from an offshore office of the Lender to a domestic office of the Lender in the United States of America; provided, however, that the Lender may fund each of its Eurodollar Advances in any manner it sees fit and the foregoing assumption shall be used only for calculation of amounts payable under this Article III.

Section 3.14 Capital Adequacy. Without limiting any other provision of this Agreement, in the event that the Lender shall have determined that any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy not currently in effect or fully applicable as of the Closing Date, or any change therein or in the interpretation or application thereof after the Closing Date, or compliance by the Lender with any request or directive regarding capital adequacy not currently in effect or fully applicable as of the Closing Date (whether or not having the force of law and whether or not failure to comply

therewith would be unlawful) from a central bank or governmental authority or body having jurisdiction, does or shall have the effect of reducing the rate of return on the Lender's capital as a consequence of its obligations hereunder to a level below that which the Lender could have achieved but for such law, treaty, rule, regulation, guideline or order, or such change or compliance by an amount reasonably deemed by the Lender to be material, then within ten (10) Business Days after written notice and demand by the Lender, Borrower shall from time to time pay to the Lender additional amounts sufficient to compensate the Lender for such reduction (but, in the case of outstanding Base Rate Advances, without duplication of any amounts already recovered by the Lender by reason of an adjustment in the applicable Base Rate). Each certificate as to the amount payable under this Section 3.14 (which certificate shall set forth the basis for requesting such amounts in reasonable detail), submitted to Borrower by the Lender in good faith, shall, absent manifest error, be final, conclusive and binding for all purposes.

Section 3.15 Benefits to Guarantors. In consideration for the execution and delivery by the Guarantors of the Guaranty Agreement, Borrower agrees to make the benefit of extensions of credit hereunder available to the Guarantors.

Section 3.16 Limitation on Certain Payment Obligations.

(a) The Lender shall make written demand on Borrower for indemnification or compensation pursuant to Section 3.07 no later than 90 days after the earlier of (i) the date on which the Lender makes payment of such Taxes, and (ii) the date on which the relevant taxing authority or other governmental authority makes written demand upon the Lender for payment of such Taxes.

(b) The Lender shall make written demand on Borrower for indemnification or compensation pursuant to Sections 3.12 and 3.13 no later than 90 days after the event giving rise to the claim for indemnification or compensation occurs.

(c) The Lender shall make written demand on Borrower for indemnification or compensation pursuant to Sections 3.10 and 3.14 no later than 90 days after the Lender receives actual notice or obtains actual knowledge of the promulgation of a law, rule, order or interpretation or occurrence of another event giving rise to a claim pursuant to such sections.

(d) In the event that the Lender fails to give Borrower notice within the time limitations prescribed in (a) or (b) above, Borrower shall not have any obligation to pay such claim for compensation or indemnification. In the event that the Lender fails to give Borrower notice within the time limitation prescribed in (c) above, Borrower shall not have any obligation to pay any amount with respect to claims accruing prior to the ninetieth day preceding such written demand.

Article IV.

CONDITIONS TO BORROWINGS

The obligations of the Lender to make Advances to Borrower hereunder is subject to the satisfaction of the following conditions:

Section 4.01 Conditions Precedent to Initial Revolving Loans. At the time of the making of the initial Revolving Loans hereunder on the Closing Date, all obligations of Borrower hereunder incurred prior to the initial Revolving Loans (including, without limitation, Borrower's obligations to reimburse the reasonable fees and expenses of counsel to the Lender and any fees and expenses payable to the Lender as previously agreed with Borrower), shall have been paid in full, and the Lender shall have received the following, in form and substance reasonably satisfactory in all respects to the Lender:

- (a) the duly executed counterparts of this Agreement;
- (b) the duly completed Revolving Note evidencing the Revolving Loan Commitment;
- (c) the duly executed Guaranty Agreement;
- (d) certificate of Borrower in substantially the form of Exhibit C attached hereto and appropriately completed;
- (e) the duly executed Fee Letter;
- (f) certificates of the Secretary or Assistant Secretary of each of the Credit Parties (i) attaching and certifying copies of the resolutions of the boards of directors of the Credit Parties, authorizing as applicable the execution, delivery and performance of the Credit Documents, (ii) certifying (A) the name, title and true signature of each officer of such entities executing the Credit Documents and (B) that the certificate or articles of incorporation and bylaws or comparable governing documents of each Credit Party have not been amended or modified since the version of such documents certified to the lenders under the Syndicated Revolving Credit Agreement;
- (g) certificate of good standing or existence, as may be available from the Secretary of State of the jurisdiction of incorporation or organization of Reaction Supply Corporation;
- (h) copies of all documents and instruments, including all consents, authorizations and filings, required or advisable under any Requirement of Law or by any material Contractual Obligation of the Credit Parties, in connection with the execution, delivery, performance, validity and enforceability of the Credit Documents and the other documents to be executed and delivered hereunder, and such consents, authorizations,

filings and orders shall be in full force and effect and all applicable waiting periods shall have expired;

(i) duly executed solvency certificates of Borrower and each of the Guarantors, in form and substance satisfactory to the Lender; and

(j) the favorable opinion of counsel to the Credit Parties addressed to the Lender.

In addition to the foregoing, the following conditions shall have been satisfied or shall exist, all to the satisfaction of the Lender, as of the time the initial Revolving Loans are made hereunder:

(x) the Revolving Loans to be made on the Closing Date and the use of proceeds thereof shall not contravene, violate or conflict with, or involve the Lender in a violation of, any law, rule, injunction, or regulation, or determination of any court of law or other governmental authority; and

(y) all corporate proceedings and all other legal matters in connection with the authorization, legality, validity and enforceability of the Credit Documents shall be reasonably satisfactory in form and substance to the Lender.

Section 4.02 Conditions to All Revolving Loans. At the time of the making of all Revolving Loans (before as well as after giving effect to such Revolving Loans and to the proposed use of the proceeds thereof), the following conditions shall have been satisfied or shall exist:

(a) there shall exist no Default or Event of Default;

(b) all representations and warranties by Borrower contained herein shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Revolving Loans;

(c) since the date of the most recent financial statements of the Consolidated Companies described in Section 6.07 of the Syndicated Revolving Credit Agreement, there shall have been no change which has had or could reasonably be expected to have a Materially Adverse Effect.

(d) there shall be no action or proceeding instituted or pending before any court or other governmental authority or, to the knowledge of Borrower, threatened (i) which reasonably could be expected to have a Materially Adverse Effect, or (ii) seeking to prohibit or restrict one or more Credit Party's ownership or operation of any portion of its business or assets, or to compel one or more Credit Parties to dispose of or hold separate all or any portion of its businesses or assets, where such portion or portions of such business(es) or assets, as the case may be, constitute a material portion of the total businesses or assets of the Consolidated Companies;

(e) the Revolving Loans to be made and the use of proceeds thereof shall not contravene, violate or conflict with, or involve the Lender in a violation of, any law, rule, injunction, or regulation, or determination of any court of law or other governmental authority applicable to Borrower; and

(f) the Lender shall have received such other documents or legal opinions as the Lender may reasonably request, all in form and substance reasonably satisfactory to the Lender.

Each request to borrow a Revolving Loan and the acceptance by Borrower of the proceeds thereof shall constitute a representation and warranty by Borrower, as of the date of such Revolving Loan, that the applicable conditions specified in Sections 4.01 and 4.02 have been satisfied. Article V.

REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants that all of the representations and warranties set forth in Article 5 of the Syndicated Revolving Credit Agreement, which representations and warranties are, for the benefit of the Lender, incorporated by reference herein (including the definition of terms used therein which appear in other provisions of the Syndicated Revolving Credit Agreement, and the schedules attached thereto) are true and correct on and as of the date hereof; provided that (i) all references to the "Administrative Agent" and "Lenders" shall be deemed to mean the Lender, (ii) all references to "this Agreement" or the "Credit Documents" shall be deemed to refer to this Agreement and the Credit Documents and the reference to "Loans" shall be deemed to refer to the Revolving Loans, and (iii) the words "hereunder" and "hereby" and the like shall be deemed to refer to this Agreement. In addition, the Borrower expressly represents and warrants that there has been no material adverse change in the business, condition or operations (financial or otherwise), or prospects of the Borrower and its Subsidiaries since the date of the last audited financial statements delivered by the Borrower to the lenders pursuant to the Syndicated Revolving Credit Agreement.

Article VI.

COVENANTS

Section 6.01 Covenants in Syndicated Revolving Credit Agreement. The Borrower covenants and agrees that, so long as any Revolving Loans or any other Obligations shall remain unpaid or the Revolving Loan Commitment shall be outstanding, it will comply with each of the covenants set forth in Articles 6 and 7 of the Syndicated Revolving Credit Agreement, which covenants are, for the benefit of the Lender, incorporated by reference herein (including the definition of the terms used therein which appear in other provisions of the

Syndicated Revolving Credit Agreement and the schedules thereto), irrespective of whether the Syndicated Revolving Credit Agreement is terminated after the date hereof; provided that (i) all references to the "Administrative Agent" and the "Lenders" shall be deemed to mean the Lender, (ii) except for the reference to "this Agreement" in Section 7.01 thereof which shall be deemed to refer to this Agreement and the Syndicated Revolving Credit Agreement, all references to "this Agreement" or the "Credit Documents" shall be deemed to refer to this Agreement and the Credit Documents and the reference to "Loans" shall be deemed to refer to the Revolving Loans, (iii) the words "hereunder" and "hereby" and the like shall be deemed to refer to this Agreement and (iv) the reference to \$75,000,000 in Section 7.01(g) of the Syndicated Revolving Credit Agreement shall for purposes of this Agreement be changed to \$25,000,000. In the event of any amendment, consent, modification or waiver of the Syndicated Revolving Credit Agreement occurring after the date hereof, such amendment, consent, modification or waiver of the Syndicated Revolving Credit Agreement shall automatically be effective hereunder. In the event of the termination of the Syndicated Revolving Credit Agreement or in the event that the Lender is no longer a lender thereunder, the Borrower agrees to negotiate in good faith to enter into appropriate amendments and modifications to this Agreement to set forth the covenants governing the Borrower and its Subsidiaries herein but unless and until such amendments or modifications are in full force and effect, the terms and provisions of the Syndicated Revolving Credit Agreement incorporated herein by reference shall continue in full force and effect notwithstanding the termination or amendment thereof. The failure of the Borrower to comply with this Article VI shall constitute an Event of Default pursuant to this Agreement.

Section 6.02 Additional Guarantors. Borrower shall cause each new Material Subsidiary reported to the lenders pursuant to Section 6.07(1) of the Syndicated Revolving Credit Agreement, incorporated into this Agreement pursuant to Section 5.01 above, to execute and deliver to the Lender, simultaneously with the report given pursuant to Section 6.07(1) of the Syndicated Revolving Credit Agreement, a Guaranty Agreement, together with related documents of the kind described in Section 4.01, as appropriate, all in form and substance satisfactory to the Lender.

Article VII.

EVENTS OF DEFAULT

Upon the occurrence and during the continuance of any of the following specified events (each an "Event of Default"):

Section 7.01 Payments. Borrower shall fail to make promptly when due (including, without limitation, by mandatory prepayment) any principal payment with respect to the Revolving Loans, or Borrower shall fail to make within five (5) Business Days after the due date thereof any payment of interest, fee or other amount payable hereunder;

Section 7.02 Other Covenants. Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement, other than those referred to in Section 7.01 above, and, if capable of being remedied, such failure shall remain unremedied for 30 days after the earlier of (i) Borrower's obtaining knowledge thereof, or (ii) written notice thereof shall have been given to Borrower by the Lender;

Section 7.03 Representations. Any representation or warranty made or deemed to be made by Borrower or any other Credit Party or by any of its officers under this Agreement or any other Credit Document (including the Schedules attached thereto), or any certificate or other document submitted to the Lender by any such Person pursuant to the terms of this Agreement or any other Credit Document, shall be incorrect in any material respect when made or deemed to be made or submitted;

Section 7.04 Defaults under Syndicated Revolving Credit Agreement. Any Event of Default (as defined in the Syndicated Revolving Credit Agreement) has occurred and is continuing;

Section 7.05 Bankruptcy. Borrower or any other Consolidated Company shall commence a voluntary case concerning itself under the Bankruptcy Code or an involuntary case for bankruptcy is commenced against any Consolidated Company and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or any substantial part of the property of any Consolidated Company; or any Consolidated Company commences proceedings of its own bankruptcy or to be granted a suspension of payments or any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction, whether now or hereafter in effect, relating to any Consolidated Company or there is commenced against any Consolidated Company any such proceeding which remains undismissed for a period of 60 days; or any Consolidated Company is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or any Consolidated Company suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or any Consolidated Company makes a general assignment for the benefit of creditors; or any Consolidated Company 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 any Consolidated Company shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debts; or any Consolidated Company 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 is taken by any Consolidated Company for the purpose of effecting any of the foregoing;

Section 7.06 Default Under Other Credit Documents. There shall exist or occur any "Event of Default" as provided under the terms of any other Credit Document, or any Credit Document ceases to be in full force and effect or the validity or enforceability thereof is disaffirmed by or on behalf of Borrower or any other Credit Party, or at any time it is or becomes

unlawful for Borrower or any other Credit Party to perform or comply with its obligations under any Credit Document, or the obligations of Borrower or any other Credit Party under any Credit Document are not or cease to be legal, valid and binding on Borrower or any such Credit Party;

then, and in any such event, and at any time thereafter if any Event of Default shall then be continuing, the Lender shall, by written notice to Borrower, take any or all of the following actions, without prejudice to the rights of any holder of the Revolving Note to enforce its claims against Borrower or any other Credit Party: (i) declare the Revolving Loan Commitment terminated, whereupon the Revolving Loan Commitment shall terminate immediately and Fees shall forthwith become due and payable without any other notice of any kind; and (ii) declare the principal of and any accrued interest on the Revolving Loans, and all other Obligations owing hereunder, to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower; provided, that, if an Event of Default specified in Section 7.05 of this Agreement shall occur, the result which would occur upon the giving of written notice by the Lender to any Credit Party, as specified in clauses (i) and (ii) above, shall occur automatically without the giving of any such notice.

Article VIII.

MISCELLANEOUS

Section 8.01 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, telecopy or similar teletransmission or writing) and shall be given to such party at its address or applicable teletransmission number set forth on the signature pages hereof, or such other address or applicable teletransmission number as such party may hereafter specify by notice to the Lender and Borrower. Each such notice, request or other communication shall be effective (i) if given by telex, when such telex is transmitted to the telex number specified in this Section and the appropriate answer back is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, (iii) if given by telecopy, when such telecopy is transmitted to the telecopy number specified in this Section and the appropriate confirmation is received, or (iv) if given by any other means (including, without limitation, by air courier), when delivered or received at the address specified in this Section; provided that notices to the Lender shall not be effective until received.

Section 8.02 Amendments, Etc. No amendment or waiver of any provision of this Agreement or the other Credit Documents, nor consent to any departure by any Credit Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 8.03 No Waiver, Remedies Cumulative. No failure or delay on the part of the Lender or any holder of the Revolving Note in exercising any right or remedy hereunder or under any other Credit Document, and no course of dealing between any Credit Party and the Lender or the holder of the Revolving Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right or remedy hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Lender or the holder of the Revolving Note would otherwise have. No notice to or demand on any Credit Party not required hereunder or under any other Credit Document in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Lender or the holder of the Revolving Note to any other or further action in any circumstances without notice or demand.

Section 8.04 Payment of Expenses, Etc. Borrower shall:

(i) whether or not the transactions hereby contemplated are consummated, pay all reasonable, out-of-pocket costs and expenses of the Lender in the administration (both before and after the execution hereof and including reasonable expenses actually incurred relating to advice of counsel as to the rights and duties of the Lender with respect thereto) of, and in connection with the preparation, execution and delivery of, preservation of rights under, enforcement of, and, after a Default or Event of Default, refinancing, renegotiation or restructuring of, this Agreement and the other Credit Documents and the documents and instruments referred to therein, and any amendment, waiver or consent relating thereto (including, without limitation, the reasonable fees actually incurred and disbursements of counsel for the Lender);

(ii) subject, in the case of certain Taxes, to the applicable provisions of Section 3.07(b), pay and hold the Lender harmless from and against any and all present and future stamp, documentary, and other similar Taxes with respect to this Agreement, the Revolving Note and any other Credit Documents, any collateral described therein, or any payments due thereunder, and save the Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such Taxes; and

(iii) indemnify the Lender and each director, officer, employee, affiliate and agent thereof (each, an "Indemnatee") from, and hold each of them harmless against, and reimburse each Indemnatee, upon its demand, for any losses, claims, damages, liabilities or other expenses ("Losses") incurred by such Indemnatee insofar as such Losses arise out of or are in any way related to or result from this Agreement, the Revolving Note or any other Credit Document or the financing provided hereby, including, without limitation, Losses arising in connection with any legal proceeding relating to any of the foregoing (whether or not such Indemnatee is a party thereto) and the reasonable attorneys fees and expenses actually incurred in connection therewith; provided, however, that the foregoing shall not apply to any Losses resulting from the gross negligence or willful misconduct of such Indemnatee.

(iv) without limiting the indemnities set forth in subsection (iii) above, indemnify each Indemnitee for any and all expenses and costs (including without limitation, remedial, removal, response, abatement, cleanup, investigative, closure and monitoring costs), losses, claims (including claims for contribution or indemnity and including the cost of investigating or defending any claim and whether or not such claim is ultimately defeated, and whether such claim arose before, during or after any Credit Party's ownership, operation, possession or control of its business, property or facilities or before, on or after the date hereof, and including also any amounts paid incidental to any compromise or settlement by the Indemnitee or Indemnitees to the holders of any such claim), lawsuits, liabilities, obligations, actions, judgments, suits, disbursements, encumbrances, liens, damages (including without limitation damages for contamination or destruction of natural resources), penalties and fines of any kind or nature whatsoever (including without limitation in all cases the reasonable fees actually incurred, other charges and disbursements of counsel in connection therewith) incurred, suffered or sustained by that Indemnitee based upon, arising under or relating to Environmental Laws based on, arising out of or relating to in whole or in part, the existence or exercise of any rights or remedies by any Indemnitee under this Agreement, any other Credit Document or any related documents (but excluding those incurred, suffered or sustained by any Indemnitee as a result of any action taken by or on behalf of the Lender with respect to any Subsidiary of Borrower (or the assets thereof owned or controlled by the Lender.

If and to the extent that the obligations of Borrower under this Section 8.04 are unenforceable for any reason, Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law. Section 8.05 Right of Setoff. In addition to and not in limitation of all rights of offset that the Lender or other holder of the Revolving Note may have under applicable law, the Lender or other holder of the Revolving Note shall, upon the occurrence of any Event of Default and whether or not the Lender or such holder has made any demand or any Credit Party's obligations are matured, have the right to appropriate and apply to the payment of any Credit Party's obligations hereunder and under the other Credit Documents, all deposits of any Credit Party (general or special, time or demand, provisional or final) then or thereafter held by and other indebtedness or property then or thereafter owing by the Lender or other holder to any Credit Party, whether or not related to this Agreement or any transaction hereunder. The Lender shall promptly notify Borrower of any offset hereunder.

Section 8.06 Benefit of Agreement.

(a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, provided that Borrower may not assign or transfer any of its interest hereunder without the prior written consent of the Lender.

(b) The Lender may make, carry or transfer Revolving Loans at, to or for the account of, any of its branch offices or the office of an Affiliate of the Lender.

(c) The Lender may assign all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of the Revolving Loan Commitment and the Revolving Loans at the time owing to it and the Revolving Note held by it) to any Eligible Assignee; provided, however, that (i) the Borrower must give its prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed) unless such assignment is an Affiliate of the Lender, (ii) the amount of the Revolving Loan Commitment, in the case of the Revolving Loan Commitment, or the Revolving Loans, in the case of the assignment of Loans, of the assigning Lender subject to each assignment (determined immediately prior to such assignment) shall not be less than \$5,000,000. From and after the effective date of such assignment, the assignee thereunder shall be a party hereto and to the extent of the interest assigned shall have the rights and obligations of a Lender under this Agreement. Notwithstanding the foregoing, the assigning Lender must retain after the consummation of such assignment, a minimum aggregate amount of Revolving Loan Commitment or Revolving Loans, as the case may be, of \$5,000,000; provided, however, no such minimum amount shall be required with respect to any such assignment made at any time there exists an Event of De-fault hereunder. Within five (5) Business Days after receipt of the notice of an assignment, Borrower, at its own expense, shall execute and deliver to the assignee and the assignor, in exchange for the surrendered Revolving Note or Notes of the assignor, a new Revolving Note or Notes to the order of such assignee in a principal amount equal to the applicable Revolving Loan Commitment or Revolving Loans assumed by it and a new Revolving Note or Notes to the assigning Lender in the amount of its retained Revolving Loan Commitment or amount of its retained Revolving Loans. Such new Revolving Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Revolving Note or Notes, shall be dated the date of the surrendered Revolving Note or Notes which they replace, and shall otherwise be in substantially the form attached hereto.

(d) The Lender may, without the consent of Borrower, sell participations without restriction to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Loan Commitment in the Revolving Loans owing to it and the Revolving Note held by it), provided, however, that (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating bank or other entity shall not be entitled to the benefit (except through its selling Lender) of the cost protection provisions contained in Article III of this Agreement, and (iv) Borrower shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement and the other Credit Documents, and the Lender shall retain the sole right to enforce the obligations of Borrower relating to the Revolving Loans and to approve any amendment, modification or waiver of any provisions of this Agreement. Should the Lender sell a participation hereunder, the Lender shall provide prompt written notice to Borrower of the name of such participant.

(e) Any Lender or participant may, in connection with the assignment or participation or proposed assignment or participation, pursuant to this Section, disclose to the assignee or participant or proposed assignee or participant any information relating to Borrower or the other Consolidated Companies furnished to the Lender by or on behalf of Borrower or any other Consolidated Company. With respect to any disclosure of confidential, non-public, proprietary information, such proposed assignee or participant shall agree to use the information only for the purpose of making any necessary credit judgments with respect to this credit facility and not to use the information in any manner prohibited by any law, including without limitation, the securities laws of the United States of America. The proposed participant or assignee shall agree not to disclose any of such information except (i) to directors, employees, auditors or counsel to whom it is necessary to show such information, each of whom shall be informed of the confidential nature of the information, (ii) in any statement or testimony pursuant to a subpoena or order by any court, governmental body or other agency asserting jurisdiction over such entity, or as otherwise required by law (provided prior notice is given to Borrower and the Lender unless otherwise prohibited by the subpoena, order or law), and (iii) upon the request or demand of any regulatory agency or authority with proper jurisdiction. The proposed participant or assignee shall further agree to return all documents or other written material and copies thereof received from the Lender or Borrower relating to such confidential information unless otherwise properly disposed of by such entity.

(f) The Lender may at any time assign all or any portion of its rights in this Agreement and the Revolving Note issued to it to a Federal Reserve Bank; provided that no such assignment shall release the Lender from any of its obligations hereunder.

(g) If (i) any Taxes referred to in Section 3.07(b) have been levied or imposed so as to require withholdings or deductions by Borrower and payment by Borrower of additional amounts to the Lender as a result thereof, (ii) the Lender shall make demand for payment of any material additional amounts as compensation for increased costs pursuant to Section 3.11 or for its reduced rate of return pursuant to Section 3.14, or (iii) the Lender shall decline to consent to a modification or waiver of the terms of this Agreement or the other Credit Documents requested by Borrower, then and in such event, upon request from Borrower delivered to the Lender, the Lender shall assign, in accordance with the provisions of Section 8.06(c), all of its rights and obligations under this Agreement and the other Credit Documents to another Lender or an Eligible Assignee selected by Borrower, in consideration for the payment by such assignee to the Lender of the principal of, and interest on, the outstanding Revolving Loans accrued to the date of such assignment, and the assumption of the Lender's Revolving Loan Commitment hereunder, together with any and all other amounts owing to the Lender under any provisions of this Agreement or the other Credit Documents accrued to the date of such assignment.

Section 8.07 Governing Law; Submission to Jurisdiction.

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND UNDER THE REVOLVING NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF) OF THE STATE OF GEORGIA.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT, THE REVOLVING NOTE OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE SUPERIOR COURT OF FULTON COUNTY, GEORGIA, OR ANY OTHER COURT OF THE STATE OF GEORGIA OR OF THE UNITED STATES OF AMERICA FOR THE NORTHERN DISTRICT OF GEORGIA, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, BORROWER HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE TRIAL BY JURY, AND BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

(c) BORROWER HEREBY IRREVOCABLY DESIGNATES THE CORPORATION SERVICE COMPANY, ATLANTA, GEORGIA, AS ITS DESIGNEE, APPOINTEE AND LOCAL AGENT TO RECEIVE, FOR AND ON BEHALF OF BORROWER, SERVICE OF PROCESS IN SUCH RESPECTIVE JURISDICTIONS IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE REVOLVING NOTE OR ANY DOCUMENT RELATED THERETO. IT IS UNDERSTOOD THAT A COPY OF SUCH PROCESS SERVED ON SUCH LOCAL AGENT WILL BE PROMPTLY FORWARDED BY SUCH LOCAL AGENT AND BY THE SERVER OF SUCH PROCESS BY MAIL TO BORROWER AT ITS ADDRESS SET FORTH OPPOSITE ITS SIGNATURE BELOW, BUT THE FAILURE OF BORROWER TO RECEIVE SUCH COPY SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS. BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED) OR CERTIFIED MAIL, POSTAGE PREPAID, TO BORROWER AT ITS SAID ADDRESS, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING.

(d) Nothing herein shall affect the right of the Lender, any holder of a Revolving Note or any Credit Party to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction.

Section 8.08 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 8.09 Effectiveness; Survival.

(a) This Agreement shall become effective on the date (the "Effective Date") on which all of the parties hereto shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Lender pursuant to Section 8.01 .

(b) The obligations of Borrower under Sections 3.07(b), 3.10, 3.12, 3.13, 3.14, and 8.04 hereof shall survive for ninety (90) days after the payment in full of the Revolving Note after the Final Maturity Date. All representations and warranties made herein, in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement, the other Credit Documents, and such other agreements and documents, the making of the Revolving Loans hereunder, and the execution and delivery of the Revolving Note.

Section 8.10 Severability. In case any provision in or obligation under this Agreement or the other Credit Documents shall be invalid, illegal or unenforceable, in whole or in part, in any jurisdiction, the validity, legality and 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 8.11 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitation of, another covenant, shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

Section 8.12 Change in Accounting Principles, Fiscal Year or Tax Laws. If (i) any preparation of the financial statements referred to in Section 6.07 of the Syndicated Revolving Credit Agreement hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accounts (or successors thereto or agencies with similar functions) (other than changes mandated by FASB 106) result in a material change in the method of calculation of financial covenants, standards or terms found in this Agreement, (ii) there is any change in Borrower's fiscal quarter or fiscal year, or (iii) there is a material change in federal tax laws which materially affects any of the Consolidated Companies' ability to comply with the financial covenants, standards or terms found in this Agreement, Borrower and the Lender agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating any of the Consolidated

Companies' financial condition shall be the same after such changes as if such changes had not been made. Unless and until such provisions have been so amended, the provisions of this Agreement shall govern.

Section 8.13 Headings Descriptive, Entire Agreement. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement. This Agreement, the other Credit Documents, and the agreements and documents required to be delivered pursuant to the terms of this Agreement constitute the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersede all prior agreements, representations and understandings related to such subject matters.

Section 8.14 Time is of the Essence. Time is of the essence in interpreting and performing this Agreement and all other Credit Documents.

Section 8.15 Usury. It is the intent of the parties hereto not to violate any federal or state law, rule or regulation pertaining either to usury or to the contracting for or charging or collecting of interest, and Borrower and Lender agree that, should any provision of this agreement or of the Revolving Note, or any act performed hereunder or thereunder, violate any such law, rule or regulation, then the excess of interest contracted for or charged or collected over the maximum lawful rate of interest shall be applied to the outstanding principal indebtedness due to lenders by Borrower under this Agreement.

Section 8.16 Construction. Should any provision of this Agreement require judicial interpretation, the parties hereto agree that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be more strictly construed against the party who itself or through its agents prepared the same, it being agreed that Borrower, the Lender and their respective agents have participated in the preparation hereof

Section 8.17 Waiver of Effect of Corporate Seal. Borrower represents and warrants that it is not required to affix its corporate seal to this Agreement or any other Credit Document pursuant to any Requirement of Law and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or the other Credit Documents.

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

Address for Notices:

20 N. Orange Avenue
Suite 200
Orlando, Florida 32801
Attention: J. Stephen Zepf

BORROWER:

HUGHES SUPPLY, INC.

By: _____
J. Stephen Zepf
Treasurer

By: _____
Ben Butterfield
Secretary

Address for. Notices:

200 S. Orange Avenue
MC 2064
Orlando, Florida 32801
Attn: Mr. William C. Barr

Telecopy No. 407/237-4076

Payment Office:

200 S. Orange Avenue
MC 2064
Orlando, Florida 32801

LENDER:

SUNTRUST BANK, CENTRAL FLORIDA,
NATIONAL ASSOCIATION

By: _____
William C. Barr
First Vice President

Revolving Loan Commitment: \$50,000,000.00

Pro Rata Share of Revolving Loan Commitment: 100.00%

{SIGNATURE PAGE TO BRIDGE REVOLVING CREDIT AGREEMENT}

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

	Fiscal Years Ended		
	January 28, 2000	January 29, 1999	January 30, 1998
Net Sales	\$ 2,994,877	\$ 2,536,265	\$ 1,945,446
Cost of Sales	2,320,604	1,977,266	1,519,323
Gross Profit	674,273	558,999	426,123
Operating Expenses:			
Selling, general and administrative	508,644	416,642	318,923
Depreciation and amortization	29,629	23,269	18,727
Provision for doubtful accounts	3,608	1,882	1,229
Total operating expenses	541,881	441,793	338,879
Operating Income	132,392	117,206	87,244
Non-Operating Income and (Expenses):			
Interest and other income	9,015	6,886	5,837
Interest expense	(31,805)	(25,415)	(19,257)
	(22,790)	(18,529)	(13,420)
Income Before Income Taxes	109,602	98,677	73,824
Income Taxes	43,731	37,234	26,254
Net Income	\$ 65,871	\$ 61,443	\$ 47,570
Earnings Per Share:			
Basic	\$ 2.82	\$ 2.57	\$ 2.37
Diluted	\$ 2.80	\$ 2.55	\$ 2.33
Average Shares Outstanding:			
Basic	23,398	23,889	20,108
Diluted	23,547	24,138	20,432

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

HUGHES SUPPLY, INC. 17

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)

	January 28, 2000	January 29, 1999
Assets		
Current Assets:		
Cash and cash equivalents	\$ 10,000	\$ 6,010
Accounts receivable, less allowance for losses of \$2,777 and \$2,809	398,244	341,109
Inventories	495,491	409,734
Deferred income taxes	15,993	8,520
Other current assets	38,050	31,346
Total current assets	957,778	796,719
Property and Equipment, Net	144,945	127,632
Excess of Cost over Net Assets Acquired	243,367	181,622
Other Assets	22,924	17,540
	\$ 1,369,014	\$ 1,123,513
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt	\$ 803	\$ 39
Accounts payable	239,810	176,234
Accrued compensation and benefits	29,590	25,029
Other current liabilities	30,075	27,982
Total current liabilities	300,278	229,284
Long-Term Debt	535,000	402,203
Deferred Income Taxes	6,027	4,711
Other Noncurrent Liabilities	5,265	3,359
Total liabilities	846,570	639,557
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; 24,249,281 and 24,183,834 shares issued	24,249	24,184
Capital in excess of par value	221,284	219,558
Retained earnings	300,144	242,730
Treasury stock, 668,950 and no shares, at cost	(15,434)	--
Unearned compensation related to outstanding restricted stock	(7,799)	(2,516)
Total shareholders' equity	522,444	483,956
	\$ 1,369,014	\$ 1,123,513

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except per share data)

	Number of Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Unearned Compensation
Balance, January 31, 1997	19,576	\$ 19,576	\$ 110,328	\$ 169,329	\$ --	\$ --
Net income	--	--	--	47,570	--	--
Cash dividends-\$.31 per share	--	--	--	(5,966)	--	--
Pooled companies	--	--	--	(2,794)	--	--
Shares issued under stock option						
and bonus plans	172	172	1,494	--	--	--
Purchase and retirement of common shares	(19)	(19)	(234)	(325)	--	--
Issuance of restricted stock	50	50	1,250	--	--	(1,300)
Amortization of unearned restricted stock	--	--	--	--	--	58
Capitalization of undistributed earnings of						
Subchapter S corporation	--	--	12,999	(12,999)	--	--
Other acquisitions	3,658	3,658	76,373	2,549	--	--
Balance, January 30, 1998	23,437	23,437	202,210	197,364	--	(1,242)
Net income	--	--	--	61,443	--	--
Cash dividends-\$.33 per share	--	--	--	(7,866)	--	--
Pooled companies	--	--	--	(1,222)	--	--
Shares issued under stock option						
and bonus plans	108	108	1,282	--	--	--
Purchase and retirement of common shares	(19)	(19)	(193)	(389)	--	--
Issuance of restricted stock	52	52	1,615	--	--	(1,667)
Amortization of unearned restricted stock	--	--	--	--	--	393
Capitalization of undistributed earnings of						
Subchapter S corporation	--	--	7,697	(7,697)	--	--
Other acquisitions	606	606	6,947	1,097	--	--
Balance, January 29, 1999	24,184	24,184	219,558	242,730	--	(2,516)
Net income	--	--	--	65,871	--	--
Cash dividends-\$.34 per share	--	--	--	(7,990)	--	--
Purchase of treasury stock	(921)	--	--	--	(21,229)	--
Shares issued under stock option						
and bonus plans	65	29	472	(378)	811	--
Purchase and retirement of common shares	(7)	(7)	(57)	(89)	--	--
Issuance of restricted stock,						
net of cancellations	259	43	1,311	--	4,984	(6,338)
Amortization of unearned restricted stock	--	--	--	--	--	1,055
Balance, January 28, 2000	23,580	\$ 24,249	\$ 221,284	\$ 300,144	\$ (15,434)	\$ (7,799)

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

HUGHES SUPPLY, INC. 19

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Years Ended		
	January 28, 2000	January 29, 1999	January 30, 1998
Cash Flows from Operating Activities:			
Net income	\$ 65,871	\$ 61,443	\$ 47,570
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	29,629	23,269	18,727
Provision for doubtful accounts	3,608	1,882	1,229
Other, net	(262)	(671)	(626)
Changes in assets and liabilities, net of effects of business acquisitions:			
(Increase) in accounts receivable	(33,961)	(25,497)	(30,443)
(Increase) in inventories	(67,594)	(29,493)	(39,136)
(Increase) in other current assets	(4,464)	(7,718)	(3,865)
(Increase) in other assets	(4,006)	(5,692)	(9,061)
Increase in accounts payable and accrued liabilities	47,639	8,532	6,102
Increase (decrease) in accrued interest and income taxes	2,169	(2,948)	1,880
Increase in other noncurrent liabilities	168	697	408
(Increase) decrease in net deferred income taxes	(5,348)	7,763	2,425
Net cash provided by (used in) operating activities	33,449	31,567	(4,790)
Cash Flows from Investing Activities:			
Capital expenditures	(30,740)	(26,921)	(28,185)
Proceeds from sale of property and equipment	4,892	6,630	1,184
Investments in affiliated entities	(3,750)	--	--
Business acquisitions, net of cash	(88,905)	(40,378)	(47,725)
Net cash (used in) investing activities	(118,503)	(60,669)	(74,726)
Cash Flows from Financing Activities:			
Net borrowings under short-term debt arrangements	132,797	10,232	36,921
Principal payments on debt of acquired entities	(14,724)	(24,084)	(25,212)
Proceeds from issuance of long-term debt	--	50,000	80,000
Purchase of treasury shares	(21,229)	--	--
Dividends paid	(8,042)	(8,832)	(8,112)
Other	242	(408)	(2,496)
Net cash provided by financing activities	89,044	26,908	81,101
Net Increase (Decrease) in Cash and Cash Equivalents	3,990	(2,194)	1,585
Cash and Cash Equivalents, Beginning of Year	6,010	8,204	6,619
Cash and Cash Equivalents, End of Year	\$ 10,000	\$ 6,010	\$ 8,204

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

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. The Company distributes nine different product groups which it has classified into three major product categories: (i) Fluid Control Products, consisting of the Company's industrial pipe, plate, valves and fittings, plumbing, water and sewer, and water systems product groups; (ii) Electrical Products, consisting of the Company's electrical and electric utilities product groups; and (iii) Specialty Products, consisting of the Company's air conditioning and heating, building materials, and pool and spa equipment and supplies product groups. The Company's principal customers are electrical, plumbing and mechanical contractors, electric utility companies, property management companies, municipalities and industrial companies. Industrial companies include companies in the petrochemical, food and beverage, pulp and paper, mining, 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. Results of operations of companies acquired and accounted for as purchases are included from their respective dates of acquisition.

Fiscal Year

The Company's fiscal year ends on the last Friday in January. Fiscal years 2000, 1999 and 1998 each contained 52 weeks.

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. Depreciation of property and equipment totaled \$18,309, \$15,750 and \$12,759 in fiscal 2000, 1999 and 1998, respectively.

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 28, 2000 and January 29, 1999, goodwill totaled \$243,367 and \$181,622, respectively, net of accumulated amortization of \$24,477 and \$16,688, respectively. Amortization of goodwill totaled \$7,797, \$5,614 and \$5,053 in fiscal 2000, 1999 and 1998, 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 28, 2000 and January 29, 1999, unamortized software development costs totaled \$11,465 and \$9,474, respectively, net of accumulated amortization of \$5,186 and \$1,873, respectively. Amortization of capitalized internal software development costs totaled \$3,385, \$1,680 and \$316 in fiscal 2000, 1999 and 1998, respectively.

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.

HUGHES SUPPLY, INC. 21

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.

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.

Revenue Recognition

The Company recognizes revenue from product sales when goods are received by customers.

Advertising

Advertising costs are charged to expense as incurred. Advertising expenses totaled \$6,471, \$5,533 and \$4,369 in fiscal 2000, 1999 and 1998, respectively.

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 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. An assessment is made as to whether or not a valuation allowance is required to offset deferred tax assets.

Stock-Based Compensation

The Company measures compensation expense for employee and director stock options as the aggregate difference between the market and exercise prices of the options on the date that both the number of shares the grantee is entitled to receive and the purchase price are known. Compensation expense associated with restricted stock grants is equal to the market value of the shares on the date of grant and is recorded pro rata over the required holding period. Pro forma information relating to the fair value of stock-based compensation is presented in Note 6 to the consolidated financial statements.

Earnings Per Common 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 23,398,000, 23,889,000 and 20,108,000 for fiscal 2000, 1999 and 1998, respectively. In calculating diluted earnings per share, these amounts were adjusted to include 149,000, 249,000 and 324,000 of dilutive potential common shares for fiscal 2000, 1999 and 1998, respectively. The Company's dilutive potential common shares consist of stock options and restricted stock.

Reclassifications

The fiscal 1999 and 1998 statements of cash flows contain certain reclassifications which were made to conform to the Company's current financial statement format.

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 8, 1998, the Company acquired all of the common stock of Mountain Country Supply, Inc. ("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

\$98,772, consisting of cash in the amount of \$39,642 and the issuance of 2,153,396 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.

The following table reflects the unaudited pro forma combined results of operations, assuming the Mountain Country and International acquisitions had occurred at the beginning of the year presented:

	Fiscal Year Ended

	1998

Net sales	\$ 2,180,227
Net income	53,214
Earnings per share:	
Basic	2.41
Diluted	2.37

During fiscal 2000, 1999 and 1998, 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 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:

	2000	1999
	-----	-----
Land	\$ 28,771	\$ 25,590
Buildings and improvements	110,308	93,341
Transportation equipment	33,205	31,158
Furniture, fixtures and equipment	64,613	57,840
	-----	-----
	236,897	207,929
Less accumulated depreciation and amortization	(91,952)	(80,297)
	-----	-----
	\$ 144,945	\$ 127,632
	=====	=====

NOTE 4--LONG-TERM DEBT

Long-term debt consists of the following:

	2000	1999
	-----	-----
7.96% Senior notes, due 2011	\$ 98,000	\$ 98,000
7.14% Senior notes, due 2012	40,000	40,000
7.19% Senior notes, due 2012	40,000	40,000
6.74% Senior notes, due 2013	50,000	50,000
Unsecured bank notes under \$275,000 revolving credit agreement, payable January 25, 2004, fluctuating interest (6.0% to 6.9% at January 28, 2000)	232,959	108,450

Short-term instruments classified		
as long-term debt	74,041	65,753
Other notes payable	803	39
	535,803	402,242
Less current portion	(803)	(39)
	\$ 535,000	\$ 402,203

On August 28, 1997, the Company issued \$80,000 of senior notes due 2012 in a private placement. The senior 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 principal payments beginning in 2002 and 2006, respectively. Proceeds received by the Company from the sale of the senior notes were used to reduce indebtedness outstanding under the Company's revolving credit agreement and line of credit agreement (the "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% (5.99% as of January 28, 2000). 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 \$705, \$171 and \$219 in fiscal 2000, 1999 and 1998, respectively. 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 \$1,504 and \$1,251 at January 28, 2000 and January 29, 1999, respectively.

HUGHES SUPPLY, INC. 23

On May 5, 1998, the Company issued \$50,000 of senior notes due 2013 in a private placement. The senior notes bear interest at 6.74% and will be payable in 21 equal semi-annual principal payments beginning in 2003. Proceeds received by the Company from the sale of the senior notes were used to reduce indebtedness outstanding under the Company's credit agreement.

On September 29, 1999, the credit agreement was amended. The credit agreement, as amended, now permits the Company to borrow up to \$350,000 (subject to borrowing limitations under the credit agreement)--\$275,000 under its revolving credit agreement as long-term debt due January 25, 2004 and \$75,000 under its line of credit agreement. Under the credit agreement, interest is payable at market rates plus applicable margins. Facility fees of .25% and .225% are paid on the total of the revolving credit agreement and line of credit agreement, respectively.

The credit agreement contains financial covenants requiring the Company to maintain certain financial ratios and minimum net worth levels. 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 \$115,257 was available at January 28, 2000 for payment of dividends.

The Company has a commercial paper program backed by its line of credit agreement. The weighted-average interest rate on outstanding commercial paper borrowings of \$74,041 and \$65,753 as of January 28, 2000 and January 29, 1999 was 6.6% and 5.8%, respectively. The Company has the ability and intent to refinance short-term borrowings on a long-term basis. Accordingly, all of the commercial paper borrowings at January 28, 2000 and January 29, 1999 have been classified as long-term debt.

On March 1, 1999, the Company entered into two new lines of credit for short-term borrowing totaling \$25,000. There were no amounts outstanding under these lines of credit at January 28, 2000.

On November 30, 1999, the Company entered into a new \$50,000 bridge revolving credit agreement for short-term borrowing. There were no amounts outstanding under this line of credit at January 28, 2000.

Maturities of long-term debt for each of the five years subsequent to January 28, 2000 and in the aggregate are as follows:

Fiscal Years Ending

2001	\$ 803
2002	9,333
2003	13,143
2004	324,905
2005	17,905
Later years	169,714
	<u>\$535,803</u>

The fair values of long-term debt approximated \$524,002 and \$407,836 and the related carrying values were \$535,803 and \$402,242 at January 28, 2000 and January 29, 1999, respectively.

NOTE 5--INCOME TAXES

The components of deferred tax assets and liabilities at January 28, 2000 and January 29, 1999 are as follows:

2000	1999
------	------

Deferred tax assets:		
Allowance for doubtful accounts	\$ 1,064	\$ 1,211
Inventories	2,537	506
Accrued vacation	2,646	3,001
Deferred compensation	2,054	1,446
Other accrued liabilities	3,325	2,326
Other	662	270

Total deferred tax assets	12,288	8,760

Deferred tax liabilities:		
Capitalized software		
development costs	3,401	2,664
Intangible assets	3,590	2,287
Property and equipment	1,243	--

Total deferred tax liabilities	8,234	4,951
Net deferred tax assets	\$ 4,054	\$ 3,809
=====		

No valuation allowance has been provided for these deferred tax assets at January 28, 2000 and January 29, 1999 as full realization of these assets is more likely than not.

The consolidated provision for income taxes consists of the following:

	Fiscal Years Ended		
	2000	1999	1998
Currently payable:			
Federal	\$36,763	\$25,119	\$21,058
State	5,553	2,778	3,377
	42,316	27,897	24,435
Deferred:			
Federal	1,241	7,864	1,500
State	174	1,473	319
	1,415	9,337	1,819
	\$43,731	\$37,234	\$26,254

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					
	2000		1999		1998	
	Amount	%	Amount	%	Amount	%
Tax computed at statutory Federal rate	\$ 38,361	35.0	\$ 34,537	35.0	\$ 25,838	35.0
Effect of:						
State and local income tax, net of Federal income tax benefit	3,722	3.4	2,763	2.8	2,459	3.3
Subchapter S corporation earnings	--	--	(606)	(.6)	(2,315)	(3.1)
Nondeductible purchase adjustments	--	--	880	.9	288	.4
Nondeductible expenses	2,740	2.5	1,085	1.1	886	1.2
Other, net	(1,092)	(1.0)	(1,425)	(1.5)	(902)	(1.2)
Income tax expense	\$ 43,731	39.9	\$ 37,234	37.7	\$ 26,254	35.6

The Company merged with Chad Supply, Inc. ("Chad") on January 30, 1998 and with Winn-Lange Electric, Inc. ("Winn-Lange") on June 30, 1998. Prior to their merger with the Company, Chad and Winn-Lange 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. In fiscal 1999 and 1998, employee contributions of not less than 2% to not more than 3% of each eligible employee's compensation were matched (in cash or stock) 50% by the Company. In fiscal 2000, the Company adopted a plan to increase the maximum amount of employee contributions eligible to be matched 50% by the Company. The maximum percentage of each eligible employee's contribution to be matched by the Company was increased from 3% to 4% on August 1, 1999 and from 4% to 5% as of February 1, 2000. The plan also calls for an additional increase in the maximum matching percentage from 5% to 6% on February 1, 2001. Additional annual contributions may be made at the discretion of the Board of Directors.

The Company had an employee stock ownership plan (ESOP) covering substantially all employees of the Company who met minimum age and length of service requirements. The plan was terminated by the Company on December 31, 1998. At January 28, 2000 and January 29, 1999, the plan owned approximately 236,000 and 248,000 shares, respectively, of the Company's common stock, all of which were allocated to participants. The Company is in the process of distributing each participant's final account balance in cash or stock.

Amounts charged to expense for these and other similar plans during fiscal 2000, 1999 and 1998 were \$2,883, \$1,946 and \$1,581, respectively.

Bonus Plans

The Company has bonus plans, based on profitability formulas, which provide incentive compensation for key officers and employees. Amounts charged to expense for bonuses to executive officers were \$1,914, \$1,576 and \$1,539 for fiscal 2000, 1999 and 1998, respectively.

Stock Plans

The Company's two active stock plans include the 1997 Executive Stock Plan (the "1997 Stock Plan") and the Directors' Stock Option Plan. These stock plans authorize the granting of both incentive and non-incentive stock options for an aggregate of 1,052,500 shares of common stock, including 750,000 shares to key employees and 302,500 shares to directors. Under the stock 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 with respect to the 1997 Stock Plan, or May 2003 with respect to the Directors' Stock Option Plan. An option becomes exercisable at such times and in such installments as set forth by the Compensation Committee or by the Directors' Stock Option Plan.

Under the 1997 Stock Plan, 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 2000, 1999 and 1998, the Company granted certain employees 261,921, 52,500 and 50,000 shares of restricted stock, with market values of \$6,415, \$1,667 and \$1,300 at the date of grant, respectively. In fiscal 2000, the Company also cancelled 2,400 of the restricted shares granted, with a market value of \$77 at the date of grant, according to the provisions of the grant. The market value of the restricted stock at the date of grant was recorded as unearned compensation, a component of shareholders' equity, and is being charged to expense over the respective vesting periods. In fiscal 2000, 1999 and 1998, this expense amounted to \$1,055, \$393 and \$58, respectively.

The 1997 Stock Plan also permits the granting of stock appreciation rights ("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 28, 2000.

A summary of option transactions, including a terminated plan under which options remain outstanding, during each of the three fiscal years in the period ended January 28, 2000 is shown below:

	Number of Shares	Weighted- Average Option Price

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

Granted	48,000	34.19
Exercised	(98,587)	10.99
Cancelled	(12,800)	34.06

Under option, January 29, 1999		
(435,810 shares exercisable)	756,010	21.55
Granted	40,500	24.93
Exercised	(51,900)	11.89
Cancelled	(11,463)	28.24

Under option, January 28, 2000		
(426,947 shares exercisable)	733,147	22.32
=====		

There were 211,751 shares available for the granting of options at January 28, 2000.

The following table summarizes the stock options outstanding at January 28, 2000:

Range of Exercise Prices	Options Outstanding at Jan. 28, 2000	Weighted- Average Remaining Contractual Life	Weighted- Average Exercise Price
\$ 8.42	154,069	1 Year	\$ 8.42
12.83-18.67	234,276	6 Years	16.69
21.63-28.75	74,102	8 Years	25.55
33.00-35.63	270,700	8 Years	34.22

If the fair value of options granted had been used to record compensation expense, pro forma net income would have been \$64,770, \$60,307 and \$47,140 in fiscal 2000, 1999 and 1998, respectively. Diluted earnings per share would have been \$2.75, \$2.50 and \$2.31 in fiscal 2000, 1999 and 1998, respectively. 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 2000, 1999 and 1998; expected volatility of 35%, 33% and 32% for fiscal 2000, 1999 and 1998, respectively; risk-free interest rates of 6.65%, 4.77% and 5.72% for fiscal 2000, 1999 and 1998, respectively; and expected lives of 8 years for fiscal 2000, 1999 and 1998. The weighted-average fair value of options granted during the year was \$11.48, \$13.81 and \$13.92 for fiscal 2000, 1999 and 1998, respectively. The pro forma calculations do not include the effects of options granted prior to fiscal 1996. 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 \$543, \$537 and \$445 in fiscal 2000, 1999 and 1998, respectively.

NOTE 7--COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases certain properties from a corporation owned by two directors and one executive officer of Hughes Supply, Inc. The leases generally provide that all expenses related to the properties are to be paid by the lessee. On April 1, 1998, certain amendments to these leases were executed, which included the extension of their lease terms through March 31, 2003. Rents paid to the related corporation under these leases and other operating leases amounted to \$1,341, \$1,241 and \$1,140 in fiscal 2000, 1999 and 1998, 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 28, 2000, are as follows:

Fiscal Years Ending

2001	\$ 35,698
2002	31,282
2003	24,704
2004	15,741
2005	10,392
Later years	17,342
Total minimum lease payments	\$135,159

=====

Lease-related expenses were as follows:

	Fiscal Years Ended		
	2000	1999	1998
Capital lease amortization	\$ --	\$ 89	\$ 518
Capital lease interest expense	--	30	199
Operating lease rentals (excluding month-to-month rents)	42,792	33,062	22,335

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.

HUGHES SUPPLY, INC. 27

NOTE 8--CAPITAL STOCK

Common Stock

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.

Treasury Stock

On March 15, 1999, the Company's Board of Directors authorized the Company to repurchase up to 2,500,000 shares of its outstanding shares of common stock to be used for general corporate purposes. In fiscal 2000, the Company repurchased 921,100 shares for a total cost of \$21,229 at an average price of \$23.05 per share. During fiscal 2000, the Company issued 36,150 shares of treasury stock for stock options exercised and 216,000 shares of treasury stock for restricted stock grants.

Preferred Stock

The Company's Board of Directors established Series A Junior Participating Preferred Stock ("Series A Stock") consisting of 75,000 shares. Each share of Series A Stock will be entitled to 1,000 votes 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 \$1.00 per share or 1000 times the aggregate per share amount of the dividend declared on common stock in the related quarter. In the event of liquidation, shares of Series A Stock will be entitled to the greater of \$1000 per share plus any accrued and unpaid dividend or 1000 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 one one-thousandth of a share (a "unit") of Series A Stock at a purchase price of \$200 per unit. The rights generally become exercisable if a person or group acquires 15% or more of the Company's common stock or commences a tender offer that could result in such person or group owning 15% 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. In general, the rights may be redeemed by the Company at \$.01 per right at any time prior to the later of (i) ten days after 20% or more of the Company's stock is acquired by a person or group and (ii) the first date of a public announcement that a person or group has acquired 15% or more of the Company's stock. The rights expire on June 2, 2008 unless terminated earlier in accordance with the rights plan.

NOTE 9--SUPPLEMENTAL CASH FLOWS INFORMATION

Cash paid for interest during fiscal 2000, 1999 and 1998 was \$29,636, \$23,972 and \$18,107, respectively. Cash paid for income taxes during fiscal 2000, 1999 and 1998 was \$49,079, \$33,862 and \$23,099, respectively.

Noncash Investing and Financing Activities

The net assets acquired and consideration for acquisitions accounted for as purchases are summarized below:

	Fiscal Years Ended		
	2000	1999	1998
Fair value of:			
Assets acquired	\$ 125,536	\$ 77,707	\$ 172,546
Liabilities assumed	(37,510)	(32,048)	(45,816)
Purchase price	\$ 88,026	\$ 45,659	\$ 126,730
=====			

Consideration in fiscal 1999 and 1998 included 207,829 and 2,850,526 shares of common stock, with fair values of \$5,438 and \$78,768, respectively.

28

NOTE 10--PRODUCT, GEOGRAPHIC AND CUSTOMER INFORMATION

The Company's products are classified into three major product categories, including Fluid Control Products, Electrical Products and Specialty Products. Net sales for each of these product categories were as follows:

	Fiscal Years Ended		
	2000	1999	1998
Fluid Control Products	\$1,803,742	\$1,512,828	\$1,048,688
Electrical Products	625,068	572,048	536,490
Specialty Products	566,067	451,389	360,268
	\$2,994,877	\$2,536,265	\$1,945,446

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. Revenues and assets of operations located outside the United States are not material.

Approximately 90% of the Company's sales are credit sales which are made primarily to customers whose ability to pay is dependent upon the economic strength of the construction industry in the areas where it operates. Concentration of credit risk with respect to trade accounts receivable is limited, however, due to the large number of customers comprising the Company's customer base and the fact that 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 11--QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

	Quarter			
	First	Second	Third	Fourth
Fiscal 2000				
Net sales	\$711,296	\$774,888	\$786,379	\$722,314
Gross profit	\$156,358	\$176,173	\$178,648	\$163,094
Net income	\$ 13,355	\$ 20,905	\$ 20,243	\$ 11,368
Earnings per share:				
Basic	\$.56	\$.90	\$.87	\$.49
Diluted	\$.55	\$.88	\$.87	\$.49
Average shares outstanding (in thousands):				
Basic	23,863	23,300	23,214	23,215
Diluted	24,240	23,686	23,349	23,338
Market price per share:				
High	\$ 26.25	\$ 29.94	\$ 28.50	\$ 24.13
Low	\$ 17.94	\$ 22.94	\$ 20.75	\$ 18.06
Dividends per share	\$.085	\$.085	\$.085	\$.085
Fiscal 1999				
Net sales	\$602,031	\$674,550	\$659,045	\$600,639
Gross profit	\$129,277	\$148,841	\$146,639	\$134,242
Net income	\$ 11,603	\$ 19,773	\$ 19,150	\$ 10,917
Earning per share:				
Basic	\$.49	\$.83	\$.80	\$.45

Diluted	\$.49	\$.82	\$.79	\$.45
Average shares outstanding (in thousands):				
Basic	23,601	23,925	23,989	24,038
Diluted	23,874	24,180	24,204	24,294
Market price per share:				
High	\$ 39.81	\$ 39.19	\$ 32.50	\$ 29.50
Low	\$ 32.56	\$ 29.13	\$ 25.13	\$ 25.13
Dividends per share	\$.080	\$.080	\$.085	\$.085

HUGHES SUPPLY, INC. 29

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 28, 2000 and January 29, 1999, and the results of their operations and their cash flows for each of the three years in the period ended January 28, 2000 in conformity with accounting principles generally accepted in the United States. 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 auditing standards generally accepted in the United States, 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/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Orlando, Florida
March 17, 2000

MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTSManagement'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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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," "may," "will," "should," "plan," "intend," "potential," "estimate," "predict," "forecast," 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 2000, the Company generated net sales of \$2.99 billion, an 18% increase over fiscal 1999 net sales of \$2.54 billion. Fiscal 1999 net sales of \$2.54 billion increased 30% over fiscal 1998 net sales of \$1.95 billion. The increases in net sales were primarily due to acquired and newly-opened wholesale branches resulting from the Company's acquisition and internal growth programs. Same-store sales growth also contributed to the increases. On a basis comparable to the prior year, same-store sales increased 7% in fiscal 2000 and 6% in fiscal 1999.

The increase of 7% in same-store sales for fiscal 2000 was attributable to (i) continued overall strength of the construction market, (ii) increases in pool and spa product sales due to increased market penetration and (iii) growth in electric utility product sales resulting from increased spending by utility companies due to the anticipated deregulation within their industry. The same-store sales increase of 6% in fiscal 1999 was primarily attributable to (i) continued growth in construction markets and (ii) the favorable impact of warm and dry weather conditions experienced in certain regions served by the Company's air conditioning and pool supply products. These increases were partially offset by declines in industrial product demand and deflationary pricing within certain of the Company's commodity-based products as further discussed below.

Gross Margin

Over the past three years, gross margins have been improving. Gross margins were 22.5%, 22.0% and 21.9% for fiscal 2000, 1999 and 1998, respectively. The improvement in gross margins resulted from several factors, including the Company's overall expansion of higher-margin products due primarily to its acquisition program, efficiencies created with central distribution centers and enhanced purchasing power. Enhanced purchasing power was attributable to increased volume and concentration of supply sources as part of the Company's preferred vendor program. In the early part of fiscal 2000, all of fiscal 1999 and the last part of fiscal 1998, total gross profit dollars were negatively impacted by deflationary pressures on the pricing of certain of the Company's products whose manufacture is reliant on certain commodities, including stainless steel, nickel alloys, copper, aluminum and plastic. Despite the commodity pricing pressures, the Company was able to maintain the gross margins on much of the business associated with these products and increase overall gross margin for each of these years. In the latter part of fiscal 2000, the

deflationary pressures on certain commodity items eased, which further improved gross margins.

Operating Expenses

Operating expenses in fiscal 2000 were \$542 million (or 18.1% of net sales), a 23% increase over fiscal 1999 operating expenses of \$442 million (or 17.4% of net sales). The increase in operating expenses as a percent of net sales for fiscal 2000 was primarily due to (i) higher personnel costs resulting from increased headcount due to higher volume levels of activity, wage increases and the Company's employee retention activities and (ii) increased information technology ("IT") spending and conversion costs as the Company continued its program of upgrading IT systems. The Company believes its investment in these initiatives will provide a platform for future growth and enable it to realize more administrative synergies from past and future acquisitions.

Similarly, the increase of \$103 million in fiscal 1999 compared to fiscal 1998, which had operating expenses of \$339 million (or 17.4% of net sales), was primarily attributable to branches acquired and opened after February 1,

HUGHES SUPPLY, INC. 31

1997. The remainder of the increase was primarily due to (i) higher personnel and transportation costs associated with same-store sales growth, (ii) expenses related to the Company's IT initiatives and (iii) the impact of deflation on sales volumes.

Non-Operating Income and Expenses

Interest and other income was \$9.0 million in fiscal 2000 compared to \$6.9 million in fiscal 1999 and \$5.8 million in fiscal 1998. The increases of \$2.1 million and \$1.1 million in fiscal 2000 and 1999, respectively, were primarily the result of higher levels of accounts receivable and the related collection of service charge income on delinquent accounts receivable.

Interest expense for fiscal 2000, 1999 and 1998 was \$31.8 million, \$25.4 million and \$19.3 million, respectively. The \$6.4 million increase in fiscal 2000 and the \$6.1 million increase in fiscal 1999 were primarily the result of higher borrowing levels. The higher borrowing levels were primarily due to the Company's expansion through business acquisitions, which was partially funded by debt financing. The increase in fiscal 2000's debt level was also due to the Company's share repurchase program.

Income Taxes

The effective tax rates for fiscal 2000, 1999 and 1998 were 39.9%, 37.7% and 35.6%, respectively. Prior to the mergers with Chad Supply, Inc. ("Chad") on January 30, 1998 and with Winn-Lange Electric, Inc. ("Winn-Lange") on June 30, 1998, both 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 2000 compared to fiscal 1999 and is higher for fiscal 1999 compared to fiscal 1998. The Company's effective tax rate for fiscal 1999 and 1998 would have been approximately 38.3% and 38.7%, respectively, assuming Chad and Winn-Lange were tax paying entities.

Net Income

Net income in fiscal 2000 increased 7% to \$65.9 million from \$61.4 million in fiscal 1999. Diluted earnings per share increased 10% to \$2.80 in fiscal 2000 compared to \$2.55 in fiscal 1999. These results followed fiscal 1999 increases of 29% and 9% in net income and diluted earnings per share, respectively. Net income and diluted earnings per share in fiscal 1998 were \$47.6 million and \$2.33, respectively.

Liquidity and Capital Resources

Net cash provided by operations was \$33.4 million in fiscal 2000 compared to \$31.6 million in fiscal 1999 and net cash used in operations of \$4.8 million in fiscal 1998. In fiscal 2000, net cash provided by operations of \$33.4 million was primarily the result of an increase in accounts payable and accrued liabilities resulting from the Company's working capital management efforts. Net cash provided by operations of \$31.6 million in fiscal 1999 was primarily the result of the Company's improved profit levels, partially offset by increases in accounts receivable and inventories, resulting from higher sales volumes.

The Company's expenditures for property and equipment were \$30.7 million in fiscal 2000 compared to \$26.9 million in fiscal 1999. Of these expenditures, approximately \$14 million and \$10 million, respectively, were for new warehouse facilities to support the Company's growth and approximately \$5 million and \$7 million, respectively, were related to information technology outlays. Capital expenditures for property and equipment, not including amounts for business acquisitions, are expected to be approximately \$30 million in fiscal 2001.

Proceeds from the sale of property and equipment were \$4.9 million for fiscal 2000 compared to \$6.6 million and \$1.2 million for fiscal 1999 and 1998,

respectively. The increases in fiscal 2000 and fiscal 1999, as compared to fiscal 1998, were primarily due to the sale and subsequent lease-back of certain computer hardware which generated proceeds of \$2.5 million and \$5.4 million, respectively.

Principal reductions on debt of acquired entities were \$14.7 million for fiscal 2000 compared to \$24.1 million and \$25.2 million for fiscal 1999 and 1998, respectively. Dividend payments totaled \$8.0 million, \$8.8 million and \$8.1 million during fiscal 2000, 1999 and 1998. This included cash dividends of pooled companies totaling \$1.2 million and \$2.8 million in fiscal 1999 and 1998, respectively.

As discussed in Note 4 of the Notes to Consolidated Financial Statements, in September 1999 the Company amended its credit agreement. The credit agreement permits the Company to borrow up to \$350 million (\$300 million previously). With the increase in this facility and the additional \$50,000 bridge facility discussed in Note 4, the Company believes it has the resources necessary,

32

with approximately \$103 million available under its existing credit facilities (subject to borrowing limitations under long-term debt covenants) as of January 28, 2000, to fund ongoing operating requirements and anticipated capital expenditures. The Company also believes it has sufficient borrowing capacity to take advantage of growth and business acquisition opportunities and to fund share repurchases in the near term. The Company expects to continue to finance future expansion on a project-by-project basis through additional borrowing or through the issuance of common stock.

Business Acquisitions

Cash payments for business acquisitions accounted for as purchases totaled \$88.9 million for fiscal 2000 compared to \$40.4 million and \$47.7 million in fiscal years 1999 and 1998, respectively. These outlays represent seven, eight and ten wholesale distributors acquired and accounted for as purchases in fiscal 2000, 1999 and 1998, respectively. The increase in cash paid for acquisitions in fiscal 2000 was the result of all of the Company's fiscal 2000 acquisitions being financed completely with cash consideration. In fiscal 1999 and 1998, the Company used \$18 million and \$96 million of its stock, respectively, as additional consideration for acquisitions (excluding poolings of interests).

Investment in Affiliated Entities

In fiscal 2000, the Company invested \$3.8 million into two e-commerce initiatives. Under the terms of these agreements, the Company may be required to fund an additional \$6.3 million in fiscal 2001 if certain operating thresholds are met.

Share Repurchases

On March 15, 1999, the Board of Directors authorized the Company to repurchase up to 2.5 million of its outstanding shares. Through March 31, 2000, the Company repurchased 921,100 shares for a total cost of \$21.2 million at an average purchase price of \$23.05 per share.

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 affected by price fluctuations in stainless steel, nickel alloys, copper, aluminum, plastic and other commodities. 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.

At January 28, 2000, the Company had approximately \$307.0 million of outstanding variable-rate debt. Based upon an assumed 10% increase or decrease in interest rates from their January 28, 2000 levels, the Company's interest expense would increase or decrease by approximately \$2.0 million. The Company manages its interest rate risk by maintaining a combination of fixed-rate and variable-rate debt.

Management believes that inflation (which has been moderate over the past few years) did not significantly affect the Company's operating results or markets in fiscal 2000, 1999 or 1998. As discussed above, however, the Company's results of operations for fiscal 1999 and parts of fiscal 2000 and 1998 were negatively impacted by declines in the pricing of certain commodity-based products. Such commodity price fluctuations have from time to time created cyclicalities in the financial performance of the Company and could continue to do so in the future.

Recent Accounting Pronouncements

Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"), is effective for fiscal years beginning after June 15, 2000. SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The adoption of this standard is not expected to have a material impact on the Company's financial reporting.

Year 2000 Issues

The Company studied the "Year 2000" issues affecting its information technology systems, its non-information technology systems, and its issues with third-party companies and other significant suppliers, and implemented a plan to address them. Year 2000 issues have not had a material adverse effect on the Company's operations. The cost of addressing its Year 2000 issues was approximately \$1.2 million. These costs have not had a material effect on the Company's financial position or results of operations in any one period in part because they represent the re-deployment of existing information technology resources, and because they would have been incurred as part of normal software upgrades and replacements.

HUGHES SUPPLY, INC. 33

SELECTED FINANCIAL DATA

(in thousands, except per share data and ratios)

	Fiscal Years Ended(1)(2)			
	2000	1999	1998	1997
STATEMENTS OF INCOME:				
Net sales	\$2,994,877	\$2,536,265	\$1,945,446	\$1,619,362
Cost of sales	\$2,320,604	\$1,977,266	\$1,519,323	\$1,276,481
Gross margin	22.5%	22.0%	21.9%	21.2%
Selling, general and administrative expenses	\$508,644	\$416,642	\$318,923	\$261,355
As a percentage of net sales	17.0%	16.4%	16.4%	16.1%
Depreciation and amortization	\$29,629	\$23,269	\$18,727	\$15,566
Provision for doubtful accounts	\$3,608	\$1,882	\$1,229	\$1,023
Operating income	\$132,392	\$117,206	\$87,244	\$64,937
Operating margin	4.4%	4.6%	4.5%	4.0%
Interest and other income	\$9,015	\$6,886	\$5,837	\$6,241
Interest expense	\$31,805	\$25,415	\$19,257	\$14,842
Income before income taxes	\$109,602	\$98,677	\$73,824	\$56,336
As a percentage of net sales	3.7%	3.9%	3.8%	3.5%
Income taxes (benefits)	\$43,731	\$37,234	\$26,254	\$19,282
Net income	\$65,871	\$61,443	\$47,570	\$37,054
As a percentage of net sales	2.2%	2.4%	2.4%	2.3%
Earnings per share:				
Basic	\$2.82	\$2.57	\$2.37	\$2.13
Diluted	\$2.80	\$2.55	\$2.33	\$2.09
Average shares outstanding:				
Basic	23,398	23,889	20,108	17,384
Diluted	23,547	24,138	20,432	17,719
BALANCE SHEET:				
Working capital	\$657,500	\$567,435	\$486,106	\$350,975
Total assets	\$1,369,014	\$1,123,513	\$965,742	\$684,056
Long-term debt, less current portion	\$535,000	\$402,203	\$343,197	\$228,351
Shareholders' equity	\$522,444	\$483,956	\$421,769	\$299,233
Current ratio	3.2 to 1	3.5 to 1	3.5 to 1	3.3 to 1
Ratio of long-term debt to total capital employed .....	.51 to 1	.45 to 1	.45 to 1	.43 to 1
Leverage (total assets/ shareholders' equity)	2.62	2.32	2.29	2.29
OTHER:				
Cash dividends per share	\$.34	\$.33	\$.31	\$.25
Shareholders' equity per share	\$22.16	\$20.01	\$18.00	\$15.29
Return on average assets	5.3%	5.9%	5.8%	6.4%
Return on average shareholders' equity	13.1%	13.6%	13.2%	15.2%
Capital expenditures(3)	\$30,740	\$26,921	\$28,185	\$16,898

(1) The Company's fiscal year ends on the last Friday in January.

- (2) All data adjusted for poolings of interests and the three-for-two stock split declared in fiscal 1998.
- (3) Excludes capital leases.

	Fiscal Years Ended(1)(2)			
	1996	1995	1994	1993
STATEMENTS OF INCOME:				
Net sales	\$1,326,978	\$1,065,549	\$ 880,977	\$ 724,466
Cost of sales	\$1,052,120	\$ 848,698	\$ 704,907	\$ 583,513
Gross margin	20.7%	20.4%	20.0%	19.5%
administrative expenses	\$ 218,093	\$ 172,828	\$ 145,913	\$ 119,732
As a percentage of net sales	16.4%	16.2%	16.6%	16.5%
Depreciation and amortization	\$ 11,859	\$ 10,131	\$ 8,657	\$ 7,382
Provision for doubtful accounts	\$ 2,203	\$ 1,501	\$ 2,448	\$ 2,028
Operating income	\$ 42,703	\$ 32,391	\$ 19,052	\$ 11,811
Operating margin	3.2%	3.0%	2.2%	1.6%
Interest and other income	\$ 5,111	\$ 3,206	\$ 3,677	\$ 4,072
Interest expense	\$ 10,440	\$ 6,813	\$ 6,456	\$ 6,087
Income before income taxes	\$ 37,374	\$ 28,784	\$ 16,273	\$ 9,796
As a percentage of net sales	2.8%	2.7%	1.8%	1.4%
Income taxes (benefits)	\$ 11,728	\$ 7,984	\$ 4,710	\$ 1,734
Net income	\$ 25,646	\$ 20,800	\$ 11,563	\$ 8,062
As a percentage of net sales	1.9%	2.0%	1.3%	1.1%
Earnings per share:				
Basic	\$ 1.78	\$ 1.54	\$.97	\$.68
Diluted	\$ 1.75	\$ 1.50	\$.92	\$.68
Average shares outstanding:				
Basic	14,418	13,504	11,900	11,899
Diluted	14,647	13,992	13,675	11,917
BALANCE SHEET:				
Working capital	\$ 235,113	\$ 212,573	\$ 171,702	\$ 148,919
Total assets	\$ 474,574	\$ 418,717	\$ 330,526	\$ 294,510
Long-term debt, less current portion	\$ 139,165	\$ 127,166	\$ 121,292	\$ 103,870
Shareholders' equity	\$ 188,926	\$ 165,427	\$ 116,918	\$ 106,597
Current ratio	2.6 to 1	2.7 to 1	2.9 to 1	2.8 to 1
Ratio of long-term debt to				
total capital employed .....	.42 to 1	.43 to 1	.51 to 1	.49 to 1
Leverage (total assets/				
shareholders' equity)	2.51	2.53	2.83	2.76
OTHER:				
Cash dividends per share	\$.20	\$.15	\$.11	\$.08
Shareholders' equity per share	\$ 12.64	\$ 11.40	\$ 9.43	\$ 8.71
Return on average assets	5.7%	5.6%	3.7%	2.8%
Return on average				
shareholders' equity	14.5%	14.7%	10.3%	7.8%
Capital expenditures(3)	\$ 14,713	\$ 15,824	\$ 9,997	\$ 10,335

Fiscal Years Ended(1)(2)

1992	1991	1990
------	------	------

STATEMENTS OF INCOME:

Net sales	\$ 690,311	\$ 752,951	\$ 706,860
Cost of sales	\$ 557,380	\$ 608,322	\$ 565,386
Gross margin	19.3%	19.2%	20.0%
administrative expenses	\$ 116,317	\$ 117,649	\$ 107,882
As a percentage of net sales	16.8%	15.6%	15.3%
Depreciation and amortization	\$ 7,987	\$ 9,929	\$ 9,743
Provision for doubtful accounts	\$ 3,247	\$ 3,119	\$ 2,962
Operating income	\$ 5,380	\$ 13,932	\$ 20,887
Operating margin .....	.8%	1.9%	3.0%
Interest and other income	\$ 2,696	\$ 4,732	\$ 3,348
Interest expense	\$ 7,702	\$ 9,850	\$ 8,911
Income before income taxes	\$ 374	\$ 8,814	\$ 15,324
As a percentage of net sales ....	.1%	1.2%	2.2%
Income taxes (benefits)	\$ (1,359)	\$ 2,058	\$ 4,937
Net income	\$ 1,733	\$ 6,756	\$ 10,387
As a percentage of net sales ....	.3%	.9%	1.5%
Earnings per share:			
Basic	\$.15	\$.58	\$.84
Diluted	\$.15	\$.58	\$.81
Average shares outstanding:			
Basic	11,899	11,746	12,374
Diluted	11,899	11,746	14,062
BALANCE SHEET:			
Working capital	\$ 134,961	\$ 143,011	\$ 140,226
Total assets	\$ 276,439	\$ 273,216	\$ 285,434
Long-term debt, less current portion	\$ 89,921	\$ 99,261	\$ 94,409
Shareholders' equity	\$ 99,649	\$ 102,094	\$ 107,113
Current ratio	2.6 to 1	3.0 to 1	2.7 to 1
Ratio of long-term debt to total capital employed .....	.47 to 1	.49 to 1	.47 to 1
Leverage (total assets/ shareholders' equity)	2.77	2.68	2.66
OTHER:			
Cash dividends per share	\$.16	\$.24	\$.23
Shareholders' equity per share	\$ 8.14	\$ 8.64	\$ 8.54
Return on average assets .....	.6%	2.4%	3.8%
Return on average shareholders' equity	1.7%	6.5%	9.9%
Capital expenditures(3)	\$ 6,073	\$ 8,877	\$ 11,844

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, Holland & Knight LLP

H. Corbin Day
Chairman, Jemison Investment Co., Inc.

A. Stewart Hall, Jr.

Vincent S. Hughes

William P. Kennedy
Chief Executive Officer
Nephron Pharmaceuticals Corporation

EXECUTIVE OFFICERS
AND MANAGEMENT

David H. Hughes
Chairman of the Board and
Chief Executive Officer

A. Stewart Hall, Jr.
President and Chief Operating Officer

Benjamin P. Butterfield
Secretary and General Counsel

Jack R. Clark
Vice President of Credit

Jacqueline K. Clark
Assistant Secretary and
Assistant Treasurer

Jasper L. Holland, Jr.

Group President

Clyde E. Hughes III
Group President

Vincent S. Hughes

Vice President

Robert A. Machaby

Group President

James C. Plyler, Jr.

Vice President and Regional Manager

Kenneth H. Stephens
Vice President and Regional Manager

Michael L. Stanwood
Group President

Sidney J. Strickland, Jr.
Vice President of Administration

Thomas M. Ward II
Vice President and Chief Technology Officer

Gradie E. Winstead, Jr.
Group 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

Tuesday, May 16, 2000,
at 10:00 a.m., local time
Hughes Supply, Inc.
20 North Orange Avenue
Suite 200
Orlando, Florida 32801

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers 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 March 24, 2000 was 1,188. 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

Subsidiaries of the Registrant

Set forth below is a listing, by name and jurisdiction of incorporation, of each corporation which is, as of the date of this Report, a subsidiary of the Registrant. Unless otherwise indicated, each such corporation is a 100% owned subsidiary of the Registrant.

- 1) Allied Metals, Inc., a Texas corporation.
- 2) Atlantic Pump & Equipment Company of Miami, Inc., a Florida corporation.
- 3) Atlantic Pump and Equipment Co. of Puerto Rico, a Puerto Rico corporation.
- 4) Atlantic Pump & Equipment Company of West Palm Beach, Inc., a Florida corporation.
- 5) Carolina Pump & Supply Corp., a Rhode Island corporation.
- 6) Cayesteel, Inc., a Georgia corporation.
- 7) CF Fluid Controls, Inc., a Texas 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) Douglas Leonhardt & Associates, Inc., a North Carolina corporation.
- 13) ELASCO Agency Sales, Inc., an Illinois corporation.
- 14) Elec-Tel Supply Company, a Georgia corporation.
- 15) Electric Laboratories and Sales Corporation, a Delaware corporation.
- 16) FES Merger Corp., Inc., a Florida corporation.
- 17) First National Fixture Corporation, a Kansas corporation.
- 18) Gayle Supply Company, Inc., an Alabama corporation.

- 19) Gilleland Concrete Products, Inc., a Georgia corporation.
- 20) GPEC, Inc., a Texas corporation.
- 21) H Venture Corp., a Florida corporation.
- 22) HHH, Inc., a Delaware corporation.
- 23) HSI Acquisition Corporation, an Ohio corporation.
- 24) HSI bestroute Investment, Inc., a Florida corporation.
- 25) HSI Corp., a Delaware corporation.
- 26) HSI Fusion Services, Inc., a Florida corporation.
- 27) Hughes Supply Foundation, Inc., a Florida corporation not-for-profit.
- 28) Hughes Supply FSC, Inc., a Barbados corporation.
- 29) Hughes Supply Management Services, Inc., a Delaware corporation.
- 30) Hughes Water & Sewer Company, a West Virginia corporation.
- 31) International Supply Company, a Texas corporation.
- 32) J & J, Inc., a Georgia corporation.
- 33) JuNo Industries, Inc., a Florida corporation.
- 34) Kamen Supply Company, Inc., a Kansas corporation.
- 35) L & T of Delaware, Inc., a Delaware corporation.
- 36) Merex Corporation, a Texas corporation.
- 37) Merex De Mexico, Sociedad Anonima De Capital Variable, a Mexico corporation, 75% owned.
- 38) Merex Diesel Power, Sociedad Anonima De Capital Variable, a Mexico corporation, 75% owned.
- 39) Metals Incorporated, an Oklahoma corporation.
- 40) Metals, Inc. - Gulf Coast Division, an Oklahoma corporation.
- 41) Mills & Lupton Supply Company, a Tennessee corporation.
- 42) Moore Electric Supply, Inc., a North Carolina corporation.
- 43) Mountain Country Supply, Inc., an Arizona corporation.
- 44) Olander & Brophy, Incorporated, a Pennsylvania corporation.

- 45) One Stop Supply, Inc., a Tennessee corporation.
- 46) Paine Supply of Jackson, Inc., a Mississippi corporation.
- 47) Palm Pool Products, Inc., a Michigan corporation.
- 48) Panhandle Pipe & Supply Co., Inc., a West Virginia corporation.
- 49) Port City Electrical Supply, Inc., a Georgia corporation.
- 50) R & G Plumbing Supply, Inc., an Alabama corporation.
- 51) Reaction Supply Corporation, a California corporation.
- 52) San Antonio Plumbing Distributors, Inc., a Texas corporation.
- 53) Shrader Holding Company, Inc., an Arkansas corporation.
- 54) Southwest Stainless, L.P., a Delaware limited partnership.
- 55) Stainless Tubular Products, Inc., an Oklahoma corporation.
- 56) Sunbelt Supply Co., a Texas corporation.
- 57) Union Merger Corporation, a North Carolina corporation.
- 58) USCO Incorporated, a North Carolina corporation.
- 59) U.S. Fusion Services, Inc., a Louisiana corporation.
- 60) Virginia Water & Waste Supply Company, Inc., a Virginia corporation.
- 61) WCC Merger Corporation, a Georgia corporation.
- 62) Wholesale Electric Supply Corporation, a New York corporation.
- 63) Z&L Acquisition Corp., a Delaware corporation.

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET OF HUGHES SUPPLY, INC. AS OF JANUARY 28, 2000, AND THE RELATED STATEMENT OF INCOME FOR THE YEAR THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<CIK> 0000049029

<NAME> HUGHES SUPPLY, INC.

<MULTIPLIER> 1,000

<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	JAN-28-2000
<PERIOD-END>	JAN-28-2000
<CASH>	10,000
<SECURITIES>	0
<RECEIVABLES>	401,021
<ALLOWANCES>	2,777
<INVENTORY>	495,491
<CURRENT-ASSETS>	957,778
<PP&E>	236,897
<DEPRECIATION>	91,952
<TOTAL-ASSETS>	1,369,014
<CURRENT-LIABILITIES>	300,278
<BONDS>	535,000
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	24,249
<OTHER-SE>	498,195
<TOTAL-LIABILITY-AND-EQUITY>	1,369,014
<SALES>	2,994,877
<TOTAL-REVENUES>	2,994,877
<CGS>	2,320,604
<TOTAL-COSTS>	2,320,604
<OTHER-EXPENSES>	538,273
<LOSS-PROVISION>	3,608
<INTEREST-EXPENSE>	31,805
<INCOME-PRETAX>	109,602
<INCOME-TAX>	43,731
<INCOME-CONTINUING>	65,871
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	65,871
<EPS-BASIC>	2.82
<EPS-DILUTED>	2.80

HUGHES SUPPLY, INC.
LOCATION OF FACILITIES
AS OF JANUARY 28, 2000

EXHIBIT 99.1

STATE/TERRITORY/COUNTRY	CITY	NUMBER OF BRANCHES
ALABAMA	Anniston	2
	Birmingham	4
	Cullman	1
	Dothan	2
	Homewood	1
	Huntsville	4
	Mobile	3
	Montgomery	3
	Pelham	1
	Prichard	2

		23
ALASKA	Anchorage	1

		1
ARIZONA	Cottonwood	1
	Flagstaff	1
	Gilbert	2
	Kingman	1
	Lake Havasu City	1
	Lakeside	1
	Mesa	1
	Phoenix	7
	Prescott	1
	Scottsdale	1
	Tucson	2

		19
ARKANSAS	North Little Rock	1
	Tontitown	1

		2
CALIFORNIA	Artesia	1
	Fresno	1
	La Habra	1
	North Hollywood	1
	Sacramento	1
	San Francisco	1
	Union City	1

		7
COLORADO	Avon	1
	Denver	3
	Englewood	1
	Ft. Collins	1
	Longmont	1

		7

STATE/TERRITORY/COUNTRY	CITY	NUMBER OF BRANCHES

FLORIDA	Bradenton	1
	Bunnell	1
	Cape Coral	2
	Clearwater	3
	Clermont	1
	Daytona	1
	Eaton Park	2
	Ft. Lauderdale	2
	Ft. Myers	4
	Ft. Pierce	2
	Gainesville	2
	Holly Hill	1
	Inverness	1
	Jacksonville	7
	Kissimmee	1
	Lady Lake	1
	Lake City	1
	Lakeland	4
	Leesburg	1
	Longwood	1
	Marianna	1
	Melbourne	1
	Miami	4
	Naples	1
	Ocala	4
	Orange City	1
	Orlando	13
	Panama City	3
	Pembroke Park	1
	Pensacola	2
	Perry	1
	Pompano Beach	4
	Port Richey	1
	Port St. Lucie	1
	Riviera Beach	1
	St. Augustine	1
	St. Petersburg	1
	Sarasota	3
	Sebring	1
	Tallahassee	5
	Tampa	6
	Tavares	1
	Thonotosassa	2
	Venice	1
	West Melbourne	1
	West Palm Beach	4
	Winter Haven	2
	Winter Park	1

		107

STATE/TERRITORY/COUNTRY	CITY	NUMBER OF BRANCHES
GEORGIA	Albany	1
	Alpharetta	1
	Athens	3
	Atlanta	3
	Augusta	1
	Austell	1
	Brunswick	1
	Buford	2
	Columbus	3
	Conyers	2
	Doraville	2
	Forest Park	1
	Garden City	1
	Hampton	1
	Kennesaw	1
	Lawrenceville	1
	Lithonia	1
	Macon	6
	Marietta	2
	Martinez	1
	McDonough	1
	Norcross	4
	Oakwood	1
	Savannah	3
	Thomasville	1
	Tifton	2
	Tucker	1
	Valdosta	2
	Woodstock	1

		51
ILLINOIS	Decatur	1
	Mattoon	2
	Romeoville	1

		4
INDIANA	Fort Wayne	1
	Indianapolis	3
	Muncie	1
	Whitestown	1

		6

STATE/TERRITORY/COUNTRY	CITY	NUMBER OF BRANCHES
KANSAS	Garden City	1
	Hutchinson	1
	Wichita	1
		----- 3
KENTUCKY	Bowling Green	1
	Glasgow	1
	Louisville	4
		----- 6
LOUISIANA	Baton Rouge	1
	Gonzales	1
	Kenner	1
	Luling	1
	Port Allen	1
	Sulphur	1
		----- 6
MARYLAND	Aberdeen	1
	Capitol Heights	1
	Finksburg	1
	Frederick	1
	Salisbury	1
	Waldorf	2
		----- 7
MEXICO	Tampico	4
	Villahermosa	1
		----- 5

STATE/TERRITORY/COUNTRY	CITY	NUMBER OF BRANCHES
MICHIGAN	Holt	1
	Romulus	1
	Warren	1
		----- 3
MISSISSIPPI	D'Iberville	1
	Greenville	1
	Greenwood	1
	Gulfport	1
	Hattiesburg	1
	Jackson	1
	Laurel	1
	Meridian	1
	Pascagoula	1
	Tupelo	1
		----- 10
MISSOURI	Arnold	1
	Springfield	1
	St. Charles	1
	Wentzville	1
		----- 4
MONTANA	Missoula	1
		----- 1
NEVADA	Las Vegas	1
		----- 1
NEW JERSEY	Blackwood	1
	Hopelawn	1
	Piscataway	1
		----- 3
NEW YORK	Vestal	1
		----- 1
NORTH CAROLINA	Albemarle	1
	Asheville	1
	Charlotte	9
	Concord	2
	Durham	1
	Elizabeth City	1
	Fayetteville	1
	Goldsboro	1
	Greensboro	2
	Henderson	1
	Hickory	1
	High Point	1
	Huntersville	1
	Kinston	1
	Monroe	4
	Pinehurst	1

Pineville	1
Raleigh	5
Rocky Mount	1
Salisbury	1
Statesville	1
Wilmington	2
Zebulon	1

	41

STATE/TERRITORY/COUNTRY	CITY	NUMBER OF BRANCHES
OHIO	Batavia	1
	Brimfield	1
	Cincinnati	1
	Cleveland	1
	Columbus	3
	Dayton	3
	Elyria	1
	Fairfield	1
	Greenville	1
	Hartsville	1
	Lima	1
	Marion	1
	Monroe	1
	Perrysburg	1
	Solon	1
	Van Wert	1
	West Chester	1

		21
OKLAHOMA	Oklahoma City	1
	Tulsa	2

		3
PENNSYLVANIA	Bedford	1
	Monroeville	1
	Shippensburg	1

		3
SOUTH CAROLINA	Aiken	1
	Anderson	1
	Bluffton	2
	Charleston	3
	Cheraw	1
	Columbia	2
	Florence	1
	Greenville	3
	Greer	2
	Hilton Head	1
	Lancaster	1
	Myrtle Beach	1
	North Charleston	2
	Ridgeland	1
	Roebuck	1
	West Columbia	2

		25
TENNESSEE	Alcoa	1
	Chattanooga	2
	Clarksville	1
	Cookeville	1
	Franklin	1
	Jackson	1
	Knoxville	2
	Memphis	6
	Nashville	6

		21
TEXAS	Allen	1
	Alvarado	1
	Austin	4
	Beaumont	2
	Boerne	1
	Brenham	1
	College Station	1
	Conroe	1
	Corpus Christi	3
	Dallas	4
	Denton	1
	Fort Worth	1
	Freeport	1
	Friendswood	1
	Garland	1
	Grand Prairie	1
	Grapevine	1
	Haltom City	1
	Harlingen	1
	Helotes	1
	Houston	15
	Kerrville	1
	La Porte	1
	Laredo	1
	Longview	2
	Lufkin	1
	McAllen	1
	Mesquite	1
	Mt. Pleasant	1
	Pharr	1
	Prosper	1
	Richardson	1
	Richland Hills	1
	Round Rock	1
	San Antonio	9
	Seguin	1
	Sherman	2
	Southlake	1
	Texas City	1
	Waxahachie	1

		73

STATE/TERRITORY/COUNTRY	CITY	NUMBER OF BRANCHES
UTAH	Salt Lake City	1

		1
VIRGINIA	Colonial Heights	1
	Herndon	1
	La Crosse	1
	Lynchburg	1
	Manassas Park	1
	Norfolk	2
	Richmond	2
	Roanoke	1
	Virginia Beach	2
	Yorktown	1

		13
WASHINGTON	Marysville	1
	Seattle	2
	Spokane	1
	Tacoma	1
	Tukwila	1

		6
WEST VIRGINIA	Alum Creek	1
	Fairmont	1
	Martinsburg	1
	South Charleston	1

		4

TOTAL BRANCHES		488
		=====