INDUSTRIAL DISTRIBUTION GROUP INC
Form PREM14A
May 06, 2008

Table of Contents

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

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:
þ Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a 12

Industrial Distribution Group, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

þ Fee computed on table below per Exchange Act Rules 14a 6(i)(l) and 0 11.

(1) Title of each class of securities to which transaction applies: **Common Stock**

(2) Aggregate number of securities to which transaction applies: **9,791,368**

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0 11 (set forth the amount on which the filing fee is calculated and state how it was determined): **$12.10 per share plus the assumption of debt**

(4) Proposed maximum aggregate value of transaction: **$131,000,000**

(5) Total fee paid: **$5,148.30**

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0 11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

$

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

INDUSTRIAL DISTRIBUTION GROUP, INC.

May [16], 2008

To Our Stockholders:

On behalf of the Board of Directors and management of Industrial Distribution Group, Inc., I cordially invite you to attend a Special Meeting of Stockholders, to be held on June [18], 2008, beginning at 11:00 a.m., Eastern Time, at 1100 Peachtree Street, 28th Floor, South Conference Room, Atlanta, Georgia 30309. As you are aware, we did not hold the Special Meeting that was previously scheduled to occur on May 1, 2008.

At the Special Meeting, stockholders will be asked to consider and vote on a proposal to adopt the Agreement and Plan of Merger, which we refer to as the merger agreement , dated as of April 25, 2008, among Eiger Holdco, LLC (Eiger), Eiger Merger Corporation (Merger Sub), a wholly-owned subsidiary of Eiger, and Industrial Distribution Group, Inc. (IDG , we , us , or our), providing for the acquisition of IDG by Eiger. If the merger is completed, IDG w become a wholly-owned subsidiary of Eiger, and you will receive $12.10 in cash, without interest and less any applicable withholding taxes, for each share of common stock that you own, and you will cease to have an ownership interest in IDG. A copy of the merger agreement is attached as Annex A to the accompanying proxy statement. You are encouraged to read it in its entirety.

After careful consideration, our board of directors has withdrawn its earlier recommendation for adopting the merger agreement with affiliates of Platinum Equity, terminated that agreement, and unanimously approved the new merger agreement with Eiger and determined and declared that the Eiger merger and merger agreement are advisable and in the best interest of our stockholders. **OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ADOPTION OF THE EIGER MERGER AGREEMENT**.

The proxy statement accompanying this letter provides you with information about the merger and the Special Meeting. Please read the entire proxy statement carefully. You may also obtain additional information about us from documents we filed with the Securities and Exchange Commission.

Your Vote is Very Important. The merger cannot be completed unless IDG stockholders holding a majority of the outstanding shares entitled to vote at the Special Meeting vote to adopt the merger agreement. **If you do not vote, it will have the same effect as a vote against the adoption of the merger agreement.**

Whether or not you plan to attend the Special Meeting in person, please complete, sign, date and return promptly the enclosed proxy card. If you hold shares through a broker or other nominee, you should follow the procedures provided by your broker or nominee. These actions will not limit your right to vote in person if you wish to attend the Special Meeting and vote in person.

If you have any questions or need assistance voting your shares, please call MacKenzie Partners, Inc., which is assisting us with obtaining proxies for the Special Meeting. Stockholders should call toll-free at (800) 322-2885; banks and brokers may call collect at (212) 929-5500.

I thank you in advance for your cooperation and continued support.

Sincerely,

Charles A. Lingenfelter
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement is dated May [16], 2008 and is first being mailed to stockholders on or about May [19], 2008.

Table of Contents

INDUSTRIAL DISTRIBUTION GROUP, INC.
950 EAST PACES FERRY ROAD
SUITE 1575
ATLANTA, GEORGIA 30326

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE [18], 2008

To the Stockholders of
Industrial Distribution Group, Inc.:

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of Industrial Distribution Group, Inc. will be held at 11:00 a.m., Eastern Time on June [18], 2008, at 1100 Peachtree Street, 28th Floor, South Conference Room, Atlanta, Georgia 30309, for the following purposes:

1. *Adoption of the Merger Agreement with Eiger.* To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of April 25, 2008, among Eiger, Merger Sub and Industrial Distribution Group, Inc.

2. *Adjournment or Postponement of the Special Meeting.* To consider and vote on a possible proposal to adjourn or postpone the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.

3. *Other Matters.* To transact such other business as may properly come before the Special Meeting or any adjournment or postponement thereof.

Only stockholders of record of our common stock as of the close of business on May [8], 2008, are entitled to notice of, and to vote at, the Special Meeting and any adjournment or postponement of the Special Meeting.

Your vote is important, regardless of the number of shares of common stock you own. The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of common stock entitled to vote at the Special Meeting. Even if you plan to attend the Special Meeting in person, we request that you complete, sign, date and return the enclosed proxy card and thus ensure that your shares will be represented at the Special Meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your vote will be counted as a vote **FOR** the adoption of the merger agreement, **FOR** any proposal to adjourn or postpone the Special Meeting, if necessary or appropriate, in order to permit further solicitation of proxies, and in accordance with the discretion of the persons named as proxies on any other matters properly brought before the Special Meeting for a vote.

If you fail to vote by proxy or in person, it will have the same effect as a vote against the adoption of the merger agreement, but will not affect any adjournment or postponement vote to permit further solicitation of proxies. If you wish to vote in person at the Special Meeting, you may withdraw your proxy, if previously given, and vote in person.

Under the Delaware General Corporation Law, holders of our common stock who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if (i) they submit a written demand for an appraisal prior to the

vote on the adoption of the merger agreement, (ii) they do not vote or otherwise submit a proxy in favor of the merger agreement, and (iii) they comply with the procedures under the Delaware General Corporation Law explained in the accompanying proxy statement. See the section captioned Appraisal Rights .

Please carefully read the proxy statement and other material concerning our company, the merger and related matters enclosed with this notice for a more complete statement regarding the matters to be acted upon at the Special Meeting.

PLEASE DO NOT SEND ANY STOCK CERTIFICATES AT THIS TIME.

BY ORDER OF THE BOARD OF DIRECTORS,

Jack P. Healey
Secretary

May [16], 2008

Table of Contents

INDUSTRIAL DISTRIBUTION GROUP, INC.
950 EAST PACES FERRY ROAD
SUITE 1575
ATLANTA, GEORGIA 30326

PROXY STATEMENT

SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE [18], 2008

TABLE OF CONTENTS

Table of Contents

Table of Contents

SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To understand the merger fully, and for a more complete description of the legal terms of the merger, you should carefully read this entire proxy statement, the annexes to this proxy statement and the documents to which we refer. The Agreement and Plan of Merger, which we refer to as the merger agreement , dated as of April 25, 2008, among Eiger, Merger Sub and Industrial Distribution Group, Inc., is included as Annex A to this proxy statement. We have included page references in parentheses to direct you to the appropriate place in this proxy statement for a more complete description of the topics presented in this summary.

The Parties to the Merger Agreement (Page)

Industrial Distribution Group, Inc. (IDG , we , us , or our) is a Delaware corporation headquartered in Atlanta, Georg IDG is a nationwide distributor of products and services that create competitive advantages for its customers, including a full line of maintenance, repair, operating and production (MROP) products. IDG has a strong reputation as a specialty distributor with considerable technical and product application expertise with respect to its more specialized product lines, including cutting tools, hand and power tools, abrasives, material handling equipment, coolants, lubricants, and safety products.

Eiger Holdco, LLC (Eiger) is a Delaware limited liability company headquartered in Fort Worth, Texas. Eiger has been formed by LKCM Private Discipline Master Fund, SPC (LKCM) for the purpose of acquiring IDG. LKCM, which owns approximately 14.9% of our outstanding common stock, is a private investment fund that was formed in May 2006 by Luther King Capital Management Corporation, an investment adviser registered with the SEC. Luther King Capital Management Corporation provides investment management services to investment companies, foundations, endowments, employee benefit plans, and high net worth individuals. As of March 31, 2008, Luther King Capital Management Corporation had approximately $7.3 billion in assets under management.

Eiger Merger Corporation (Merger Sub) is a newly-incorporated Delaware corporation and a direct, wholly-owned subsidiary of Eiger. Merger Sub was formed by Eiger exclusively for the purpose of effecting the merger, and has no other business.

LKCM, while not party to the merger agreement, has committed to fund the payment obligations of Eiger under the merger agreement. Eiger has represented to us that it will have sufficient cash at closing to pay the merger consideration and consummate the merger.

The Merger (Page)

The merger agreement provides for IDG to be acquired by Eiger. The legal structure for that transaction is that Merger Sub will be merged with and into IDG, with IDG as the surviving corporation and thereby becoming a wholly-owned subsidiary of Eiger. As a result of the merger, therefore, IDG will cease to be a publicly traded company.

Merger Consideration (Page)

Each holder of shares of common stock outstanding immediately prior to the merger will be entitled to receive $12.10 per share in cash, without interest and less applicable withholding taxes, for such shares (other than shares owned by us, Eiger or Merger Sub or any subsidiary thereof and other than shares owned by stockholders properly demanding appraisal rights).

Effect on Stock Options and Restricted Stock (Page)

Each option to purchase shares of common stock outstanding immediately prior to the merger, whether or not then exercisable or vested, will be deemed automatically exercised and converted into the right to receive a cash payment equal to the excess, if any, of $12.10 per share over the exercise price per share of the option, multiplied by the number of shares subject to the option, without interest and less any applicable withholding tax.

Table of Contents

All shares of common stock that are subject to vesting or forfeiture or other restrictions (which we refer to as restricted stock) outstanding immediately prior to the merger (except for 123,333 shares under our May 2007 incentive award to our chief executive officer) will become fully vested and (other than any such shares owned by stockholders properly demanding appraisal rights) will be converted into the right to receive $12.10 per share in cash, without interest and less any applicable withholding tax.

Termination of Prior Agreement with Platinum Equity (Page)

On February 20, 2008, we executed a merger agreement with affiliates of Platinum Equity Advisors, LLC (Platinum Equity) for IDG to be acquired for a price of $10.30 per share in cash to our stockholders (the Platinum Merger Agreement). In connection with that proposed transaction, our board of directors called and gave notice of a special meeting of stockholders then scheduled for May 1, 2008 to consider and vote upon that proposed transaction. As discussed in more detail under *The Merger Background of the Merger* , we subsequently received unsolicited offers from other parties to pay a higher price to our stockholders for our company, the highest of which was the $12.10 per share offer from Eiger, which we received on April 22, 2008. After allowing Platinum Equity its option to match or exceed the Eiger offer (which Platinum Equity chose not to exercise), our board of directors determined unanimously to terminate the Platinum Merger Agreement in order to accept the Eiger offer and execute the merger agreement with Eiger that is now being submitted to you for a vote. As a result of the above, the previously scheduled stockholders meeting was canceled, and this new special meeting of stockholders has been called for you to consider and vote on the Eiger merger agreement at a price of $12.10 per share in cash to you, rather the Platinum Merger Agreement at a lower price to you.

Conditions to the Merger (Page)

We and Eiger will not complete the merger unless a number of conditions are satisfied or (to the extent permitted) waived, as applicable, including:

- adoption by our stockholders of the merger agreement;
- our delivery to Eiger of a certificate with respect to our satisfaction of certain conditions set forth in the merger agreement, and each of Eiger s and Merger Sub s delivery to us of a certificate with respect to the satisfaction by each of certain conditions set forth in the merger agreement;
- expiration or termination of any applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act ;
- consummation of the transactions under the merger agreement shall not have been made illegal by governmental order, decree or ruling; and
- receipt of all material consents, approvals and authorizations legally required to consummate the transactions under the merger agreement.

Special Meeting; Quorum; Merger Vote (Page)

We will hold the Special Meeting at 1100 Peachtree Street, 28th Floor, South Conference Room, Atlanta, Georgia 30309 on June [18], 2008, beginning at 11:00 a.m., Eastern Time. The holders of a majority of our outstanding shares of common stock entitled to vote must be present, either in person or by proxy, to constitute a quorum at the Special Meeting. The vote required to approve adoption of the merger agreement (Proposal 1) is the affirmative vote of the holders of a majority of the shares of common stock entitled to vote at the Special Meeting, whether or not present at

the Special Meeting. If it becomes necessary to vote on an adjournment or postponement of the Special Meeting in order to solicit additional proxies (Proposal 2), approval of that matter would require the affirmative vote of a majority of the shares of common stock present at the Special Meeting (in person or by proxy) and voting with respect to the proposal.

Table of Contents

Recommendation of Our Board of Directors (Page)

Our board of directors has unanimously approved the merger agreement and determined and declared that the merger and the merger agreement are advisable and in the best interest of our stockholders. Accordingly, our board of directors unanimously recommends that you vote **FOR** adoption of the merger agreement.

Effective Time of the Merger (Page)

The closing of the merger will occur as soon as practicable, but no later than the second business day, after the satisfaction or (to the extent permitted by law) waiver of all of the closing conditions provided in the merger agreement, or on such other date as IDG and Eiger may agree in writing. On the closing date, a certificate of merger will be filed with the Secretary of State of the State of Delaware that will state whether the merger will become effective immediately upon acceptance of that filing, or at such later time as the parties may have agreed and specified in the certificate of merger. We refer to such time, in either case, as the effective time of the merger .

Termination of the Merger Agreement (Page)

The merger agreement describes the circumstances under which Eiger or we may terminate the merger agreement. In addition, the merger agreement provides that, upon termination of the merger agreement under certain special circumstances (including our consideration of a competing acquisition proposal), we may be required to pay Eiger a termination fee of 3% of the aggregate merger consideration, or approximately $3.5 million. If the merger agreement is terminated by us in certain circumstances due to the failure of Eiger to perform its obligations, and provided all other conditions to the merger have been satisfied, Eiger may be required to pay us a termination fee of 3% of the aggregate merger consideration, or approximately $3.5 million and reimburse us for the termination fee of approximately $3.0 million we paid to Platinum.

Acquisition Proposals (Page)

The merger agreement contains provisions that prohibit us from soliciting, and restrict us from engaging in discussions or negotiations regarding, a competing proposal to the merger. There are exceptions to these provisions that permit our board of directors to exercise its fiduciary duties under corporate law if we receive a superior proposal from a third party under certain circumstances set forth in the merger agreement.

Reasons for the Merger (Page)

In making its recommendation that you vote **FOR** adoption of the merger agreement, our board of directors considered a number of factors, including, among other things, the following:

- the $12.10 per share in cash to be paid as merger consideration represents in addition to a 17.5% premium to the purchase price of $10.30 per share originally offered by Platinum Equity that the board of directors was previously recommending a 32.2% premium to the closing trading price of $9.15 on July 27, 2007 (the trading day just prior to the date on which we announced formation of a special committee to explore our strategic alternatives), and a 31.4% premium to the closing trading price of $9.21 on February 19, 2008 (the trading day just prior to the date on which we announced the execution of the Platinum Merger Agreement, notwithstanding the general decline in the stock prices of our publicly traded competitors (and the overall decline in certain broader stock market indices) since July 27, 2007;

- the merger consideration will be paid in cash, which provides certainty and immediate value to our stockholders;

consummation of the merger is not subject to a financing condition;

the historically relatively limited public float and low trading volume for our common stock, which effectively limits our stockholders ability to trade significant amounts of shares without depressing our stock price;

Table of Contents

the financial and other terms of the merger agreement, which, among other things, permit our board of directors to exercise its fiduciary duties under corporate law to consider unsolicited acquisition proposals and to change its recommendation with respect to the merger;

Eiger s obligation to pay us a termination fee and reimburse us for the termination fee of approximately $3.0 million we paid to Platinum under certain circumstances if it breaches the merger agreement or fails to timely meet material obligations under the merger agreement;

the substantial costs and implications for our profitability of remaining independent as a public company, in light of the relatively small size and scale of our operations for the foreseeable future;

the increasing level of uncertainties associated with our business as a result of actual and anticipated deteriorating general economic conditions affecting our industry and capital markets;

the attractiveness of the merger compared to other strategic alternatives reasonably available to us;

the results of the confidential but extensive solicitation of proposals to acquire our company, which was conducted by the Strategic Alternatives Review Committee established by our board of directors in July 2007 (the Special Committee) and its financial advisor, Robert W. Baird & Co. Incorporated, or Baird, prior to our February 20, 2008 execution of the Platinum Merger Agreement, and the subsequent consideration of unsolicited additional acquisition proposals that we received after announcing the Platinum Merger Agreement; and

the financial analyses reviewed and discussed by Baird with our board of directors, and the respective opinions of Baird as of February 20, 2008 with respect to the $10.30 per share price offered by Platinum Equity and as of April 25, 2008 in confirmation of the board of directors assessment of the $12.10 per share now payable by Eiger with respect to the fairness, from a financial point of view, to the holders of our common stock of the consideration to be received by them in these respective transactions.

Opinion of Baird (Page and Annex B)

On February 20, 2008, Baird, serving as financial advisor to our board of directors, delivered to our board of directors its written opinion to the effect that the $10.30 per share of consideration to be received by the holders of our common stock pursuant to the Platinum Merger Agreement was fair, from a financial point of view, to such holders. In connection with our board of directors consideration of subsequent offers at higher prices over the following two months, Baird discussed with our board of directors Baird s belief and expectation that it could deliver a favorable fairness opinion with respect to the consideration to the holders of our common stock reflected in the highest such offer that our board of directors may otherwise determine to be substantially equivalent to the transaction in the Platinum Merger Agreement.

Following our board of directors determination on April 22, 2008 that the $12.10 per share offer (and related proposed merger agreement) from Eiger was superior to both the original $10.30 per share price and revised $11.80 per share offer from Platinum Equity, Baird delivered its written opinion to our board of directors to the effect that, as of April 25, 2008, the consideration to be received by the holders of our common stock pursuant to the merger agreement with Eiger was fair, from a financial point of view, to such holders. Baird s opinion only addressed the fairness of the merger, from a financial point of view, to the holders of our common stock of the merger consideration, and not any other aspect or implication of the merger. The summary of Baird s opinion in this proxy statement is qualified in its entirety by reference to the full text of the written opinion, which is included as Annex B to this proxy statement and

sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken, and other matters considered by Baird in preparing its opinion. However, neither Baird s opinion, nor the summary of it and the related analyses set forth in this proxy statement, are intended to be, and do not constitute, advice or a recommendation to you by Baird as to how you should vote or act on any matter relating to the merger.

Table of Contents

Material United States Federal Income Tax Consequences of the Merger (Page)

For U.S. federal income tax purposes, the merger will be treated as a sale of shares of common stock for cash by each of our stockholders. As a result, in general, each stockholder will recognize gain or loss equal to the difference, if any, between the amount of cash received in the merger and such stockholder s adjusted tax basis in the shares surrendered. Such gain or loss will be capital gain or loss if the shares of common stock surrendered are held as a capital asset by the stockholder, and will be long-term capital gain or loss if they have been held for more than one year at the time of the merger. Stockholders are urged to consult their own tax advisors as to the particular tax consequences to them of the merger.

Interests of Our Directors and Executive Officers in the Merger (Page)

Our directors and executive officers may have interests in the merger that are different from, or in addition to, yours, including the following:

- our executive officers and directors will receive cash consideration for their vested and unvested stock options and certain of their shares of restricted stock;
- one of our executive officers, along with certain non-management personnel, will be entitled to certain payments for remaining with our company if the merger (or another change in control transaction) is consummated; and
- the merger agreement provides for indemnification and liability insurance arrangements for each of our current and former directors and officers.

Our board of directors was aware of these interests and considered them, among other matters, in making its decisions.

None of our executive officers has entered into an employment agreement or arrangement with Eiger or its affiliates. Eiger has not indicated that it or its affiliates intends to propose employment arrangements with any members of our management team.

Appraisal Rights (Page and Annex C)

Under the Delaware General Corporation Law, holders of our common stock who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery, if the merger is completed, but only if they submit a written demand for an appraisal prior to the vote on the adoption of the merger agreement, do not vote or otherwise submit a proxy in respect of the merger agreement and comply with the procedures under the Delaware General Corporation Law, which are described in this proxy statement and set forth in Annex C hereto. After the merger, these shares will not represent any interest in the surviving corporation other than the right to receive that cash payment.

If you validly demand appraisal of your shares in accordance with Delaware law and do not withdraw your demand or otherwise forfeit your appraisal rights, you will not receive the merger consideration. Instead, after completion of the merger, a court will determine the fair value of your shares exclusive of any value arising from the completion or the expectation of the merger. This appraisal amount could be more than, the same as, or less than the amount you would otherwise be entitled to receive under the terms of the merger agreement.

Appraisal rights will not apply if the merger is not completed for any reason.

Regulatory Approvals (Page)

No regulatory filings or applications, including under the HSR Act, are required to be made in respect of the consummation of the merger.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

While most of the following information is discussed elsewhere in more detail in this proxy statement, this questions and answers format is intended as a convenient way to address some commonly asked questions regarding the Special Meeting and the proposed merger. These questions and answers may not address all matters that may be important to you. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement.

Q: What is the date, time and place of the Special Meeting?

A: The Special Meeting will be held at 1100 Peachtree Street, 28th Floor, South Conference Room, Atlanta, Georgia 30309 on June [18], 2008, beginning at 11:00 a.m., Eastern Time.

Q: Who is soliciting my proxy?

A: This proxy is being solicited by the board of directors of IDG. We have engaged MacKenzie Partners, Inc. to assist in our solicitation.

Q: What am I being asked to vote on?

A: You are being asked to consider and vote on the following:

Proposal 1 adoption of the merger agreement;

Proposal 2 possible adjournment or postponement of the Special Meeting, if necessary or appropriate, in order to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement; and

the transaction of any other business that may properly come before the Special Meeting or any adjournments or postponements of the Special Meeting.

Q: Why are you sending me another proxy statement in addition to the March 31, 2008 proxy statement?

A: We are sending you this proxy statement because, on April 25, 2008, IDG terminated the February 20, 2008 merger agreement with affiliates of Platinum Equity to which that March 31, 2008 proxy statement related, in order to enter into a new merger agreement with Eiger that will pay a higher price to you and other stockholders. As a result, we were required to cancel the earlier meeting to which the March 31, 2008 proxy statement related, schedule a new meeting and provide you with a new proxy statement to inform you of the re-scheduled meeting date and to furnish information about the terms of the new transaction with Eiger that our board of directors has unanimously approved and recommends.

Q: What are IDG s reasons for entering into the merger agreement with Eiger and terminating the previous agreement with Platinum Equity?

A: In short, the Eiger merger agreement will pay our stockholders $12.10 per share in cash, whereas the previous agreement with Platinum Equity (as Platinum Equity proposed to amend it to increase the price from $10.30 per share) would have paid our stockholders only $11.80 per share in cash. Please see the sections entitled Reasons

for the Merger and Recommendation of the Board of Directors beginning on page for discussions of the reasons why our board of directors reached its decisions.

Q: What will I receive in this merger?

A: Pursuant to the merger agreement, each share of IDG common stock that you hold will now be converted into the right to receive $12.10 in cash, without interest and less any applicable withholding taxes.

Q: What are the significant differences between the merger agreement and the previous merger agreement?

A: The terms of merger agreement are described beginning on page of this proxy statement under Summary of the Merger Agreement . The merger agreement increases the merger consideration to be paid to our stockholders by $1.80 per share, or 17.5%, to $12.10 per share from $10.30 per share.

Table of Contents

Q: What is the proposed transaction?

A: If the merger agreement is adopted by our stockholders and the other closing conditions are satisfied or waived, IDG will merge with Merger Sub, a direct wholly-owned subsidiary of Eiger, and Eiger will become the sole stockholder of IDG. Each holder of shares of IDG common stock outstanding immediately prior to the merger (except for shares of unvested restricted stock) will receive $12.10 per share in cash, without interest and less any applicable withholding tax, for each share of common stock they own (other than shares owned by us, Eiger or Merger Sub, or any subsidiary thereof, and other than shares owned by stockholders properly demanding appraisal rights).

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as quickly as possible, but we cannot predict the exact timing. The closing of the merger will occur as soon as practicable, but no later than the second business day, after the satisfaction or (to the extent permitted by law) waiver of all of the closing conditions provided in the merger agreement, or on such other date as IDG and Eiger may agree in writing. On the closing date, a certificate of merger will be filed with the Secretary of State of the State of Delaware that will state whether the merger will become effective immediately upon acceptance of that filing, or at such later time as the parties may have agreed and specified in the certificate of merger.

Q: How does our board of directors recommend that I vote?

A: Our board of directors unanimously recommends that you vote:

FOR Proposal 1 adoption of the merger agreement; and

FOR Proposal 2 approval to adjourn or postpone the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement.

Q: What vote of our stockholders is required to adopt the proposals?

A: The votes required to adopt the proposals are as follows:

Proposal 1 adoption of the merger agreement requires the affirmative vote of the holders of a majority of our outstanding shares of common stock entitled to vote at the Special Meeting, whether or not the shares are present at the Special Meeting; and

Proposal 2 adjournment or postponement of the Special Meeting, if necessary or appropriate, in order to solicit additional proxies requires the affirmative vote of a majority of our shares of common stock, present at the Special Meeting (in person or by proxy) and voting with respect to the proposal.

Q: Who is entitled to vote at the Special Meeting?

A: Only stockholders of record as of the close of business on May [8], 2008, the record date for the Special Meeting, are entitled to receive notice of and to vote at the Special Meeting. You will have one vote at the Special Meeting for each share of common stock you owned at the close of business on the record date. On the record date, [ ] shares of common stock, held by approximately [ ] holders of record, were outstanding and are entitled to be voted at the Special Meeting.

Q: How many shares must be present or represented at the Special Meeting in order to conduct business?

A: Holders of a majority of the shares of common stock entitled to vote must be present, in person or represented by proxy, before we may transact business at the Special Meeting. This is called a quorum . Both abstentions and broker non-votes (which are discussed below) are counted for the purpose of determining the presence of a quorum.

Q: What do I need to do now? How do I vote?

A: We urge you to read this proxy statement, including its annexes and the documents referred to in this proxy statement, carefully, and to consider how the merger affects you. If you are a stockholder of record, then you can

Table of Contents

ensure that your shares are voted at the Special Meeting by submitting your proxy by telephone or via the Internet, or by completing, signing, dating and mailing **each** proxy card accompanying this proxy statement and returning it in the envelope provided.

Please do NOT send in your stock certificates at this time.

If your shares of common stock are held in street name by your broker, be sure to give your broker instructions on how you want to vote your shares because your broker will not be able to vote on the merger proposal without instructions from you. See the question below *If my broker holds my shares in street name , will my broker vote my shares for me?*

Q: What if I already voted using the proxy that you sent to me earlier with the March 31, 2008 proxy statement?

A: You will need to cast your vote again, following the instructions in this proxy statement, because your earlier proxy will be disregarded. You should discard the proxy statement dated March 31, 2008 and related materials that you previously received. Then carefully read and consider the information contained in this proxy statement, including the annexes, and vote again by following the instructions in this proxy statement.

Q: How are votes counted?

A: For Proposal 1 adoption of the merger agreement you may vote **FOR** , **AGAINST** or **ABSTAIN** . An abstenti will not count as a vote cast on Proposal 1, but will count for the purpose of determining whether a quorum is present. As a result, if you **ABSTAIN** , it has the same effect as a vote **AGAINST** adoption of the merger agreement. For Proposal 2 approval of the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies you may vote **FOR** , **AGAINST** or **ABSTAIN** . An abstention will not count as a vote cast with respect to Proposal 2, but will count as a present vote for the purpose of determining whether a quorum is present. If you submit a proxy card pursuant to which you **ABSTAIN** from voting on Proposal 2, you will be deemed not to have cast a vote for the purpose of voting on that matter (though you will be deemed present for the purpose of the quorum needed to bring the matter to a vote) and, therefore, your abstention will have no effect on the outcome of the vote with respect to an adjournment or postponement.

If you sign and return your proxy card, but do not indicate how you want to vote, your proxy will be voted **FOR** Proposal 1 and **FOR** Proposal 2, and will be voted in accordance with the discretion of the persons named as proxies as to any other matters properly brought before the Special Meeting for a vote.

Q: If my broker holds my shares in street name , will my broker vote my shares for me?

A: No, ***unless*** you provide specific instructions to your broker on how to vote. **Therefore, you must give instructions to your broker if you want your shares to be voted.** You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Unless you follow the instructions, your shares will not be voted. If your broker does not vote your shares because you fail to provide voting instructions, the effect will be a vote **AGAINST** Proposal 1, because adoption of Proposal 1 requires the affirmative vote of a majority of our outstanding shares of common stock, and will not affect the outcome of the vote on Proposal 2, because adoption of Proposal 2 requires an affirmative vote cast by a majority of shares entitled to vote and present at the Special Meeting.

Q: May I vote in person?

A: Yes. Shares held in your name as the stockholder of record may be voted in person at the Special Meeting. Shares owned beneficially by you, but held of record for you in street name by your broker, a trustee or another nominee may be voted in person by you ***only if you obtain a legal proxy*** from the broker, trustee or other nominee who holds your shares of record giving you the right to vote the shares at the Special Meeting.

Even if you plan to attend the Special Meeting, we recommend that you also submit your proxy card or voting instructions as described below so that your vote will be counted if you later decide not to attend the meeting.

Table of Contents

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Most of our stockholders hold their shares through a broker, trustee or other nominee (such as a bank) rather than directly in their own name. As summarized below, there are some distinctions between shares owned of record and those owned beneficially.

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered to be the stockholder of record with respect to those shares, and these proxy materials are being sent directly to you. As the stockholder of record, you have the right to grant your proxy directly to us or to vote in person at the Special Meeting. We have enclosed a proxy card for you to use.

Beneficial Owner. If your shares are held in a brokerage account, by a trustee or by another nominee (such as a bank), you are considered the beneficial owner of shares held in street name , but the shares are considered to be held of record by such broker, trustee or other nominee. In that case, we initially sent these proxy materials to that other person as the stockholder of record, and they have been forwarded to you by that person, together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote, and you are also invited to attend the Special Meeting.

Since a beneficial owner is not the stockholder of record, however, you may not vote your shares in person at the Special Meeting, unless you obtain a legal proxy from the broker, trustee or nominee who holds your shares of record, giving you the right to vote the shares at the meeting. Your broker, trustee or other nominee should have enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee to vote your shares. If not, you should immediately contact the broker, trustee or other nominee to request such instructions; you may also contact our proxy solicitation firm, MacKenzie Partners, Inc., to request assistance or information.

Q: May I attend the Special Meeting?

A: You are entitled to attend the Special Meeting only if you were a stockholder as of the close of business on the record date, or if you hold a valid proxy for the Special Meeting. You should be prepared to present photo identification for admittance. If you are a stockholder of record, your name will be verified against the list of stockholders of record on the record date prior to your being admitted to the Special Meeting.

If you are not a stockholder of record but own shares beneficially that are held in street name through a broker, trustee or other nominee, you should provide proof of beneficial ownership on the record date, such as an account statement covering the record date, a copy of the voting instruction card provided to you by your broker, trustee or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the procedures outlined above, you might not be admitted to the Special Meeting.

The meeting will begin promptly at 11:00 a.m., Eastern Time. Check-in will begin at 10:00 a.m., Eastern Time, and you should allow ample time for the check-in procedures.

Q: When should I return my proxy card?

A: You should return your proxy card as soon as possible, in order to ensure that it is received in time for your shares to be voted at the Special Meeting.

Q: May I change my vote?

A: Yes. You may change your vote at any time before the shares of common stock reflected on your proxy card are voted at the Special Meeting. If your shares are registered in your name, you may do this in any of three ways:

first, you may deliver to our Secretary a written notice (dated later than the date of your proxy card) stating that you would like to revoke your proxy;

second, you may submit by telephone, the Internet or mail, in each case, a new, later-dated proxy for the same shares, provided the new proxy is received before the polls close at the Special Meeting; or

third, you may attend the meeting and vote in person.

Table of Contents

Any written notice of revocation should be delivered to our Secretary at or before the taking of the vote at the Special Meeting. Revocation of your proxy without any further action will mean your shares will not be voted at the Special Meeting or counted toward satisfying the quorum requirements. Your attendance at the Special Meeting will not revoke your proxy unless you specifically request to vote at the Special Meeting.

If you have instructed your broker or other street name holder to vote your shares, you must follow directions received from your broker to change your vote. You cannot vote shares held in street name by returning a proxy card directly to us or by voting in person at the Special Meeting, unless you obtain a legal proxy from your broker or other street name holder.

Remember, however, that if the only vote you cast was in connection with the March 31, 2008 proxy statement and related materials, you must vote again using this proxy statement and materials.

Q: Should I send in my stock certificate(s) now?

A: No. If and when the merger is completed, you will receive written instructions, including a document called a letter of transmittal , for exchanging your shares of common stock for the merger consideration.

Q: Who will bear the cost of the solicitation?

A: The expense of soliciting proxies for use by our board of directors will be borne by IDG. We have retained MacKenzie Partners, Inc. to aid in the solicitation of proxies for the Special Meeting at a cost of approximately $10,000 plus reimbursement of out-of-pocket fees and expenses. In addition, we may reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners. Proxies may also be solicited by certain of our directors, officers and employees, personally or by telephone, facsimile or other means of communication. No additional compensation will be paid to these individuals for such services.

Q: What does it mean if I receive more than one proxy card?

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q: How can I obtain a separate set of voting materials?

A: If you share an address with another stockholder, you may receive only one set of proxy materials, unless you have provided contrary instructions. However, each stockholder will receive his or her own proxy card. If you wish to receive a separate set of proxy materials, please call MacKenzie Partners, Inc. toll-free at (800) 322-2885 (banks and brokers may call collect at (212) 929-5500) to request a separate copy of these materials. You will be provided with a separate copy of the materials, free of charge, if you request them. In addition, stockholders who share a single address but receive multiple copies of the proxy materials may request that, if additional materials are provided in the future, they receive a single copy, by contacting MacKenzie Partners, Inc. at the phone number set forth above.

Q: What happens if I sell my shares before the Special Meeting?

A: The record date for the Special Meeting is earlier than the date of the Special Meeting and earlier than the date on which the merger is expected to be completed. If you transfer your shares of common stock after the record date but before the Special Meeting, you will retain your right to vote at the Special Meeting, but you will have transferred the right to receive the merger consideration if the merger agreement is adopted by our stockholders and the merger is completed. Therefore, in order to receive the merger consideration of $12.10 per share, you must hold your shares through the effective time of the merger.

Table of Contents

Q: When will I receive the merger consideration for my shares?

A: If and when the merger is completed, you will receive written instructions, including a letter of transmittal, that will explain how to exchange your shares for the merger consideration. When you properly complete and return the required documentation described in the written instructions, you will receive payment of the merger consideration for your shares from the paying agent. If you are the beneficial owner of shares of common stock that are held in street name , the broker, trustee or other nominee that holds the shares of record for you will complete the letter of transmittal with respect to your shares and receive payment of the merger consideration on your behalf. The merger consideration with respect to such shares will be credited to your account with such broker, trustee or other nominee promptly following such payment after the merger.

Q: Am I entitled to exercise appraisal rights instead of receiving the merger consideration for my shares?

A: Yes. As a holder of our common stock, you are entitled to seek appraisal of the fair value of your shares under the Delaware General Corporation Law if the merger is completed, but only if you satisfy certain conditions, which conditions are described in this proxy statement under the caption *Appraisal Rights* beginning on page . The judicially determined fair value of your shares could be greater than, equal to or less than the $12.10 in cash per share that you would otherwise be entitled to receive under the terms of the merger agreement.

Q: Who can help answer my other questions?

A: If you have additional questions about the Special Meeting or the merger, including the procedures for voting your shares, or if you would like additional copies, without charge, of this proxy statement, you should contact our proxy solicitor, MacKenzie Partners, Inc., toll-free at (800) 322-2885 (banks and brokers may call collect at (212) 929-5500). If your broker holds your shares, you may also call your broker for additional information.

Table of Contents

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements , within the meaning of the Private Securities Litigation Reform Act of 1995, about our plans, objectives, expectations and intentions. Forward-looking statements include information concerning expected operating results and future performance of our company, the expected completion and timing of the merger and other information relating to the merger. Generally, the words looking forward , believe , expect , intend , estimate , anticipate , li project , may , will and similar expressions identify or indicate forward-looking statements. You should read statements that contain these words carefully. They discuss our future expectations or state other forward-looking information, and may involve known or unknown risks and uncertainties over which we have no control. Such risks and uncertainties include, but are not limited to:

- our ability to compete successfully in the highly competitive and diverse maintenance, repair, operating, and production (MROP) market;
- our ability to renew profitable contracts;
- the availability to us of key personnel for employment;
- our reliance upon the expertise of our senior management;
- our reliance upon our information systems;
- the uncertainty of customers demand for products and services offered by us;
- our relationships with and dependence upon third-party suppliers and manufacturers;
- discontinuance of our distribution rights with certain of our vendors;
- failure to successfully implement efficiency improvements; and
- other risks detailed in our current filings with the SEC, including Item I Risk Factors in our Annual Report on Form 10-K for our fiscal year ended December 31, 2007. See *Where You Can Find More Information* on page .

We believe that the assumptions on which our forward-looking statements are based are reasonable. However, we cannot assure you that the actual results or developments we anticipate will be realized or, if realized, that they will have the expected effects on our business or operations. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Forward-looking statements speak only as of the date of this proxy statement or the date of any document incorporated by reference in this document. Except as required by applicable law or regulation, we do not undertake to update publicly these forward-looking statements, whether as a result of future events, new information or otherwise.

Table of Contents

THE SPECIAL MEETING OF STOCKHOLDERS

This proxy statement is furnished in connection with the solicitation of proxies in connection with a Special Meeting of our stockholders.

Date, Time and Place

We will hold the Special Meeting at 1100 Peachtree Street, 28th Floor, South Conference Room, Atlanta, Georgia 30309 on June [18], 2008, beginning at 11:00 a.m., Eastern Time.

Purpose of the Special Meeting

At the Special Meeting, (1) we will ask you to adopt the merger agreement and (2) if necessary or appropriate, we may ask you to approve the adjournment or postponement of the Special Meeting in order to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement. In addition, you may be asked to vote on other business that is properly brought before the Special Meeting. We are not currently aware of any additional business that may come before the Special Meeting.

Recommendation of Our Board of Directors

Our board of directors unanimously approved the merger agreement after it determined and declared that the merger and the merger agreement are advisable and in the best interest of our stockholders. Accordingly, our board of directors unanimously recommends that you vote **FOR** adoption of the merger agreement and **FOR** approval of any proposal to adjourn or postpone the Special Meeting, if necessary or appropriate, in order to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement.

Record Date; Stock Entitled To Vote; Quorum

Only holders of record of our common stock at the close of business on May [8], 2008, the record date, are entitled to notice of and to vote at the Special Meeting. On the record date, [ ] shares of common stock were issued and outstanding and held by approximately [ ] holders of record. Each holder of record of our common stock will be entitled to one vote per share at the Special Meeting.

The holders of a majority of our outstanding shares of common stock entitled to vote must be present, either in person or by proxy, to constitute a quorum at the Special Meeting. We will count abstentions, either in person or by proxy, and broker non-votes (discussed below) for the purpose of establishing a quorum. If a quorum is not present, in person or by proxy, at the Special Meeting, the holders of a majority of the common stock represented at the Special Meeting may adjourn the meeting, in order to solicit additional proxies. If a quorum is not present at the Special Meeting, it is expected that the meeting will be adjourned or postponed, in order to solicit additional proxies.

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares will constitute broker non-votes. Broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and such instructions are not given. A broker non-vote with respect to Proposal 1 will have the same effect as a vote against Proposal 1, because adoption of Proposal 1 requires the affirmative vote of a majority of our outstanding shares of common stock entitled to vote at the Special Meeting. A broker non-vote will not affect the outcome of the vote on Proposal 2, because adoption of Proposal 2 requires an affirmative vote of the holders of a majority of our outstanding shares of common stock entitled to vote at the Special

Meeting and cast in person or by proxy.

Vote Required

The adoption of the merger agreement (Proposal 1) requires the affirmative vote of the holders of a majority of the shares entitled to vote on the adoption of the merger agreement at the Special Meeting, whether or not present at the Special Meeting. If you abstain from voting, either in person or by proxy, or do not instruct your broker or other nominee how to vote your shares, it will have the same effect as a vote against the adoption of the merger agreement. Adjournment or postponement of the Special Meeting in order to solicit additional proxies if there are insufficient

Table of Contents

votes at the time of the meeting to adopt the merger agreement (Proposal 2) requires the affirmative vote of the holders of a majority of the shares of common stock present at the Special Meeting (in person or by proxy) and voting with respect to the proposal. If you abstain from voting, either in person or by proxy, or do not instruct your broker or other nominee how to vote your shares, it will have no effect on the outcome of the vote because adoption of Proposal 2 requires the affirmative vote of the holders of a majority of the shares of common stock present at the Special Meeting (in person or by proxy) and voting with respect to the proposal.

Voting of Proxies

If you hold your shares in record name, you may vote your shares as follows:

Voting by Mail. You can vote your proxy by mail. If you choose to vote by mail, simply mark your proxy, date and sign it, and return it in the postage-paid envelope provided.

Voting via the Internet. You can vote your proxy via the Internet. The website for Internet voting is http://www.voteproxy.com. Instructions on how to vote via the Internet are located on the proxy card enclosed with this proxy statement. Have your proxy card in hand when you access the Website. You will be prompted to enter the control number printed on your proxy card and to follow the instructions to obtain your records and create an electronic voting form. Voting by Internet is available 24 hours a day until 11:59 PM Eastern Time on June [17], 2008. If you vote via the Internet, you should not return your proxy card.

Voting by Telephone. You can vote your proxy by telephone by calling the toll-free number 1-800-PROXIES (1-800-776-9437). You will then be prompted to enter the control number printed on your proxy card and to follow the subsequent instructions. Voting by telephone is available 24 hours a day until 11:59 PM Eastern Time on June [17], 2008. If you vote by telephone, you should not return your proxy card.

Voting in Person. You can vote by appearing and voting in person at the Special Meeting.

Stockholders who hold their shares of common stock in street name meaning in the name of a broker, trustee or other nominee who is the record holder should follow the directions provided by the nominee regarding how to instruct such nominee to vote their shares.

We do not expect that any matter other than the matters discussed in this proxy statement will be brought before the Special Meeting. If, however, any other matters are properly presented, the persons named as proxies will vote in accordance with their judgment as to matters that they believe to be in the best interest of our stockholders.

DO NOT SEND YOUR STOCK CERTIFICATES WITH YOUR PROXY CARD. A LETTER OF TRANSMITTAL WITH INSTRUCTIONS FOR THE SURRENDER OF YOUR STOCK CERTIFICATES WILL BE MAILED TO YOU AS SOON AS PRACTICABLE IF AND WHEN THE MERGER IS COMPLETED.

Revocability of Proxies

If you hold your shares in your name and have not delivered an irrevocable proxy, you have the unconditional right to revoke your proxy at any time prior to its exercise by employing any of the following four methods:

first, you may deliver to our Secretary, at our principal executive offices located at 950 East Paces Ferry Road, Suite 1575, Atlanta, Georgia 30326, a written notice (dated later than the date of your proxy card) stating that you would like to revoke your proxy;

second, you may submit a new proxy via the Internet or by telephone;

third, you may complete, execute and deliver to our Secretary a new, later-dated proxy card for the same shares, provided the new proxy card is received before the polls close at the Special Meeting; or

fourth, you may attend the Special Meeting and vote in person.

Any written notice of revocation should be delivered to our Secretary at or before the taking of the vote at the Special Meeting. Revocation of your proxy, without any further action, will mean your shares will not be voted at

Table of Contents

the Special Meeting or counted towards satisfying the quorum requirements. Your attendance at the Special Meeting will not revoke your proxy unless you specifically request to vote at the Special Meeting.

If you have instructed your broker to vote your shares, you must follow directions received from your broker to change your vote. You cannot vote shares held in street name by returning a proxy card directly to us or by voting in person at the Special Meeting, unless you obtain a legal proxy from your broker or other street name holder.

Solicitation of Proxies

The board of directors of IDG is soliciting your proxy. In addition to the solicitation of proxies by use of the mail, our directors, officers and other employees may solicit the return of proxies by personal interview, telephone, e-mail or facsimile. We will not pay additional compensation to any of these individuals for their solicitation efforts, but we will reimburse them for any out-of-pocket expense they incur in their solicitation efforts. We will request that brokerage houses and other custodians, nominees and fiduciaries forward solicitation materials to the beneficial owners of stock registered in their names. We will bear all costs of preparing, assembling, printing and mailing the notice of the Special Meeting, this proxy statement, the enclosed proxy cards and any additional materials, as well as the cost incurred by brokers or other nominees in forwarding solicitation materials to the beneficial owners of stock and all other costs of solicitation.

We have retained MacKenzie Partners, Inc. to aid in the solicitation of proxies for the Special Meeting. MacKenzie Partners, Inc. will receive a base fee of $10,000, plus reimbursement of out-of-pocket fees and expenses, and may receive additional amounts depending upon the extent of assistance we require and request.

Information or Other Assistance

Stockholders who have questions regarding the materials, need assistance voting their shares or require additional copies of the proxy statement or proxy card, should contact:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, New York 10016
(212) 929-5500 (Call Collect)
(800) 322-2885 (Toll free)

Other Business

We are not currently aware of any business to be acted upon at the Special Meeting other than the matters discussed in this proxy statement. If other matters do properly come before the Special Meeting, or any adjournment or postponement of the Special Meeting is proposed, we intend that shares of common stock represented by properly submitted proxies will be voted by the persons named as proxies on the proxy card in accordance with their discretion. In addition, the grant of a proxy will confer discretionary authority on the persons named as proxies on the proxy card to vote in accordance with their best judgment on procedural matters incident to the conduct of the Special Meeting.

If the persons named as proxies on the proxy card are asked to vote for one or more adjournments or postponements of the meeting for matters incidental to the conduct of the meeting, such persons will have the authority to vote in their discretion on such matters. However, if the persons named as proxies on the proxy card are asked to vote for one or more adjournments or postponements of the meeting in order to permit further solicitation of proxies if there are not sufficient votes at the time of the meeting to adopt the merger agreement, they will only have the authority to vote on such matter as instructed by you or your proxy or, if no instructions are provided, in favor of such adjournment or

postponement. Any adjournment or postponement of the Special Meeting for the purpose of soliciting additional proxies will allow our stockholders who have already granted their proxies to revoke them at any time prior to their use. Any adjournment or postponement may be made without notice by an announcement made at the Special Meeting.

Table of Contents

THE MERGER

The Parties to the Merger Agreement

Industrial Distribution Group, Inc. IDG is a Delaware corporation with executive offices located at 950 East Paces Ferry Road, Suite 1575, Atlanta, Georgia 30326. Our telephone number is (404) 949-2100. IDG is a nationwide distributor of products and services that create competitive advantages for its customers, including a full line of maintenance, repair, operating and production (MROP) products. We have a strong reputation as a specialty distributor with considerable technical and product application expertise found in our more specialized lines that include cutting tools, hand and power tools, abrasives, material handling equipment, coolants, lubricants, and safety products. Currently, we serve over 12,000 active customers, representing a diverse group of large and mid-sized national and international corporations including PPG Industries, Danaher Corporation, BorgWarner, Inc., Kennametal, Inc., Honeywell, The Boeing Company, Corning Incorporated, Case New Holland, and Duracell. We currently have a presence in 43 of the top 75 industrial markets in the United States.

Eiger Holdco, LLC. Eiger is a Delaware limited liability company headquartered in Fort Worth, Texas. Eiger has been formed by LKCM Private Discipline Master Fund, SPC (LKCM) for the purpose of acquiring IDG. LKCM, which owns approximately 14.9% of our outstanding common stock, is a private investment fund that was formed in May 2006 by Luther King Capital Management Corporation, an investment adviser registered with the SEC. Luther King Capital Management Corporation provides investment management services to investment companies, foundations, endowments, employee benefit plans, and high net worth individuals. As of March 31, 2008, Luther King Capital Management Corporation had approximately $7.3 billion in assets under management. The principal business address of Eiger, LKCM, and Luther King Capital Management Corporation is 301 Commerce Street, Suite 1600, Fort Worth, Texas 76102. Their telephone number is (817) 332-3235.

Eiger Merger Corporation. Merger Sub is a newly-incorporated Delaware corporation and a direct, wholly-owned subsidiary of Eiger. Its address is 301 Commerce Street, Suite 1600, Fort Worth, Texas 76102. Its telephone number is (817) 332-3235. Merger Sub was formed exclusively for the purpose of effecting the merger. Merger Sub has not engaged in any business except in anticipation of the merger.

Background of the Merger

We entered into the merger agreement with Eiger and Merger Sub on April 25, 2008, upon the unanimous approval of our board of directors, following nearly a month-long de facto auction process that commenced after we announced our February 20, 2008 merger agreement with affiliates of Platinum Equity (the Platinum Merger Agreement). While the Platinum Merger Agreement was binding and prohibited us from soliciting or encouraging other acquisition proposals, it allowed our board of directors to consider unsolicited proposals that were bona fide and credible, and that our board of directors determined could reasonably lead to a superior proposal. We received three separate unsolicited proposals, two of which our board of directors determined met those conditions. A de facto auction process was established, facilitated by Baird as financial advisor to the board of directors, which resulted in Eiger putting forth a proposal that neither Platinum Equity nor the other bidder, WESCO Distribution, Inc. (WESCO), were willing to match or exceed. As result, our board of directors determined to accept the Eiger merger agreement as the superior outcome for our stockholders and to terminate the previously approved Platinum Merger Agreement. The general context for the initial decision by our board of directors to sell our company to Platinum Equity, and the subsequent developments that led to the decision to execute and recommend the merger agreement with Eiger, are summarized below.

Our common stock has been publicly traded since September 24, 1997, when we completed our initial public offering in tandem with our formation through the simultaneous combination of nine previously private and unaffiliated MROP companies. The initial public offering price for our common stock was $17.00 per share, and our common stock subsequently traded as high as $22.56 per share in October 1997. Since that time, the trading price for our common stock declined to an all-time low of $1.19 per share in 2001, and we faced potential delisting from the New York Stock Exchange (NYSE). (While we successfully rehabilitated our listing status with the NYSE, we nonetheless moved the listing for our common stock in May 2004 from the NYSE to the Nasdaq Stock Market in an effort to improve the trading profile for our common stock.) Between October 2001 and May 2004, the trading

Table of Contents

price for our common stock fluctuated between $1.19 and $8.55 per share, reaching or exceeding the $8.00 per share level in March 2004, for the first time since January 1999. In July 2005, the trading price reached the $10.00 per share level for the first time in seven years. The trading prices for our common stock continued to fluctuate widely, however, as it declined three months later (in October 2005) to a new low in that time period of $6.58 per share before reaching its new five-year high of $13.60 per share in May 2007, from which it again declined to $9.15 per share on July 27, 2007, which was the last trading date prior to the announcement that our board had decided to form its Strategic Alternatives Review Committee (the Special Committee), comprised of three independent directors, to identify and evaluate potential options to enhance our business and unlock realizable value for our stockholders.

Throughout the five-year period preceding the formation of the Special Committee, the trading volume for our common stock had been consistently low, with a daily average of 35,652 shares; during that period, the public float for our common stock which is the number of shares owned by non-affiliates ranged between approximately 6.3 million and 8.2 million shares. On July 27, 2007, our public float was 7.8 million shares and the daily average trading volume for our common stock had been 11,429 shares and 21,111 shares for the preceding 30 and 90-day trading periods, respectively. As a result of our small public float and low-volume or thin trading profile, the trading price for our common stock has been subject to wide fluctuations on the basis of very modest trading activity. For example, on June 11, 2007, the trading price for our common stock declined 3.82% from $11.25 per share at market close on the prior day to $10.82 per share on the basis of 21,931 shares trading that day; on June 25, 2007, the trading price increased 4.36%, from $10.33 per share at market close on the prior day to $10.78 per share on the basis of 6,035 shares trading; on July 18, 2007, the trading price declined 2.52% from $10.72 per share at market close on the prior day to $10.45 per share on the basis of 15,478 shares trading.

Those examples are illustrative of the highly unstable market conditions that had been confronting investors more generally in considering trades in our common stock. These conditions indicated that the trading market for our common stock was not sufficiently active or stable to provide our stockholders with meaningful liquidity for their investment. It was not possible, as a practical matter, for a large number of stockholders (or a stockholder with a significant holding) to realize the value of an investment in our common stock, by accessing the public market to make significant trades, without depressing our stock price. Moreover, because there was no research coverage of us by the professional analyst community, the trading profile of our common stock and its inevitable illiquidity consequences for our stockholders was not likely to improve significantly in the absence of an extraordinary development.

Our board was concerned about the above circumstances, and it was also concerned about the implications for our profitability (and related earnings per share performance) of the substantial expenses associated with public company securities law compliance obligations for a company of our size and scale of operations. For fiscal year 2006, we had paid third parties approximately $2.1 million for such expenses, and we were estimating at least that amount for fiscal year 2007. The board recognized that the confluence of these circumstances and factors was also adversely affecting our ability to plan and implement successfully our strategic initiatives for future growth and improved profitability, as well as our stockholders ability, as a practical matter, to realize the enhancement in value that we were seeking to create. The board was also aware in July 2007 that several of our significant stockholders were concerned about those matters and were interested in our consideration of potential alternatives for creating enhanced and realizable value for all stockholders. Upon considering these matters, the board reached three primary conclusions: (i) that a comprehensive review and assessment of potential strategic alternatives was the prudent and proper path to take in order to address the above concerns; (ii) that the review should be conducted through a process that would be facilitated and assisted by an independent professional financial advisor; and (iii) that such a process was an essential predicate for the board to confirm or revise its then strategic analysis of our prospects and options.

In deciding to undertake such a review, the board also concluded that it would be advisable to have the initial work conducted by a committee of independent directors, which would have the time and flexibility to focus in depth on the

details of the broad-ranging scope of information and activities that a comprehensive strategic alternatives review process would require. The board thus formed the Special Committee and gave it broad authority and unrestricted access to our resources to conduct the review process, and charged it to develop recommendations on how the board and we should proceed in order to enhance and unlock realizable value for our stockholders. On July 30, 2007, the board announced that it had established the Special Committee to conduct such a comprehensive review and analysis of strategic alternatives potentially available to our company. The members of

Table of Contents

the Special Committee were Richard M. Seigel (Chairman), David K. Barth and William R. Fenoglio, each of whom was and is an independent director and, each being a former business executive, could devote substantial time and bring business insights to the process. No limits were imposed on the range of possible alternatives the Special Committee could consider, and the Special Committee was authorized to engage professional advisors as it considered necessary to assist in the review and evaluation of potential alternatives.

On August 20, 2007, following its consideration and interviews of several investment banking firms, the Special Committee selected and engaged Robert W. Baird & Co. Incorporated, or Baird, as independent financial advisor to the Special Committee. In connection with the engagement, and in instructing Baird on its initial work, the Special Committee confirmed with Baird that the broad scope of its charge was to investigate, review and evaluate potential strategic alternatives that might enhance and unlock value for our stockholders. The Special Committee also determined that, while it wanted to proceed as expeditiously as prudent, its overriding objective was to conduct a comprehensive review process in order to make one or more recommendations to our board of directors. The Special Committee also determined that the process should be conducted with maximum possible confidentiality, and that it did not intend to provide interim public updates during the course of the review process.

On September 11, 2007, Baird met with the Special Committee and discussed Baird s preliminary review and assessment of potentially available strategic alternatives, which included the following: continuing as an independent company and investing in the organic growth of our business; continuing as an independent company and pursuing an enhanced share repurchase program; continuing as an independent company and pursuing growth through one or more strategic acquisitions; enhancing equity capital, through a follow-on public offering or one or more private offerings of equity (PIPE) transactions, in order to fund potential growth alternatives; continuing as an independent company and pursuing divestiture of one or more business lines in order to sharpen strategic focus on the most profitable business lines; engaging in variations and combinations of certain of the above alternatives; and exploring a sale of our company.

Upon considering and discussing preliminary materials and other information with Baird at the September 11, 2007 meeting, the Special Committee determined unanimously that, in order to conduct a comprehensive analysis of potential alternatives, it should authorize Baird to explore confidentially the level and nature of potential interests by third parties in an acquisition of our company. In addition to requiring confidentiality agreements with prospective purchasers, the Special Committee also wanted to ensure that any person who received material non-public information in the process would not use that information to trade in our stock. The Special Committee authorized Baird to establish an appropriate process to solicit such information and assess the quality of interests received, while emphasizing that its authorization of that process did not constitute any assessment of the desirability of a sale option relative to other options being considered.

On October 28, 2007, the Special Committee met (which was its fifth formal meeting), in order to consider and discuss a preliminary report from Baird on the indications of interest in possibly acquiring our company that Baird had received. Baird contacted 151 prospective buyers, 75 of whom signed a confidentiality and standstill agreement and received a confidential information package providing information about our company. From that group, 12 had submitted written preliminary indications of interest. At the conclusion of that meeting, the Special Committee authorized Baird to arrange meetings with 11 of the 12 prospective buyers to allow them to begin to conduct more focused due diligence reviews of our company and to consider making a firmer proposal with respect to an acquisition of our company. (The prospective buyer excluded from that process had indicated a substantially lower proposed price range and a substantially longer time frame than those proposed by the other 11 prospects.)

Consistent with our quarterly routine, on October 30, 2007, we reported our results of operations for the quarter ended September 30, 2007 and conducted an earnings conference call to discuss our results for that quarter, to provide a strategy update and to review other general business matters. Consistent with the Special Committee s earlier

determination, we did not provide an interim report on the ongoing strategic alternatives review process. We later filed our quarterly report on Form l0-Q for that quarter with the SEC on November 9, 2007.

The meetings to which the 11 prospects were invited (10 of the 11 prospects accepted the invitation) consisted of a series of individual sessions with each prospect, at which detailed information about our company was presented by our senior management including Charles A. Lingenfelter, our president and chief executive officer, and Jack P. Healey, our executive vice president and chief financial officer together with representatives

Table of Contents

of Baird. The meetings were held between November 6 and November 15, 2007; following the last such meeting, each prospect was requested by Baird, if it remained interested in a possible acquisition of our company, to submit a proposed final bid by Friday, November 30, 2007 that included detailed information about proposed financing sources (and commitments therefor), proposed due diligence and a proposed timetable for completing a transaction, as well as proposed revisions to the form of merger agreement that had been prepared by the company s legal counsel.

Five of the 10 prospects who participated in the above meetings indicated a continued interest in making a proposal for the acquisition of our company, and four of them submitted new written proposals. The fifth prospect confirmed verbally to Baird that it remained interested, but was, among other things, not able to meet the requested timetable. All four proposals reflected an all-cash purchase price, at prices from $9.31 to $11.56 per share, including a bid of $11.50 per share by Platinum Equity. The Special Committee met on December 4, 2007 to review and discuss these proposals and the overall results to date of the acquisition exploration phase of the strategic review process. Following its consideration of those results, the Special Committee authorized Baird to follow-up with each of the four prospects to solicit their best and highest bid offers and revised proposals by December 10, 2007.

Baird received three revised proposals on December 10, 2007, including an increased bid to $12.00 per share by Platinum Equity. The Special Committee met on December 11, 2007 to review and discuss the three revised proposals received, after which it authorized Baird to proceed with further negotiations to seek possible enhancements of the price and other terms of the bidders proposals.

On December 13, 2007, Baird received an increased bid offer of $12.50 per share from one of the three prospects (Bidder A) whose offer price had been $11.00 per share on both December 4 and December 10. On December 14, 2007, the Special Committee met to review the remaining bids, which included the $12.00 per share price offered by Platinum Equity and the new $12.50 per share price proposed by Bidder A. The Special Committee determined that it was not appropriate at that time to grant Platinum Equity an exclusivity period (which it had requested) and authorized Baird to follow-up with each of the three bidders to determine the strength of their commitment to their respective bids and their willingness to offer more favorable terms to acquire our company. Additionally, the Special Committee authorized Baird to enter into a letter of intent with Platinum Equity if it both requested a letter of intent (as it had done earlier in the process) and meaningfully increased its proposed price.

Baird received written proposals from each of the three bidders. Bidder A initially informed Baird that it remained committed to its proposed price of $12.50 per share, but that it was not able (or willing) to accelerate its proposed transaction timeline (which anticipated not being able to complete due diligence and execute a definitive agreement until April 2008, as compared to an anticipated signing of a definitive agreement in early January 2008 by Platinum Equity), and that it could not eliminate several factors that created significant risks with respect to its proposed financing of an acquisition of our company using funding from outside sources. Platinum Equity informed Baird that it remained committed to and desirous of completing an acquisition of our company (on an accelerated timeline and without an outside source financing contingency), but that it was not willing to increase its offer of $12.00 per share. The remaining bidder (Bidder B) informed Baird that it was not in a position to increase its offer, which was at $11.75 per share and also included an outside source financing contingency to fund the purchase price.

On December 17, 2007, the Special Committee met to review its instructions to Baird in light of the developments arising out of Baird s follow-up communications with each of the bidders. The Special Committee determined that, in light of Platinum Equity s offer price of $12.00, its apparent ability to complete a transaction in an expeditious fashion without outside financing contingency, its depth of knowledge of our company derived from the significant amount of due diligence it had conducted, its ownership of Strategic Distribution, Inc. (a company also involved in the industrial MROP business), and its willingness to proceed without an exclusivity arrangement, Platinum Equity s proposal was more favorable to our stockholders than the respective bids submitted by Bidder A and Bidder B. The Special Committee then authorized Baird, together with the company s legal counsel, to work with Platinum Equity to develop

a final proposal, including a proposed executable merger agreement. However, the Special Committee also concluded that it would remain open to a follow-up proposal from Bidder A if it could commit to more substantial terms for funding the payment of its proposed purchase price and to a more accelerated timeline. The Special Committee was increasingly concerned about the heightened levels of uncertainties in the financial community and capital markets as a result of the increasingly negative lending environment and

Table of Contents

predictions of a general economic downturn that could adversely affect our industry and business prospects. As a result, the Special Committee was intensely focused on each bidder s financial wherewithal to consummate its asserted interest in an acquisition of our company and the extent to which its interest had been or was being substantiated by detailed due diligence on our company and its industry.

Between December 17, 2007 and January 14, 2008, Platinum Equity and its representatives and advisors continued their financial and operational due diligence investigation of our company, including a series of meetings between January 8 and 11, 2008 with our management and representatives of Baird. During this period, the terms of the Platinum Merger Agreement, other than the merger consideration, were negotiated by legal counsel and financial advisors representing Platinum Equity and our company, respectively.

On January 14, 2008, the Special Committee met with Baird and company legal counsel to review and consider the status of the proposal by Platinum Equity and the financial analyses and report Baird had prepared on the basis of Platinum Equity s proposal and its then price of $12.00 per share. At that meeting, the Special Committee received a report from our management and legal counsel concerning the terms of the Platinum Merger Agreement as then proposed. Baird delivered to the Special Committee its comprehensive written report on all of the strategic alternatives that Baird had considered and discussed with the Special Committee as potentially available to our company. Baird also reviewed its preliminary financial analyses with respect to the proposed merger and the substance of its proposed opinion with respect to the fairness, from a financial point of view, of the merger consideration that would be received by the holders of our common stock pursuant to a merger with Platinum Equity as then proposed. The members of the Special Committee determined that, with the above materials and information, they had sufficient information for the Special Committee to complete its review and develop its recommendations to our board of directors.

The Special Committee, which had then been considering strategic alternatives for over four months, and had met formally on eight occasions with Baird after its engagement of Baird as its financial advisor (and discussed various issues among themselves, and with representatives of Baird and legal counsel, informally on numerous other occasions), engaged in a then-anticipated final round of discussions with Baird and legal counsel to complete its deliberations. Thereafter, the Special Committee developed recommendations for delivery to our board of directors to approve the then-proposed Platinum Merger Agreement with Platinum Equity at a price of $12.00 per share, scheduled a meeting of our full board of directors for January 17, 2008 to consider those recommendations, and instructed Baird and legal counsel to deliver their respective materials to our other directors for them to begin consideration in preparation for the January 17 meeting. Baird and legal counsel sent those materials which included Baird s financial analyses and report on the strategic alternatives review progress, the proposed Platinum Merger Agreement and legal counsel s analysis of its principal provisions, and legal counsel s analysis of applicable fiduciary duties and legal standards for the directors in considering the Special Committee s recommendations and related matters for next-day delivery on January 15. The Special Committee gave immediate email notice to the other directors of the meeting and its purpose.

On the morning of January 15, 2008, Platinum Equity contacted Baird to inform it that Platinum Equity was reducing its proposed purchase price to $10.00 per share, citing risk in improving the MROP business, risk in the storeroom management business, including customer risk, and the overall decline in the industrial economy. Platinum Equity confirmed its reduced price, and its continued interest in completing an acquisition at that price, in a new written proposal delivered later that morning. Upon learning about that development, the Special Committee convened a meeting on the afternoon of January 16 with Baird and legal counsel to assess the situation and determine its next steps.

The Special Committee determined (i) to cancel the meeting of our board of directors that had been scheduled for January 17 to consider the recommendations that had been developed at the Special Committee s January 14 meeting, (ii) to withdraw those recommendations as moot in light of the price reduction by Platinum Equity, and (iii) to resume

the strategic review process, including by renewing discussions with the other bidders who continued to be interested in an acquisition of our company. As is customary, none of the other bidders had been informed of the identity of (or the specific status of negotiations with) Platinum Equity. The Special Committee instructed Baird to contact each of the five remaining highest bidders, which included Bidder A and Bidder B; a bidder (Bidder C) that had not yet commenced any meaningful amount of due diligence, but that had indicated an interest above the

Table of Contents

$10.00 per share reduced price by Platinum Equity; another bidder, WESCO, that had expressed verbally a significant level of interest in a potential acquisition, but whose time frame for conducting a detailed due diligence review and commencing specific negotiations had previously been considered too remote to meet the Special Committee s timetable for completing its review and making recommendations to our board of directors; and Platinum Equity.

Over the ensuing three weeks, Baird contacted each of these five bidders, and we provided each with additional and updated information about our company and held additional meetings with them to facilitate follow-on due diligence analyses and a new round of bid proposals. Platinum Equity was not requested to make any further proposal during this period.

By February 11, 2008, Baird had received new written proposals from each of Bidder B (at a price of $9.08 per share, significantly reduced from its earlier proposed price of $11.75 per share); Bidder C (at a price of $8.69 per share, significantly reduced from its earlier written proposed price range of $9.31 to $10.04 per share and its earlier verbal indication of no higher than $11.00 per share); and WESCO (at a price range of $10.49 to $10.98 per share, with no price having been proposed since its initial preliminary indication of interest in October 2007 of $11.06 to $11.54 per share). Bidder A did not submit a new proposal. The time frame for anticipated completion of due diligence and readiness to execute a definitive agreement continued to be much longer for each of these bidders than the time frame Platinum Equity had proposed. In addition, WESCO s proposal also reflected significant uncertainties with respect to its execution because it was conditioned upon the identification (as part of its detailed financial due diligence, which had not been commenced) of $30 million or more of sustainable SG&A savings and sales synergies to be realized from its acquisition of our company.

On February 12, 2008, the Special Committee met to review and consider these developments with Baird and legal counsel. In analyzing the significantly reduced purchase prices reflected in the new proposals, the Special Committee considered with Baird the possible implications of the deteriorating lending environment and general economic conditions, the general decline in the stock prices of our competitors, and the overall decline in certain broader market indices. The Special Committee determined that these factors were likely affecting the new reduced price levels being proposed by each of the bidders; that each had potential for further eroding effects on the prices that might be proposed to acquire our company; and that the current trading price level for our common stock was likely being favorably influenced by the ongoing strategic review process. The Special Committee determined to continue and accelerate its exploration of the option for a possible acquisition of our company, and it instructed Baird to continue negotiations with each of Bidders B and C and WESCO, and to re-approach Platinum Equity to confirm its continued interest and to seek an increase in its price.

On February 15, 2008, following further discussions with Baird after the Special Committee s February 12, 2008 meeting, Platinum Equity submitted a revised proposal at a price of $10.20 per share, and confirmed its preparedness to complete its final due diligence within days and to execute a definitive merger agreement in substantially the form that had been nearly completed on January 14, 2008. The Special Committee met on Saturday morning, February 16, 2008, to consider the revised proposal from Platinum Equity and to discuss with Baird its preliminary assessment of the potential fairness to our stockholders of the $10.20 per share proposed price. The Special Committee also considered again the pros and cons of the proposals from the other bidders, including from a standpoint of likely execution without changes in their respective price levels during the period over which those bidders would be conducting (and, in some cases, commencing) detailed due diligence and negotiating a definitive acquisition agreement, and without significant risks or uncertainties in financing the ultimate purchase price. The Special Committee instructed Baird to seek further price enhancement from Platinum Equity, in addition to specific confirmation of its timeline for executing definitive documents and its ability to fund the purchase price without outside financing.

During the afternoon of Saturday, February 16, 2008, Platinum Equity submitted a revised written proposal at $10.30 per share, along with the form of equity commitment letter from three of its sponsored investment funds with respect to funding the purchase price to our stockholders at $10.30 per share, and funding any termination fee obligation that those Platinum Equity affiliates might have, under the Platinum Merger Agreement.

In the wake of the above developments, and drawing upon the analyses and deliberations it had conducted as part of its January 14 meeting, the Special Committee concluded that it was prepared to receive and consider an

Table of Contents

updated version of Baird s final analyses and report, to complete its work on the strategic alternatives review, and to develop an updated set of recommendations for our board. The Special Committee scheduled a meeting (its twelfth formal meeting) for February 19, 2008 with Baird, legal counsel and our senior management to consider Baird s final report and complete the Special Committee s strategic review process, and it requested that the regularly scheduled meeting of our full board of directors for February 20, 2008, be converted into a meeting to discuss the Special Committee s recommendations.

At the February 19, 2008 meeting, the Special Committee received a report from our management and legal counsel concerning the terms and readiness of the Platinum Merger Agreement. Baird delivered to the Special Committee its comprehensive written report on all of the strategic alternatives that Baird had considered and discussed with the Special Committee as potentially available to our company. Baird also reviewed its financial analyses with respect to the proposed merger and the substance of its proposed opinion with respect to the fairness, from a financial point of view, of the $10.30 per share merger consideration that would be received by the holders of our common stock pursuant to a merger with a Platinum Equity affiliate if it were to be approved. The members of the Special Committee determined that, with the above materials and information, they had sufficient information for the Special Committee to complete its review and develop its recommendations to our board of directors. The Special Committee, which at that point had been considering strategic alternatives for over five months, and had held ten formal meetings with Baird (the other two formal meetings had been held before Baird was engaged) (and discussed various issues among themselves, and with representatives of Baird and legal counsel, informally on numerous occasions), engaged in a final round of discussions with Baird and legal counsel and completed its deliberations, leading to its recommendation to our board of directors that it approve the Platinum Merger Agreement and recommend its adoption by our stockholders.

In connection with planning for the subsequently canceled January 17, 2008 meeting of our board that had been called to consider the earlier Platinum Equity proposal, Baird and legal counsel had delivered to all of our other directors the financial and legal analyses that had been prepared with respect to the strategic alternatives review process at that time. While those materials were not used in connection with a formal meeting or discussions with the other directors, they or their contents formed the basis for earlier informal updates by the Special Committee to our other directors on the progress of the strategic review process, the targeted timing for its completion, and the consideration by the Special Committee of a sale of our company as a likely recommendation. The Special Committee s recommendations and supporting materials were delivered to all of the other members of our board of directors on the afternoon of February 19, 2008, and the directors, senior management and legal counsel convened informally to preview the materials and prepare for our board s February 20, 2008 meeting with Baird.

Our board of directors met on February 20, 2008, at which meeting it considered and deliberated formally on the recommendations of the Special Committee, along with the written report by Baird that had been considered by the Special Committee in developing its recommendation and the proposed execution version of the Platinum Merger Agreement. The Special Committee reviewed its recommendation, Baird presented its report, and the members of our board of directors discussed the recommendation and related matters among themselves and with Baird and legal counsel. Baird also presented to our board of directors the final version of its written fairness opinion with respect to the merger consideration, following our board of director s engagement of Baird as financial advisor to the board of directors for that purpose.

After these deliberations, our board of directors unanimously accepted the recommendation of the Special Committee to approve the Platinum Merger Agreement, determined and declared that the merger and the Platinum Merger Agreement were advisable and in the best interest of our stockholders, and recommended the adoption of the Platinum Merger Agreement by our stockholders. Pursuant to authority given by our board of directors, the Platinum Merger Agreement was finalized and executed by us, an affiliate of Platinum Equity and the subsidiary of such affiliate later that day, following which we issued a press release to announce its execution. On March 20, 2008, the parties

executed an amendment to the Platinum Merger Agreement, to be effective from and as of February 20, 2008, in order to clarify certain information.

On March 20, 2008, the Special Committee and our board of directors received a letter from an officer of WESCO indicating that WESCO would be willing to offer to acquire our company at a price of $11.00 per share, subject to due diligence and possible unspecified conditions relating to our operating performance potential, and

Table of Contents

without any indication of other critical factors, including whether WESCO s board of directors had approved or authorized the apparent proposal or whether financing would be assured or contingent. The Special Committee, continuing to act under authorization from our board of directors, met later on March 20, 2008 to consider this indication of interest from WESCO in light of our contractual obligations under the Platinum Merger Agreement, which permitted our board of directors to consider future offers as required by its fiduciary duties. The Special Committee determined that the WESCO letter was a bona fide acquisition proposal under the Platinum Merger Agreement, but that, because it did not address several significant matters to which a formal and potentially binding offer would be subject, the letter was not sufficiently credible to be considered reasonably likely to lead to superior proposal , as required to avoid violating the Platinum Merger Agreement. Although not required under the Merger Agreement, the Special Committee determined to provide notice to Platinum Equity on March 21, 2008 of receipt of the acquisition proposal from WESCO. We also responded to WESCO, informing it that its March 20, 2008 letter was not a sufficiently credible acquisition proposal for the board of directors to consider under the Platinum Merger Agreement, and that we would continue moving forward with Platinum Equity.

In addition to delivering letters to Platinum Equity and WESCO on March 21, 2008, we also filed with the SEC the preliminary proxy statement for a meeting to approve the Platinum Merger Agreement. The ten-day period allowed for possible notification of SEC review of the proxy statement expired on March 31, 2008, without review or comment by the SEC. On that same day, we received a second letter from WESCO, reiterating the $11.00 per share level of interest set forth in its March 20 letter, but providing more detail about its possible offer, including that its offer would be subject to only the completion of confirmatory due diligence and that WESCO s board of directors had authorized the proposal. The Special Committee determined that our full board of directors, and not the Special Committee alone, should meet to consider and evaluate WESCO s March 31 letter.

Our board of directors met on April 2, 2008 and, in consultation with Baird and company legal counsel, unanimously agreed that WESCO s enhanced March 31 letter comprised a bona fide and credible acquisition proposal that could reasonably lead to a superior proposal. The board of directors authorized Baird to permit WESCO personnel to access the virtual data room and set up meetings with our management in order to begin its confirmatory due diligence process.

On April 3, 2008, we delivered a letter to WESCO reminding it of our obligations to Platinum Equity and informing it that its March 31 letter, while it was credible and reasonably could lead to a superior proposal, would require additional elements to qualify as a superior proposal under the Platinum Merger Agreement. We also notified Platinum Equity of WESCO s enhanced letter and the board of directors determination that the letter was a bona fide and credible acquisition proposal that reasonably could lead to a superior proposal.

On Friday evening, April 4, 2008, we received a letter from LKCM Private Discipline Master Fund, SPC (LKCM), who had become our largest stockholder (at approximately 14.9%) by a series of recent purchases of our common stock, offering to acquire our company at a price of $11.70 per share in cash. The board of directors met on Sunday, April 6, 2008 to consider the LKCM letter and, in consultation with Baird and company legal counsel, determined unanimously that the LKCM letter was a bona fide and credible acquisition proposal that reasonably could lead to a superior proposal relative to the Platinum Merger Agreement. The board of directors also determined that we should publicly announce both the LKCM offer and the WESCO proposal, which we did in a press release on April 7, 2008.

As a condition to allowing LKCM to proceed with its due diligence, we required LKCM to enter into a confidentiality and standstill agreement substantially similar to the confidentiality agreements that all other bidders had been required to sign, which was delivered to us on April 7, 2008. LKCM and its affiliates were then permitted access to the virtual data room and to our management to conduct due diligence.

Each bidder and its representatives and advisors conducted due diligence investigations of our company, including a series of meetings with our management and representatives of Baird through April 15, 2008. WESCO had begun its confirmatory due diligence on April 3, 2008, and LKCM began its due diligence on April 7, 2008.

On April 15, 2008, WESCO submitted a definitive offer of $11.75 per share (increased from its earlier proposal of $11.00 per share), accompanied by an executed merger agreement that was substantially similar to the Platinum

Table of Contents

Merger Agreement. The WESCO offer provided a $1.45 per share increase (approximately 14.1%) over the price provided in the Platinum Merger Agreement, with payment ability supported by a letter from one of WESCO s third-party lenders, and a demonstrated ability to act quickly. WESCO indicated that its offer would expire at 5:00 p.m., Eastern Time, on April 23, 2008. Our board of directors met later on the afternoon of April 15, 2008 to review and consider the definitive offer submitted by WESCO, and, in consultation with Baird and company legal counsel, determined that WESCO s definitive offer constituted a superior proposal under the Platinum Merger Agreement. Our board of directors authorized us to notify Platinum Equity and LKCM of WESCO s definitive offer of $11.75 per share, and that we would permit LKCM to continue to evaluate our company.

On the next day, April 16, 2008, we formally notified Platinum Equity of the superior proposal received from WESCO and informed Platinum Equity that it should respond by 5:00 p.m., Eastern Time, on Monday, April 21, 2008.

In response to WESCO s definitive offer, Platinum Equity submitted a revised definitive offer on the afternoon of April 21, 2008, in the form of an executed amendment to the Platinum Merger Agreement, increasing its purchase price to $11.80 per share. This revised offer price represented a $1.50 per share, or 14.5%, increase over the $10.30 per share price in the Platinum Merger Agreement and was set to expire at 5:00 p.m., Eastern Time, on April 22, 2008. Our board of directors met on the evening of April 21, 2008 to consider the Platinum Equity revised offer, as well as the respective positions of WESCO and LKCM. Our board of directors determined that Platinum Equity s offer was superior to WESCO s offer and authorized us to execute the amendment to the Platinum Merger Agreement if neither WESCO nor LKCM acted to make a superior proposal before 3:00 p.m., Eastern Time, on April 22, 2008, in light of the 5:00 p.m. deadline set by Platinum Equity for its offer.

On the morning of April 22, 2008, WESCO issued a press release indicating that it would not continue to pursue an acquisition of our company.

Prior to April 20, 2008, counsel for LKCM submitted a draft merger agreement and draft equity commitment letter to our counsel. Our counsel negotiated LKCM s drafts with counsel for LKCM. Before 3:00 p.m. on April 22, 2008, LKCM submitted a definitive offer to acquire our company for $12.10 per share, by delivering an executed merger agreement on terms that had been negotiated by our respective counsel. LKCM s offer was accompanied by an equity commitment letter in support of the payment obligations of Eiger under the merger agreement. The equity commitment letter was in the form negotiated between our respective counsel. LKCM indicated that its offer of $12.10 per share would expire at 12:00 p.m., Eastern Time, on Saturday, April 26, 2008.

Our board of directors met at 3:30 p.m., Eastern Time, on the afternoon of April 22, 2008, to review and consider the definitive offer submitted by LKCM. Our board of directors determined that LKCM s definitive offer constituted a superior proposal under the Platinum Merger Agreement and authorized us to execute the merger agreement presented by LKCM if Platinum Equity did not exercise its right to match or top the LKCM definitive offer within the three business days allotted under the Platinum Merger Agreement. We notified Platinum Equity of LKCM s superior proposal, and indicated that Platinum Equity s three business-day right to match or exceed LKCM s offer would expire at 5:00 p.m., Eastern Time, on Friday, April 25, 2008.

On April 25, 2008, Platinum Equity informed us that it would not match LKCM s $12.10 per share offer and requested the payment of the termination fee that would be owed to it if we terminated the Platinum Merger Agreement in order to accept the offer from LKCM. On the evening of April 25, 2008, following receipt of Platinum Equity s decision not to match the price offered by LKCM for Eiger to acquire our company, we executed the merger agreement with Eiger that had been presented by LKCM, and on April 28, 2008, we paid the termination fee of approximately $3.0 million to Platinum Equity.

Reasons for the Merger

In determining that the merger with Eiger is advisable and in the best interest of our stockholders, our board of directors proceeded from the basis of the extensive analyses and considerations that had been performed in connection with its decision to recommend the sale of our company for cash pursuant to the Platinum Merger Agreement, which had included the recommendation of the Special Committee following its six-month strategic alternatives review process. From that basis, our board of directors considered the subsequent offers of purportedly

Table of Contents

superior proposals as summarized above, and it also discussed relevant matters with members of our senior management, legal counsel and Baird as its financial advisor. The following describes material reasons, factors and information taken into account by our board of directors (or by the Special Committee in making its earlier recommendation to our board of directors as discussed above) in deciding to approve and adopt the merger agreement and the transactions contemplated thereby and to recommend that our stockholders adopt the merger agreement:

Merger Consideration Premium. Our board of directors considered the fact that the merger consideration represents a premium of 32.2% to our common stock s closing trading price of $9.15 on July 27, 2007 (the last trading day prior to our announcement that the Special Committee had been formed to review potential strategic alternatives for the company), and a premium of 31.4% to our common stock s closing trading price of $9.21 on February 19, 2008 (the trading day just prior to the date on which our board of directors approved our execution of the Platinum Merger Agreement), and the opportunity for our stockholders to realize currently such premium in cash. Our board of directors also considered these premium amounts in light of the general decline in the stock prices of our publicly traded competitors (and the overall decline in certain broader stock market indices) since July 27, 2007; the likelihood that the trading price of our common stock on February 19, 2008 was being favorably affected by the conduct of the strategic review process; and the fact that the trading price of our common stock between February 20, 2008 and April 22, 2008 (following the February 20, 2008 announcement of the Platinum Merger Agreement) correlated directly with that announcement and subsequent announced developments. For example, between July 27, 2007 and February 15, 2008, there had been a 20.6% decline in the stock prices of the group of our publicly held competitors that was being used as an industrial distribution index for the strategic review process, and there had been a 7.5% decline in the Standard & Poor s 500 Index.

Trading Profile and Illiquidity of Our Common Stock. Our board of directors considered the historically consistent thin trading profile of our common stock, which has resulted in widely fluctuating trading prices based on a small number of shares and the unavailability of the public trading market as a source of meaningful liquidity for our stockholders. In light of our small public float and the absence of research coverage on our common stock by the professional analysts community, our board of directors was concerned that a significant improvement in the liquidity of our common stock, in order to permit our stockholders to realize stable or predictable value for their shares through the public trading market, was not likely in the absence of an extraordinary development beyond our ability to control or influence in the foreseeable future.

Costs of Remaining Public. Our board of directors considered the significant costs of our continuing as a public company and the implications of such costs for our future profitability and the trading prices of our common stock in light of our relatively small size. The merger will allow us to save approximately $2 million annually in administrative, accounting and legal expenses associated with disclosure and reporting requirements under SEC rules and regulations, including the Sarbanes-Oxley Act of 2002 and the Securities Exchange Act of 1934, as amended. Similarly, the merger will allow us to save a less tangible, but significant, expenditure of management s time and attention to such disclosure and reporting requirements, as well as to unaffiliated stockholder concerns.

Uncertainties of General Economic Conditions. Our board of directors considered the potential risks and other implications for our business of the declining general economic conditions and prospects for our industry that had been exacerbated in recent months as the impact of the increasingly negative lending environment expanded and deepened. Our board of directors was concerned that these conditions would hamper our ability to achieve significant improved operating results and enhanced profitability, despite our strategic initiatives to do so.

Terms of the Merger Agreement. Our board of directors considered the financial and other terms and conditions of the merger agreement, by themselves and in comparison to the terms of agreements in other similar transactions, including:

- the all-cash nature of the merger consideration, which provides our stockholders immediate liquidity and certainty of value for their shares;

Table of Contents

the right of our board of directors to discharge its fiduciary duties to our stockholders and consider unsolicited acquisition proposals, if they offer superior value to our stockholders, and to furnish information to and conduct negotiations with third parties who may make such a superior acquisition proposal prior to the effective time of the merger;

the ability of our board of directors to change its recommendation with respect to the merger if we receive an unsolicited acquisition proposal that our board of directors determines to be superior to the merger;

Eiger s obligation to pay us a termination fee of 3% of the aggregate merger consideration, or approximately $3.5 million and reimburse us for the termination fee of approximately $3.0 million we paid to Platinum, if Eiger fails to timely meet certain material obligations under the merger agreement or commits a material breach of the merger agreement;

our board of directors understanding, after consultation with its financial advisor and legal counsel, that our obligation to pay a termination fee of 3% of the aggregate merger consideration, or approximately $3.5 million, to Eiger (and the circumstances when such fee and reimbursement is payable) is reasonable and customary in light of the benefits of the merger, commercial practice and transactions of this size and nature;

Eiger s obligation to complete the merger not being subject to any financing contingencies, and Eiger s demonstration, through an equity commitment letter from LKCM Private Discipline Master Fund, SPC, of its ability to pay the merger consideration on the contemplated closing date; and

the likelihood of satisfying the other conditions to Eiger s obligations to complete the merger and the likelihood that the merger will be completed.

Extensive Consideration of Other Alternatives for Our Stockholders. After an extensive review by the Special Committee (conducted over a six-month period, with the assistance of Baird as independent financial advisor) of other strategic alternatives possibly available to us which included, among others, continuing as an independent company and investing in the organic growth of our business; continuing as an independent company and pursuing an enhanced share repurchase program; continuing as an independent company and pursuing growth through one or more strategic acquisitions; enhancing equity capital, through a follow-on public offering or one or more PIPE transactions, in order to fund potential growth alternatives; and continuing as an independent company and pursuing divestiture of one or more business lines our board of directors determined that an acquisition of our company would be more favorable to our stockholders than any other alternative reasonably available to us in the foreseeable future. Our board of directors then used its fiduciary out rights to consider and accept the highest price that was subsequently offered following the February 20, 2008 announcement of the $10.30 per share Platinum Merger Agreement.

Financial Analysis and Opinion of Robert W. Baird & Co. Incorporated. Our board of directors considered the financial analyses prepared for and reviewed and discussed with the Special Committee and our board of directors by Baird in connection with the wide range of strategic alternatives considered, along with the respective opinions of Baird as of February 20, 2008 with respect to the original $10.30 per share price offered by Platinum Equity, and as of April 25, 2008 in confirmation of the board of directors assessment of the $12.10 per share price payable by Eiger with respect to the fairness, from a financial point of view, to our stockholders of the consideration to be received by them in the merger. See *The Merger Opinion of Robert W. Baird & Co. Incorporated* beginning on page .

Our board of directors also considered a variety of risks and other potentially negative factors relating to the merger in its deliberations, including:

Becoming a Non-Public Wholly-Owned Subsidiary. We will no longer exist as an independent, publicly-traded company, and our stockholders will no longer participate in any of our future earnings or growth and will not benefit from any appreciation in our value.

Taxation. Gains realized from an all-cash transaction would generally be taxable to our stockholders for U.S. federal income tax purposes.

Table of Contents

Disruptions. The potential impact of the announcement and pendency of the merger, including the potential impact of the merger on our employees and customers and the potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to negotiate and close the merger with Eiger, which could potentially impair our prospects as an independent company if the merger is not consummated.

Operating Restrictions. Pursuant to the merger agreement, we must generally conduct our business in the ordinary course, and we are subject to a variety of other restrictions on the conduct of our business prior to closing of the merger (or termination of the merger agreement) without the consent of Eiger, which may delay or prevent us from pursuing business opportunities that may arise or preclude actions that would be advisable if we were to remain an independent company because the merger was not consummated.

Failure to Close. Generally, the risks and costs to us if the merger does not close for any reason, including the diversion of management and employee attention, employee attrition and the effect on customer and vendor relationships.

No Solicitation; Termination Fee. Under the terms of the merger agreement, we cannot solicit other acquisition proposals or, except under certain special circumstances, terminate the merger agreement in connection with other acquisition proposals, and we must pay to Eiger a termination fee of 3% of the aggregate merger consideration, or approximately $3.5 million, if the merger agreement is terminated under certain circumstances, which might have the effect of discouraging other parties from proposing an alternative transaction that might be more advantageous to our stockholders than the merger.

Officers and Directors. The interests of our executive officers and directors in the merger may appear to be different from, or in addition to, the interests of our stockholders generally. See *Interests of Our Directors and Executive Officers in the Merger* beginning on page .

The foregoing discussion is not intended to be exhaustive; it only summarizes certain material factors considered by our board of directors in connection with the merger. After considering these factors and consulting with legal counsel and its financial advisor, our board of directors concluded that the positive factors relating to the merger and the merger agreement outweighed the negative factors. In view of the wide variety of factors it considered, our board of directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. Our board of directors unanimously approved the merger agreement and determined and declared that the merger and the merger agreement are advisable and in the best interest of our stockholders. Our board of directors recommends that our stockholders adopt the merger agreement based upon the totality of the information presented to and considered by it.

Opinion of Robert W. Baird & Co. Incorporated

Our board of directors (and its Special Committee) retained Robert W. Baird & Co. Incorporated, or Baird, as its financial advisor in connection with processes that culminated in the merger agreement, including to deliver an opinion to our board of directors as to the fairness, from a financial point of view, of the consideration to be received by the holders of our common stock in a transaction that our board of directors might approve. Following our board of directors determination on April 22, 2008 that the $12.10 per share offer (and related merger agreement) from LKCM was superior to both the original $10.30 per share price and revised $11.80 per share offer from Platinum Equity, Baird delivered its written opinion to our board of directors to the effect that, as of April 25, 2008, subject to the contents of such opinion, including the various assumptions and limitations set forth therein, the consideration of $12.10 in cash per share of common stock (the Consideration) to be received by the holders of our common stock pursuant to the merger agreement was fair, from a financial point of view, to our holders of common stock.

Baird s opinion was approved by a fairness committee, all of whose members were not involved in providing financial advisory services on behalf of Baird to us in connection with the merger.

Table of Contents

The full text of Baird s written opinion, in its letter dated May 1, 2008 with respect to its opinion as of April 25, 2008, which sets forth the assumptions made, general procedures followed, matters considered and limitations on the scope of review undertaken by Baird in rendering its opinion, is attached as Annex B to this proxy statement and is incorporated herein by reference. Baird provided its opinion for the information and assistance of our board of directors in connection with confirming its assessment of the merger. The opinion is not directed to any other person and is directed only to the fairness, as of the date of the opinion and from a financial point of view, to the holders of our common stock of the Consideration to be received by them and does not constitute a recommendation to any stockholder as to how such stockholder should vote with respect to the merger. Baird expresses no opinion about the fairness of the amount or nature of the compensation to any of our officers, directors or employees, or class of such persons, relative to the Consideration to be received by our stockholders. The summary of Baird s opinion set forth below is qualified in its entirety by reference to the full text of such opinion attached as Annex B to this proxy statement. You are urged to read the opinion carefully in its entirety.

In conducting its investigation and analyses and in arriving at its opinion herein, Baird reviewed such information and took into account such financial and economic factors, investment banking procedures and considerations as it deemed relevant under the circumstances. In that connection, Baird has, among other things:

reviewed certain of our audited consolidated financial statements and internal information, primarily financial in nature, including financial forecasts that were provided to Baird by us and not publicly available (the Forecasts), concerning our business and operations furnished to Baird for purposes of its analysis;

reviewed publicly available information including, but not limited to, our recent filings with the Securities and Exchange Commission;

reviewed certain pro forma adjustments related to us, as well as certain normalizing adjustments related to non-recurring items, that were provided to Baird by us;

reviewed current and historical market prices of our common stock;

reviewed the merger agreement dated April 25, 2008 (the Merger Agreement) in the form presented to the board of directors;

reviewed publicly available financial and stock market data with respect to certain other companies Baird believed to be generally relevant;

compared our financial and operational results with those of certain publicly traded companies Baird deemed relevant and considered the market trading multiples of such companies;

compared the transaction multiples implied by the Consideration with the corresponding acquisition transaction multiples in certain business combinations Baird deemed relevant; and

considered the present values of our forecasted cash flows.

Baird held discussions with members of our senior management concerning our historical and current financial condition and operating results, as well as our future prospects. As a part of its engagement, Baird was requested to and did solicit third party indications of interest in acquiring all or any part of our company and held discussions with certain of these parties prior to the date hereof. Baird also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant for the preparation of

its opinion.

In arriving at its opinion, Baird assumed and relied upon the accuracy and completeness of all of the financial and other information that was publicly available or provided by us, or on our behalf, to Baird. Baird did not independently verify any information supplied to it by us or LKCM that formed a substantial basis for its opinion. Baird was not engaged to independently verify, and it did not assume any responsibility to verify, any such

Table of Contents

information, and Baird assumed that we were not aware of any information that we or our advisors prepared that might be material to Baird s opinion that had not been provided to Baird. Baird assumed that:

- all of our material assets and liabilities (contingent or otherwise, known or unknown) were as set forth in our financial statements;
- the financial statements that we provided to Baird presented fairly our results of operations, cash flows and financial condition for the periods indicated and were prepared in conformity with U.S. generally accepted accounting principles consistently applied;
- the Forecasts were reasonably prepared on bases reflecting the best available estimates and good faith judgments of our senior management as to our future performance, and Baird relied upon such Forecasts in the preparation of its opinion;
- the merger will be consummated in accordance with the terms and conditions of the Merger Agreement without any amendment thereto and without waiver by any party of any of the conditions to their respective obligations thereunder;
- in all respects material to its analysis, the representations and warranties contained in the Merger Agreement are true and correct and that each party will perform all of the covenants and agreements required to be performed by it thereunder; and
- all material corporate, governmental, regulatory or other consents and approvals required to consummate the merger have been or will be obtained.

Baird has relied as to all legal matters regarding the merger on the advice of our legal counsel. In conducting its review, Baird did not undertake nor obtain an independent evaluation or appraisal of any of our assets or liabilities (contingent or otherwise) nor did it make a physical inspection of the properties or facilities of our company. Baird did not consider any strategic, operating or cost benefits that might result from the merger or any expenses relating to the merger. In each case, Baird made the above assumptions with our consent.

Baird s opinion necessarily is based upon economic, monetary and market conditions as they existed and could be evaluated on the date of such opinion, and its opinion does not predict or take into account any changes that may occur, or information that may become available, after the date of such opinion. Baird has no responsibility for updating, revising or reaffirming its opinion on circumstances or events occurring after the date of the opinion.

Baird s opinion was prepared at the request and for the information of our board of directors, and may not be relied upon, used for any other purpose or disclosed to any other party without Baird s prior written consent; provided, however that Baird s opinion may be reproduced in full in this proxy statement. Baird s opinion is limited to the fairness, from a financial point of view, of the Consideration to be received by our stockholders in the proposed merger, and Baird has expressed no opinion as to the fairness of the proposed merger to, or any consideration of, creditors or other constituencies or our underlying decision to engage in the merger. Accordingly, Baird s opinion does not address the relative merits of: (i) the merger, the merger agreement or any other agreements or other matters provided for or contemplated by the merger agreement; (ii) any other transactions that may be or might have been available as an alternative to the merger; or (iii) the merger compared to any other potential alternative transactions or business strategies considered by our board of directors and, accordingly, Baird relied upon its discussions with the Special Committee and our senior management with respect to the availability and consequences of any alternatives to the merger. At our direction, Baird was not asked to, and Baird did not, offer any opinion as to the terms, other than the Consideration to the extent expressly specified herein, of the Merger Agreement or the form of the merger. Baird

expressed no opinion as to the price at which our common stock will trade at any time in the future, whether before or after the closing of the transactions contemplated by the merger agreement. BAIRD S OPINION DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER AS TO HOW SUCH STOCKHOLDER SHOULD VOTE WITH RESPECT TO THE MERGER.

Analysis

The following is a summary of the material financial analyses performed by Baird in connection with rendering its opinion, which is qualified in its entirety by reference to the full text of such opinion attached as

Table of Contents

Annex B to this proxy statement and to the other disclosures contained in this section. The following summary, however, does not purport to be a complete description of the financial analyses performed by Baird. The order of analyses described does not represent relative importance or weight given to the analyses performed by Baird. Some of the summaries of the financial analyses include information presented in a tabular format. These tables must be read together with the full text of each summary and alone are not a complete description of Baird s financial analyses. Except as otherwise noted, the following quantitative information is based on market and financial data as it existed on or before April 25, 2008 and is not necessarily indicative of current market conditions.

Implied Valuation, Transaction Multiples and Transaction Premiums. Based on the cash consideration of $12.10 net per share of our common stock (the Per Share Equity Purchase Price) Baird calculated the implied equity purchase price (defined as the Per Share Equity Purchase Price multiplied by our total number of diluted common shares outstanding, including gross shares issuable upon the exercise of stock options, less assumed option proceeds) to be $121.5 million. In addition, Baird calculated the implied total purchase price (defined as the equity purchase price plus the book value of our total debt and preferred stock, less cash, cash equivalents and marketable securities) to be $130.8 million. Baird then calculated the multiples of the total purchase price to our earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings before interest and taxes (EBIT), for the last twelve months (LTM) ended February 29, 2008 and as projected for the year ending December 31, 2008, as provided by our senior management. Baird also calculated the multiples of the equity purchase price to our LTM and projected December 31, 2008 net income as provided by our senior management. These transaction multiples are summarized in the table below.

IMPLIED MERGER TRANSACTION MULTIPLES

	LTM February 29, 2008	FYE December 31, 2008E
EBITDA	12.6x	8.5x
EBIT	14.2	9.2
Net Income	26.9	15.6

Baird reviewed the historical price and trading activity of our common stock and noted that the high, low and average closing prices for our common stock were $13.60, $8.40 and $10.48, respectively, over the last twelve months and $13.60, $6.58 and $9.61, respectively, over the last three years ending April 25, 2008. Baird also noted that our common stock price declined 7.2% over the last twelve months and increased 41.1% over the last three years ending April 25, 2008. Baird noted that our common stock price increased 31.0% between July 27, 2007 (the last trading date prior to our public announcement that our board of directors had formed the Special Committee to conduct the strategic alternatives review) and April 25, 2008.

Baird also calculated the premiums that the Per Share Equity Purchase Price represented over the closing market price of our common stock for various time periods ranging from 1-day to 180-days prior to April 25, 2008. These premiums, along with comparable acquisition premiums of 241 public target completed transactions with an enterprise value between $50 and $250 million between January 2003 and December 2007, are summarized in the table below.

SELECTED ACQUISITION ANALYSIS TRANSACTION PREMIUMS

As of 4/25/08

	Stock Price	Implied Merger Transaction Premium	Selected Acquisition Premiums			
			Low	Average	Median	High
1-Day Prior	$ 11.97	1.1%	(63.6)%	31.7%	25.8%	260.0%
7-Days Prior	11.69	3.5%	(60.0)%	34.3%	27.2%	239.6%
30-Days Prior	10.04	20.5%	(66.7)%	38.0%	30.5%	352.4%
90-Days Prior	10.11	19.7%	(88.0)%	46.7%	39.9%	365.7%
180-Days Prior	10.80	12.0%	(90.6)%	55.7%	43.7%	542.8%

Table of Contents

Selected Publicly Traded Company Analysis. Baird reviewed certain publicly available financial information and stock market information for certain publicly traded companies that Baird deemed relevant. The group of selected publicly traded companies reviewed is listed below.

Applied Industrial Technologies, Inc.

Barnes Group, Inc.

DXP Enterprises, Inc.

Interline Brands, Inc.

Lawson Products, Inc.

Park-Ohio Holdings Corp.

Watsco, Inc.

WESCO International, Inc.

Baird chose these companies based on a review of publicly traded companies that possessed general business, operating and financial characteristics representative of companies in the industry in which we operate. Baird noted that none of the companies reviewed is identical to us and that, accordingly, the analysis of such companies necessarily involves complex considerations and judgments concerning differences in the business, operating and financial characteristics of each company and other factors that affect the public market values of such companies.

For each company, Baird calculated the equity market value (defined as the market price per share of each company s common stock multiplied by the total number of diluted common shares outstanding of such company, including net shares issuable upon the exercise of stock options and warrants). In addition, Baird calculated the enterprise value (defined as the equity market value plus the book value of each company s total debt, preferred stock and minority interests, less cash, cash equivalents and marketable securities). Baird calculated the multiples of each company s enterprise value to its most recently disclosed LTM and projected calendar year 2008 EBITDA and EBIT. Baird also calculated multiples of each company s equity value to its LTM and projected calendar year 2008 net income. Baird then compared the transaction multiples implied in the merger with the corresponding trading multiples for the selected companies. Stock market and historical financial information for the selected companies was based on publicly available information as of April 25, 2008, and projected financial information was based on publicly available research reports as of such date. A summary of the implied multiples is provided in the table below.

SELECTED COMPANY ANALYSIS

	Implied Merger Transaction Multiple	Selected Company Multiples			
		Low	Average	Median	High
EBITDA					
LTM	12.6x	5.1x	7.5x	7.3x	10.6x
2008E	8.5	6.4	7.6	7.1	10.8

EBIT					
LTM	14.2x	6.1x	8.7x	8.8x	11.2x
2008E	9.2	7.1	8.6	8.4	11.5
Net Income					
LTM	26.9x	7.0x	11.8x	12.1x	17.8x
2008E	15.6	7.5	11.2	11.4	18.2

Table of Contents

In addition, Baird calculated the implied per share equity values of our common stock based on the trading multiples of the selected public companies. The implied per share equity values, based on the multiples that Baird deemed relevant, are summarized in the table below.

SELECTED COMPANY ANALYSIS

	Implied Equity Value per Share			
	Low	**Average**	**Median**	**High**
EBITDA				
LTM	$ 4.53	$ 6.95	$ 6.77	$ 10.02
2008E	8.99	10.73	10.08	15.49
EBIT				
LTM	$ 4.83	$ 7.18	$ 7.21	$ 9.39
2008E	9.22	11.25	11.00	15.24
Net Income				
LTM	$ 3.05	$ 5.18	$ 5.32	$ 7.79
2008E	5.70	8.48	8.60	13.81
Median	**$ 5.27**	**$ 7.83**	**$ 7.90**	**$ 11.92**

Baird compared the implied per share equity values in the table above with the $12.10 per share implied in the merger in concluding that the Consideration was fair to our stockholders from a financial point of view.

Selected Acquisition Analysis. Baird reviewed certain publicly available financial information concerning completed or pending acquisition transactions that Baird deemed relevant. The group of selected acquisition transactions is listed below.

Target	**Acquiror**
ORS Nasco, Inc.	United Stationers Inc.
Precision Industries	DXP Enterprises, Inc.
ACR Group, Inc.	Watsco, Inc.
Valley National Gases, Inc.	Caxton-Iseman Capital, Inc.
WYKO Holdings Limited	ERIKS group NV
American Sanitary Incorporated (AmSan)	Interline Brands, Inc.
J&L Industrial Supply	MSC Industrial Direct Co., Inc.
ORS Nasco, Inc.	Brazos Private Equity Partners, LLC
Carlton-Bates Company	WESCO International, Inc.
Infast Group plc	Anixter International, Inc.
Noland Company	WinWholesale, Inc.
Southwest Power, Inc. and Western States Electric, Inc.	Hughes Supply, Inc.

Baird chose these acquisition transactions based on a review of completed and pending acquisition transactions involving target companies that possessed general business, operating and financial characteristics representative of companies in the industry in which we operate. Baird noted that none of the acquisition transactions or subject target companies reviewed is identical to the merger or our company, respectively, and that, accordingly, the analysis of such acquisition transactions necessarily involves complex considerations and judgments concerning differences in

the business, operating and financial characteristics of each subject target company and each acquisition transaction and other factors that affect the values implied in such acquisition transactions.

For each transaction, Baird calculated the implied equity purchase price (defined as the purchase price per share of each target company s common stock multiplied by the total number of diluted common shares outstanding of such company, including gross shares issuable upon the exercise of stock options and warrants, less assumed option and warrant proceeds, or alternatively defined as the value attributable to the equity of a target company). In

Table of Contents

addition, Baird calculated the implied enterprise value (defined as the equity purchase price plus the book value of each target company s total debt, preferred stock and minority interests, less cash, cash equivalents and marketable securities). Baird calculated the multiples of each target company s implied enterprise value to its most recently disclosed LTM EBITDA and LTM EBIT. Baird also calculated multiples of each target company s implied equity purchase price to its LTM net income.

SELECTED ACQUISITION ANALYSIS

	Implied Merger Transaction Multiple	Selected Acquisition Multiples			
		Low	Average	Median	High
EBITDA (LTM)	12.6x	6.6x	8.5x	8.3x	11.7x
EBIT (LTM)	14.2	7.3	11.2	10.9	14.6
Net Income (LTM)	26.9	14.2	18.1	17.8	22.7

In addition, Baird calculated the implied per share equity values of our common stock based on the acquisition transaction multiples of the selected acquisition transactions. The implied per share equity values, based on the multiples that Baird deemed relevant, are summarized in the table below.

SELECTED ACQUISITION ANALYSIS

	Implied Equity Value per Share			
	Low	Average	Median	High
EBITDA (LTM)	$ 6.06	$ 7.97	$ 7.71	$ 11.18
EBIT (LTM)	5.87	9.34	9.11	12.45
Net Income (LTM)	6.24	7.94	7.82	9.93
Median	**$ 6.06**	**$ 7.97**	**$ 7.82**	**$ 11.18**

Baird compared the implied per share equity values in the above table with the $12.10 per share implied in the merger in concluding that the Consideration was fair to our stockholders from a financial point of view.

Discounted Cash Flow Analysis. Baird performed a discounted cash flow analysis utilizing our projected unlevered free cash flows (defined as net income excluding after-tax net interest, plus depreciation and amortization, less capital expenditures and increases in net working capital, plus/minus changes in other operating and investing cash flows) from 2008 to 2012, as provided by our management. In such analysis, Baird calculated the present values of the unlevered free cash flows from 2008 to 2012 by discounting such amounts at rates ranging from 15% to 17%. Baird calculated the present values of the free cash flows beyond 2012 by assuming terminal values ranging from 6.0x to 8.0x year 2012 EBITDA and based on unlevered free cash flow growth rates ranging from 4% to 6% and discounting the resulting terminal values at rates ranging from 15% to 17%. The summation of the present values of the unlevered free cash flows and the present values of the terminal values produced equity values ranging from $7.16 to $13.79 per share with an average of $10.21 per share and a median of $10.19 per share. Baird compared these implied per share equity values with the $12.10 per share implied in the merger in concluding that the Consideration was fair to our stockholders from a financial point of view.

Valuation Summary. A summary of the valuation statistics from the analyses presented above is provided in the table below.

SUMMARY EQUITY VALUATION PER SHARE

	Implied Equity Value per Share			
	Low	**Average**	**Median**	**High**
Selected Company Analysis	$ 5.27	$ 7.83	$ 7.90	$ 11.92
Selected Transaction Analysis	6.06	7.97	7.82	11.18
Discounted Cash Flow Analysis	7.16	10.21	10.19	13.79
Median	**$ 6.06**	**$ 7.97**	**$ 7.90**	**$ 11.92**

Table of Contents

The foregoing summary does not purport to be a complete description of the analyses performed by Baird or its presentations to our board of directors. The preparation of financial analyses and a fairness opinion is a complex process and is not necessarily susceptible to partial analyses or summary description. Baird believes that its analyses (and the summary set forth above) must be considered as a whole and that selecting portions of such analyses and factors considered by Baird, without considering all of such analyses and factors, could create an incomplete view of the processes and judgments underlying the analyses performed and conclusions reached by Baird and of its opinion. Baird did not attempt to assign specific weights to particular analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Any estimates contained in Baird s analyses are not necessarily indicative of actual values, which may be significantly more or less favorable than as set forth therein. Estimates of values of companies do not purport to be appraisals or necessarily to reflect the prices at which companies may actually be sold. Because such estimates are inherently subject to uncertainty, Baird does not assume responsibility for their accuracy. None of the public companies used in the comparable company analysis described above are identical to our company, and none of the precedent merger and acquisition transactions used in the precedent transactions analysis described above are identical to the merger. Such analyses involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to us and the transactions compared to the merger.

Other Matters

As part of its investment banking business, Baird is engaged in the evaluation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Pursuant to an engagement letter dated August 20, 2007 and extended on February 20, 2008, Baird will receive a transaction fee of approximately $2.0 million for its services, a significant portion of which is contingent upon the consummation of the merger. Pursuant to such engagement letter, we paid Baird an aggregate non-refundable fee of $800,000 for the delivery of its February 20, 2008 and April 25, 2008 opinions ($400,000 for each opinion); while non-refundable, regardless of whether the merger is consummated, the fee is creditable against the transaction fee described above that is contingent upon the consummation of the merger. In addition, we have agreed to reimburse Baird for certain expenses and to indemnify Baird against certain liabilities that may arise out of its engagement, including liabilities under the federal securities laws. Baird will not receive any other significant payment or compensation contingent upon the successful completion of the merger. Baird is a full service securities firm. As such, in the ordinary course of its business, Baird may from time to time trade our securities for its own account or the accounts of its customers and, accordingly, may at any time hold long or short positions or effect transactions in such securities.

Certain Effects of the Merger

If the merger agreement is adopted by our stockholders and the other conditions to the closing of the merger are either satisfied or properly waived, Merger Sub, a direct wholly-owned subsidiary of Eiger created solely for the purpose of engaging in the transactions contemplated by the merger agreement, will be merged with and into us, and we will be the surviving corporation. When the merger is completed, we will cease to be a publicly-traded company and will instead be a wholly-owned subsidiary of Eiger.

When the merger is completed:

- each holder of shares of unrestricted common stock outstanding immediately prior to the merger will be entitled to receive $12.10 per share in cash, without interest and less applicable withholding taxes, for such shares (other than shares owned by us, Eiger or Merger Sub or any subsidiary thereof and other than shares owned by stockholders properly demanding appraisal rights);

each option to purchase shares of common stock outstanding immediately prior to the merger, whether or not then exercisable or vested, will be deemed automatically exercised and converted into the right to receive a cash payment equal to the excess, if any, of $12.10 per share over the exercise price per share of the option,

Table of Contents

multiplied by the number of shares subject to the option, without interest and less any applicable withholding tax; and

all shares of common stock that are subject to vesting or forfeiture or other restrictions (which we refer to as restricted stock) outstanding immediately prior to the merger (except for 123,333 shares under our May 2007 incentive award to our chief executive officer) will become fully vested and (other than any such shares owned by stockholders properly demanding appraisal rights) will be converted into the right to receive $12.10 per share in cash, without interest and less any applicable withholding tax.

At the effective time of the merger, our stockholders will have the right to receive the merger consideration but will cease to have ownership interests in us or rights as our stockholders. Therefore, our stockholders will not participate in our future earnings or growth and will not benefit from any appreciation in our value.

Our common stock is currently registered under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act , and is traded on the Nasdaq Global Market under the symbol IDGR . As a result of the merger, we will be a wholly-owned subsidiary of Eiger, which means that Eiger will then own all of our common stock. As a result, our common stock will cease to be traded on the Nasdaq Global Market, the registration of our common stock under the Exchange Act will be terminated and we will no longer be required to file periodic reports with the SEC. Of course, you will no longer own any of our common stock.

When the merger becomes effective, the directors and officers of Merger Sub will be the directors and officers, respectively, of the surviving corporation. Also at the effective time of the merger, the certificate of incorporation and bylaws of Merger Sub will be the certificate of incorporation and bylaws of the surviving corporation until amended in accordance with applicable law.

Effects on Us if the Merger is Not Completed

If the merger agreement is not adopted by our stockholders, or if the merger is not completed for any other reason, our stockholders will not receive any payment for their shares. Instead, we will remain an independent public company, and our common stock will continue to be traded on the Nasdaq Global Market, our common stock will continue to be registered under the Exchange Act, and we will continue to be required to file periodic reports with the SEC. In addition, if the merger is not completed, we expect that management will operate our business in a manner similar to that in which it is being operated today, and that our stockholders will continue to be subject to the same risks and opportunities to which they are currently subject.

Accordingly, if the merger is not consummated, there can be no assurance as to the effect of these risks and opportunities on the future value of your shares of common stock. If the merger is not completed, our board of directors will continue to evaluate and review our business operations, properties, dividend policy and capitalization, among other things, and will make such changes as are deemed appropriate. Our board of directors will also continue to consider strategic alternatives that may be or become available for our company. However, there can be no assurance that any other transaction acceptable to us will be offered or available or that our business prospects or results of operations will not be adversely impacted.

If the merger agreement is terminated under certain circumstances involving a competing proposal, we may be obligated to pay a termination fee of approximately $3.5 million to Eiger. In addition, if the merger agreement is terminated in circumstances due to the failure of Eiger to timely satisfy its material obligations under the merger agreement or a material breach of the merger agreement by Eiger, Eiger may be required to pay us a termination fee of approximately $3.5 million and reimburse us for the termination fee of approximately $3.0 million we paid to Platinum. For a description of the circumstances triggering payment of the termination fees, see *Proposal 1 The*

Merger Agreement Termination Fees on page .

Interests of Our Directors and Executive Officers in the Merger

In addition to their interests in the merger as stockholders, certain of our directors and executive officers have interests in the merger that differ from, or are in addition to, your interests as a stockholder. In considering the unanimous recommendation of our